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June 28, 2002

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

**Re: *San Diego Gas and Electric Company, Complainant v.
Sellers of Energy and Ancillary Services Into Markets
Operated by the California Independent System
Operator and the California Power Exchange,
Respondents,
Docket No. EL00-95-001, et al.***

***California Independent System Operator Corporation
Docket No. ER02-1656-003***

***California Independent System Operator Corporation
Docket No. ER02-1656-____***

Dear Secretary Salas:

On June 17, 2002, the California Independent System Operator Corporation ("ISO") submitted proposed tariff revisions to implement the long-term elements of its Comprehensive Market Design Proposal ("MD02"). In that filing, the ISO noted that due to the desire to make the proposal public at the earliest possible time, it would be filing the "clean" proposed replacement tariff sheets in a subsequent filing. Accordingly, the ISO encloses herewith the tariff sheets implementing the tariff revisions proposed on June 17th. In addition, the ISO submits certain limited corrections to its tariff filing of May 1, 2002, as well as to its MD02 filing of June 17, 2002.

I. MD02 New Tariff Sheets

On May 1, 2002, the ISO filed the first step of its Comprehensive Market Design Proposal ("MD02") with the Federal Energy Regulatory Commission ("FERC" or "the Commission"), including changes to the ISO Tariff necessary to accomplish the first step of MD02 ("May 1 Filing"). The May 1 Filing was assigned to Docket No. ER02-1656-000.¹ On June 17, 2002, the ISO filed the second part of MD02, including changes to the ISO Tariff necessary to accomplish the longer-term goals of the ISO's redesign of its markets ("June 17 Filing"). The June 17 filing consisted of a transmittal letter describing the market design changes being proposed, and blacklined provisions of the ISO Tariff indicating what tariff changes would be needed to accomplish the market redesign. In the June 17 transmittal letter, the ISO indicated that it was filing only tariff language "blacklined" to reflect the changes from the current provisions of the ISO Tariff, rather than including formal tariff sheets, in order to present the tariff language to the Commission and to Market Participants at the earliest possible time. The ISO stated that the formal Tariff Sheets containing the proposed MD02 changes to the ISO Tariff would be filed shortly with the Commission. The ISO now submits these formal Tariff Sheets, and requests that they be accepted as part of the MD02 proposal.

II. June 17 Filing Blackline Corrections

It has come to the ISO's attention that certain errors were made in the blackline tariff sheets that formed part of the June 17 Filing. Although few of these errors are of a substantive nature, some of them have the potential to confuse the reader. Because some of these errors affect many pages (*i.e.*, incorrect page numbering, incorrect header information), the ISO has determined the best course of action would be to re-file the entire set of June 17 blackline sheets. A table indicating the specific changes being made to these sheets is included with this filing as Attachment A. The blacklines are divided by subject matter and included with this filing as Attachment B (Market language), Attachment C (Firm Transmission Right or "FTR" language),² and Attachment C (Available Capacity or "ACAP" language).

¹ Since the time that the May 1 Filing was made, the ISO has made two errata filings designed to correct errors in the original filing. These errata filings were made on May 21 and May 24, 2002, and both were assigned Docket No. ER02-1656-001.

² The June 17 Filing contained a slight change to the FTR language to allow FTRs of less than one-year duration to be auctioned in the interim prior to the effectiveness of the major FTR revisions. As the blackline of the interim language did not contain any errors, only the blackline of the permanent FTR section is included in today's filing. Also, on page 3 of the June 17 transmittal letter, an incorrect date for the expiration of the current FTRs, May 31, 2003, was provided. The actual date for the expiration of the current FTRs is March 31, 2003.

II. May 1 Filing Corrections

The ISO has discovered certain errors in the Tariff Sheets contained in the May 1 Filing that the ISO has not yet brought to the Commission's attention. These errors are to Tariff § 11.2.4.1.2, § 28.2.1.3, and § 28.2.3.1.1. The corrections to these sheets are described below:

Section 11.2.4.1.2 and 11.2.4.1.2(a)

In the first paragraph of § 11.2.4.1.2, in both the clean and blackline versions included in the May 1 Filing, the new defined term "Dispatch Operating Point" is miswritten as "Dispatched Operating Point" in two places. The clean sheet also failed to capitalize the term in the first instance. As well, the defined term "Dispatch Instructions" has been written incorrectly as "Dispatch instruction" in this paragraph.

