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November 29, 2004

The Honorable Magalie R. Salas Secretary Federal Energy Regulatory Commission 888 First Street, NE Washington, DC 20426

Re: California Independent System Operator Corporation Compliance Filing Docket No. ER04-835-

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO")¹ respectfully submits six copies of this filing in compliance with the Commission's October 29, 2004 order in the captioned docket, 109 FERC ¶ 61,097 ("October 29 Order"), which order concerned the compliance filing the ISO submitted on August 10, 2004, as supplemented on September 2, 2004 ("Compliance Filing"). In the October 29 Order, the Commission accepted the Compliance Filing and directed the ISO to file a further compliance filing. See October 29 Order at ordering paragraphs (B) and (C). The ISO now provides the required further compliance filing.

The Commission directed the ISO to modify Section 5.11.6.1.2.1 of the ISO Tariff to reflect the same compensation level as contained in Section 5.11.6.1.2 of the ISO Tariff. October 29 Order at P 26. The ISO has modified Section 5.11.6.1.2.1 to comply with this directive.

Although it is submitting a revised tariff sheet to comply with the October 29 Order, the ISO notes that Section 5.11.6.1.2.1 was superseded by tariff language that took effect when the MRTU Phase 1B modifications were put into

¹ 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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effect on October 1, 2004. Therefore, Section 5.11.6.1.2.1 ceased to exist as of that date.² Consequently, the ISO is concurrently filing a separate motion for clarification of the October 29 Order.

The pre-Phase 1B modification to the ISO Tariff is shown in the revised tariff sheet provided in Attachment A to the present filing, and that modification is shown in black-line format in Attachment B to the present filing. The post-Phase 1B modification to the ISO Tariff is shown in the revised tariff sheet provided in Attachment C to the present filing, and that modification is shown in black-line format in Attachment D to the present filing. Additionally, the ISO submits, in Attachment E 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,

Anthony J. Ivancovich Associate General Counsel The California Independent System Operator Corporation 151 Blue Ravine Road Folsom, CA 95630 Tel: (916) 351-4400

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² The ISO notes that the ISO proposed a new Section 5.11.6.1.2.1 in Amendment No. 60 to the ISO Tariff (submitted May 11, 2004) only for the pre-Phase 1B period. However, the ISO inadvertently included Section 5.11.6.1.2.1 in the post-Phase 1B clean tariff sheets included with Amendment No. 60. In the instant compliance filing, the ISO is submitting black-line language and clean tariff sheets that completely remove Section 5.11.6.1.2.1 for the post-Phase 1B period, i.e., effective October 1, 2004.

ATTACHMENT A

Substitute Seventh Revised Sheet No. 184E Superseding Sixth Revised Sheet No. 184E

5.11.6.1.2 Minimum Load Costs

The Minimum Load Costs shall be calculated as the sum, for all eligible hours in the Waiver Denial Period and Settlement Periods in which the unit generated in response to an ISO Dispatch Instruction, of: 1) the product of the unit's average heat rate (as determined by the ISO from the data provided in accordance with Section 2.5.23.3.3) at the unit's minimum operating level as set forth in Schedule 1 of the Generating Unit's Participating Generator Agreement and the gas price determined by Equation C1-8 (Gas) of the Schedules to the Reliability Must-Run Contract for the relevant Service Area (San Diego Gas & Electric Company, Southern California Gas Company, or Pacific Gas and Electric Company), or, if the Must-Offer Generator is not served from one of those three Service Areas, from the nearest of those three Service Areas; and 2) the product of the unit's minimum operating level as set forth in Schedule 1 of the Generating Unit's Participating Generator Agreement and \$6.00/MWh.

5.11.6.1.2.1 Operating Must-Offer Generating Units above Minimum Load

If, during a Waiver Denial Period, the ISO requires that a Generating Unit operate at a level above its minimum load operating so as to be able to respond effectively to real time Dispatch Instructions, the ISO shall operate that Generating Unit at such an operating level. The ISO shall pay the Minimum Load Costs set forth in Section 5.11.6.1.2 for the amount of the Generating Unit's Minimum Load. For the amount of Energy above Minimum Load to the Unit's required operating level, the ISO shall pay the greater of the product of such amount of Energy and (1) the price for instructed Imbalance Energy or (2) the sum of (a) the product of (i) the Generating Unit's incremental heat rate at the required operating level and (ii) and the gas price determined by Equation C1-8 (Gas) of the Schedules to the Reliability Must-Run Contract for the relevant service area (San Diego Gas & Electric Company, Southern California Gas Company, or Pacific Gas & Electric Company), or, if the Must-Offer Generator is not served from one of those three service areas, from the nearest of those three service areas, and (b) \$6.00.

