

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

THE WASHINGTON HARBOUR
3000 K STREET, NW, SUITE 300
WASHINGTON, DC 20007-5116
TELEPHONE (202) 424-7500
FAX (202) 424-7643
WWW.SWIDLAW.COM

NEW YORK OFFICE
THE CHRYSLER BUILDING
405 LEXINGTON AVENUE
NEW YORK, NY 10174
(212) 973-0111 FAX (212) 891-9598

August 25, 2003

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

**Re: California Independent System Operator Corporation, *et al.*
Compliance Filing
Docket Nos. ER98-3760-008, *et al.***

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO")¹ respectfully submits six copies of this filing in compliance with the Commission's July 25, 2003 order in the captioned proceeding, 104 FERC ¶ 61,129 ("July 25 Order"), concerning the compliance filing the ISO submitted in the proceeding on January 7, 2003 ("January 7 Compliance Filing"). In the July 25 Order, the Commission accepted most of the ISO Tariff revisions contained in the January 7 Compliance Filing, but also required the ISO to submit a further filing, which the ISO now provides as explained below.

In the July 25 Order, the Commission directed the ISO to add the new defined term "PTO Service Area" to Appendix A of the ISO Tariff, and directed that the term have the following meaning: "[A]n area in which a Participating TO provides transmission service to itself, a UDC, a MSS, or End-Use Customers." July 25 Order at P 14. The ISO now adds the required definition.

The Commission also directed the ISO to modify the proposed changes to

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

The Honorable Magalie R. Salas
August 25, 2003
Page 2

Section 2.3.1.2.1 of the ISO Tariff contained in the January 7 Compliance filing, so that the new provisions in the section read as follows:

The ISO will honor the terms of Existing Contracts, provided that, in a System Emergency and circumstances in which the ISO considers that a System Emergency is imminent or threatened, Existing Rights Holders must follow ISO operating orders even if those operating orders directly conflict with the terms of Existing Contracts.

July 25 Order at P 18. The ISO now modifies Section 2.3.1.2.1.²

Lastly, the Commission stated that the changes to the ISO Tariff directed in the Commission's November 22, 2002 order in the captioned proceeding, 101 FERC ¶ 61,219, were to be effective November 23, 2003, one day later than the effective date requested by the ISO. July 25 Order at P 20. The ISO now reflects the November 23, 2003 effective date on the relevant Tariff sheets.³

The modifications to the provisions of the ISO Tariff described above are shown in the revised Tariff sheets concerning those provisions that are provided in Attachment A to the present filing, and are 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.

² The ISO Tariff does not define the term "Existing Right Holders" therefore the amendment to Section 2.3.1.2.1 shall be phrased as "holders of Existing Rights must follow ISO"

³ The effective date of November 23, 2003 is shown on the clean Tariff sheets provided in Attachment A to the present filing. These Tariff sheets reflect the provisions of the ISO Tariff as currently approved and include provisions that have been submitted in compliance filings upon which Commission action is pending.

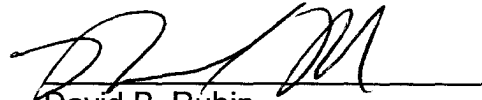
The Honorable Magalie R. Salas
August 25, 2003
Page 3

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. Ivanovich
Senior Regulatory Counsel
The California Independent
System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 608-7135



David B. Rubin
Bradley R. Miliauskas
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW, Suite 300
Washington, DC 20007
Tel: (202) 424-7500

Attorneys for the California Independent System Operator Corporation

ATTACHMENT A

2.3.1.2 Market Participant Responsibilities.

2.3.1.2.1 Comply with Operating Orders Issued. With respect to this Section 2.3.1.2, all Market Participants within the ISO Control Area shall comply fully and promptly with the ISO's operating orders, unless such operation would impair public health or safety. The ISO will honor the terms of Existing Contracts, provided that, in a System Emergency and circumstances in which the ISO considers that a System Emergency is imminent or threatened, holders of Existing Rights must follow ISO operating orders even if those operating orders directly conflict with the terms of Existing Contracts. For this purpose ISO operating orders to shed Load shall not be considered as an impairment to public health or safety.

2.3.1.2.2 Implementation of Instructions. All Market Participants shall respond to ISO instructions with no more delay than specified in the response times set out in the ISO Protocols.