At the end of § 11.2.4.1.2, two unintended paragraphs of language precede the third, intended, paragraph on the clean sheet. Also in this paragraph, a reference to Section 8.3 should be to Section 5.12.8.3.

In § 11.2.4.1.2(a), the word "staged" is capitalized in both the clean and blackline versions. This should be in lower-case typeface, since this is not a defined term. As well, the word "and" was left out of the final sentence. The word should be inserted between "effect" and "the".

Corrected clean and blackline sheets are included in this filing. The clean sheets are sheet numbers 247 and 247D.

Section 11.2.4.1.2 (b), (e), and (i)

Certain language regarding the application of the Uninstructed Deviation Penalty was omitted in § 11.2.4.1.2(b), and certain incorrect language was included in that section. As well, the term "Uninstructed Imbalance Energy", a defined term, was not capitalized.

In § 11.2.4.1.2(e), the word "intermittent" was not capitalized in the defined term "Participating Intermittent Resources" in one instance on the clean sheet, although the blackline was correct. Also, the word "The" was omitted at the beginning of the last sentence in part (e).

In § 11.2.4.1.2(i), the term "Generators" incorrectly was used in two instances. The correct term is "Generating Units".

Corrected clean and blackline sheets of §§11.2.4.1.2(b), (e), and (i) are included in this filing. The clean sheets are sheet numbers 247A and 247B.³

Section 11.2.4.1.2(m), (n), (p), and (q)

In § 11.2.4.1.2(m), the word “initially” was repeated in error in both the clean and blackline sheets. Also in § 11.2.4.1.2(m), the figures “25%” and “125%” were included in error in the clean sheets. The correct figures for this section (as properly presented in the May 1 blackline) are “50%” and “150%”.

In § 11.2.4.1.2(n), in the last line, the word “the” is miswritten “as”.

In § 11.2.4.1.2(p), the term “Curtailable Demands” incorrectly was included. The correct term is “Curtailable Demand”.

In § 11.2.4.1.2(q), the word “with” was left out in the first line between “associated” and “interchange”. The defined term “Existing Rights” was miswritten as “existing contract rights.” Also, the defined term “Uninstructed Deviation Penalty” was not capitalized. Finally, the word “the” was left out of the last line in (q) (in the blackline version only).

Corrected clean and blackline sheets of §§ 11.2.4.1.2(m), (n), (p), and (q) are included in this filing. The clean sheet is sheet number 247C.

Section 28.2.1.3(10)(B)

In item 10(B) under § 28.2.1.3 (the last line before § 28.2.4), the reference to § 28.2.12 should be § 28.2.1.2.

Corrected clean and blackline sheets of § 28.2.1.3(10)(B) are included in this filing. The clean sheet is sheet number 298D.

Section 28.2.3.1.1

In § 28.2.3.1.1, the reference to § 28.2.3.1.4 should be to § 2.5.23.3.4 and the three separate references to § 28.2.3.1.8 should be to § 2.5.23.3.8.

Corrected clean and blackline sheets of § 28.2.3.1.1 are included in this filing. The clean sheet is sheet number 298E.

³ The clean sheets for 247A and 247B were omitted entirely from the May 1 Filing. They were included in the May 21, 2002 errata filing with the errors described herein. The blackline for the language included in 247A and 247B was included in the May 1 Filing (in Attachment I to that filing), with the errors described herein.

IV. Attachments

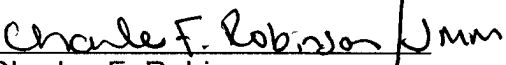
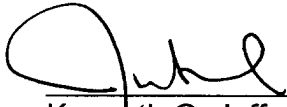
The following attachments are included with this filing:

Attachment A	Table of Changes to June 17 Filing Blacklines
Attachment B	Market Tariff Language Blacklines Corrected from June 17 Filing
Attachment C	Permanent FTR Tariff Language Blacklines Corrected from June 17 Filing
Attachment D	ACAP Tariff Language Blacklines Corrected from June 17 Filing
Attachment E	Market Tariff Language Clean Sheets
Attachment F	Interim FTR Tariff Language Clean Sheets
Attachment G	Permanent FTR Tariff Language Clean Sheets
Attachment H	ACAP Tariff Language Clean Sheets
Attachment I	Section 11.2.4.1.2 Corrected Blacklines from May 1 Filing
Attachment J	Section 11.2.4.1.2 Corrected Clean Sheets from May 1 Filing
Attachment K	Section 28.2.1.3 and Section 28.2.3.1.1 Corrected Blacklines from May 1 Filing
Attachment L	Section 28.2.1.3 and Section 28.2.3.1.1 Corrected Clean Sheets from May 1 Filing
Attachment M	A Notice of Filing Suitable for Publication in the Federal Register (also provided in electronic format)

