December 29, 2000

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 No. ER01-____-000
Amendment No. 35 to the ISO Tariff

Dear Secretary Boergers:

Pursuant to Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d, and Section 35.13 of the Commission's regulations, 18 C.F.R. § 35.13, the California Independent System Operator Corporation ("ISO")[1] respectfully submits for filing an original and six copies of an amendment ("Amendment No. 35") to the ISO Tariff. Amendment No. 35 would modify the Tariff in several respects. The modifications include the following:

- Changes related to distributed Generation, including changes that will clarify the metering and telemetry requirements for distribution-level Generation and changes that will reduce the threshold for participation by Generating Units in the ISO's Ancillary Services markets from 10 MW to 1 MW;

- Modifications that will enhance the ISO's RMR pre-dispatch provisions;

[1] Capitalized terms not otherwise defined have the meaning set forth in the Master Definitions Supplement, ISO Tariff, Appendix A.

- The incorporation into the ISO Tariff of requirements for Generators set forth in the Western Systems Coordinating Council Reliability Criteria Agreement;

- The addition of a mechanism to recover FERC Annual Charges from entities receiving transmission service on the ISO Controlled Grid;

- Extension of the partial waiver of "No Pay" penalties for Participating Loads;

- A change to the deadline for submission of meter data to the ISO, which will align the Tariff with current practice; and

- Several miscellaneous Tariff revisions necessary to comply with prior Commission orders and to correct typographical errors.

Revised Tariff sheets reflecting the changes proposed herein are contained in Attachment A.

I. PROPOSED ISO TARIFF REVISIONS

A. Distributed Generation

In the course of discussions with stakeholders and in the context of a proceeding before the California Public Utilities Commission ("CPUC") regarding distributed Generation, concern has been expressed about the impact of ISO requirements on small distributed Generators. Accordingly, the ISO has undertaken a review of its requirements to determine whether these could be in some instances clarified and in other instances modified to reduce barriers related to ISO requirements on small distributed Generators while maintaining system reliability and minimizing cost shifting.

The ISO has identified a number of modifications to its requirements for small distributed Generators, and proposes the modifications to its Tariff shown in Attachment B to this filing, that will accomplish the following:

- clarification that a distribution-level Generating Unit under 1 MW that does not participate in the ISO's Ancillary Services and/or Imbalance Energy markets is not a "Participating Generator" and is not required to be an ISO Metered Entity;

- reduction of the minimum rated capacity threshold for Generating Units to participate in the ISO's Ancillary Services markets from 10 MW to 1 MW, and provision of flexibility to undertake programs for aggregation of Generating Units under 1 MW to participate in such markets;

- clarification that a distribution-level Generating Unit of under 10 MW that does not participate in the ISO's Ancillary Services and/or Imbalance Energy markets is not required to install ISO telemetry; and

- addition of provisions that will allow net metering arrangements for distribution-level Generating Units under 1 MW.

These changes were developed with substantial stakeholder input, including many discussions in the context of the CPUC's proceeding, an introduction to the changes at the ISO's August 9, 2000 Market Issues Forum, and an all-day discussion meeting with numerous Market Participants on August 31, 2000. Several drafts of the Tariff revisions have also been circulated for stakeholder comment.

Most stakeholders support the revisions, although many argue that the changes do not go far enough, particularly in addressing requirements for all on-site load, irrespective of the size of the Generator.[2] During the November 29, 2000 ISO Governing Board meeting, the Board approved the attached Tariff revisions, but directed the ISO to further discuss issues related to on-site load with stakeholders and the CPUC. To the extent that any further revisions to the ISO Tariff may be appropriate to accommodate distributed Generation, those revisions will be developed after these discussions and will be the subject of a future filing.

The ISO believes that the Tariff revisions shown in Attachment B will reduce barriers to small distributed Generators and will accommodate the participation of additional resources in the ISO's markets. Accordingly, the ISO requests waiver of the 60-day prior notice requirement so that these revisions may be permitted to go into effect on January 1, 2001.

