UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System Operator Corporation	)))	Docket No. ER01-1579-000

ANSWER OF THE CALIFORNIA INDEPENDENT SYSTEMS OPERATOR CORPORATION TO MOTIONS TO INTERVENE, COMMENTS, REQUESTS FOR CONSOLIDATION, AND PROTESTS OF AMENDMENT NO. 38 TO THE ISO TARIFF

Pursuant to Rule 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213, the California Independent System Operator Corporation ("ISO")[1] submits its Answer to the motions to intervene, comments, requests for consolidation, and protests submitted in the above-captioned docket. The ISO does not oppose the intervention of the parties that have sought leave to intervene in this proceeding; however, for the reasons explained below, the comments and protests that seek the rejection of aspects Amendment No. 38 are without merit. The Commission should approve Amendment No. 38 as proposed by the ISO and as discussed further below.

I. Background

On March 20, 2001, the ISO filed Amendment No. 38 to the ISO Tariff in the above-captioned docket. Amendment No. 38 is intended to modify the ISO Tariff in two respects. First, Amendment No. 38 would allow the ISO to suspend the Load underscheduling penalty established by the Commission's December

[1] Capitalized terms not otherwise defined herein are used in the sense given in the Master Definitions Supplement, Appendix A to the ISO Tariff.

15, 2000 order concerning the California wholesale electric markets.[2] In Amendment No. 38, the ISO originally proposed to suspend the underscheduling penalty for the period from January 1, 2001 through May 31, 2001. Second, Amendment No. 38 would allow entities representing resources that might provide Operating Reserves[3] the ability to indicate that their resources should not be dispatched to provide Imbalance Energy unless there is a Contingency or an imminent or actual System Emergency. This would be achieved through "splitting" the real time Imbalance Energy or "BEEP" stack.

II. Interventions

A number of parties have filed motions to intervene.[4] While many intervenors expressed support for Amendment No. 38, others urged the rejection of aspects of Amendment No. 38. As will be explained below, the ISO supports the comments requesting that the waiver of the underscheduling penalty be extended beyond the proposed cut-off date of May 31, 2001. The other arguments in opposition to Amendment No. 38, however, have no merit.

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[2] *San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services Into Markets Operated by the California Independent System Operator and the California Power Exchange, et al.*, 93 FERC ¶ 61,294 (2000) ("December 15 Order").

[3] "Operating Reserves" are the combination of Spinning and Non-Spinning Reserves self-provided or selected by the ISO in order to satisfy Western Systems Coordinating Council reliability requirements.

[4] Motions to Intervene were filed by: California Department of Water Resources ("CDWR"); California Electricity Oversight Board ("CEOB"); City of Vernon, California ("Vernon"); Duke Energy North America, L.L.C., and Duke Energy Trading & Marketing, L.L.C. ("Duke"); Dynegy Power Marketing, Inc., El Segundo Power, L.L.C., Long Beach Generation, L.L.C., Cabrillo Power I, L.L.C., and Cabrillo Power II, L.L.C. ("Dynegy"); Enron Power Marketing, Inc. ("Enron") and Coral Power, L.L.C. ("Coral"); Mirant Americas Energy Marketing, L.P., Mirant California, L.L.C., Mirant Potrero, L.L.C., and Mirant Delta, L.L.C. ("Mirant"); Modesto Irrigation District ("MID"); Northern California Power Agency ("NCPA"); Public Utilities Commission of the State of California ("CPUC"); Pacific Gas and Electric Company ("PG&E"); Southern California Edison Company ("SCE"); Transmission Agency Northern California ("TANC"); Turlock Irrigation District ("TID"); and Williams Energy Marketing & Trading Company ("Williams").

III. Answer to Comments and Protests[5]

A. Underscheduling

1. Intervenor Comments

PG&E and SCE strongly support suspending the underscheduling penalty. PG&E at 3-5; SCE at 2. Rather than having the penalty reinstated on June 1, however, SCE suggests a periodic evaluation by the Commission of the penalty's potential effectiveness, "as it does not share the ISO's optimism that the crisis will be resolved" by the end of May.[6]

CEOB, as well, supports a complete repeal of the underscheduling penalty, rather than a temporary suspension. CEOB at 5. CEOB notes that under California Assembly Bill 1X, which added Sections 8000 *et seq.* to the California Water Code, CDWR is required to secure as much power as is possible through forward contracts. CEOB at 6-7. CEOB contends that the penalty "is redundant of CDWR's statutory mandate and its perpetuation can serve no useful purpose other than to injure innocent California customers, and add to the already suffocating debt shouldered by the IOUs." CEOB at 7. If the

