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January 12, 2004

VIA ELECTRONIC FILING

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

**Re: Creed Energy Center, LLC
Docket No. ER04-324-000**

Dear Secretary Salas:

Enclosed is the Joint Provisional Protest of the California Independent System Operator Corporation and Pacific Gas and Electric Company, submitted in the above-captioned proceeding. Please contact the undersigned if you have any questions regarding this filing.

Respectfully submitted,

/s/ Bradley R. Miliauskas

J. Phillip Jordan
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Counsel for the California
Independent System Operator
Corporation

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

Creed Energy Center, LLC

)

Docket No. ER04-324-000

**JOINT PROVISIONAL PROTEST
OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
AND PACIFIC GAS AND ELECTRIC COMPANY**

Pursuant to Rule 211 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("Commission"), 18 C.F.R. § 385.211 (2003), and the Commission's December 31, 2003 Notice of Filing, the California Independent System Operator Corporation ("ISO") and Pacific Gas and Electric Company ("PG&E") (collectively the "Parties")¹ submit this provisional protest in the captioned proceeding ("Provisional Protest"). In support thereof, the Parties state as follows:

I. Description of the Proceeding

On December 22, 2003, Creed Energy Center, LLC ("Creed") filed an unexecuted Must-Run Service Agreement and accompanying schedules ("RMR Agreement")² between Creed and the ISO setting forth the rates, terms, and conditions under which Creed proposes to provide reliability must-run services to the ISO.

¹ Each of the Parties has concurrently filed a separate Motion to Intervene in this proceeding. The Parties are authorized to state that the California Public Utilities Commission and the California Electricity Oversight Board, which are intervening by separate filings, support this Provisional Protest.

² Because the facilities covered by the Must-Run Service Agreement and accompanying schedules must operate at certain times for the reliability of the transmission grid, they are referred to as "reliability must-run" or "RMR" units and the agreement and accompanying schedules covering them are referred to as "RMR agreements." Other capitalized terms that are not defined in this filing have the same meaning set forth in the RMR Agreement or in the Master Definitions Supplement, Appendix A to the ISO Tariff.

II. Provisional Protest

The Parties enter this Provisional Protest in this proceeding to identify terms and conditions included in the filed RMR Agreement but not agreed to between Creed and the Parties. While the Parties have been working with Creed to resolve the outstanding issues, the Parties also wish to preserve their respective rights to protest issues included in the filed RMR Agreement and protest the following issues listed below. The enumerated concerns are those the Parties have been able to identify to date. In addition to these concerns, the Parties reserve the right to address in the future any errors or concerns that are discovered after the filing of the Provisional Protest:

Based on their review of the RMR Agreement filing, the Parties have identified the following issues with the filed RMR Agreement:

1. Schedule A Operational Information – The “Load and Maximum MVA_r” values should be lowered to be less than or equal to the Maximum Net Dependable Capability.³

2. Schedule B Other Outage Hours – The Average Other Outage Hour calculation for Unit 1 includes values that do appear to be incorrect. As such, the values in Table B-1 through B-5 should be revised to incorporate the AOOH using the correct values for Unit 1.

3. Schedule D Coefficients and Note –
Schedule D requires the following revisions:

³ The “Load at Maximum MVA_r Lagging, MW” and “Load at Maximum MVA_r Leading, MW” in Schedule A, Section 2 may not be higher than the level to which the ISO is permitted to dispatch the Unit and this is limited by the Maximum Net Dependable Capacity value.

(i) Creed and the Parties agreed to revise the coefficients in Table D-1 for the Creed Energy Center 1&2 Units to reflect the Start-up of a single Unit rather than two Units but it appears these values were not updated as the Start-up Costs in Table D-0 were calculated using the single Unit coefficients. As such, these values need to be revised and a note added below the table to explain the relationship between the individual and combined Unit values; and

(ii) the filed version of Schedule D includes a note below Table D-1 regarding the Owner's right to charge for additional labor costs related to non-peak Starts-ups; the note is unclear and the Parties' believe it is superfluous. As such, the note regarding labor costs regarding non-peak Start-ups should be removed.

4. Schedule I Language – The Parties oppose the language regarding the insurance requirements Creed proposes in Schedule I because it varies from the language in the Pro-forma RMR Agreement adopted by the Commission and accepted by other parties to RMR agreements. The proposed language upsets the careful balance between the parties to the filed RMR Agreement. As such, the Parties request that the language be revised to conform to the language provided in the Pro-forma RMR Agreement.

III. Conclusion

For the foregoing reasons, the Parties respectfully request that the Commission rule that

(i) the rate schedules set forth in Creed's filing have not been shown to be just and reasonable;

(ii) suspend the rate schedules subject to hearing and establish a refund date that is the same as the proposed effective date, January 1, 2004; and

(iii) defer action on the RMR Agreement filing until February 12, 2004, to give the Parties and Creed time to attempt to resolve outstanding issues associated with the filing.

Respectfully submitted

/s/ J. Phillip Jordan

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Dated: January 12, 2004

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list for the captioned proceeding, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, CA, on this 12th day of January, 2004.

/s/ Sidney L. Mannheim
Sidney L. Mannheim