B. Enhancements to the ISO's RMR Pre-Dispatch Provisions

During the negotiations in 1998 and 1999 concerning various issues related to Reliability Must-Run ("RMR") Generation, the ISO concluded that its practice at that time of dispatching RMR Units after the issuance of Final Day-

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[2] The ISO notes that there are a number of issues related to metering requirements and the allocation of certain costs and charges to distributed Generation that are currently being addressed in ongoing settlement negotiations and other proceedings before this Commission.

Ahead schedules produced two adverse consequences: it created operational problems by requiring the ISO to acquire and use a large quantity of decremental bids in the ISO's real time Energy market to offset the unscheduled Energy from RMR Units, and it distorted the California Power Exchange ("PX") Day-Ahead market. The comprehensive RMR settlement filed in Docket Nos. ER98-441, *et al.*, required the ISO to undertake certain steps in developing a proposal to address these consequences.

On January 28, 2000, after completing these steps, the ISO filed Amendment No. 26 to the ISO Tariff in FERC Docket No. ER00-1365. Amendment No. 26 consisted of a number of proposed revisions related to the dispatch of RMR Units that were designed to eliminate these problems. The Commission conditionally accepted Amendment No. 26 to go into effect on an interim basis. *California Independent System Operator Corporation*, 90 FERC ¶ 61,345 (2000). On June 1, 2000, the ISO implemented RMR pre-dispatch.

In response to requests from RMR Owners and other interested parties, the ISO announced to Market Participants on June 20, 2000 that it was convening a process to consider enhancements to pre-dispatch and to develop recommendations that would give Market Participants greater flexibility under the ISO's RMR pre-dispatch mechanisms. That process resulted in the development of the following proposals:

1. All or Nothing Election and Binding First Election

RMR Owners with bilateral agreements have objected to the "all market or all contract" nature of the election for payment for their reliability Energy for a given hour, as well as to being bound by their first Day-Ahead election for all RMR Energy instructed after the Day-Ahead scheduling process. Owners claim that, due to circumstances such as poor load forecasts or oversupply, the Imbalance Energy price can sometimes be much lower than the Day-Ahead energy, but they would, nevertheless, have to take that lower price for RMR Energy called in real time if they elected market payment in the Day-Ahead market. Therefore, the ISO proposes Tariff modifications that will permit "mixed" elections under which an RMR Owner may elect market payment for part of its instructed reliability Energy and contract payment for the rest of its instructed reliability Energy. The ISO also proposes Tariff revisions that will permit an RMR Owner to deliver any part of any reliability Energy instructed less than two hours before the close of the PX Day-Of market for that hour in the real-time market. These revisions should allow Owners to mitigate risk caused when bilateral sales are less than the ISO's required reliability Energy and reduce the market risk of a previous binding election when Day-Of or real-time prices are less than Day-Ahead prices.

2. RMR Owner Election of Market or Contract Payment

The ISO Tariff currently requires an RMR Owner's Scheduling Coordinator to make the election between market or contract payment for their reliability generation. However, several RMR Owners who are constrained by other timing considerations such as water management timelines, or whose Scheduling Coordinator is an entity other than the PX, have asked for the ability to make this election themselves. To address these concerns, the ISO proposes Tariff revisions which will allow RMR Owners to make this election.

3. Incentives and Penalties for Failing to Schedule Reliability Energy

Under the current ISO Tariff, an RMR Owner is not entitled to payment from any source if it fails to schedule reliability Energy for any reason other than if the $0 price-taker bid does not clear the PX Day-Of market because there is insufficient Load bid into that market. If an RMR Owner does not deliver unscheduled reliability Energy, it will also suffer a non-performance penalty and the loss of the RMR Availability Payment. However, if that penalty and the loss of the Availability Payment is not greater than the Owner's fuel cost, then the Owner has a perverse financial incentive not to generate the requested reliability Energy, notwithstanding its obligation to generate under the RMR Contract.