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[5] Some of the Intervenors commenting substantively on Amendment No. 38 do so in portions of their pleadings variously styled as "Comments" or "Protest," without differentiation. There is no prohibition on the ISO's responding to the comments in these pleadings. The ISO is entitled to respond to these pleadings and requests notwithstanding the label applied to them. *Florida Power & Light Company*, 67 FERC ¶ 61,315 (1994). In the event that any portion of this answer is deemed an answer to protests, the ISO requests waiver of Rule 213 (18 C.F.R. §385.213) to permit it to make this answer. Good cause for this waiver exists here given the nature of this proceeding and the usefulness of this answer in ensuring the development of a complete record. *See, e.g., Enron Corporation*, 78 FERC ¶ 61,179 at 61,733, 61,741 (1997); *El Paso Electric Company*, 68 FERC ¶ 61,181 at 61,899 and n. 57 (1994).

[6] SCE at 4. CEOB also characterized the ISO as likely to be "overly optimistic in the timing of a market correction." CEOB at 8.

penalty is not eliminated, CEOB urges that the suspension should be extended beyond May 31, 2001. CEOB at 8.

The CPUC supports suspension of the underscheduling penalty, because at the present time it “serves only to exacerbate the financial difficulties of [SCE] and PG&E, and imposes additional burdens on the California ratepayers and taxpayers which serve no useful purpose and cannot be avoided.” CPUC at 3. The CPUC also contends that, should an underscheduling penalty be reinstated, it should be applied to both supply and demand. CPUC at 4.

Duke argues that any suspension must be temporary, because the problem of underscheduling continues to exist. Duke at 5.

Vernon argues that the underscheduling penalty should be retained until more effective mechanisms for combating underscheduling can be put into place. Vernon at 3-4. Vernon also argues that the ISO’s proposal would penalize creditworthy Market Participants that schedule accurately with rotating blackouts, while providing service to uncreditworthy entities who fail to schedule accurately with no penalty for the inaccuracy. Vernon at 9. Vernon argues that the ISO should stop providing real time Imbalance Energy to uncreditworthy entities, and that the resultant blackouts should be viewed as “implementation [of] creditworthiness standards in circumstances where there are large underschedules.” Vernon at 9.

Dynegy argues that it is unfair to suspend the underscheduling penalty on Load while retaining the penalty, approved in Amendment No. 33, on generators who fail to follow dispatch instructions. Dynegy at 2. Dynegy claims that it is just

as difficult to avoid the penalties for failure to follow dispatch instructions as it is difficult to avoid the underscheduling penalties, and that the ISO's proposal to suspend the underscheduling penalty results in an inappropriate asymmetrical treatment of the penalties. Dynegy at 3.

MID contends that suspending the underscheduling penalty will not improve the economic outlook of the uncreditworthy entities it is designed to assist, and will make reliability problems worse. As well, MID argues that since entities such as MID have balanced schedule requirements under their interconnection agreements, it would be unjust, unreasonable, and discriminatory to release SCE and PG&E from their duty to submit balanced schedules. MID at 7.

2. ISO Response

The intervenors urging retention of the underscheduling penalty ignore the current circumstances in the California electricity markets. Although the Commission's purpose in mandating this penalty – to create an incentive for forward scheduling – is still an important goal, the penalty has not had the intended results. As described in the Affidavit of ISO Director of Settlements Spence Gerber in the Amendment No. 38 filing, approximately 15 percent of Load for the month of February 2001 was still showing up in real time, despite the assessment of penalties. It is not reasonable to expect this situation to

change in the near term.[7] Since PG&E and SCE currently own or control resources sufficient to satisfy slightly less than half of their own Load, collectively, and are unable, due to their financial condition, to purchase additional supplies, they are unable to schedule 95 percent of their Load against generation in the forward markets. Thus, PG&E and SCE are unable to take the necessary actions to avoid incurring these penalties – their hands are tied. Moreover, CDWR, charged with satisfying the utilities' net-short positions, has been unable to secure the necessary resources to satisfy the utilities' net-short positions in the forward markets. While CDWR has been able of late to forward-schedule a large portion of the supplies necessary to satisfy the utilities' net-shortfall, CDWR has been unable to procure and schedule up to 95 percent of the utilities' actual real time Load. For the seven days ending April 24, 2001, CDWR was only able to procure enough forward energy to bring the forward scheduled amount to 87 percent of the system Load.