2.3.1.3 Operating Reliability Criteria.

2.3.1.3.1 The ISO shall exercise Operational Control over the ISO Controlled Grid to meet planning and Operating Reserve criteria no less stringent than those established by WSCC and NERC as those standards may be modified from time to time, and Local Reliability Criteria that are in existence on the ISO Operations Date and have been submitted to the ISO by each Participating TO pursuant to Section 2.2.1(v) of the TCA. All Market Participants and the ISO shall comply with the ISO reliability criteria, standards, and procedures.

2.3.1.3.2 The ISO may establish planning and Operating Reserve criteria more stringent than those established by WSCC and NERC or revise the Local Reliability Criteria subject to and in accordance with the provisions of the TCA.

2.3.2 Management of System Emergencies.

2.3.2.1 Declaration of System Emergencies. The ISO shall, when it considers that conditions giving rise to a System Emergency exist, declare the existence of such System

The ISO may from time to time add other Ancillary Services to this list as it considers appropriate.

2.5.20.5 Time Frame for Informing ISO of Self Provision.

2.5.20.5.1 Day-Ahead Schedule. At the Day-Ahead scheduling process, Scheduling Coordinators shall be required to submit information on self provided Ancillary Services within the time frame stated in Section 2.5.10.1. Failure to submit the required information within the stated time frame for any hour shall lead to the self provision for that hour being declared invalid by the ISO, and under such circumstances the ISO shall purchase sufficient Ancillary Services to meet the Scheduling Coordinator's requirements to match its Day-Ahead Schedule.

2.5.20.5.2 Hour-Ahead Schedule. Increases in each Scheduling Coordinator's self-provided Ancillary Service between the Day-Ahead and Hour-Ahead Markets shall be limited to the estimated incremental Ancillary Service requirement associated with the increase between the Day-Ahead and Hour-Ahead Markets in that Scheduling Coordinator's scheduled Zonal Demand. Notwithstanding this limit on increases in Hour-Ahead self-provision, a Scheduling Coordinator may buy or sell Ancillary Services through Inter-Scheduling Coordinator Ancillary Service Trades in the Hour-Ahead Market. In the Hour-Ahead scheduling process, Scheduling Coordinators shall be required to submit information on self-provided Ancillary Services within the time frame stated in Section 2.5.10.2. Failure to submit the required adjusted information within the stated time frame shall lead to the self-provision being declared invalid by the ISO, and under such circumstances the ISO shall purchase the additional Ancillary Services necessary to meet the requirements for that Scheduling Coordinator.

10.METERING.

10.1 Applicability. Unless otherwise expressly stated to the contrary, the requirements set forth in these Sections 10.1 to 10.5 inclusive apply only to ISO Metered Entities.

10.2 Responsibilities of ISO Metered Entities

10.2.1 Duty to Provide Meter Data.

ISO Metered Entities shall ensure that Meter Data from their meters directly connected to the ISO Controlled Grid or at interconnections thereto, including interconnections between utility Service Areas which have separate UFE calculations, is made available to the ISO revenue meter data acquisition and processing system in accordance with the requirements of these Sections 10.1 to 10.5 and the ISO metering protocols. Pursuant to this obligation, the ISO shall establish revenue metering protocols for such ISO Metered Entities.

10.2.2 Duty to Install and Maintain Meters.

The ISO may require ISO Metered Entities to install, at their cost, additional meters and relevant metering system components, including real time metering, at ISO specified Meter Points or other locations as deemed necessary by the ISO, in addition to those connected to or existing on the ISO Controlled Grid at the ISO Operations Date, including requiring the metering of transmission interfaces connecting Zones. In directing the addition of meters and metering system components that would impose increased costs on an ISO Metered Entity, the ISO shall give due consideration to whether the expected benefits of such equipment are sufficient to justify such increased costs. ISO Metered Entities, at their cost, shall install and maintain, or cause to be installed and maintained, metering equipment and associated communication devices at ISO designated Meter Points to meet the requirements of this Section 10 and the ISO metering protocols. Nothing in this Section 10 shall preclude ISO Metered Entities from installing additional meters, instrument transformers and associated communications facilities at their own cost.

- (b) the amount obtained by multiplying the Scheduling Coordinator's Net Negative Uninstructed Deviation for each BEEP Interval and a weighted average price. The weighted average price is equal to the total above-MCP costs divided by the MWh delivered as a result of ISO instructions with a cost component above the MCP.

