

November 25, 2002

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  
Docket Nos. ER02-2576-000 and ER02-1656-005**

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO")<sup>1</sup> respectfully submits this filing in compliance with the Commission's October 25, 2002 "Order On Proposed Tariff Revisions And Compliance Filing" ("October 25 Order")<sup>2</sup> in the above-referenced dockets. The October 25 Order addressed the ISO September 20, 2002 filing of proposed Tariff revisions to implement the ISO's Comprehensive Market Design Proposal ("MD02"). In the October 25 Order, the Commission directed the ISO to submit revised Tariff language to reflect changes in the timing of the ISO's Hour-Ahead Market, clarified that a bidder in the ISO Real Time and Ancillary Services Markets must submit a single Energy bid curve, and granted the ISO request for an extension of Amendment No. 43, which permits the ISO to settle pre-Dispatched System Resources at the Instructed Imbalance Energy price.

The ISO reflected the clarification concerning single Energy bid curves and extension of Amendment Number 43 in the ISO compliance filing on October 29, 2002 to the Commission's order of October 9, 2002<sup>3</sup> in the above-referenced dockets. The instant filing addresses the October 25 Order requirement to change the deadline for bid submission in the Hour-Ahead Market.

Specifically, in the ISO's September 20, 2002 proposed Tariff revisions, the ISO proposed to change the deadline for submitting Supplemental Energy bids for the next hour's Real Time Market from 45 minutes before the start of that operating hour to 60 minutes before the start of the operating hour. While the

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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.

<sup>2</sup> 101 FERC ¶ 61,064 (2002).

<sup>3</sup> 100 FERC ¶ 61,061 (2002).

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Commission accepted this proposed change, it also accepted the suggestion from Mirant Corporation<sup>4</sup> to make a corresponding change in the deadline for submitting bids in the ISO's Hour-Ahead Market from 120 minutes before the start of the operating hour to 135 minutes before the start of the hour. October 25 Order at ¶¶ 7,8.

Attached hereto are revised pages for Tariff Section 2.2.13.1 and Scheduling Protocol Section 3.3.1 that comply with this directive of the October 25 Order. Attachment 1 contains the proposed Tariff revisions. Attachment 2 contains the black-lined versions of the revised Tariff sheets indicating the proposed changes. Attachment 3 is a form Notice of Filing suitable for publication in the *Federal Register*.

The ISO requests that the instant Tariff revisions be effective on December 11, 2002. This date provides opportunity for the ISO to make the necessary software changes, issue a Market Notice and give Market Participants adequate time to make any adjustments that may be needed.

Copies of this filing have been served on all of the entities on the service list for this docket. Please contact the undersigned with any questions concerning this filing.

Respectfully submitted,



Charles F. Robinson  
Margaret A. Rostker  
Counsel for the California Independent  
System Operator Corporation

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<sup>4</sup> "Motion to Intervene and Protest of Mirant to the California Independent System Operator Corporation's Update to the Comprehensive Market Design Proposal," October 10, 2002, at 3.

**ATTACHMENT 1**

Preferred Schedules shall become Final Day-Ahead Schedules and the ISO shall notify Scheduling Coordinators accordingly.

**2.2.12.8.2 Use of Congestion Management for Final Schedule.** Subsequent to receiving Revised Schedules if the ISO identifies Congestion on the ISO Controlled Grid, it shall use the Congestion Management provisions of this ISO Tariff and the ISO Protocols to develop the Final Day-Ahead Schedules.

**2.2.13 Timing of Hour-Ahead Scheduling.**

**2.2.13.1 Submission of Preferred Schedule.** Each Scheduling Coordinator's Preferred Schedule for each Settlement Period during a Trading Day together with any additional or updated Adjustment Bids or Ancillary Services Bids shall be submitted at least two hours and fifteen minutes (*i.e.*, 135 minutes) prior to the commencement of that Settlement Period.

**2.2.13.1.1 Statements in Preferred Schedule.** In submitting its Preferred Schedule, each Scheduling Coordinator may submit Adjustment Bids for use in the Hour-Ahead Market to assist in relieving Congestion.