To remedy this situation, the ISO proposes the creation of an additional penalty that is equal to the savings realized by an RMR Owner by not generating. Under this proposal, the Owner would forfeit a penalty equal to the difference between the fuel cost saved and the loss of the Availability Payment and the non-performance penalty. This additional penalty would remove the incentive for an Owner not to generate unscheduled reliability energy.

4. Effective Date

Tariff revisions necessary to implement the proposed RMR pre-dispatch enhancements are shown in Attachment C to this filing. Because these revisions are dependent upon software modifications, the ISO requests that the Tariff revisions be permitted to go into effect in 60 days (i.e., on February 27, 2001) or seven days after the ISO issues a notice to Market Participants that the modified software is ready for use, whichever is later.

5. Additional Matters

Although not within the scope of the ISO's proposals in this amendment, there are two additional matters related to RMR pre-dispatch that should be addressed. First, in its order on Amendment No. 26, the Commission noted that many of the problems addressed by the ISO's RMR pre-dispatch proposal may be eliminated after implementation of a redesigned Congestion Management system for the ISO. The Commission, therefore, accepted Amendment No. 26 only on an interim basis and directed the ISO "to file for continuation of its RMR procedures or new procedures on the earlier of the date it files its new congestion management plan . . . or January 15, 2001, the date that its compliance filing is due under Order No. 2000." 90 FERC at 62,139. In its December 15, 2000 Order in Docket Nos. EL00-95, *et al.*, the Commission directed the ISO to file its Congestion Management redesign proposal by January 31, 2001. *San Diego Gas & Electric Company v. Sellers of Energy and Ancillary Service Into Markets Operated by the California Independent System Operator and the California Power Exchange, et al.*, 93 FERC ¶ 61,295, slip op. at 70 (hereafter, the "December 15 Order"). The ISO requests that it be permitted to address the long-term continuation of its RMR procedures in that Congestion Management filing. The ISO currently is a party to RMR Contracts that will remain in effect through at least the end of 2001. As such, the ISO believes it is appropriate to propose the RMR pre-dispatch enhancements described above because they will provide benefits to RMR Owners and other Market Participants for at least that long.

Second, the ISO notes that the Commission's December 15 Order has significant implications for the PX forward Energy markets. The ISO's RMR pre-dispatch provisions currently call for RMR Owners to bid into the PX markets. These provisions may require modification to reflect the changes implemented by the December 15 Order. The ISO commits to modify the Tariff language proposed in the instant filing to reflect such modifications, if appropriate, and will include any such modifications in its compliance filing to be made in Docket Nos. EL00-95, *et al*.

C. WSCC Reliability Criteria

As a member of the Western Systems Coordinating Council ("WSCC"), the ISO is required to meet Reliability Criteria adopted by the WSCC. The Reliability Management System ("RMS") Agreement, entered into on June 18, 1999, makes the ISO subject to the WSCC Reliability Criteria Agreement ("RCA"), and renders the ISO subject to sanctions for failing to comply with such criteria.[3] On September 1, 1999, the RMS Phase I system of monetary penalties and sanctions went into full force and effect.

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[3] The Commission has previously ruled that the WSCC's RMS is just and reasonable and is consistent with the Commission's policy with respect to reliability issues. *Western Systems Coordinating Council*, 87 FERC ¶ 61,060 (1999).

Section 5 of the RMS requires the ISO to make a good-faith effort to establish a binding obligation on Generators in its Control Area to adhere to certain provisions of the RCA. In order to satisfy this requirement, the ISO proposes that Section 5.4 of the ISO Tariff be revised as shown in Attachment D to this filing to make explicit a Generator's responsibility for complying with the WSCC Reliability Criteria so that a Generator will be responsible for any sanctions or penalties arising from its failure to meet the Reliability Criteria. The proposed revisions are consistent with the Participating Generators' obligation under the Participating Generator Agreement to comply with, *inter alia*, applicable reliability provisions of the ISO Tariff. The proposed revisions are also consistent with the Commission's prior approval of the WSCC's RMS program.

Because these revisions will clarify a Generator's obligation to satisfy applicable Reliability Criteria and because immediate implementation of these revisions is consistent with the RMS program, already approved by the Commission, the ISO requests waiver of the 60-day prior notice requirement so that these revisions may be permitted to go into effect on January 1, 2001.