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[7] On April 23, 2001, the ISO filed its response to the request for information in the Commission's April 6, 2001, order in Docket No. EL01-34-000. "Order Deferring Action on Request for Suspension of Underscheduling Penalty and Issuing Request for Information," *Southern California Edison Company and Pacific Gas and Electric Company*, 95 FERC ¶ 61,025 (2001). In response to the Commission's questions, the ISO estimated that as system loads increase during the coming months, the real-time market could potentially have to serve anywhere from 19 percent to 31 percent of total system Load on an hourly basis, under either normal or high load scenarios. ISO Response at 9. The percentages are based on a comparison of monthly Megawatt-hours (MWhs) of load to the portion of the IOU net short amount estimated to be served in real time *(i.e.,* that amount for which CDWR does not have forward contracts). The accuracy of the percentages in the ISO's response ultimately will depend upon several variables. First, depending upon the success of CDWR's efforts to execute more forward contracts, the percentages may overstate the amount of energy the ISO may have to serve in the real-time market. On the other hand, since these numbers represent monthly totals, actual hourly percentages of system load that have to be served in real-time may be higher than the percentages indicate. In addition, to the extent the data is average data and the IOUs may have included generation in off-peak hours in excess of off peak loads, the numbers may understate the real time net short in peak hours. The numbers provided in the ISO's April 23 response are projections for the upcoming summer, whereas Mr. Gerber's affidavit addressed actual data for the month of February.

The Commission itself has recognized that a large amount of Load may remain to be served in real-time. The Commission has expressed concern that the amount of Load to be satisfied through forward contracts might not reach the necessary levels by the summer peak period to prevent a large amount of Load from being supplied in the ISO's real time Imbalance Energy market.[8] The ISO shares this concern, and does not believe the underscheduling penalty can achieve its intended goal in the current circumstances.

In its response to the Commission's request for information related to forward contracting filed by the ISO in Docket No. EL01-34 on April 23, 2001, the ISO stated:

> . . . the ISO does not believe -- at the present point in time and given current conditions in the California markets -- that the existing under-scheduling penalty would achieve its intended purpose of encouraging greater forward contracting and forward scheduling of energy. Moreover, since the penalty cannot achieve this purpose and reduce under-scheduling, its suspension will *not* further exacerbate the real-time operating problems resulting from under-scheduling. The reasons behind this conclusion are as follows:
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> First, as the Commission is aware, the West faces an unparalleled capacity shortage this summer. The anticipated resource deficiency means that buyers will have difficulty obtaining adequate suppliers to cover their load in all timeframes, whether that be in real-time or in the forward markets. Moreover, the severe capacity shortage facing California provides little or no incentive for suppliers to enter forward contracts with load-serving entities at just and reasonable prices. Absent effective market power mitigation measures, suppliers know that they can wait until real-time and force purchasers to pay a high price for power. Placing an underscheduling penalty on load serving entities will not enable

[8] 95 FERC ¶ 61,025, slip op. at 5.

them to enter forward contracts if there are no willing suppliers.[9]

> Second, given the current financial condition of California's two largest utilities, the State of California has become the only creditworthy buyer on behalf of End-Use customers, who may constitute up to 70 percent of ISO Control Area load in any given hour. The State agency that is performing these purchases, DWR, is acting under a State legislative mandate. DWR is acting diligently to procure electricity supplies on a forward basis at least cost and to schedule such suppliers in the forward markets. To assess a further penalty on the utilities for under-scheduling will only increase the ultimate cost of energy to California consumers while doing virtually nothing to improve the position of the investor owned utilities or the State's ability to make forward purchases or to schedule supply in the forward markets.
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> While the ISO agrees that a properly structured under-scheduling penalty could be an effective measure in increasing forward scheduling and reducing the volumes in the real-time market (and thus lessening the ISO's real-time operational difficulties), the ISO does not believe an underscheduling penalty can possibly be effective under the existing circumstances. Therefore, the ISO does not believe there would be any additional operational impact, either negative or positive, of suspending the underscheduling penalty at this time.

