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June 5, 2003

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

**Re: California Independent System Operator Corporation  
Compliance Filing  
Docket No. ER01-836-\_\_\_\_**

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO")<sup>1</sup> respectfully submits six copies of this filing in compliance with the Commission's May 6, 2003 order in the captioned docket concerning the ISO's first compliance filing concerning Amendment No. 35 to the ISO Tariff ("Amendment No. 35"), 103 FERC ¶ 61,132 ("Amendment No. 35 Compliance Order").

In the Amendment No. 35 Compliance Order, the Commission accepted the ISO Tariff revisions contained in the first compliance filing concerning Amendment No. 35, but also required the ISO to submit a second compliance filing, which the ISO now provides as explained below. The Commission directed the ISO to restore to Section 2.2.12.2.2 of the ISO Tariff the following sentence, which had been included in that section prior to the filing of Amendment No. 35, but which Amendment No. 35 had proposed to delete:

Notwithstanding anything to the contrary in the RMR Contract, neither the Applicable RMR Owner nor the Applicable RMR SC shall be entitled to any payment from any source for RMR Energy

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<sup>1</sup> Capitalized terms not otherwise defined herein are used in the sense given in the Master Definitions Supplement, Appendix A to the ISO Tariff.

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that is not bid and scheduled as required by this Section 2.2.12.2.2.

Amendment No. 35 Compliance Order at PP 6, 9. In the present filing, the ISO restores the sentence quoted above to the place in Section 2.2.12.2.2 where that sentence had been prior to the filing of Amendment No. 35.

This modification to the ISO Tariff is reflected in the revised Tariff sheet provided in Attachment A to the present filing, and is shown in black-line format in Attachment B to the present filing. Additionally, the ISO submits, in Attachment C to the present filing, a form notice of filing suitable for publication in the Federal Register, along with a computer diskette containing the notice of filing.

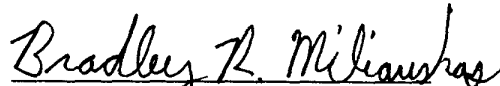
Two additional copies of this filing are enclosed to be date-stamped and returned to our messenger. If there are questions concerning this filing, please contact the undersigned.

Respectfully submitted,

BAM



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**ATTACHMENT A**

**2.2.12.2.2 RMR Contract Option** -- For each hour for which the Applicable RMR Owner elects the RMR Contract Option ("Contract Hour"), it shall bid the entire amount of the RMR Energy for that hour into the PX Day-Ahead Market at zero dollars per MWh, unless the Applicable RMR Owner is precluded from bidding into the PX because of law, regulation, the applicable PX rate schedule, or the unavailability of the PX Day-Ahead Market. The Applicable RMR SC shall include in its Preferred Day-Ahead Schedule the total amount of the RMR Energy for each Contract Hour, unless the Applicable RMR Owner's total Energy award in the PX Day-Ahead Market for that Contract Hour is less than the total amount of RMR Energy for that Contract Hour, in which case the Preferred Day-Ahead Schedule shall include that lesser amount. If the Applicable RMR Owner's total Energy award in the PX Day-Ahead Market for any Contract Hour is less than the full amount of the RMR Energy for that Contract Hour, the Applicable RMR Owner shall bid the remaining RMR Energy for that Contract Hour into the next PX Market for such Contract Hour at zero dollars per MWh. The Applicable RMR SC shall include the entire RMR Energy for each Contract Hour in its Preferred Hour-Ahead Schedule for each such hour, unless the Applicable RMR Owner's Energy award in the PX markets for that Contract Hour is less than the total RMR Energy for such hour, in which case the Applicable RMR SC shall include that lesser amount. Whether or not the RMR Energy is in the Final Schedule, the Applicable RMR Owner must deliver the RMR Energy pursuant to the RMR Dispatch Notice. Notwithstanding anything to the contrary in the RMR Contract, neither the Applicable RMR Owner nor the Applicable RMR SC shall be entitled to any payment from any source for RMR Energy that is not bid and scheduled as required by this Section 2.2.12.2.2. All RMR Energy delivered under this option shall be deemed delivered under a Nonmarket Transaction for the purposes of the RMR Contract.

**ATTACHMENT B**

**2.2.12.2.2 RMR Contract Option** -- For each hour for which the Applicable RMR Owner elects the RMR Contract Option ("Contract Hour"), it shall bid the entire amount of the RMR Energy for that hour into the PX Day-Ahead Market at zero dollars per MWh, unless the Applicable RMR Owner is precluded from bidding into the PX because of law, regulation, the applicable PX rate schedule, or the unavailability of the PX Day-Ahead Market. The Applicable RMR SC shall include in its Preferred Day-Ahead Schedule the total amount of the RMR Energy for each Contract Hour, unless the Applicable RMR Owner's total Energy award in the PX Day-Ahead Market for that Contract Hour is less than the total amount of RMR Energy for that Contract Hour, in which case the Preferred Day-Ahead Schedule shall include that lesser amount. If the Applicable RMR Owner's total Energy award in the PX Day-Ahead Market for any Contract Hour is less than the full amount of the RMR Energy for that Contract Hour, the Applicable RMR Owner shall bid the remaining RMR Energy for that Contract Hour into the next PX Market for such Contract Hour at zero dollars per MWh. The Applicable RMR SC shall include the entire RMR Energy for each Contract Hour in its Preferred Hour-Ahead Schedule for each such hour, unless the Applicable RMR Owner's Energy award in the PX markets for that Contract Hour is less than the total RMR Energy for such hour, in which case the Applicable RMR SC shall include that lesser amount. Whether or not the RMR Energy is in the Final Schedule, the Applicable RMR Owner must deliver the RMR Energy pursuant to the RMR Dispatch Notice. Notwithstanding anything to the contrary in the RMR Contract, neither the Applicable RMR Owner nor the Applicable RMR SC shall be entitled to any payment from any source for RMR Energy that is not bid and scheduled as required by this Section 2.2.12.2.2. All RMR Energy delivered under this option shall be deemed delivered under a Nonmarket Transaction for the purposes of the RMR Contract.

**ATTACHMENT C**

