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November 24, 2004

The Honorable Magalie R. Salas  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

**Re: San Diego Gas & Electric Company, et al.  
Compliance Filing  
Docket Nos. EL00-95-\_\_\_\_ and EL00-98-\_\_\_\_**

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO")<sup>1</sup> respectfully submits six copies of this filing in compliance with the Commission's October 27, 2004 order in the captioned dockets, 109 FERC ¶ 61,078 ("October 27 Order"), which order concerned in part the compliance filing the ISO submitted on December 15, 2003 ("December 15 Compliance Filing"). In the October 27 Order, the Commission rejected the December 15 Compliance Filing and directed the ISO to file a subsequent compliance filing. See October 27 Order at ordering paragraph (B). The ISO now provides the required further compliance filing.

The Commission granted a request for clarification and rehearing submitted by the ISO, stating that the Commission "will not require the ISO to forward schedule minimum load energy pursuant to the Must-Offer Obligation" and that "the ISO's argument concerning the time and cost of software needed to implement the forward scheduling requirement is compelling." October 27 Order at PP 13, 14. The Commission directed the ISO to amend the December 15 Compliance Filing consistent with the findings in the October 27 Order. *Id.* at P

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<sup>1</sup> Capitalized terms not otherwise defined herein are used in the sense given in the Master Definitions Supplement, Appendix A to the ISO Tariff.

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15. Therefore, the ISO now revises Section 5.11.6.1.1 of the ISO Tariff to remove the phrase "other than a Schedule to a unit-specific Demand ID used for the purpose of scheduling minimum load energy as set forth in Section 5.11.6," which phrase was proposed in the December 15 Compliance Filing.

The modification to the ISO Tariff is shown in the revised Tariff sheet provided in Attachment A to the present filing, and is shown in black-line format in Attachment B to the present filing.<sup>2</sup> Additionally, the ISO submits, in Attachment C to the present filing, a form notice of filing suitable for publication in the Federal Register, along with a computer diskette containing the notice of filing.

Two additional copies of this filing are enclosed to be date-stamped and returned to our messenger. If there are questions concerning this filing, please contact the undersigned.

Respectfully submitted,

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<sup>2</sup> The modification reflected in Attachments A and B is made on top of the currently effective language of Section 5.11.6.1.1.

**ATTACHMENT A**

#### **5.11.6.1 Recovery of Minimum Load Costs By Must-Offer Generators**

##### **5.11.6.1.1 Eligibility**

Except as set forth below, Generating Units shall be eligible to recover Minimum Load Costs during Waiver Denial Periods. Units from Must-Offer Generators that incur Minimum Load Costs during hours for which the ISO has granted to them a waiver shall not be eligible to recover such costs for such hours. When a Must-Offer Generator has a Final Hour-Ahead Energy Schedule, the Must-Offer Generator shall not be eligible to recover Minimum Load Costs for any such hours within a Waiver Denial Period. When, on a 10-minute Settlement Interval basis, a Must-Offer Generator generating at minimum load in compliance with the must-offer obligation, produces a quantity of Energy that varies from its minimum operating level by more than the Tolerance Band, the *Must-Offer Generator shall not be eligible to recover Minimum Load Costs for any such Settlement Intervals during hours within a Waiver Denial Period.* When, on a Settlement Interval basis, a Must-Offer Generator's resource produces a quantity of Energy above minimum load due to an ISO Dispatch Instruction, the Must-Offer Generator shall recover its Minimum Load Costs and its bid costs, as set forth in Section 11.2.4.1.1.1, for any such Settlement Intervals during hours within a Waiver Denial Period, irrespective of deviations outside of its Tolerance Band. Subject to the foregoing eligibility restrictions set forth in this section, the ISO shall guarantee recovery of the Minimum Load Costs of an otherwise eligible Must-Offer Generator for each Settlement Interval during hours within a Waiver Denial Period as follows: (1) First, ISO will pre-dispatch for real time the minimum load Energy from Must-Offer Generators that have been denied waivers for each hour within a Waiver Denial Period; (2) This minimum load Energy will be accounted as instructed