D. FERC Annual Charges

On October 26, 2000, the Commission issued its Final Rule in Docket No. RM00-7-000 concerning the annual charges to be assessed by the Commission against public utilities. Order No. 641, *Revision of Annual Charges Assessed to Public Utilities*, 93 FERC ¶ 61,083 ("Order No. 641"). Under Order No. 641, the public utilities from which annual charges are collected to fund the Commission's electric regulatory costs will now include independent system operators and Regional Transmission Organizations ("RTOs"). Annual charges will now be assessed only to public utilities that provide transmission service (including independent system operators and RTOs) based on the volume of electricity transmitted by those utilities. The new annual charge regulations go into effect on January 1, 2001 and will therefore apply to transmission transactions beginning on that date, resulting in an annual charge obligation to be paid in 2002.

Previously, the Commission's annual charges have been collected from Transmission Owners and other public utilities engaged in sales and transmission transactions subject to the Commission's jurisdiction. Under the new regulations, the ISO will be assessed FERC Annual Charges for transactions on the ISO Controlled Grid for the first time. As a revenue-neutral, not-for-profit entity, the ISO must have some mechanism for recovering the costs of these annual charges from the Market Participants that utilize the ISO Controlled Grid. Order No. 641 explicitly provides that public utilities like the ISO may file such cost recovery mechanisms with the Commission, based on the finding that "annual charge assessments are costs that can be recovered in transmission rates as a legitimate cost of providing transmission service." Order No. 641, 93 FERC ¶ 61,083, slip op. at 44.

The ISO has determined that the FERC Annual Charges should be recovered through establishment of a separate charge type to Scheduling Coordinators. Tariff revisions to establish such a charge type are shown in Attachment E to this filing. The memorandum discussing the ISO's proposal, as presented to the ISO Board of Governors ("Board") at its November meeting, is provided as Attachment F to this filing. At that meeting, the Board approved the proposed Tariff revisions, with slight modification to the language to provide Scheduling Coordinators with additional flexibility as to when payment of the amount they owe is due to the ISO.

Since annual charges will be assessed against the ISO for transmission transactions on the ISO Controlled Grid beginning on January 1, 2001, the ISO believes it is appropriate for the new charge type to be assessed on those same transactions starting on the same date. Accordingly, the ISO requests waiver of the 60-day prior notice requirement so that the Tariff revisions shown in Attachment E can be permitted to go into effect on January 1, 2001.

Determining the initial level of this charge type has presented some challenges, as it is currently unclear what the Commission's annual charge rates will be under the new methodology. The ISO understands from Commission staff that the initial rates under the new methodology will not be calculated until 2002, when the first annual charges under the new regulations are assessed against public utilities. On November 27, 2000, the ISO filed a Motion for Clarification in Docket No. RM00-7 asking for more information or guidance concerning the ISO's recovery of annual charges from Market Participants. In that Motion, the ISO informed the Commission of its intention to file an annual charge cost recovery mechanism and to set the initial rate of the mechanism based on the best information available to the ISO.

The November Board memorandum provided as Attachment F includes a calculation of the initial rate for the proposed new charge type. That rate would be $0.021/MWh, and was calculated by dividing information from the Edison Electric Institute ("EEI") concerning total U.S. energy sales by investor-owned utilities to ultimate consumers by $55,000,000, based on the most recent data on the Commission's electric regulatory program costs collected through annual charges. *See* Order No. 641, 93 FERC ¶ 61,083, slip op. at 29 n.60. The EEI data was used as a proxy for total U.S. transmission volumes that will be subject to the annual charge assessment under the new regulations.[4] On December 18,

4 The ISO notes that the EEI figure is, if anything, an overstatement of the U.S. transmission volumes subject to annual charge assessment because that figure most likely

2000, the ISO provided an electronic mail notice to all Market Participants that it intended to implement the new charge type, at the rate of $0.021/MWh, effective January 1, 2001. This Market Notice is provided as Attachment G to this filing. The ISO notes that the proposed Tariff revisions allow for quarterly adjustments of this rate, as better information becomes available, and provide for surcharges or refunds if the ISO significantly under-collects or over-collects the annual charges it is assessed.