5.11.6.1.3 Invoicing Minimum Load Costs

The ISO shall determine each Scheduling Coordinator's Minimum Load Costs and make

Issued by: Charles F. Robinson, Vice President and General Counsel Issued on: November 29, 2004

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION FERC ELECTRIC TARIF FIRST REPLACEMENT VOLUME NO. I

Original Sheet No. 184E.00

payments for these costs as part of the ISO's market settlement process. Scheduling

Coordinators may

ATTACHMENT B

5.11.6.1.2.1 Operating Must-Offer Generating Units above Minimum Load

If, during a Waiver Denial Period, the ISO requires that a Generating Unit operate at a level above its minimum load operating so as to be able to respond effectively to real time Dispatch Instructions, the ISO shall operate that Generating Unit at such an operating level. The ISO shall pay the Minimum Load Costs set forth in Section 5.11.6.1.2 for the amount of the Generating Unit's Minimum Load. For the amount of Energy above Minimum Load to the Unit's required operating level, the ISO shall pay the greater of the product of such amount of Energy and (1) the price for instructed Imbalance Energy or (2) the sum of (a) the product of (i) the Generating Unit's incremental heat rate at the required operating level and (ii) the gas price determined by Equation C1-8 (Gas) of the Schedules to the Reliability Must-Run Contract for the relevant service area (San Diego Gas & Electric Company, Southern California Gas Company, or Pacific Gas & Electric Company), or, if the Must-Offer Generator is not served from one of those three service areas, from the nearest of those three service areas the proxy figure for natural gas costs set forth in Section 2.5.23.4, and (b) \$6.00.

ATTACHMENT C

5.11.6.1.3 Invoicing Minimum Load Costs

The ISO shall determine each Scheduling Coordinator's Minimum Load Costs and make

payments for these costs as part of the ISO's market settlement process. Scheduling

Coordinators may

ATTACHMENT D

5.11.6.1.2.1 Operating Must-Offer Generating Units above Minimum Load

If, during a Waiver Denial Period, the ISO requires that a Generating Unit operate at a level above its minimum load operating so as to be able to respond effectively to real time Dispatch Instructions, the ISO shall operate that Generating Unit at such an operating level. The ISO shall pay the Minimum Load Costs set forth in Section 5.11.6.1.2 for the amount of the Generating Unit's Minimum Load. For the amount of Energy above Minimum Load to the Unit's required operating level, the ISO shall pay the greater of the product of such amount of Energy and (1) the price for instructed Imbalance Energy or (2) the sum of (a) the product of (i) the Generating Unit's incremental heat rate at the required operating level and (ii) the gas price determined by Equation C1-8 (Gas) of the Schedules to the Reliability Must-Run Contract for the relevant service area (San Diego Gas & Electric Company, Southern California Gas Company, or Pacific Gas & Electric Company), or, if the Must-Offer Generator is not served from one of those three service areas, from the nearest of those three service areas, and (b) \$6.00.

ATTACHMENT E

NOTICE OF FILING SUITABLE FOR PUBLICATION IN THE FEDERAL REGISTER

UNITED STATES OF AMERICA BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

California Independent System Operator Corporation Docket No. ER04-835-____

Notice of Filing

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Take notice that on November 29, 2004, the California Independent System Operator Corporation (ISO) submitted a filing in compliance with the order issued in the captioned docket on October 29, 2004, 109 FERC ¶ 61,097.

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The ISO states that this filing has been served upon all parties on the official service list for the captioned docket. In addition, the ISO has posted this filing on the ISO Home Page.

Any person desiring to intervene or to protest this filing should file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. All such motions or protests should be filed on or before the comment date, and, to the extent applicable, must be served on the applicant and on any other person designated on the official service list. This filing is available for review at the Commission or may be viewed on the Commission's web site at http://www.ferc.gov, using the eLibrary (FERRIS) link. Enter the docket number excluding the last three digits in the docket number field to access the document. For assistance, please contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll-free at (866)208-3676, or for TTY, contact (202)502-8659. Protests and interventions may be filed electronically via the Internet in lieu of paper; see 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-Filina" link. The Commission strongly encourages electronic filings.

Comment Date: _____