V. Conclusion

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

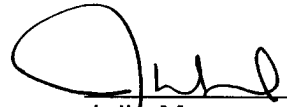
Respectfully submitted,

 Charles F. Robinson General Counsel Anthony Ivancovich Senior Regulatory Counsel The California Independent System Operator Corporation 151 Blue Ravine Road Folsom, CA 95630 Tel: (916) 608-7135	 Kenneth G. Jaffe J. Phillip Jordan David B. Rubin Julia Moore Swidler Berlin Shereff Friedman, LLP 3000 K Street, N.W., Suite 300 Washington, DC 20007 Tel: (202) 424-7500
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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the service list compiled by the Secretary in this proceeding.

Dated at Washington, DC, this 28th day of June, 2002.



Julia Moore
(202) 295-8357

ATTACHMENT A

MD02 Blackline Changes

Blackline Category	Section	June 17 th Language	Correction
ACAP	§ 2.2.2(e)	... procedure; and ...	... procedures; ...
ACAP	§ 2.2.2(f)	... procedures. ...	... procedures; and ...
ACAP	§ 2.2.5.1	... Customers ,that ...	... Customers, that ...
ACAP	§ 2.2.9	... Provided by Scheduling Coordinators Representing Load Serving Entities to ...	... Provided by Load Serving Scheduling Coordinators to ...
ACAP	§ 2.2.9.1	... Scheduling Coordinators that will represent a Load-Serving Entity shall ...	... LSSC ...
ACAP	§ 2.2.9.1	... loads 60 days prior to the first day of such month. ...	... loads as provided in RARP Appendix D. ...
ACAP	§ 2.2.9.2	... Report ...	... Reports ...
ACAP	§ 2.2.9.2	... Each Scheduling Coordinator representing a Load Serving Entity shall ...	... Each LSSC shall ...
ACAP	§ 2.2.9.2	... ISO a list of ...	... ISO lists of ...
ACAP	§ 2.2.9.2	... month at least 7 days prior to the first day of such month. ...	... month as provided in RARP Appendix D. ...
ACAP	§ 2.2.9.3	... Each day by 10:00 a.m., each Scheduling Coordinator representing a Load-Serving Entity shall ...	... Each LSSC shall ...
ACAP	§ 2.2.9.3	... Obligation(s) the following day. ...	... Obligation(s) for the following day, as provided in RARP Appendix D. ...
ACAP	§ 2.3.3	... Real Time Market dispatches ...	... Real Time Market Dispatches ...
ACAP	§ 2.3.3.2	... Grid, (ii) available ACAP Resources ...	... Grid, (ii) facilities that are ACAP Resources ...
ACAP	§ 2.3.3.2	... Grid, pool of available ACAP Resources ...	... Grid, (ii) facilities that are ACAP Resources ...
Market	§ 2.2.6.4	... Trades between Scheduling Coordinators. ...	<i>deleted</i>

Attachment A

Blackline Category	Section	June 17th Language	Correction
Market	§ 2.3.2.3.2	... Ancillary Service and; (b) ...	... Ancillary Service; (b) ...
Market	§ 2.5.3.6	... (gh) ...	... (gh) ...
Market	§ 2.5.10.1	... Periods ...	... Period ...
Market	§ 2.5.22.5	... [Not Used.] ...	... [Not Used] ...
Market	§ 2.5.29	<i>Sentence "By 3:00 p.m. ... Ancillary Services." included in upper left block in table.</i>	<i>Delete sentence from table and place in text immediately preceding the table.</i>
Market	§ 5.2.12.3	... 5.122.12.3 ..	... 5.2.11.13 ...
Market	§ 5.12.4.1	... Day-Ahead market ...	... Day-Ahead Market ...
Market	§ 5.12.7.3	... Dispatchable Load. ...	... Dispatchable Load ...
FTR	§ 9.6.1	... (iv) the quantity the FTRs ...	... (iv) the quantity of FTRs
Market	§ 11.2.4.1.2	<i>An incorrect version of this Section was blacklined, based on an error in the May 1st Filing.</i>	<i>The correct language is now blacklined.</i>
Market	§ 11.2.4.1.2	...l) The Uninstructed Deviation...	...m) The Uninstructed Deviation...
Market	§ 11.2.4.1.2	...p) Generating Units....	...q) Generating Units...
Market	§ 11.2.4.1.2	...q) Operational adjustments...	...r) Operational adjustments...
Market	§ 31.2.2.1	... 2g.2.1 ...	... 31.2.2.1
Market	§ 31.2.3.1.2.2	... Section 2.3.1.2.. <i>[extra period]</i> ...	... Section 2.3.1.2. ...
Market	§ 31.2.3.1.4.3	... Appendix K. <i>[extra period]</i> ...	... Appendix K. ...
Market	§ 31.2.3.2.2.1.1	... A A Generating...	... A Generating ...
Market	§ 31.2.3.2.3.4.4.1	... curtailment. Start-up ...	... curtailment. ...
Market	§ 31.2.3.2.7	... Ssource ...	... Source ...
Market	§ 31.2.3.4.2.2	... by the ISO.. <i>[extra period]</i> ...	... by the ISO. ...
Market	§ 32	... DRAFT ... <i>[appears at the top of each page in this Section]</i>	<i>deleted</i>
Market	ISO Tariff App. K	... DRAFT ... <i>[appears at top to pages in the Section]</i>	<i>deleted</i>