The difference between ISO charges to Scheduling Coordinators with Net Negative Uninstructed Deviations and the total above-MCP costs incurred by the ISO due to Instructed Imbalance Energy and Dispatch instructions for reasons other than for a transmission facility outage or a location-specific requirement, as such difference is reduced pursuant to Section 11.2.4.1.2, shall be allocated amongst all Scheduling Coordinators in that BEEP Interval pro rata based on their metered Demand, including Exports.

The Scheduling Coordinator shall be exempt from the allocation of above-MCP costs in a BEEP interval if the Scheduling Coordinator has sufficient incremental Energy bids from physically available resources in the Imbalance Energy market to cover ~~their~~ net negative Uninstructed Deviation in the given interval and the prices of these Energy bids do not exceed the applicable ~~maximum bid level as set forth in Section 28.1.2 of this Tariff.~~

11.2.4.3 Unaccounted For Energy (UFE)

For settlement purposes, UFE is treated as Imbalance Energy. For each BEEP Interval, the ISO will calculate UFE on the ISO Controlled Grid, for each utility Service Area for which separate UFE calculation is performed. The UFE will be settled as Imbalance Energy at the BEEP Interval Ex Post Price. UFE attributable to meter measurement errors, load profile errors, Energy theft, and distribution loss deviations will be allocated to each Scheduling Coordinator based on the ratio of their metered Demand (including exports to neighboring Control Areas) within the relevant utility Service Area to total metered Demand within the utility Service Area.

11.2.4.4 High Voltage Access Charges and Transition Charges will be levied in accordance with Section 7.1 of this ISO Tariff and Appendix F, Schedule 3.

Eligible Customer

(i) any utility (including Participating TOs, Market Participants and any power marketer), Federal power marketing agency, or any person generating Energy for sale or resale; Energy sold or produced by such entity may be Energy produced in the United States, Canada or Mexico; however, such entity is not eligible for transmission service that would be prohibited by Section 212(h)(2) of the Federal Power Act; and (ii) any retail customer taking unbundled transmission service pursuant to a state retail access program or pursuant to a voluntary offer of unbundled retail transmission service by the Participating TO.

Eligible Intermittent Resource

A Generating Unit that is powered solely by 1) wind, 2) solar energy, or 3) hydroelectric potential derived from small conduit water distribution facilities that do not have storage capability.

Eligible Regulatory Must-Run Generation

Regulatory Must-Run Generation which (i) has been approved as Regulatory Must-Run Generation by a Local Regulatory Authority within California, and (ii) is owned or produced by a Participating TO or UDC which has provided direct access to its End-Use Customers and serves load in the ISO Control Area.

Emergency Startup

A startup order from the ISO delivered to a Generator in response to a System Emergency.

Emissions Cost Charge

The charge determined in accordance with Section 2.5.23.3.6

Emissions Cost Demand

The level of Demand specified in Section 2.5.23.3.6.3

ISO Market

Any of the markets administered by the ISO under the ISO Tariff, including, without limitation, Imbalance Energy, Ancillary Services, and FTRs.

ISO Memorandum Account

The memorandum account established by each California IOU pursuant to California Public Utility Commission Order D. 96-08-038 date August 2, 1996 which records all ISO startup and development costs incurred by that California IOU.

ISO Metered Entity

- a) any one of the following entities that is directly connected to the ISO Controlled Grid:
- i. a Generator other than a Generator that sells all of its Energy (excluding any Energy consumed by auxiliary load equipment electrically connected to that Generator at the same point) and Ancillary Services to the UDC in whose Service Area it is located;
 - ii. an Eligible Customer; or
 - iii. an End-User other than an End-User that purchases all of its Energy from the UDC in whose Service Area it is located; and
- (b) any one of the following entities:
- i. a Participating Generator;
 - ii. a Participating TO in relation to its Tie Point Meters with other TOs or Control Areas;
 - iii. a Participating Load;
 - iv. a Participating Intermittent Resource; or
 - v. a utility that requests that UFE for its service area be calculated separately, in relation to its meters at points of connection of its Service Area with the systems of other

utilities.

ISO Operations Date

The date on which the ISO first assumes Operational Control of the ISO Controlled Grid.

