

July 30, 2001

The Honorable David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: California Independent System Operator Corporation,
Docket Nos. EL00-95-000, et al. - ERRATA**

Dear Secretary Boergers:

On July 10, 2001, the California Independent System Operator Corporation ("ISO") submitted for filing copies of tariff sheets for the ISO FERC Electric Tariff, reflecting, among other things, changes submitted in compliance with the Commission's June 19, 2001, order in the above-referenced docket.¹

It has come to the ISO's attention that the copies of tariff sheets for ISO Tariff Section 2.5.27.7 (numbered and captioned pursuant to the Commission's rules for tariff sheets) and the relevant section of the July 10, 2001 transmittal letter accompanying the tariff sheets, at pages 23 and 24, IV. Ancillary Services, incorrectly used the term "Marginal Proxy Clearing Price" in lieu of the proper term "Hourly Ex Post Price." All instances in the tariff sheets and transmittal letter, where the ISO used the term "Marginal Proxy Clearing Price" in discussing the temporary limitation on Ancillary Services Prices during System Emergency periods, should be replaced with the term "Hourly Ex Post Price." In addition, the clean copy of the ISO Tariff Sheet No. 126A, containing Section 2.5.27.7.4, has a single word inadvertently omitted: the term "Price" should be inserted after the words "Market Clearing" at the end of the first sentence of this section.

¹ *San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services Into Markets Operated by the California Independent System Operator and the California Power Exchange, et al.*, 95 FERC ¶ 61, 418 (2001).

As explained in the transmittal letter for the July 10 compliance filing at page 14, Footnote 15, the ISO equates the "hourly market clearing price" referenced in the Commission's June 19, 2001 order to the ISO's Hourly Ex Post Price. The Hourly Ex Post Price is defined in the ISO's Tariff, Master Definitions in Appendix A as the price charged or paid to Scheduling Coordinators responsible for Participating Generators and Participating Buyers for Imbalance Energy and is equal to the Energy-weighted average of the BEEP Interval Ex Post Prices in each Zone during each Settlement Period. Since the Marginal Proxy Clearing Price is a ten-minute price, the Marginal Proxy Clearing Price should not be used for the Ancillary Services markets, which are hourly markets.

The Commission's May 25, 2001, order in this proceeding² directed the ISO, in calculating the market clearing price for Ancillary Services during System Emergencies, to use each relevant average hourly mitigated Imbalance Energy price, and that if the Ancillary Services markets clear below the average hourly mitigated Imbalance Energy price, the ISO will pay the Ancillary Service clearing price for that market. The Commission directed the ISO, in the event that the Ancillary Services markets clear above the average hourly mitigated Imbalance Energy Price to use that price to clear the markets and pay as-bid for all Ancillary Services that are needed above that mitigated price, subject to justification and refund. In its June 19, 2001, order, the Commission elaborated upon its May 25, 2001, order adopting price mitigation in the ISO's Ancillary Services markets by extending price mitigation in the spot markets operated by the ISO, including the Ancillary Services markets, to all hours.

Accordingly, pursuant to both the May 25 and June 19 orders, the ISO will limit the Market Clearing Price for Ancillary Services to the Hourly Ex Post Price during System Emergencies. The ISO encloses two (2) sets of corrected tariff sheets for Section 2.5.27.7. The first set of corrected tariff sheets for Section 2.5.27.7 is for the period of May 29 through June 20, 2001, and it is black-lined against the version of Section 2.5.27.7 proposed to be in effect during this period in the ISO's July 10, 2001, compliance filing. These corrected Tariff sheets, to be effective from May 29, 2001 to June 20, 2001, are provided as Attachment A to this filing, with the corresponding blacklined tariff provisions provided as Attachment B. The second set of corrected tariff sheets is for the period beginning on June 21, 2001, and it includes the correction noted in this errata filing, all changes from the first corrected tariff sheet for the period of May 29

² *San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services Into Markets Operated by the California Independent System Operator and the California Power Exchange, et al.*, 95 FERC ¶ 61,275 (2001).

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through June 20, 2001, and additional language addressing limitations on the Market Clearing Price for Ancillary Services established by the June 19 Order for non-System Emergency periods. These corrected Tariff sheets, to be effective from June 21, 2001, are provided as Attachment C to this filing, with the corresponding blacklined tariff provisions provided as Attachment D. Both sets of corrected tariff sheets for Section 2.5.27.7 replace those submitted in the ISO's July 10, 2001 filing. A notice of filing, suitable for publication in the Federal Register, is provided on disk and in Attachment E.

Also enclosed is an extra copy of this filing. Please date-stamp and return the copy with our messenger. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, DC, this 30th day of July, 2001.

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