Vernon's attempt to link the ISO's proposal to suspend the underscheduling penalty with the disparate and unrelated issues of creditworthiness and service interruptions is unfounded. Suspension of the penalty is justified because load-serving entities will simply be unable to enter into sufficient forward contracts to avoid the penalty given the current circumstances in the California wholesale electric markets and the supply scarcity that currently exists in the Western United States. The penalty will only

[9] The ISO notes that in its December 15 Order, the Commission required suppliers with market based rate authority to report on a confidential basis price, terms and amounts of "round-the-clock" long-term products in annual increments of between two and five years that there were willing to offer in California. While the Commission has never released these data, the ISO believes that, given the efforts of CDWR, the ISO's observations are likely consistent with the information provided to the Commission.

increase the ultimate cost of energy to California consumers while doing virtually nothing to improve the ability of the investor-owned utilities or the State of California to make forward purchases or to schedule supply in the forward markets. The proposed suspension of the penalty will in no way increase the likelihood of rolling blackouts in California.

The creditworthiness issues that Vernon raises have already been addressed in a separate proceeding before this Commission. *See* Docket Nos. ER01-889 *et al.* Moreover, the ISO notes that the selection of which areas are forced to undergo rolling blackouts cannot be dictated by financial considerations. The ISO does everything in its power to "keep the lights on" for every consumer in its Control Area, but when there is insufficient supply to serve the demand for electricity in California and satisfy the Operating Reserve requirements of the Western Systems Coordinating Council, the ISO may be forced to declare a Stage 3 System Emergency and then call for rolling blackouts. When a Stage 3 Emergency is declared and involuntary curtailment of firm Load is required, the ISO must follow the applicable Load-shedding procedures that have previously been developed, approved by the CPUC and filed with this Commission along with the Utility Distribution Company ("UDC") Operating Agreements executed between the ISO and the UDCs. These procedures take into account the reliability requirements of the ISO Controlled Grid in implementing such blackouts

Under the procedures in place today, the ISO notifies the applicable UDCs of the amount of firm load (in MW) that must be curtailed to maintain reliable

system operation, and the UDC then curtails load on its distribution system, by blocks, according to a predetermined and pre-approved Electrical Emergency Plans. With respect to curtailment of municipal load within a UDC service area, the UDCs direct the municipal customers to curtail load pursuant to the existing Interconnection Agreements – agreements which predate ISO operations. Thus, it is largely outside of the ISO's control as to which customers, wholesale or retail, are curtailed. Therefore, the issue Vernon raises (*i.e.*, load curtailment priority) must be addressed by both the applicable regional reliability council and in-state public policymakers.

Dynegy's argument that suspension of the penalty on underscheduled Load while retaining the dispatch penalties on Generators is inequitable is also without merit. The penalties for failure to respond to emergency dispatch instructions are unrelated to the underscheduling penalties. As Dynegy itself notes, the penalties imposed for failure to follow dispatch instructions are a product of Amendment No. 33, accepted by the Commission on December 8, 2000.[10] Amendment No. 33 provided for penalties to be assessed on Participating Generators that *refuse* to respond to an ISO dispatch instruction during a System Emergency. No penalties are applied if the Scheduling Coordinator for the applicable Generating Unit, System Unit, or System Resource notifies the ISO within the operational hour that it cannot comply with the dispatch instruction due to a de-rate or outage or because its operation would violate a legal restriction that could not be waived. The Commission approved

[10] *California Independent System Operator Corporation*, 93 FERC ¶ 61,239 (2000).

the Amendment No. 33 penalties to go into effect at a time when there was no underscheduling penalty on Load. Nor did the Commission condition its approval of those penalties upon implementation of such a penalty.

Thus, the penalties for failure to respond to dispatch instructions in real-time are not intended to be symmetrical with the underscheduling penalties on Load and have never been linked to such underscheduling penalties.[11] A penalty for refusing to respond to a dispatch instruction during a System Emergency, when physically able to do so, is very different from a penalty for failing to schedule ahead of real time, when it may be impossible to avoid this failure. While both the underscheduling penalty and the penalty for failure to follow dispatch instructions are intended, ultimately, to address actions that can impair reliable system operation, the purpose of each penalty is distinct. The underscheduling penalty is aimed at the failure to forward-schedule and reducing the size of Load served in the real time Energy market. In contrast, the penalty for failure to follow emergency dispatch instructions is intended to ensure that the ISO can maintain reliability effectively in real time *regardless of the size of the Load being served in that market.* The failure to respond to a dispatch instruction is serious matter that can result in the collapse of the system and threaten local or regional reliability Therefore, there is no basis for treating both the