ISO Outage Coordination Office

The office established by the ISO to coordinate Maintenance Outages in accordance with Section 2.3.3 of the ISO Tariff.

Preliminary Settlement Statement

The initial statement issued by the ISO of the calculation of the Settlements and allocation of the charges in respect of all Settlement Periods covered by the period to which it relates.

Price Overlap

The price range of bids for Supplemental Energy or Energy associated with Ancillary Services bids for any BEEP Interval that includes decremental and incremental Energy Bids where the price of the decremental Energy Bids exceeds the price of the incremental Energy Bids.

Project Sponsor

A Market Participant or group of Market Participants or a Participating TO that proposes the construction of a transmission addition or upgrade in accordance with Section 3.2 of the ISO Tariff.

Proxy Price

The value determined for each gas-fired Generating Unit owned or controlled by a Must-Offer Generator in accordance with Section 2.5.23.3.4.

PTO Service Area

An area in which a Participating TO provides transmission service to itself, a UDC, a MSS, or End-Use Customers.

PX (Power Exchange)

The California Power Exchange Corporation, a state chartered, nonprofit corporation charged with providing a Day-Ahead forward market for Energy in accordance with the PX Tariff. The PX is a Scheduling Coordinator and is independent of both the ISO and all other Market Participants.

PX Auction Activity Rules

The rules by which bids submitted to and validated by the PX may be modified or withdrawn during a PX Energy market auction.

Qualifying Hours

Qualifying Hours has the meaning set forth in Section 5.12.7.1.1.2.5.

Unaccounted for Energy (UFE)

UFE is the difference in Energy, for each utility Service Area and Settlement Period, between the net Energy delivered into the utility Service Area, adjusted for utility Service Area Transmission Losses (calculated in accordance with Section 7.4.2), and the total metered Demand within the utility Service Area adjusted for distribution losses using Distribution System loss factors approved by the Local Regulatory Authority. This difference is attributable to meter measurement errors, power flow modeling errors, energy theft, statistical Load profile errors, and distribution loss deviations.

Uncontrollable Force

Any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities or any other cause beyond the reasonable control of the ISO or Market Participant which could not be avoided through the exercise of Good Utility Practice.

Uninstructed Deviation Penalty

The penalty as set forth in Section 11.2.4.1.2 of this ISO Tariff.

Uninstructed Imbalance Energy

The real time change in Generation or Demand other than that instructed by the ISO or which the ISO Tariff provides will be paid at the price for Uninstructed Imbalance Energy.

Unit Commitment

The process of determining which Generating Units will be committed (started) to meet Demand and provide Ancillary Services in the near future (e.g., the next Trading Day).

Usage Charge

The amount of money, per 1 kW of scheduled flow, that the ISO charges a Scheduling Coordinator for use of a specific congested Inter-Zonal Interface during a given hour.

- Scheduling Coordinator Ancillary Service Trades, and Ancillary Services bids which were part of their Preferred Day-Ahead Schedules;
- (g) the ISO will validate (in accordance with the SBP) all contract usage templates received from SCs for scheduled uses of Existing Contract rights and Firm Transmission Rights;
 - (h) the ISO will validate that all SC submitted Preferred Day Ahead Schedules are compatible with the RMR requirements of which SCs were notified for that Trading Day and with the SCs' elected options for delivering the required Energy;
 - (i) the ISO will start the first iteration of Inter-Zonal Congestion Management process as described in SP 10; and
 - (j) the ISO will start the Ancillary Services bid evaluation process as described in SP 9;

SP 3.2.6.2 Pre-validation

At 10 minutes prior to the deadline for submittal of the Preferred Day-Ahead Schedules, Adjustment Bids, schedules for self-provided Ancillary Services, Inter-Scheduling Coordinator Ancillary Service Trades, and Ancillary Services bids (the "submittal"), the ISO shall conduct a pre-validation of the stage two validation described in the SBP. The purpose of this is to allow the SCs, particularly those involved in the Inter-Scheduling Coordinator Energy Trades, to identify and resolve any validation problems. The ISO will immediately communicate the results of each SC's pre-validation to that SC via WEnet.