**ATTACHMENT B**

### **5.11.6.1 Recovery of Minimum Load Costs By Must-Offer Generators**

#### **5.11.6.1.1 Eligibility**

Except as set forth below, Generating Units shall be eligible to recover Minimum Load Costs during Waiver Denial Periods. Units from Must-Offer Generators that incur Minimum Load Costs during hours for which the ISO has granted to them a waiver shall not be eligible to recover such costs for such hours. When a Must-Offer Generator has a Final Hour-Ahead Energy Schedule other than a Schedule to a unit-specific Demand ID used for the purpose of scheduling minimum load energy as set forth in Section 5.11.6, the Must-Offer Generator shall not be eligible to recover Minimum Load Costs for any such hours within a Waiver Denial Period. When, on a 10-minute Settlement Interval basis, a Must-Offer Generator generating at minimum load in compliance with the must-offer obligation, produces a quantity of Energy that varies from its minimum operating level by more than the Tolerance Band, the Must-Offer Generator shall not be eligible to recover Minimum Load Costs for any such Settlement Intervals during hours within a Waiver Denial Period. When, on a Settlement Interval basis, a Must-Offer Generator's resource produces a quantity of Energy above minimum load due to an ISO Dispatch Instruction, the Must-Offer Generator shall recover its Minimum Load Costs and its bid costs, as set forth in Section 11.2.4.1.1.1, for any such Settlement Intervals during hours within a Waiver Denial Period, irrespective of deviations outside of its Tolerance Band. Subject to the foregoing eligibility restrictions set forth in this section, the ISO shall guarantee recovery of the Minimum Load Costs of an otherwise eligible Must-Offer Generator for each Settlement Interval during hours within a Waiver Denial Period as follows: (1) First, ISO will pre-dispatch for real time the minimum load Energy from Must-Offer Generators that have been denied waivers for each hour within a Waiver Denial Period; (2) This minimum load Energy will be accounted as Instructed Imbalance Energy for each Settlement Interval within the relevant hour and be settled at the Resource-Specific Settlement Interval Ex Post Price; (3) To the extent the Instructed Imbalance Energy payments are not sufficient to cover the generator's Minimum Load Cost as defined in Section 5.11.6.1.2 of this Tariff, the generator will also receive an uplift payment for its Minimum

Load Cost compensation for the relevant eligible Settlement Intervals of hours during the Waiver Denial Period that the Generating Unit runs at minimum load in compliance with the must-offer obligation; and (4) To the extent the Generator is dispatched for real time Imbalance Energy above its minimum load for any Dispatch Interval within an hour during the Waiver Denial Period, the Generator will be eligible for Bid Cost Recovery, as set forth in Section 11.2.4.1.1.1.

**ATTACHMENT C**



NOTICE OF FILING SUITABLE FOR PUBLICATION  
IN THE FEDERAL REGISTER

UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

|                                   |   |                         |
|-----------------------------------|---|-------------------------|
| San Diego Gas & Electric Company  | ) |                         |
|                                   | ) |                         |
| v.                                | ) | Docket No. EL00-95-____ |
|                                   | ) |                         |
| Sellers of Energy and Ancillary   | ) |                         |
| Services Into Markets Operated by | ) |                         |
| the California Independent System | ) |                         |
| Operator Corporation and the      | ) |                         |
| California Power Exchange         | ) |                         |
|                                   | ) |                         |
| Investigation of Practices of the | ) | Docket No. EL00-98-____ |
| California Independent System     | ) |                         |
| Operator and the California       | ) |                         |
| Power Exchange                    | ) |                         |

Notice of Filing

[ ]

Take notice that on November 24, 2004, the California Independent System Operator Corporation (ISO) submitted a filing in compliance with the order issued in the captioned dockets on October 27, 2004, 109 FERC ¶ 61,078.

The ISO states that this filing has been served upon all parties on the official service lists for the captioned dockets. In addition, the ISO has posted this filing on the ISO Home Page.

Any person desiring to intervene or to protest this filing should file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. All such motions or protests should be filed on or before the comment date, and, to the extent applicable, must be served on the applicant and on any other person designated on the official service list. This filing is available for review at the Commission or may be viewed on the Commission's web site at <http://www.ferc.gov>, using the

**eLibrary** (FERRIS) link. Enter the docket number excluding the last three digits in the docket number field to access the document. For assistance, please contact FERC Online Support at [FERCOnlineSupport@ferc.gov](mailto:FERCOnlineSupport@ferc.gov) or toll-free at (866)208-3676, or for TTY, contact (202)502-8659. Protests and interventions may be filed electronically via the Internet in lieu of paper; see 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-Filing" link. The Commission strongly encourages electronic filings.

Comment Date: \_\_\_\_\_