

December 22, 1999

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

**Re: California Independent System Operator Corporation
Docket No. ER99-4545-____**

Dear Secretary Boergers:

Enclosed for filing please find copies of tariff sheets for the California Independent System Operator Corporation ("ISO") FERC Electric Tariff, Original Volume Nos. I and III, submitted in compliance with the Commission's November 24, 1999 Order in the above-referenced docket.¹

On September 27, 1999, the ISO filed Amendment No. 22 to the ISO Tariff in the above-referenced docket. Among other things, Amendment No. 22 modified the ISO Tariff to facilitate the implementation of Firm Transmission Rights ("FTRs"); to introduce a method of allocating the costs of Reliability Must-Run ("RMR") Generating Units outside the control area of any Responsible Utility; to modify the scheduling templates for Existing Transmission Contracts ("ETCs") and FTRs; and to establish a process for allocating award payments payable to or from the ISO pursuant to good faith negotiations and/or the Alternative Dispute Resolution ("ADR") process.

A number of parties submitted motions to intervene, requests for clarification, comments, protests, and/or amendments to protests concerning Amendment No. 22. On November 1, 1999, the ISO submitted its Answer to Motions to Intervene, Request for Clarification, Comments, Protests, and

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

Amendments to Protests. On November 24, 1999, the Commission issued an order accepting Amendment No. 22 with certain modifications and directing the ISO to submit a compliance filing within 30 days of the issuance of the order. *California Independent System Operator Corp.*, 89 FERC ¶ 61,229 (1999) ("November 24 Order"). The Commission directed the ISO to address the following subjects in its compliance filing:

- Posting of FTR Information. In a number of previous orders, the Commission has directed the ISO to post on its Home Page certain information about FTRs. In its May 3, 1999 Order conditionally accepting the ISO's proposal to implement FTRs, the Commission directed the ISO to post "the identities of FTR holders, the number of FTRs that they hold on each interface and the path rating of the interface" as well as "the prices at which FTRs are sold at auction." *California Independent System Operator Corp.*, 87 FERC ¶ 61,143 at 61,581 (1999). In its November 10, 1999 Order addressing certain outstanding issues related to implementation of FTRs, the Commission directed the ISO to post the following information about FTRs offered for resale: "the applicable time frame for which the FTR applies and which path and which direction each FTR covers." *California Independent System Operator Corp.*, 89 FERC ¶ 61,153 at 61,437 (1999). In that order, the Commission also directed the ISO to post on its Home Page "the prices at which FTRs are sold in the secondary market" and "whether each resale of FTRs is conditional or not." *Id.* The Commission did not, in these previous orders, direct the ISO to amend the Tariff to include these posting requirements. In the November 24 Order in the instant proceeding, the Commission directed the ISO to submit revised Tariff provisions indicating the information related to FTRs that will be posted on the ISO Home Page in accordance with these previous orders. November 24 Order, 89 FERC ¶ 61,229, slip op. at 7. The ISO now submits revisions to Section 9 of the Tariff to comply with this directive. Black-lined Tariff provisions showing these revisions are provided as Attachment B to this filing.

The ISO believes that it has fully complied (or will shortly, as discussed below) with the substance of the Commission's directives. With respect to secondary market transactions in FTRs, the ISO will post the number, interface, direction and conditional status of any transfer, if applicable, of FTRs, together with contact information for the FTR Holder, if so requested. The ISO will also post path rating information for each interface and the prices of secondary market transactions. The ISO believes that this information complies with the Commission's various directives.

With respect to compliance with the conditional sale posting requirement, the ISO notes that this functionality will require modification of the software template designed and implemented by the ISO. The ISO is in the process of completing that software modification and intends to have the software

modifications complete prior to full implementation of the FTR market on February 1, 2000. The ISO respectfully requests that the Commission accept the proposed Tariff language with respect to that element of the ISO's compliance filing, effective upon ten days notice to the market that the software is complete.

- Allocation of Costs of RMR Units. In Amendment No. 22, the ISO proposed revisions to Section 5.2.8 which would enable the ISO to allocate the costs incurred by the ISO under an RMR Contract for an RMR Unit located outside the Service Area of any Responsible Utility to the Responsible Utilities whose Service Areas are contiguous to the Service Area in which the Generating Unit is located, in proportion to the benefits that each Responsible Utility receives from such unit, as determined by the ISO. The Commission accepted these revisions subject to the condition that any allocation among Responsible Utilities under this provision would require a separate filing to the Commission under Section 205 of the Federal Power Act. The Commission also directed that the ISO revise Section 5.2.8 of its Tariff to reflect that any such allocation among utilities is subject to Commission review. November 24 Order, 89 FERC ¶ 61,229, slip op. at 9. Accordingly, the ISO now submits the required revisions to Section 5.2.8. Black-lined Tariff provisions showing these revisions are provided as Attachment C to this filing.
- ETC and FTR Scheduling Templates. The Commission noted that, in its Answer to Comments in this proceeding, the ISO agreed to add language regarding adjustments of usages to Scheduling Protocol ("SP") Sections 3.2.6.3 and 3.2.8.3. November 24 Order, 89 FERC ¶ 61,229, slip op. at 10. The ISO now does so. Black-lined Tariff provisions showing these revisions are provided as Attachment D to this filing.
- Allocation of Award Payments. The Commission directed the ISO to revise its Tariff to reflect the ISO's commitment, in response to an intervenor comment, to allocate awards payable to or from the ISO as a result of good faith negotiations and/or the ADR process *pro rata* based on metered Demand when it cannot identify the responsible party. November 24, Order, 89 FERC ¶ 61,299, slip op. at 14. The ISO now submits revisions to Section 11.2.9(e) of the Tariff to comply with the Commission's requirements. Black-lined Tariff provisions showing these revisions are provided as Attachment E to this filing.

Enclosed are revised Tariff sheets which incorporate the revisions described above (Attachment A), as well as the text of the affected Tariff provisions identifying the changes made in this compliance filing in black-line format (Attachments B through E). Also enclosed is a notice of filing suitable for publication in the Federal Register (Attachment F) and a computer disk containing the notice in WordPerfect format.

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In addition, an extra copy of the filing is enclosed. Please date-stamp the extra copy with the time and date of filing and return it to the messenger. Thank you for your assistance in this matter.

Respectfully submitted,

Roger E. Smith
Senior Regulatory Counsel
The California Independent
System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 608-7135
Fax: (916) 351-4436

Edward Berlin
Kenneth G. Jaffe
Sean A. Atkins
Bradley R. Miliauskas
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
Tel: (202) 424-7500
Fax: (202) 424-7643

Attorneys for the California Independent System Operator Corporation

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all parties on the official service list compiled by the Secretary in the above-captioned proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Washington, D.C. this 22nd day of December, 1999.

Sean A. Atkins

NOTICE SUITABLE FOR PUBLICATION IN THE
FEDERAL REGISTER

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System)
Operator Corporation) Docket No. ER99-4545-____

Notice of Tariff Change

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Take notice that on December 22, 1999, the California Independent System Operator Corporation (ISO) tendered for filing changes to the ISO Tariff to comply with the Commission's order in *California Independent System Operator Corp.*, 89 FERC ¶ 61,299 (1999). The ISO states that this filing has been served upon all parties in this proceeding.

Any person desiring to be heard or 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 should be filed on or before []. Protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants 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.