SP 3.2.6.3 Invalidation

Except with respect to invalidated contract usage associated with Existing Contract rights or Firm Transmission Rights, invalidation of the submittal for any Settlement Period results in rejection of the submittal for that Settlement Period. SCs will be notified of any invalid contract usage via an invalidated contract usage template issued, via the WEnet, by the ISO. Invalidation of contract usage will not cause the rejection of the SC's submittal; instead, invalid contract usage will be treated as new firm uses of ISO transmission service without the priorities and protections afforded the scheduled use of Existing Contract rights and Firm Transmission Rights. During the initial operations of the ISO, the ISO may assist SCs to resolve mismatches in the scheduled quantities or locations for Inter-Scheduling Coordinator Energy Trades contained in their Preferred Schedules in accordance with SP 3.2.6.4. Except with respect to contract usage templates (for which SCs can check whether or not their submittal will pass the ISO's validation checks between 9:00 am and 10:00 am), SCs may check at any time prior to 10:00 am whether or not their submittal will pass the ISO's validation checks at 10:00 am. It is the responsibility of the SCs to perform such checks since Preferred

communicate the results of the pre-validation of each SC's submittal to that SC via WEnet.

SP 3.2.8.3 Invalidation

Except with respect to invalidated contract usage associated with Existing Contract rights or Firm Transmission Rights, invalidation of the submittal for any Settlement Period results in rejection of the submittal for that Settlement Period. SCs will be notified of any invalid contract usage via an invalidated contract usage template issued, via the WEnet, by the ISO. Invalidation of contract usage will not cause the rejection of the SC's submittal; instead, invalid contract usage will be treated as new firm uses of ISO transmission service without the priorities and protections afforded the scheduled use of Existing Contract rights and Firm Transmission Rights. During the initial operations of the ISO, the ISO may assist SCs to resolve mismatches in the scheduled quantities or locations for Inter-Scheduling Coordinator Energy Trades in accordance with 3.2.8.4. Except with respect to contract usage templates, SCs may check at any time prior to 12:00 noon whether or not their submittal will pass the ISO's validation checks (which are undertaken at 12:00 noon). It is the responsibility of the SCs to perform such checks since Revised Day-Ahead Schedules, Adjustment Bids, schedules of self-provided Ancillary Services, Inter-Scheduling Coordinator Ancillary Service Trades, and Ancillary Services bids which are invalidated cannot be resubmitted after 12:00 noon for the Day-Ahead Market, except that during the initial period of operations, the ISO will allow resubmission of Schedules to resolve mismatches in the scheduled quantities and locations for Inter-Scheduling Coordinator Energy Trades. The ISO will immediately communicate the results of each SC's 12:00 noon validation to that SC via WEnet. If the usage or sum of the usages associated with an Existing Transmission Contract results in the contract being over-scheduled, the usages will be adjusted such that a usage in excess of the ETC rights will be considered a New Firm Use (NFU) and will be exposed to Congestion charges.

SP 3.2.8.4 Inter-Scheduling Coordinator Energy Trades - Mismatches

During the initial period of ISO operations, if the ISO detects a mismatch in the scheduled quantities or locations for Inter-Scheduling Coordinator Energy Trades, the ISO will promptly notify both the receiving and sending SCs that a mismatch exists and will specify the time, which will allow them approximately one half-hour, by which they may submit modified Schedules which resolve the mismatch. If the SCs are unable to resolve the mismatch as to quantities in the allotted time and provided there is no dispute as to whether the trade occurred or over its location, the ISO may adjust the SCs' Schedules in accordance with the following procedure:

- (a) The ISO will determine which Schedule contains the higher scheduled quantity of Energy for the Inter-Scheduling

D 2.2 Unaccounted for Energy Charge

The Unaccounted for Energy Charge on Scheduling Coordinator j for each BEEP Interval b of each Settlement Period t for each relevant Zone is calculated in the following manner:

The UFE for each utility Service Area k for which separate UFE calculation is performed is calculated as follows,

$$UFE_{UDC,bkt} = \sum_{q \in UDC_k} I_{a,bqxt} - \sum_{q \in UDC_k} E_{a,bqxt} + \sum_{i \in UDC_k} G_{a,bixt} - \sum_{i \in UDC_k} L_{a,bixt} - TL_{bkt}$$

The Transmission Loss TL_{bkt} for BEEP Interval b of Settlement Period t for utility Service Area k is calculated as follows:

$$TL_{bkt} = \left(\sum_i [G_{a,bixt} * (1 - GMM_{a,ixt})] + \sum_q [I_{a,bqxt} * (1 - GMM_{a,qxt})] \right) * \frac{PFL_{kt}}{\sum_k PFL_{kt}}$$

Where PFL_{kt} are the transmission losses for utility Service Area k as calculated by a power flow solution for Settlement Period t, consistent with the calculation of final forecasted Generation Meter Multipliers.