Attachment A

Blackline Category	Section	June 17th Language	Correction
Market	ISO Tariff App. K	Tariff Appendix G <i>[in header]</i>	Tariff Appendix K <i>[in header]</i>
Market	ISO Tariff App. K.2.11	... Error! Reference source not found. ...	<i>deleted</i>
Market	ISO Tariff App. A [Dispatch Interval]	... DispatchP ...	... Dispatch ...
Market	ISO Tariff App. A [Inter-zonal Congestion]	<i>Blackline fails to show deletion of "Congestion" along with deletion of the rest of this provision</i>	<i>"Congestion" deleted</i>
Market	ISO Tariff App. A [Hour-Ahead Market]	... Hour Ahead ...	... Hour-Ahead ...
ACAP	ISO Tariff App. A [ACAP Resource, Load Serving Scheduling Coordinator, Available Capacity Obligation]	<i>Definition text in all capitals.</i>	<i>Definition text in ordinary case.</i>
ACAP	ISO Tariff App. A [Available Capacity Obligation]	AVAILABLE CAPACITY MEANS, DEPENDING UPON THE CONTEXT, A MACO, A OBLIGATION DACO, OR BOTH, AS DESCRIBED IN RARP SECTION 2.	AVAILABLE CAPACITY OBLIGATION Means, depending upon the context, a MACO, a DACO, or both, as described in RARP Section 2.

Attachment A

Blackline Category	Section	June 17th Language	Correction
ACAP	ISO Tariff App. A	<i>[term not included]</i>	<i>[insert in alphabetical order]</i> Local Reliability Area or LRA Means an area within the ISO Control Area that, due to transmission constraints (or other constraints), must rely on local generation to meet demand in the area and to ensure reliable system operation. LRAs are used by the ISO for assessing needs for local generation services to support reliability. An LRA is defined by the transmission constraints into and out of the area and the Operating Procedures and Nomograms used by the ISO to manage the area in real time. The existing LRAs are listed in RARP Appendix A.
Market	ISO Tariff App. C	... DRAFT ... <i>[appears on page 8 of the table]</i>	<i>deleted</i>
Market	ASRP Table of Contents, §§ 6.1, 6.1.1, 6.1.2, 6.2, 6.3, 6.4, 6.5, 6.5.1, 6.5.2, 6.5.3, 6.5.4, 9.4, 9.4.1, 9.4.2	[NOT USED]	[Not Used]
Market	ASRP App. D	Shows " APPENDIX D " deleted	<i>Appendix should remain</i>
Market	DP § 6.9	... for California ...	... for the California ...
Market	DP § 7.1(c)	... Schedules, ...	... Schedules; and ...
Market	DP § 8.6.2	... Dispatch instructions ...	... Dispatch Instructions ...
Market	DP § 8.7.1(b)	... interchange.; ...	... interchange; ...
ACAP	DFP § 1.3.1(b)	... as represented by SCs; ...	... as represented by Load Serving Scheduling Coordinators (LSSCs); ...
ACAP	DFP § 3.1	... control of the LSE. ...	... control of a represented LSE or UDC. ...