**2.2.13.1.2 Final Hour-Ahead Schedule Submission.** Each Hour-Ahead Schedule shall indicate the changes which the relevant Scheduling Coordinator wishes to make to the Final Day-Ahead Schedule.

**2.2.13.2 ISO Analysis of Preferred Schedules.** The ISO shall analyze the combined Preferred Schedules submitted by all Scheduling Coordinators to forecast the probability of Congestion being caused by the Preferred Schedules.

**2.2.13.2.1 Preferred Schedules Become Final Hour-Ahead Schedules.** If the ISO identifies no Congestion on the ISO Controlled Grid, the Preferred Schedules shall

**SP 3.3 Hour-Ahead Market**

- (a) The Hour-Ahead Market is a “deviations” market in that it represents changes from the Day-Ahead Market commitments already made for each Settlement Period in the Trading Day. The SCs do not schedule these deviations. Instead, these deviations are calculated by the ISO as the difference between the Final Hour-Ahead Schedules (reflecting updated forecasts of Generation, Demand, external imports/exports and Inter-Scheduling Coordinator Energy Trades) and the Final Day-Ahead Schedules. If a SC does not submit a valid Preferred Hour-Ahead Schedule, its Final Day-Ahead Schedule will be deemed to be its Preferred Hour-Ahead Schedule.
- (b) The Hour-Ahead Markets for each Settlement Period of each Trading Day open when the Day-Ahead Market commitments are made for the same Trading Day. Hour-Ahead Market commitments are made one hour ahead of the start of the applicable Settlement Period, at which time the ISO issues the Final Hour-Ahead Schedules. There is an option in the bid submittal process for a SC to submit a Schedule or bid for one Settlement Period of the Trading Day or a set of Schedules and bids for all Settlement Periods of the Trading Day (but only between 1:00 pm and 12:00 midnight the day before).
- (c) For each Hour-Ahead Market of the Trading Day the ISO's validation of SCs' contract usage templates, associated with Existing Contract rights or Firm Transmission Rights, will be performed. If a derate of an Inter-Zonal Interface has occurred which affects an SC's Final Day-Ahead Schedule or Ancillary Service commitments, the ISO will notify the SC, via the WEnet, of its available contract capacity. Additionally, the ISO will validate SCs' scheduled usage against SCs' contract usage templates and notify SCs of any invalidated usage. Such validations and notifications associated with contract usage, available contract capacities and invalidated contract usage will occur during the two hours prior to the ISO's deadline for receiving Preferred Hour-Ahead Schedules.

**SP 3.3.1 By Two Hours and Fifteen Minutes Ahead**

By two hours and fifteen minutes ahead of the Settlement Period (for example, by 9:45 am for the Settlement Period starting at 12:00 noon [or hour ending 1300]) and with respect to that Settlement Period:

**SP 3.3.1.1 Actions by SCs and the ISO**

- (a) SCs will submit their Preferred Hour-Ahead Schedules to the ISO in accordance with the SBP;
- (b) SCs will submit, as part of their Preferred Hour-Ahead Schedules, their Adjustment Bids, if any, to the ISO in accordance with the SBP;

**ATTACHMENT 2**

Preferred Schedules shall become Final Day-Ahead Schedules and the ISO shall notify Scheduling Coordinators accordingly.

**2.2.12.8.2 Use of Congestion Management for Final Schedule.** Subsequent to receiving Revised Schedules if the ISO identifies Congestion on the ISO Controlled Grid, it shall use the Congestion Management provisions of this ISO Tariff and the ISO Protocols to develop the Final Day-Ahead Schedules.

**2.2.13 Timing of Hour-Ahead Scheduling.**

**2.2.13.1 Submission of Preferred Schedule.** Each Scheduling Coordinator's Preferred Schedule for each Settlement Period during a Trading Day together with any additional or updated Adjustment Bids or Ancillary Services Bids shall be submitted at least two hours and fifteen minutes (*i.e.*, 135 minutes)-prior to the commencement of that Settlement Period.

**2.2.13.1.1 Statements in Preferred Schedule.** In submitting its Preferred Schedule, each Scheduling Coordinator may submit Adjustment Bids for use in the Hour-Ahead Market to assist in relieving Congestion.