Each metered demand point z in utility Service Area k, either ISO grid connected or connected through UDC k, is allocated a portion of the UFE as follows:

$$UFE_{bixt} = UFE_{UDC,bkt} * \frac{L_{bixt}}{\sum_{i \in UDC_k} L_{bixt}}$$

The UFE charge for Scheduling Coordinator j for BEEP Interval b of Settlement Period t in Zone x is calculated as follows:

$$UFEC_{jxt} = \left(\sum_{i \in SC_j} UFE_{bixt} \right) * P_{bxt}$$

D 2.3 Hourly Ex Post Price

The Hourly Ex Post Price in Zone x in Settlement Period t is determined as follows:

$$HP_{xt} = \frac{\sum_b |Q_{bxt}| P_{bxt}}{\sum_b |Q_{bxt}|}$$

Where Q_{bxt} is the total Instructed Imbalance Energy during BEEP Interval b in Zone x in Settlement Period t.

D 3 Meaning of terms in the formulae

D 3.1 DevC_{bjxt} - \$

The Uninstructed Imbalance Energy charge on Scheduling Coordinator j during BEEP Interval b in Settlement Period t in Zone x.

- D 3.23** **$E_{a,bqxt}$ – MWh**
The total actual Energy export of Scheduling Coordinator j through Scheduling Point q in BEEP Interval b of Settlement Period t. This is deemed to be equal to the total scheduled Energy export during the same interval.
- D 3.24** **$E_{adj,bqxt}$ – MWh**
The deviation in Real Time export of Scheduling Coordinator j through Scheduling Point q in BEEP Interval b during BEEP Interval b in Settlement Period t ordered by the ISO for Congestion Management, Overgeneration, etc. or as a result of an export curtailment. This value will be calculated based on the projected impact of the Dispatch Instruction(s) (or curtailment event) between the close of the Hour-Ahead Market and the end of the BEEP Interval for which such Dispatch Instruction (or curtailment event) applies.
- D 3.25** **P_{bxt} – \$/MWh**
The Ex Post Price for Imbalance Energy in Zone x during BEEP Interval b in Settlement Period t.
- D 3.25.1** **[Not Used]**
- D 3.26** **$UFEC_{jxt}$ – \$**
The Unaccounted for Energy Charge for Scheduling Coordinator j in Zone x in Settlement Period t. It is the cost for the Energy difference between the net Energy delivered into each UDC Service Area, adjusted for UDC Service Area Transmission Losses (calculated in accordance with ISO Tariff Section 7.4.3), and the total metered Demand within that UDC Service Area adjusted for distribution losses using Distribution System loss factors approved by the Local Regulatory Authority.

This Energy difference (UFE) is attributed to meter measurement errors, power flow modeling errors, energy theft, statistical Load profile errors, and distribution loss deviations.
- D 3.27** **$UFE_{UDC,bkt}$ – MWh**
The Unaccounted for Energy (UFE) for utility Service Area k.
- D 3.28** **UFE – MWh**
The portion of Unaccounted for Energy (UFE) allocated to metering point z.
- D 3.29** **[Not Used]**

- D 3.30** [Not Used]
- D 3.31** [Not Used]
- D 3.32** [Not Used]
- D 3.33** [Not Used]
- D 3.34** [Not Used]
- D 3.35** [Not Used]
- D 3.36** [Not Used]
- D 3.37** TL_{bkt} – MWh
The Transmission Losses per BEEP Interval b of Settlement Period t in utility Service Area k.
- D 3.38** $IGDC_{bixt}$ – \$
The Instructed Imbalance Energy payments/charges for Generator i in Zone x during BEEP Interval b in Settlement Period t.
- D 3.39** $ILDC_{bixt}$ – \$
The Instructed Imbalance Energy payments/charges for Load i in Zone x during BEEP Interval b in Settlement Period t.
- D 3.40** $IIDC_{bqxt}$ – \$
The Instructed Imbalance Energy payments/charges for import at Scheduling Point q during BEEP Interval b in Settlement Period t.

