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July 22, 2004

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

**Re: Filing in compliance with the Commission's June 22, 2004,
Order on Remand from a decision of the United States Court of
Appeals
For the Ninth Circuit in Docket Nos. EL00-95-085 and EL00-98-085**

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO") respectfully submits six copies of this filing in compliance with the Commission's June 22, 2004 Order on Remand in the above captioned dockets, 107 FERC ¶ 61,294, ("June 22nd Order").

I. BACKGROUND

In its April 26, 2001, order¹ in this proceeding, the Commission found it proper to adopt a market monitoring and mitigation plan for the wholesale power markets in the state of California. One part of the plan that was put in place at that time was a measure intended to increase the ISO's control over and coordination of outages in order to ensure that sufficient generation capacity is available to meet the needs of the ISO Market. At that time the Commission

¹ See, 95 FERC ¶ 61,115 (2001).

directed the ISO to file tariff sheets that would create a mechanism for coordinating and controlling outages. Given that the California Department of Water Resources ("DWR") operated six hydroelectric generation units and one geothermal unit that supplied energy to the ISO Market², those procedures were to apply to DWR.

DWR sought rehearing of the Commission's April 26th Order, claiming that the ISO did not have, or should not have authority to control, and thus approve, the outages of DWR generating units. DWR stated that the primary purpose of its hydroelectric generation is water management and that it only makes electric energy available to the ISO Market under a Participating Generator Agreement ("PGA") to the extent that its water management responsibilities allow. DWR indicated that the ISO would not be aware of, and capable of making optimal decisions with respect to DWR's water management responsibilities when they made decisions with respect to outage control. DWR was willing to abide by the informational reporting provisions of the ISO's Tariff however.

The Commission's Order on rehearing³ dated June 19, 2001, affirmed the notion that the ISO had the authority to control and coordinate Generation outage schedules for Participating Generators, such as DWR.

DWR filed a petition for review of the Commission's decision with the Ninth Circuit Court of Appeals stating that the Commission had not responded to its claim that the ISO should not control the outages of its Generation in the same way that it controls and coordinates the outages of other Generators. On August 27, 2003, the court vacated the Commission's decision with respect to the DWR outage coordination issue and remanded it to the Commission for further consideration consistent with their decision.

On June 22, 2004, the Commission issued its Order on Remand ("June 22 Order") in which it ordered the ISO to exempt DWR from certain provisions of the ISO's outage control protocol. Specifically, the Commission stated that the ISO must exempt DWR's hydroelectric facilities from the ISO's outage approval requirements.⁴ The Commission stated that this action was meant to recognize the primacy of DWR's water management function. However, the Commission emphasized that DWR must still provide information to the ISO about the timing of its maintenance and forced outages, and comply with any relevant reporting requirements. The Commission directed the ISO to file revised tariff sheets consistent with this ruling within 30 days of the date of this order.

² Capitalized terms not otherwise defined herein shall have the meaning set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff.

³ See, 95 FERC ¶ 61,418 (2001).

⁴ The ISO does not concur that this is the proper treatment for DWR's hydroelectric facilities, and therefore, is filing a request for rehearing of the June 22 Order on this date.

II. OUTAGE COORDINATION CHANGES

The proposed changes to the ISO Tariff act to exempt DWR from the outage approval provisions that had heretofore been in effect, pursuant to the Commission's June 22 Order. The ISO has not made any changes to the provisions of the outage control protocol that require DWR notification to the ISO of the dates of any planned outages, as is the case with all other Generators with PGA's.

Black-lined Tariff provisions showing the changes needed to implement the exemption of DWR hydroelectric generation from the outage approval provisions of the ISO outage control protocol are provided as Attachment B to this filing.

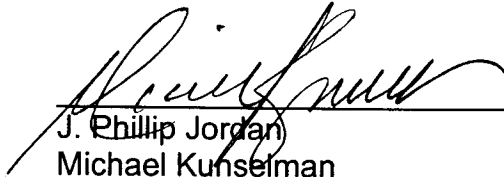
III. SUPPORTING DOCUMENTS

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

- | | |
|--------------|---|
| Attachment A | Revised Tariff Sheets, incorporating the compliance changes; |
| Attachment B | Black-lined Tariff provisions showing revisions related to outage coordination; and |
| Attachment C | A notice of filing, suitable for publication in the Federal Register (Including an electronic version). |

Two additional copies of this filing are enclosed to be date-stamped and returned to our messenger. If there are any questions concerning this filing please contact the undersigned.

Respectfully Submitted,



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Date: July 22, 2004

ATTACHMENT A

2.3.2.9.3 Imposing Sanctions. If the ISO finds that the operation and maintenance practices of any Participating TOs, Participating Generators, Eligible Customers, or UDCs prolonged the response time or contributed to the Outage, the ISO may impose sanctions on the responsible Participating TOs, Participating Generators, Eligible Customers, or UDCs provided that no sanction shall be imposed in respect of actions taken in compliance with the ISO's instructions or pursuant to a Remedial Action Scheme. The ISO shall develop and file with FERC a schedule of such sanctions. Any dispute concerning whether sanctions should be imposed under this Section shall be resolved through the ISO ADR Procedures. The schedule of sanctions filed with FERC (including categories and levels of sanctions) shall not be subject to the ISO ADR Procedures. The ISO shall publish on the ISO Home Page details of all instances in which a sanction has been imposed.

