



April 11, 2002

The Honorable Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: California Independent System Operator Corporation,
Docket No. ER02-922-____
Amendment No. 42**

Dear Secretary Salas:

The California Independent System Operator Corporation (“ISO”)¹ respectfully submits for filing a six copies of this filing in compliance with the Commission’s March 27, 2002 “Order Accepting In Part And Rejecting In Part Tariff Amendment No. 42 And Dismissing Complaint” in the above-captioned docket, 98 FERC ¶ 61,327 (2002) (“March 27 Order”).

I. Background

In its March 27 Order, the Commission accepted in part and rejected in part the ISO’s proposed Amendment No. 42 to its Tariff. Amendment No. 42 proposed ISO Tariff changes relating to (1) participation in ISO markets by Eligible Intermittent Resources; (2) allocation of ISO Settlement Charge Type 487; (3) management of intra-zonal congestion; and (4) calculation of the target price for incremental and decremental Imbalance Energy bids.²

The Commission accepted in part and rejected in part the ISO Tariff Amendment No. 42 as detailed below.

¹ Capitalized terms not otherwise defined herein are defined in the Master Definitions Supplement, ISO Tariff Appendix A, as filed August 15, 1997, and subsequently revised.

² The March 27 Order also dismissed a complaint filed on January 16, 2002, in Docket No. EL02-51-000, by the California Electricity Oversight Board requesting the Commission to issue a cease and desist order prohibiting what the complaint characterized as anti-competitive decremental Energy bids and also requesting that the Commission to impose a symmetrical must-offer obligation directing generators with resources Scheduled in the ISO’s Day-Ahead or Hour-Ahead Markets to submit unit-specific, cost-based proxy decremental Energy bids in volumes equivalent to the difference between the Scheduled generation and the units’ minimum Load capacity.

II. Intermittent Resource Proposal

In the March 27 Order, the Commission noted that most intervenors support the Intermittent Resource Proposal but that some expressed concerns about the allocation of costs, and particularly the proposed methodology for settling Participating Intermittent Resources' negative uninstructed deviations or that the proposal would be subject to possible future abuses. The Commission found the ISO's proposal to be reasonable, however, and thus accepted it as filed. The Commission noted that the ISO provided that it would monitor the program for withholding or over-generation by intermittent resources and that it would propose, if and as needed, corrective measures for Commission approval. Additionally, the Commission accepted the ISO's proposal to file a report in 16 months, detailing the performance of the proposed program. According, by this compliance filing the ISO agrees to closely monitor the intermittent resource program and to file with the Commission a performance report on July 28, 2003.

The Commission found that the ISO did not indicate why the proposal should not be extended to intermittent resources with existing contracts and directed the ISO to file either (1) a Tariff filing to expand the program to include intermittent resources with existing contracts, or (2) an explanation as to why these parties should not be included in the program. The instant compliance filing proposes Tariff modifications to expand eligibility for the program to intermittent resources with existing contracts.

The Commission also directed the ISO to make a compliance filing that incorporates the technical standards for Participating Intermittent Resources into the ISO Tariff. The instant compliance filing does so.

III. Changes in allocation for ISO Settlement Charge Type 487

The Commission accepted the modifications proposed for allocation of Charge Type 487, to become effective on April 1, 2002. No further action is required by the ISO in this regard.

IV. Changes in management of Intra-zonal Congestion

The Commission rejected the modifications proposed for intra-zonal congestion management and directed the ISO to make a compliance filing eliminating all proposed Tariff modifications relating to this proposed change. The instant compliance filing contains appropriate current sheets that do not contain the proposed intra-zonal congestion provisions.

V. Changes in the calculation of the Target Price for incremental and decremental Imbalance Energy bids

The Commission rejected the modifications proposed for calculation of the Target Price and directed the ISO to make a compliance filing eliminating all proposed Tariff modifications relating to this proposed change. The instant compliance filing contains appropriate current sheets that do not contain the proposed Target Price provisions.

VI. Attachments

The following documents, in addition to this letter, support this filing:

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| Attachment A | List of Tariff Sheets Rejected in Whole, Accepted in Whole and Rejected and Accepted In Part |
| Attachment B | Revised Tariff Sheets |
| Attachment C | Black-lined Tariff provisions |
| Attachment D | Notice of this filing, suitable for publication in the Federal Register (also provided in electronic format). |

Please feel free to contact the undersigned if you have any questions concerning this matter.

Yours truly,

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Enclosures