10.6.7.7 of the ISO Tariff and this Protocol. Subject to any applicable Local Regulatory Authority requirements, the ISO will have the right to either conduct any audit or test it considers necessary or to witness such audit or test carried out by the SC, SC Metered Entity or an ISO Authorized Inspector engaged by the SC, SC Metered Entity or the ISO to carry out those audits or tests.

MP 4.2.2 Failure to Comply

The rights and measures available to the ISO with respect to any failure by a SC or a SC Metered Entity to comply with any applicable audit or test procedures contained in the ISO Tariff and this Protocol, will be set forth in the SC Meter Service Agreements.

MP 5 INSTALLATION OF ADDITIONAL METERING FACILITIES

MP 5.1 ISO Requirement to Install Additional Metering

MP 5.1.1 ISO Authority to Require Additional Metering Facilities

The ISO has authority under Section 10.2.2 the ISO Tariff to require an ISO Metered Entity to install Metering Facilities in addition to those Metering Facilities on the ISO Controlled Grid at the ISO Operations Date. In directing the addition of meters and metering system components that would impose increased costs on an ISO Metered Entity, the ISO shall give due consideration to whether the expected benefits of such equipment are sufficient to justify such increased costs. An ISO Metered Entity may not commence installing those additional Metering Facilities until the ISO has approved its Proposal for Installation.

MP 5.1.2 Requirement to Install

If the ISO determines that there is a need to install additional Metering Facilities on the ISO Controlled Grid, it will notify the relevant ISO Metered Entity of that need. The ISO's notice to that ISO Metered Entity will include the following information:

- (a) the location of the Meter Point at which the additional Metering Facilities are required;
- (b) the date by which the ISO Metered Entity must install the relevant Metering Facilities;
- (c) the reason for the need to install the additional metering Facilities; and
- (d) any other information that the ISO considers relevant.

MP 5.1.3 Obligations of ISO Metered Entity

An ISO Metered Entity that is notified by the ISO that it is required to install additional Metering Facilities must:

- (a) give the ISO written confirmation of receipt of that notice within 3 business days of receiving that notice;

- (b) submit a Proposal for Installation to the ISO within 45 business days of receiving that notice. The Proposal for Installation must set out the following information:

ATTACHMENT B

2.3.1.2 Market Participant Responsibilities.

2.3.1.2.1 Comply with Operating Orders Issued. With respect to this Section 2.3.1.2, all Market Participants within the ISO Control Area shall comply fully and promptly with the ISO's operating orders, unless such operation would impair public health or safety. The ISO will honor the terms of Existing Contracts, provided that, except during a System Emergency and circumstances in which the ISO considers that a System Emergency is imminent or threatened, in a System Emergency and circumstances in which the ISO considers that a System Emergency is imminent or threatened, holders of Existing Rights Holders must follow ISO operating orders even if those operating orders directly conflict with the terms of Existing Contracts. For this purpose ISO operating orders to shed Load shall not be considered as an impairment to public health or safety.

* * *

PTO Service Area

An area in which a Participating TO provides transmission service to itself, a UDC, a MSS, or End-Use Customers.

ATTACHMENT C

**NOTICE SUITABLE FOR PUBLICATION IN THE
FEDERAL REGISTER**

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**California Independent System) Docket No. ER98-3760-008
Operator Corporation)**

**Pacific Gas and Electric Company,) Docket Nos. EC96-19-059 and
San Diego Gas & Electric Company,) ER96-1663-062
and Southern California Edison)
Company)**

Notice of Filing

[]

Take notice that on August 25, 2003, the California Independent System Operator Corporation (ISO), submitted a filing in compliance with the Commission's July 25, 2003 order in the captioned proceeding, 104 FERC ¶ 61,129.

The ISO states that this filing has been served upon all parties in the captioned proceeding, and has been posted on the ISO Home Page.

Any person desiring to be heard or to protest the filing should file a motion to intervene or protest 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 C.F.R. §§ 385.211 and 385.214). All such motions or protests must be filed in accordance with § 35.9 of the Commission's regulations. 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. Copies of this filing are on file with the Commission and are available for public inspection in the Public Reference Room. This filing may also be viewed on the Internet at <http://www.ferc.gov/docs-filing/elibrary.asp> (call 202-502-8400 for assistance).

Comment Date: _____