E. "No Pay" Exemption for Participating Loads

As the Commission has recognized in its recent orders in Docket Nos. EL00-95, *et al.*, an increased role for Demand responsiveness is necessary to increase efficiency in the California electricity markets and specifically to provide additional resources in the ISO's markets. In pursuit of these goals, the ISO Board approved the Ancillary Service Load Program on a trial basis from June 15, 2000 until October 15, 2000. The ISO agreed under the trial program to partially relax "No Pay" provisions of the ISO Tariff for Loads participating in the program in order to increase participation. The so-called "No Pay" provisions of the Tariff were accepted by the Commission as part of Amendment No. 13 to the ISO Tariff. *California Independent System Operator Corporation*, 86 FERC ¶ 61,122, at 61,417-19 (1999). Under those provisions, a Scheduling Coordinator that engages in the uninstructed generation of Energy from capacity committed to the ISO for Operating Reserves or Replacement Reserves may forfeit a portion of the payment to which it is otherwise entitled for that capacity. Unless the application of the No Pay rule was relaxed, a Participating Load's provision of Energy on an uninstructed basis during the intervals following the ISO's Dispatch of such Energy from capacity accepted for an Ancillary Service could implicate the rule, requiring the Participating Load to forfeit the compensation for Uninstructed Imbalance Energy (and Ancillary Service capacity) to which it would otherwise be entitled.

In response to concerns raised by certain intervenors in Docket No. ER00-2383, the proceeding on Amendment No. 29 to the ISO Tariff, the ISO agreed to apply the partial No Pay exemption to all Participating Loads during the trial period of the Ancillary Service Load Program. The July 31, 2000 filing submitted in compliance with the Commission's order on Amendment No. 29, *California Independent System Operator Corporation*, 91 FERC ¶ 61,324 (2000), therefore provided that the Participating Load exemption from certain No Pay provisions would expire on October 15, 2000, the date on which the Summer 2000 Ancillary Service Load Program was to expire. The ISO also explained

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includes bundled retail transmission volumes that will not be subject to assessment of such charges. The ISO, therefore, believes that the initial rate of the new charge type is somewhat conservative.

that, once the trial program was completed, it would assess the need for continued exemptions from No Pay provisions for Participating Loads.

The ISO's Summer 2001 Preparedness Committee has determined that the Ancillary Service Load Program should be extended on an ongoing basis without significant change. Extension of the program is necessary to gain more experience and provide customers currently on an interruptible rate schedule an alternative to obtain service should they elect in March not to continue on such a rate schedule. In addition, the ISO believes that, for the foreseeable future, continuation of the partial No Pay exemption for Participating Loads will increase the success of the program. The ISO is, therefore, proposing a revision to Section 2.5.26.6 of the ISO Tariff in order to exempt Participating Loads from the No Pay provisions of the Tariff on an extended trial basis. This revision is shown in Attachment H to this filing.

In order to ensure that there is no gap in the applicability of the partial No Pay exemption, the ISO requests waiver of the prior notice requirement for this revision so that this revision may be permitted to be effective as of October 15, 2000. The ISO still believes that it is appropriate that the exemption be temporary in nature so as to discourage uninstructed deviations to the greatest degree possible. The ISO proposes that this exemption be permitted to remain in effect until the ISO determines that elimination of the waiver will not adversely impact participation of Loads in the ISO's markets. The Tariff revisions would require the ISO to post a notice on the ISO Home Page that it has determined that the exemption is no longer warranted at least seven days in advance of the date on which the exemption would terminate.

F. Meter Data Submission Deadline

As part of the ISO's stakeholder Settlement Improvements Team, the ISO developed certain modifications to its settlement Payments Calendar to be placed into effect during 1999. One of these modifications was a proposal to change the interval of submission of meter data to the ISO from 41 calendar days to 31 Business Days. The revisions to the Payments Calendar were included as part of Amendment No. 17 to the ISO Tariff. The Commission approved these changes to the Payment Calendar to go into effect upon advance issuance of a market notice, *California Independent System Operator Corporation*, 88 FERC ¶ 61,182 (1999).

