

January 27, 2000

The Honorable David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Docket No. ER99-4545-____

Dear Secretary Boergers:

Enclosed please find an original and fourteen copies of a Market Notice ("Notice") issued to Market Participants on January 24, 2000 by the California Independent System Operator Corporation ("ISO") pursuant to Amendment No. 22 to the California Independent System Operator Corporation FERC Electric Tariff ("ISO Tariff").¹

The ISO filed Amendment No. 22 to the ISO Tariff in the above-captioned docket on September 27, 1999. Amendment No. 22 consisted of a number of proposed modifications to the ISO Tariff, including Tariff revisions related to the following items:

- implementation of Firm Transmission Right ("FTR") and modified Existing Transmission Contract scheduling templates;
- the creation of a new Congestion Management Zone (designated as "ZP26"); and
- implementation of a new methodology for allocating Transmission Losses to Utility Distribution Companies ("UDCs").

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

The ISO requested that these Tariff revisions be made effective on the later of November 26, 1999 or at least ten days after the ISO posted notice on the ISO Home Page that the modified software necessary to implement these revisions was ready for use.

The Commission accepted the Tariff revisions and proposed effective dates in Amendment No. 22, subject to certain conditions, by order issued on November 24, 1999. *California Independent System Operator Corp.*, 89 FERC ¶ 61,229 ("November 24 Order").

The enclosed Notice states that, effective January 31, 2000, for Trading Day February 1, 2000, the ISO will implement the Tariff revisions described above, pursuant to the terms of Amendment No. 22.² As noted in the enclosed Notice, due to an oversight, the ISO failed to issue the market notice the full ten days in advance of the February 1 implementation date. As the enclosed Notice explains, however, the ISO believes that Market Participants are already anticipating the implementation of these revisions on February 1, 2000 and that it is appropriate to implement these revisions on the targeted date so as to avoid confusion in the marketplace.³

The enclosed Notice also explains that, in the November 24 Order, the Commission directed the ISO to modify the ISO Tariff to make clear that the ISO will post certain FTR-related information on the ISO Home Page, in accordance with prior FERC orders. The information to be posted on the ISO Home Page includes information related to the resale of FTRs in the secondary market and whether such resales are "conditional."⁴ The ISO made these Tariff revisions in a compliance filing submitted in the above-captioned docket on December 22, 1999. In the compliance filing, the ISO explained that the Tariff revisions related to the posting of information on conditional resales would require software modifications, and requested that these revisions be made effective upon ten days notice to the market that the software is complete. To date, the Commission has not acted on that compliance filing. As noted in the enclosed Notice, however, the software modifications are now complete and, since these Tariff revisions simply implement a requirement already established by Commission order, the ISO believes it is appropriate to implement this feature for Trading Day February 1, 2000 with the other Tariff revisions described above.

² The ISO has already issued a market notice related to the implementation of another aspect of Amendment No. 22 -- Tariff revisions that establish a procedure for Scheduling Coordinators to dispute new or modified charges or credits that appear for the first time on a Final Settlement Statement ("Incremental Changes"). That notice was filed with the Commission on December 7, 1999.

³ February 1, 2000 is the date scheduled for the ISO's initial release of FTRs.

⁴ *California Independent System Operator Corp.*, 89 FERC ¶ 61,153 at 61,437 (1999).

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The ISO states that the enclosed Notice was e-mailed to Market Participants on January 24, 2000 and posted on the ISO Home Page, www.caiso.com, to satisfy the notice requirements of Amendment No. 22.⁵ The ISO further states that it has served the Notice upon each person designated on the official service list for the above-captioned docket, as indicated in the attached certificate of service.

The ISO encloses a notice of filing suitable for publication in the Federal Register and a copy of that notice of filing in WordPerfect format on a diskette. Two extra copies of this filing are also enclosed. Please stamp these copies with the date and time filed and return it to the messenger.

Respectfully submitted

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

Kenneth G. Jaffe
David B. Rubin
Sean A. Atkins
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W.
Washington, D.C. 20007
(202) 424-7500

Counsel for the California Independent
System Operator Corporation

⁵ Due to the inclement weather and the associated shutdown of the Federal government this week, the ISO has been unable to file a copy of the Notice with the Commission until today.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing Notice upon each person designated on the service list compiled by the Secretary in the above-referenced docket.

Dated at Washington, DC, this 27th day of January, 2000.

Sean A. Atkins
Counsel for the California Independent
System Operator Corporation