[11] Indeed, the ISO has viewed the application of the underscheduling penalty on Load only instead of on Load and Generation to be itself asymmetrical, and has sought repeatedly to correct this asymmetrical treatment. *See, e.g.*, November 22, 2000 Comments of the ISO on the November 1 Order (*San Diego Gas & Electric Co. v. Sellers of Energy and Ancillary Services Into Markets Operated by the California Independent System Operator and the California Power Exchange, et al.*, 93 FERC ¶ 61,121 (2000)) at 18-19; January 16, 2001 ISO Request for Rehearing of the December 15 Order at 3.

underscheduling penalty and the penalty for failure to follow a dispatch instruction the same.

With regard to whether the penalty should be reinstated on June 1, 2001, as suggested in the Amendment No. 38 filing, the ISO has considered this issue further in light of more recent developments in the California wholesale electric markets. Rather than recovering their creditworthiness, as the ISO hoped would happen, PG&E and SCE remain in difficult straits. As is well known, in fact, PG&E filed for bankruptcy protection on April 6, 2001. As well, CDWR remains unable to forward schedule up to 95 percent of the Load for which it is now responsible.[12] In addition, as both the Commission and the ISO consider necessary future changes to the California market design, there is a need to reevaluate and reconsider the need for such a penalty; a penalty that, at least for this summer, will be rendered ineffective and meaningless in light of California's critical supply deficiency.

The ISO notes that, in its April 23, 2001 response to the Commission's request for information in Docket No. EL01-34-000, the ISO described the its proposed Market Stabilization Plan ("MSP") filed in Docket No. EL00-95-12. In the April 23, 2001 Report, the ISO noted that among other things, the MSP is designed to reduce the volume of system Load served by real-time transactions by providing the ISO with the ability to commit and dispatch resources on a forward basis. In developing the MSP, the ISO further assessed the likely effect

[12] This inability has been exacerbated by the decreased amount of water available at hydroelectric facilities – such facilities are the core remaining resources owned by SCE and PG&E.

of the existing underscheduling penalty and concluded that the penalty would not have the desired incentive effect at this point in time due to the deficiency of resources under current market conditions. Therefore, while the ISO believes that implementation of an appropriate market stabilization and market power mitigation scheme will reduce the amount of Load to be served in real time, the ISO does not believe that the Load underscheduling penalty can have the same effect for the foreseeable future. Thus, in both its April 23 response and the instant pleading, the ISO supports suspension of the underscheduling penalty through the end of 2001.

Accordingly, the ISO does not oppose the comments seeking an extension of the waiver of the underscheduling penalty beyond the May 31, 2001 cut-off date. The penalty should be permanently suspended pending further consideration as conditions warrant.[13]

B. BEEP Stack

1. Intervenor Comments

The ISO's proposal to "split" the BEEP Stack in order to permit additional resources to provide Operating Reserves is supported by the CEOB (CEOB at 8), PG&E,[14] Vernon (Vernon at 3) and Mirant (Mirant at 5). The CPUC supports the BEEP split proposal if it has the intended result of increasing the supply of

[13] Upon Commission issuance of an order approving this aspect of Amendment No. 38, the ISO commits to submit revised Tariff sheets in a compliance filing that will reflect such a suspension.

[14] PG&E at 5. PG&E also suggests that the ISO consider methods to avoid incurring penalties for failure to maintain sufficient Operating Reserves. PG&E at 6. The ISO believes these suggestions to be beyond the scope of the Tariff revisions it has proposed in this proceeding.

Operating Reserves. If this does not turn out to be the case once the ISO has implemented this aspect of Amendment No. 38, the CPUC requests that the Commission provide the ISO with the flexibility to return to the current BEEP Stack structure. CPUC at 4-5.

CDWR believes the ISO's BEEP split proposal does not go far enough in providing an option to designate bids as truly "last resort." CDWR notes that during the summer, emergencies and Contingencies might take place quite often, and such sources as load and dedicated purpose generation (as opposed to merchant generation) will still feel compelled "not to make themselves 'available to the ISO when the probability of dispatch is high.'" CDWR at 4, quoting Amendment 38 Transmittal Letter at 8. CDWR suggests that an additional "Last Resort" designation be created, to allow energy bids to be used only when no other sources of Imbalance Energy remain in the merit order stack. CDWR at 5. CDWR claims that these "Last Resort" designations also should provide information as to how long the resources will be available. CDWR at 6.