These revisions to the Payments Calendar were placed into effect by a Market Notice issued on September 24, 1999, except for the revision concerning the timing for submission of meter data. As noted in the September 24, 1999 notice (filed with the Commission in Docket No. ER99-3289), the ISO was unable at that time to implement the change in the meter data submission deadlines due to software concerns. The ISO, therefore, exercised its authority under Section MP 13.2(d) of the Metering Protocol to permit Scheduling Coordinators 45 calendar days to submit metering data.

Over the past year, based upon stakeholder input, it has become apparent that the 45-calendar-day interval for submission of meter data is preferred by most Scheduling Coordinators. The ISO, therefore, proposes to make this change permanent, through the proposed revision to Section 10.6.3 of the Tariff shown in Attachment I, to become effective in 60 days.

G. Miscellaneous Tariff Revisions

1. Applicable Period of the Neutrality Cap

The ISO, pursuant to Section 11.2.9 of the Tariff, is authorized to levy additional charges or payments as special adjustments, including amounts required to reach an accounting trial balance of zero where there is a mismatch in debits and credits between Scheduling Coordinators. As part of the ISO's "transmission Access Charge" filing in Amendment No. 27 to the ISO Tariff, the ISO added Section 11.2.9.1, a provision which caps this neutrality adjustment at $0.095/MWh, subject to modification by the ISO Board. The Commission conditionally accepted Amendment No. 27 for filing, effective June 1, 2000. *California Independent System Operator Corporation*, 91 FERC ¶ 61,205 (2000).

The version of Section 11.2.9.1 approved by the ISO Board for inclusion in Amendment No. 27 indicated that the provision would be applicable to total neutrality charges on an annual basis. Due to an administrative error, the Tariff language submitted in Amendment No. 27 omitted the reference to the annual period. As shown in Attachment J to this filing, the ISO now proposes to correct this error, by adding the word "annual" to Section 11.2.9.1 as approved by the Board.

2. Compliance with Commission Order on Jurisdictional Status of Transmission Owners

Another element of Amendment No. 27 concerned proposed procedures for the review of the Transmission Revenue Requirements for Transmission Owners that are not "public utilities" under the Federal Power Act. The Commission's order on Amendment No. 27 required certain modifications to these proposed procedures. On August 3, 2000, as amended on August 7, 2000, the ISO proposed Tariff revisions in Docket No. ER00-2019 to comply with the Amendment No. 27 order. The Commission accepted those revisions by an order issued on October 27, 2000. *California Independent System Operator Corporation*, 93 FERC ¶ 61,104. In that order, the Commission also directed the

ISO to change certain references in the ISO Tariff that currently refer to a Participating Transmission Owner that "is not FERC jurisdictional." Specifically, the Commission stated:

> We note, however, that while municipal and other utilities are not subject to the Commission's regulation as public utilities under FPA Sections 205 and 206, the Commission does have jurisdiction to order such utilities to provide transmission services on a case-by-case basis under FPA Section 211, and to set just and reasonable rates for service ordered under Section 211. Future tariff filings should include conforming changes to reflect this clarification. Instead of referring to a Participating TO that "is not FERC jurisdictional," such filings should refer to a Participating TO "that is not subject to the FERC's jurisdiction under Sections 205 and 206 of the Federal Power Act."

93 FERC ¶ 61,104 at 61,288 n.3. The conforming changes directed by the Commission are included in the instant filing, as shown in Attachment K to this filing.

3. Correction of Cross-reference in the Schedules and Bids Protocol

The final Tariff revision proposed in this filing is a correction of a typographical error introduced in Amendment No. 22 to the ISO Tariff. In Amendment No. 22, the ISO modified Section SBP 3.3.2 of the ISO's Schedules and Bids Protocol. These modifications included the addition of a cross-reference to Section SBP 2.1.5 which should have been a cross-reference to Section SBP 2.1.6. The ISO now proposes to correct this error, as shown in Attachment L.

