

February 1, 2002

The Honorable Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: California Independent System Operator Corporation
Docket No. ER02-____-000
Amendment No. 42 to the ISO Tariff – ERRATA**

Dear Secretary Salas:

Yesterday, we submitted for filing, in the above-captioned docket, Amendment No. 42 to the FERC Electric Tariff of the California Independent System Operator Corporation (“ISO”). The filing included Tariff sheets containing the changes proposed in Amendment No. 42, versions of those Tariff sheets identifying the changes effected by the Tariff sheets, and supporting materials.

It has come to our attention that several of the changes to Section 2.5.23.2.1 of the ISO Tariff proposed in yesterday’s filing, contained on First Revised Sheet No. 109 and on the pages containing black-lined changes to that section, were incorrectly stated in that filing. First, Section 2.5.23.2.1(b) should read “smaller than or equal to the prices of accepted decremental bids,” rather than “smaller than or equal to the prices of the unaccepted incremental bids.” Second, Section 2.5.23.2.1(d) should read “greater than or equal to the prices of unaccepted decremental bids,” rather than “greater than or equal to prices of unaccepted decremental bids.”

The ISO has incorporated the corrections described above on Substitute First Revised Sheet No. 109, included in the present filing as Attachment A. Additionally, the ISO has provided a page containing, in black-line format, the correct version of the changes proposed to Section 2.5.23.2.1 (including the changes described above); this page is included in the present filing as Attachment B. Please replace First Revised Sheet No. 109 included in yesterday’s filing with Substitute First Revised Sheet No. 109,

The Honorable Magalie Roman Salas

February 1, 2002

Page 2

and please refer to the black-lined page contained in the present filing for the correct version of the ISO's proposed changes to Section 2.5.23.2.1, rather than to the black-lined changes regarding that section that are contained in yesterday's filing.

Additionally, we enclose a form notice of filing, suitable for publication in the Federal Register (Attachment C), which is also provided in electronic format. Also enclosed are two extra copies of this filing. Please date-stamp and return the copies to our messenger. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,

Charles F. Robinson
Margaret A. Rostker
The California Independent
System Operator Corporation

Edward Berlin
David B. Rubin
Bradley R. Miliauskas
Swidler Berlin Shereff Friedman, LLP

**Counsel for
the California Independent System
Operator Corporation**

ATTACHMENT A

- a) greater than or equal to the prices of accepted incremental bids;
- b) smaller than or equal to the prices of accepted decremental bids;
- c) smaller than or equal to the prices of unaccepted incremental bids; and
- d) greater than or equal to the prices of unaccepted decremental bids.

In the event of Inter-Zonal Congestion, the ISO will develop supply and demand curves separately for each Zone separated by congestion.

2.5.23.2.2 Hourly Ex Post Price. The Hourly Ex Post Price in Settlement Period t in each Zone will equal the Energy weighted average of the BEEP Interval Prices in each Zone, calculated as follows:

$$HP_{xt} = \frac{\sum_b |Q_{bxt}| P_{bxt}}{\sum_b |Q_{bxt}|}$$

Where:

HP_{xt} is the Hourly Ex Post Price in Zone x; P_{bxt} is the BEEP Interval Ex Post Price during BEEP Interval b in Zone x; and

Q_{bxt} is the total Instructed Imbalance Energy during BEEP Interval b in Zone x.

ATTACHMENT B

2.5.23.2 Determining Ex Post Prices.

2.5.23.2.1 BEEP Interval Ex Post Prices For each BEEP Interval, the ISO will compute ~~an~~ updated supply and demand curves, using the Generating Units, System Units, Loads and System Resources dispatched according to the ISO's BEEP Software during that time period to meet Imbalance Energy requirements and to eliminate any Price Overlap. The BEEP Interval Ex Post Price is equal to the bid price of the marginal resource accepted by the ISO for Dispatch, subject to any limitation applicable under Section 2.5.23.3. For each BEEP Interval of the Settlement Period, BEEP will compute the Ex Post Price so that it is: an incremental Ex Post Price and a decremental Ex Post Price. ~~The BEEP Interval Ex Post Price for incremental Energy will be the highest incremental marginal bid selected by the BEEP software in the corresponding BEEP Interval. The BEEP Interval Ex Post Price for decremental Energy will be the lowest price decremental marginal bid selected by the BEEP software in the corresponding BEEP Interval. If only decremental Imbalance Energy is dispatched in a BEEP Interval, then the BEEP Interval Ex Post Price for incremental Energy will be equal to the BEEP Interval Ex Post Price for decremental Energy. If only incremental Imbalance Energy is dispatched in a BEEP Interval, then the BEEP Interval Ex Post Price for decremental Energy will be equal to the BEEP Interval Ex Post Price for incremental Energy.~~

- a) greater than or equal to the prices of accepted incremental bids;
- b) smaller than or equal to the prices of accepted decremental bids;
- c) smaller than or equal to the prices of unaccepted incremental bids; and
- d) greater than or equal to the prices of unaccepted decremental bids.

In the event of Inter-Zonal Congestion, the ISO will develop ~~a dispatch price curve, and the BEEP Interval Ex Post Prices for each Zone where congestion existssupply and demand curves~~ separately for each Zone separated by congestion.

ATTACHMENT C

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the Public Utilities Commission of the State of California, the California Energy Commission, the California Electricity Oversight Board, and all parties with effective Scheduling Coordinator Service Agreements under the ISO Tariff.

Dated at Washington, D.C., this 1st day of February, 2002.

Bradley R. Miliauskas
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W.
Washington, D.C. 20007