Dynegy argues that splitting the BEEP Stack adds to the complexity of the markets without any positive effect. Dynegy states that the BEEP split proposal does not grant the ISO any new authority, as it "can skip supply if it wants to." Dynegy at 5.

2. ISO Response

The ISO continues to believe that splitting the BEEP Stack as described in the Amendment 38 filing will achieve the goal of securing additional needed Operating Reserves at a reasonable cost.

Dynegy's argument that the BEEP Stack split does not grant the ISO any new authority, because it "can skip supply if it wants to" is inapposite. The goal behind splitting the BEEP stack is not to provide the ISO with the authority to skip bids when it wants to, but to allow an Operating Reserve bidder to avoid being called in the absence of a Contingency, unless the bidder "wants to" be called. Under the existing regime, the owner of an energy-limited resource has no assurance that the ISO will not dispatch Energy from its resource. However, under the ISO's proposal, such a resource owner can at least rely on the fact that the ISO will not dispatch its resource unless there is a Contingency. This proposal allows resources that are constrained, like hydroelectric resources, to bid the capacity from their units to provide Operating Reserves, but only to release the water needed to generate Energy from that capacity when there is an imminent System Emergency or Contingency.

With regard to the concerns of the CDWR, while the ISO is sympathetic to the special problems of non-merchant generation, the suggestions for expanding on the BEEP split proposal go beyond what the ISO believes is necessary and feasible at this time. CDWR's proposed "Last Resort" designation would be extremely complex, and its development would be costly and time-consuming. Moreover, the ISO is not convinced that the end result would be any improvement over the Amendment 38 proposal in terms of ensuring sufficient Operating Reserves. While the ISO is willing to engage in further discussions of these matters with CDWR and any interested Market Participants in the future, the ISO's proposal in Amendment No. 38 remains a reasonable and appropriate

proposal to provide greater assurances to energy-limited resources that may wish to bid to provide Operating Reserves.

IV. Answer to Procedural Motions and Requests

A. <u>Motion to Consolidate with Docket No. EL01-34-000</u>

Vernon moves to consolidate this proceeding, as it relates to the suspension of the underscheduling penalty, with the ongoing proceeding in Docket No. EL01-34-000. Vernon at 3. MID and Mirant also move for consolidation with the EL01-34 proceeding. MID at 7; Mirant at 6. The EL01-34 proceeding was initiated when PG&E and SCE filed a motion with the Commission on February 2, 2001 requesting that the underscheduling penalty be suspended. On March 2, 2001, the ISO filed comments in support of the February 2 Motion.

The ISO does not oppose consolidation of these two dockets with regard to underscheduling penalty issues, but believes that should the matters be consolidated, the BEEP Stack split element should be severed. Since the two sets of tariff revisions included in Amendment 38 are unrelated to one another, there would be no point in continuing to address the ISO's proposal to "split" the BEEP Stack in a consolidated underscheduling penalty proceeding.

B. <u>Motion for Summary Rejection</u>

Enron and Coral move for summary rejection of the Amendment, due to what they characterize as the illegitimacy of the ISO's Governing Board. Enron and Coral at 3-5. Enron and Coral have raised the same arguments in previous pleadings in Docket No. EL00-95-012. The ISO filed an Answer to Enron and

Coral in Docket No. EL00-95-012 on April 23, and incorporates the arguments contained in that pleading by reference here.

V. Conclusion

For the reasons set forth above, the ISO requests that the Commission accept Amendment No. 38 consistent with the discussion above and without further proceedings.

Respectfully submitted,

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Dated: April 25, 2001

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, DC, this 25th day of April, 2001.

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Sean A. Atkins

April 25, 2001

The Honorable David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: ***California Independent System Operator Corporation***
Docket No. ER01-1579-000

Dear Secretary Boergers:

Enclosed please find an original and fourteen copies of the Answer of the California Independent System Operator Corporation to Motions to Intervene, Comments, and Protests in the above-captioned matter. Also enclosed are two extra copies of the filing to be time/date stamped and returned to us by the messenger. Thank you for your assistance.

Respectfully submitted,

Sean A. Atkins

Counsel for the California
Independent System Operator Corporation