2.3.3 Coordination of Outages and Maintenance.

2.3.3.1 ISO Outage Coordination Office. The ISO Outage Coordination Office shall be established by the ISO and shall coordinate and approve Maintenance Outages of: (i) all facilities that comprise the ISO Controlled Grid and (ii) Participating Generators. The ISO shall additionally coordinate and approve Outages required for new construction and for work on de-energized and live transmission facilities (e.g., relay maintenance or insulator washing) and associated equipment.

2.3.3.1.1 California Department of Water Resources. The provisions of Section 2.3.3, and the provisions of the Outage Coordination Protocol, shall apply to the California Department of Water Resources, except that Outages of hydroelectric Generating Units owned and operated by the California Department of Water Resources shall not be subject to approval or change by the ISO.

2.3.3.2 Requirement for Approval. An Operator shall not take: (i) facilities that comprise the ISO Controlled Grid or (ii) Participating Generators out of service for the purposes of planned maintenance or for new construction or other work except as approved by the ISO Outage Coordination Office.

OCP 1.3 Scope

OCP 1.3.1 Scope of Application to Parties

OCP applies to the ISO and to the following:

- (a) Operators;
- (b) Participating Generators;
- (c) Connected Entities, to the extent the agreement between the Connected Entity and the ISO so provides; and
- (d) Utility Distribution Companies (UDCs).

OCP 1.3.2 [Not Used]

OCP 1.3.3 Liability of the ISO

Any liability of the ISO arising out of or in relation to this Protocol shall be subject to Section 14 of the ISO Tariff as if references to the ISO Tariff were references to this Protocol.

OCP 1.3.4 CALIFORNIA DEPARTMENT OF WATER RESOURCES

Outages of hydroelectric Generating Units owned and operated by the California Department of Water Resources shall not be subject to approval or change by the ISO. However, the California Department of Water Resources must comply with all applicable notification and reporting requirements under this Protocol and Section 2.3.3 of the ISO Tariff.

OCP 2 PLANNING OF GENERATING UNIT OUTAGES

OCP 2.1 Reporting for Regulatory Must-Take Generation

Information regarding planned outages for resources providing Regulatory Must-Take Generation shall be provided to the ISO Outage Coordination Office by the Participating TO or UDC having an existing contract with such resource or by a Participating Generator. Information provided will be that obtained by the Participating TO, UDC or a Participating Generator pursuant to the terms of the existing agreement with the Regulatory Must-Take Generation resource or as requested by the ISO.

OCP 2.2 Data to ISO

All information submitted in relation to planned Generating Unit Outages must be submitted in accordance with OCP 7.

OCP 2.2.1 Long-Range Planning Program

By October 15 of each year, each Generator will provide the ISO in writing with a proposed Outage schedule for each of its Generating Units (including its Reliability Must-Run Units) and System Units for the following calendar year. The following information is required for each Generating Unit:

- (a) the Generating Unit name and Location Code;
- (b) the MW capacity unavailable;
- (c) the scheduled start and finish date for each Outage; and

ATTACHMENT B

2.3.3.1.1 California Department of Water Resources. The provisions of Section 2.3.3, and the provisions of the Outage Coordination Protocol, shall apply to the California Department of Water Resources, except that Outages of hydroelectric Generating Units owned and operated by the California Department of Water Resources shall not be subject to approval or change by the ISO.

Outage Coordination Protocol

OCP 1.3.4 California Department of Water Resources

Outages of hydroelectric Generating Units owned and operated by the California Department of Water Resources shall not be subject to approval or change by the ISO. However, the California Department of Water Resources must comply with all applicable notification and reporting requirements under this Protocol and Section 2.3.3 of the ISO Tariff.

ATTACHMENT C

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

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

San Diego Gas & Electric Company,)	
Complainant,)	
)	
v.)	Docket No. EL00-95-085
)	
Sellers of Energy and Ancillary Services)	
Into Markets Operated by the California)	
Independent System Operator and the)	
California Power Exchange Corporation,)	
Respondents)	
)	
Investigation of Practices of the California)	Docket No. EL00-98-085
)	
Independent System Operator and the)	
California Power Exchange)	

Notice of Filing

[]

Take notice that on July 22, 2004 the California Independent System Operator Corporation (ISO) submitted a filing to comply with the Commission's June 22, 2004 order in the captioned docket.

The ISO states that it has served copies of this letter, and all attachments, upon all parties on the official service list for the captioned docket. In addition, the ISO is posting this transmittal letter and all attachments 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-Filing" link. The Commission strongly encourages electronic filings.

Comment Date: _____