

**REVISED MITIGATED MARKET CLEARING PRICES  
POSTED May 28, 2004**

Revised Mitigated Market Clearing Prices (MMCPs) were posted on the ISO website on May 28. The revisions reflect clarifications made FERC's May 12, 2004 Order on Requests for Rehearing and Clarification, as well as several miscalculations identified through an audit of preliminary calculations posted on March 17 performed by Pricewaterhouse Coopers (PwC) at the request of the ISO. To date, participants, who were provided access to detailed data and workfiles on March 17, have identified no potential miscalculations. The ISO continues to request that participants any potential miscalculations identified through a review of these data and work files. To facilitate this review, a description of changes is provided below, along with a spreadsheet highlighting intervals in which the MMCP has changed since preliminary calculations were posted on March 17.

The MMCP posted on May 28 reflect the following changes to MMCPs posted on March 17.

1) FERC's May 12, 2004 Order on Requests for Rehearing and Clarification indicates granted the ISO's request for clarification and approved the exclusion of California intrastate transport charges in calculating gas costs for imports from the Arizona Electric Power Cooperative (AEPSCO) that are eligible to set the MMCP. Consequently, only one MMCP is calculated for each 10-minute interval and hour, which is calculated as described in the May 12 Order. This corresponds to the column labeled "MMCP1" in the Preliminary MMCPs issued on March 17.

2) The following corrections were made to three of the incremental heat rate points used in calculating the MMCP:

<u>Unit</u>	<u>Point</u>	<u>MW</u>	<u>Incremental Heat Rate</u>	
			<u>Previous</u>	<u>Corrected</u>
APPGEN_6_UNIT 1	1	56	9800	10204
APPGEN_6_UNIT 1	2	111	10000	10204
REDOND_7_UNIT 8	8	375	8957	8933

The corrected heat rate for Point 8 of the Redondo 8 unit resulted in a minor decrease in the MMCP (\$.16/MW) during 78 10-minute intervals.

The change to the incremental heat rate for the APPGEN\_6\_UNIT 1 unit resulted in an increase of \$1.28 to \$2.06 in the MMCP during 23 10-minute intervals.

3) A minor modification was made to the computer code used to calculate total incremental and decremental energy dispatched through the BEEP system for

each interval in cases where a unit is listed as having received both a decremental and incremental energy dispatch during the same 10-minute interval. The revised code sums all BEEP dispatches (incremental and decremental) listed for each interval into a single dispatch type each interval. For example, when units received an incremental dispatch, but also received a decremental dispatch for a larger amount of energy, the units are treated as having received a decremental dispatch that interval (equal to the net value of the incremental and decremental dispatches recorded in BEEP). This modification affected the outcome during 16 10-minute intervals.

4) A minor correction was made to the computer code used to identify intervals when a CT needed to continue running as a result of an ISO dispatch, assuming a 1 hour minimum run time. This resulted in a change in the outcome during 14 intervals.

The *MMCP\_Changes.xls* spreadsheet provides a list of 131 intervals in which revised results differ from those posted on March 17, along with a comparison of revised MMCPs to previous MMCPs for each of these intervals, and a notation indicating the reason for the change.

5) Finally, for seven intervals, there were no units eligible to set the MMCP (5/3/2001, Hour ending 9, Interval 1; and 5/10/2001 Hour Ending 3, Interval 1-6). For these intervals, the MMCP is the simple average of the closest two intervals before and after the missing intervals. There are no results for Hour Ending 3 on April 1, 2001, which was skipped due to Daylight Savings time. Similarly, there are results for an extra hour on October 19, 2000 (Hour 25) due to the setting back of clocks on this day due to Daylight Savings time.