**2.2.13.1.2 Final Hour-Ahead Schedule Submission.** Each Hour-Ahead Schedule shall indicate the changes which the relevant Scheduling Coordinator wishes to make to the Final Day-Ahead Schedule.

**2.2.13.2 ISO Analysis of Preferred Schedules.** The ISO shall analyze the combined Preferred Schedules submitted by all Scheduling Coordinators to forecast the probability of Congestion being caused by the Preferred Schedules.

**2.2.13.2.1 Preferred Schedules Become Final Hour-Ahead Schedules.** If the ISO identifies no Congestion on the ISO Controlled Grid, the Preferred Schedules shall

become Final Hour-Ahead Schedules and the ISO shall notify Scheduling Coordinators accordingly.

**2.2.13.2.2 Congestion Management Provisions for Final Hour Ahead Schedules.** If the ISO identifies Congestion, it shall use the Congestion Management provisions of Section 7.2 of this ISO Tariff and the ISO Scheduling Protocol to develop the Final Hour-Ahead Schedules.

**2.2.13.2.3 [Not Used]**



### SP 3.3

#### Hour-Ahead Market

- (a) The Hour-Ahead Market is a “deviations” market in that it represents changes from the Day-Ahead Market commitments already made for each Settlement Period in the Trading Day. The SCs do not schedule these deviations. Instead, these deviations are calculated by the ISO as the difference between the Final Hour-Ahead Schedules (reflecting updated forecasts of Generation, Demand, external imports/exports and Inter-Scheduling Coordinator Energy Trades) and the Final Day-Ahead Schedules. If a SC does not submit a valid Preferred Hour-Ahead Schedule, its Final Day-Ahead Schedule will be deemed to be its Preferred Hour-Ahead Schedule.
- (b) The Hour-Ahead Markets for each Settlement Period of each Trading Day open when the Day-Ahead Market commitments are made for the same Trading Day. Hour-Ahead Market commitments are made one hour ahead of the start of the applicable Settlement Period, at which time the ISO issues the Final Hour-Ahead Schedules. There is an option in the bid submittal process for a SC to submit a Schedule or bid for one Settlement Period of the Trading Day or a set of Schedules and bids for all Settlement Periods of the Trading Day (but only between 1:00 pm and 12:00 midnight the day before).
- (c) For each Hour-Ahead Market of the Trading Day the ISO's validation of SCs' contract usage templates, associated with Existing Contract rights or Firm Transmission Rights, will be performed. If a derate of an Inter-Zonal Interface has occurred which affects an SC's Final Day-Ahead Schedule or Ancillary Service commitments, the ISO will notify the SC, via the WEnet, of its available contract capacity. Additionally, the ISO will validate SCs' scheduled usage against SCs' contract usage templates and notify SCs of any invalidated usage. Such validations and notifications associated with contract usage, available contract capacities and invalidated contract usage will occur during the two hours prior to the ISO's deadline for receiving Preferred Hour-Ahead Schedules.

#### SP 3.3.1

##### **By Two Hours and Fifteen Minutes Ahead**

By two hours and fifteen minutes ahead of the Settlement Period (for example, by ~~490:4500~~ am for the Settlement Period starting at 12:00 noon [or hour ending 1300]) and with respect to that Settlement Period:

**ATTACHMENT 3**

**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**

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**Docket Nos. ER02-2576-000  
ER02-1656-005**

**Notice of Filing**

On November 25, 2002, the California Independent System Operator Corporation ("ISO") tendered for filing a compliance filing made in compliance with the Commission's October 25, 2002 "Order on Proposed Tariff Revisions and Compliance Filing." The compliance filing revises Section 2.2.13.1 of the ISO's Tariff, in accordance with the October 25 Order.


The ISO states that this filing has been served on all entities that are on the official service list for this docket.

Any person desiring to be heard to protest said 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 or 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. §§ 385.211, 385.214). All such motions or protests must be filed in accordance with § 35.9 of the Commission's regulations. Protests filed with the Commission will be considered in determining the appropriate action to be taken but will not serve to make the protestant 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.fed.us/ferris.htm> (call 202-208-2222 for assistance).

## 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 the above-captioned docket.

Dated at Folsom, California, on this 25<sup>th</sup> day of November, 2002.

  
Margaret A. Rostker