Attachment A

Blackline Category	Section	June 17th Language	Correction
ACAP	DFP § 2.1	... Location ...	... Location Congestion Zone ... [bold in blackline only]
ACAP	DFP § 3.1	... Location ...	... Location Congestion Zone [bold in blackline only]
ACAP	DFP § 4.1	... Location ...	... Location Congestion Zone [bold in blackline only]
ACAP	DFP Schedule 1	... (b) LSE's ID code ... (cb) ... (de) ...	... (b) ... (c) ... [i.e., reverse change]
ACAP	DFP Schedule 2	... (c) LSEUDC's ID code	... (c) UDC's ID code ... [i.e., reverse change]
ACAP	SAP § 3.1	... (p) ...	... (m) ...
Market	SBP § 2.1.1(g)	... ISO Tariff; ...	... ISO Tariff; and ...
Market	SBP § 2.1.1 (h)	... (Y/N); ...	... (Y/N). ...
Market	SBP § 2.1.3	... (i) ... (j) ... (k) ... (l) ... (m) ... (n) ... (o) ... (p) ... (q) ...	... (g) ... (h) ... (i) ... (j) ... (k) ... (l) ... (m) ... (n) ... (o) ...
Market	SBP § 5.1.2.1(f)	... minutes; and ...	... minutes; ...
Market	SBP § 5.1.2.1(g)	... (\$/MW); ...	... (\$/MW); and ...
Market	SBP § 5.1.3.1(h)	... (\$/MW); ...	... (\$/MW); and ...
Market	SBP § 5.1.2.2(m)	... (MW/minute) ...	... (MW/minute); and ...
Market	SABP Appendix D	... DRAFT ... [at top of last page]	deleted
ACAP	RARP Table of Contents	... [To Be Added] ...	Table of Contents inserted.
ACAP	RARP	[All information in headers and footers]	deleted
ACAP	RARP Section Headings	... RARP 2.2.3 ...	... RARP 2.2.2 ...
ACAP	RARP Section Headings	... RARP 2.6.1.1 ...	... RARP 2.6.2 ...
ACAP	RARP Section Headings	... RARP 4.1(B) ...	... RARP 4.2 ...
ACAP	RARP Section Headings	... RARP 4.2 ...	... RARP 4.3 ...

Attachment A

Blackline Category	Section	June 17th Language	Correction
ACAP	RARP Section Headings	... RARP 4.3 ...	... RARP 4.4 ...
ACAP	RARP Section Headings	... RARP 4.4 ...	... RARP 4.5 ...
ACAP	RARP Section Headings	... RARP 4.5 ...	... RARP 4.6 ...
ACAP	RARP Section Headings	... 6.1.1 ...	... RARP 6.2 ...
ACAP	RARP Section Headings	... RARP 10 ...	... RARP 9 ...
ACAP	RARP Section Headings	... RARP 10.1 ...	... RARP 9.1 ...
ACAP	RARP Section Headings	... RARP 10.2 ...	... RARP 9.2 ...
ACAP	RARP Section Headings	... RARP 11 ...	... RARP 10 ...
ACAP	RARP Section Headings	... RARP 11.1 ...	... RARP 10.1 ...
ACAP	RARP Section Headings	... RARP 11.2 ...	... RARP 10.2 ...
ACAP	RARP Section Headings	... RARP 12 ...	... RARP 11 ...
ACAP	RARP Section Headings	... RARP 13 ...	... RARP 12 ...
ACAP	RARP § 1.1(j)	... RARP 4.4 ...	... RARP 4.5 ...

Attachment A

Blackline Category	Section	June 17th Language	Correction
ACAP	RARP § 1.2	... “Local Reliability Area or LRA” means an area within the ISO Control Area that, due to transmission constraints (or other constraints), must rely on local generation to meet demand in the area and to ensure reliable system operation. LRAs are used by the ISO for assessing needs for local generation services to support reliability. A LRA is defined by the transmission constraints into and out of the area and the Operating Procedures and Nomograms used by the ISO to manage the area in real time. The existing LRAs are listed in RARP Appendix A. ...	<i>deleted</i>
ACAP	RARP § 1.2 [at definition of “Special Resource Plan”]	... RARP 4.4 ...	... RARP 4.5 ...
ACAP	RARP § 4.1(e)	... RARP 4.3 ...	... RARP 4.4 ...
ACAP	RARP § 4.1(f)	... RARP 4.4 ...	... RARP 4.5 ...
ACAP	RARP § 4.1(h)	... RARP 4.5 ...	... RARP 4.6 ...