II. EFFECTIVE DATE AND REQUEST FOR WAIVER

For the reasons explained above, the ISO requests that the following Tariff revisions be permitted to go into effect on January 1, 2001: changes related to distributed Generation; the addition of a mechanism to recover FERC Annual Charges from entities receiving transmission service on the ISO Controlled Grid; and the incorporation into the ISO Tariff of requirements for Generators set forth in the WSCC Reliability Criteria Agreement. In order to ensure that there is no gap in the applicability of the partial No Pay exemption, the ISO requests waiver of the prior notice requirement for this revision so that this revision may be permitted to be effective as of October 15, 2000. Lastly, because software modifications are necessary to implement the proposed enhancements to the

ISO's RMR pre-dispatch provisions, the ISO requests that these revisions become effective on the later of February 27, 2001 or the date specified by the ISO in a notice posted on the ISO Home Page that the modified software is ready for use, which date will be seven days or more after the date of posting. Therefore, the ISO therefore requests waiver of the Commission's 60-day prior notice requirement, pursuant to Section 35.3 of the Commission's regulations, 18 C.F.R. § 35.3, to the extent necessary to grant the effective dates requested above. The ISO requests that all other Tariff revisions proposed herein become effective in 60 days.

III. NOTICE AND SERVICE OF DOCUMENTS

Communications regarding this filing should be addressed to the following individuals, whose names should be placed on the official service list established by the Secretary with respect to this submittal:

Charles F. Robinson
General Counsel
Roger E. Smith,
Senior Regulatory Counsel
Beth Ann Burns
Regulatory Counsel
The California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 608-7135
Fax: (916) 608-7296

Kenneth G. Jaffe
Sean A. Atkins
Bradley R. Miliauskas
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW
Suite 300
Washington, DC 20007
Tel: (202) 424-7500
Fax: (202) 424-7643

IV. SUPPORTING DOCUMENTS

The following documents, in addition to this letter, support this filing:

- Revised Tariff sheets (Attachment A);
- Black-lined Tariff provisions showing changes related to distributed Generation (Attachment B);
- Black-lined Tariff provisions showing changes to implement enhancements to the ISO's RMR pre-dispatch mechanism (Attachment C);
- Black-lined Tariff provisions showing changes to incorporate WSCC Reliability Criteria for Generators into the ISO Tariff (Attachment D);

- Black-lined Tariff provisions showing changes to implement a new charge type for recovery of FERC Annual Charge costs from entities receiving transmission service on the ISO Controlled Grid (Attachment E);
- The memorandum describing the FERC Annual Charge cost recovery proposal presented to the ISO Governing Board in November (Attachment F);
- The December 18, 2000 notice to Market Participants concerning the initial rate for recovery of FERC Annual Charge costs (Attachment G);
- Black-lined Tariff provisions showing changes to extend the partial waiver of "No Pay" penalties for Participating Loads (Attachment H);
- Black-lined Tariff provisions showing changes that will modify the deadline for submission of meter data (Attachment I);
- Black-lined Tariff provisions showing changes to correct the omission of the word "annual" from Section 11.2.9.1 (Attachment J);
- Black-lined Tariff provisions showing changes to comply with the Commission's Order on the Amendment No. 27 compliance filing (Attachment K);
- Black-lined Tariff provisions showing the correction of cross-reference in Section SBP 3.3.2 (Attachment L);
- A form of notice suitable for publication in the Federal Register (Attachment M), which is also provided in electronic form on the enclosed diskette.

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

Respectfully submitted,

Charles F. Robinson
General Counsel
Roger E. Smith
Senior Regulatory Counsel
Beth Ann Burns
Regulatory Counsel
The California Independent
System Operator Corporation

Kenneth G. Jaffe
Sean A. Atkins
Bradley R. Miliauskas
Swidler Berlin Shereff Friedman, LLP

Counsel for
the California Independent System
Operator Corporation