

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

In Reply Refer to:
California Independent System Operator
Corporation
Docket Nos. EL00-95-063, et al.

March 10, 2003

California Independent System Operator Corporation
Attention: Ms. Margaret A. Rostker
151 Blue Ravine Road
Folsom, California 95630

Dear Ms. Rostker:

On October 31, 2002, the Commission issued an order addressing the California Independent System Operator Corporation's (ISO) compliance filing regarding procedures used by a generator to obtain an exemption from the Must-Offer Obligation and Minimum Load Recovery (101 FERC ¶ 61,112) (October 31). Pursuant to paragraph 7 of the October 31 order, the Commission authorized staff to issue data requests regarding the ISO's implementation of the Must-Offer Obligation.

The ISO's Tariff provisions include a process to exempt generators from the Must-Offer Obligation. In order for the Commission to better understand how the Must-Offer Obligation exemption process currently operates, please provide responses to the enclosed data requests within 15 days of the date of this letter.

Please identify the preparer of each response. If you wish to request privileged treatment of any specific response, such response should be filed pursuant to the procedures established in the section 388.112 of the Commission's regulations.

Please file six (6) copies of your response. You should file your response with the Commission at:

Federal Energy Regulatory Commission
Office of the Secretary
888 First Street N.E.
Washington, D.C. 20426

This letter is issued pursuant to authority delegated to the Director, Division of Tariffs and Market Development - West, under 18 C.F.R. § 375.307.

Sincerely,

Michael A. Coleman
Director, Division of Tariffs and
Market Development - West

Enclosure

Commission Staff Data Requests

1. Please provide a detailed explanation of the process used by the ISO to determine which units are subject to, and which are exempt from, the Must-Offer Obligation. Provide all manuals, guidelines, protocols, criteria and other documents (other than the ISO Tariff) used by the ISO in making such determinations. Provide and explain all criteria used to determine the length of time for a unit's exemption.
2. Please provide a time-line that describes the step-by-step sequence of events involved in exemption process, starting with a request for waiver of the must-offer requirement through when such a request is either granted or denied. If exemptions are granted without a unit formally requesting a waiver, provide a similar time-line of events. Explain any variations in the time-line for notification of exemption status.
3. Identify the minimum and, if applicable, the maximum time period of a "waiver denial period." Identify and explain factors or considerations that result in variations in the length of waiver denial periods.
4. Identify any units (and associated MW's) that have been exempted permanently or indefinitely from the Must-Offer Obligation and provide the reason for such exemption (e.g., long start-up time).
5. Please provide a detailed discussion of the operational complexities that the ISO faces which would require a generator that submits a day-ahead schedule for a partial day to be deemed committed for the entire ensuing 24-hour period. Please provide a narrative summary and any studies performed to date which identify and/or discuss the cost and time involved to develop computer software to resolve these operational complexities.
6. For each day of the period October 1, 2002 through December 31, 2002, please provide the number of Must-Offer Units and associated capacity (in MW's) that were available and that were exempted (granted a waiver). For each hour of

each day of the same period, provide the number of Must-Offer Units and associated capacity (in MW's) that the ISO revoked a previously granted exemption.