

MARKET NOTICE

The ISO wishes to notify Market Participants that each Scheduling Coordinator that submits Schedules to the ISO for a resource must notify the ISO of the pricing option that it elects for deviations from a resource's Final Schedule in response to an authorized ISO "out-of-market" dispatch order. Please take note that each Scheduling Coordinator must make such an election for each resource for which it is the Scheduling Coordinator by March 7, 2000.

The pricing option election must be made annually by Scheduling Coordinators pursuant to ISO Tariff Amendment No. 23, which the Federal Energy Regulatory Commission (FERC) accepted in part by Order dated January 7, 2000, effective January 1, 2000. The pricing options apply to Generating Units and other resources that deviate from their Final Schedules because they are dispatched by the ISO to avoid an intervention in market operations, to prevent or relieve a System Emergency, or to satisfy a locational requirement. In essence, the election must be made between (a) the Uninstructed Imbalance Energy Charge price (i.e., using the Hourly Ex Post Price) and (b) a calculated price that includes certain cost-based elements.

Those circumstances and pricing options are set forth more fully in amended ISO Tariff Section 11.2.4.2. The ISO filed the current version of Section 11.2.4.2 with FERC on February 7, 2000, and it is posted on the ISO Home Page under the headings "Public Info"/"FERC Filings and Rulings"/"FERC Filings"/"February 7, 2000, California ISO Amendment 23 Compliance Filing per FERC Order in Docket No. ER00-555." (Please also note that the ISO has requested FERC rehearing of this matter and that the ISO will provide a notice of any additional FERC direction regarding this matter.)

In order for the ISO to implement the pricing election retroactive to January 1, 2000, a Scheduling Coordinator must provide the pricing option election for each resource that it schedules by March 7, 2000. The ISO will provide a formal notice of the foregoing requirements by a letter to each Scheduling Coordinator. Any questions about the pricing option election requirement should be directed to your Client Representative.