

July 31, 2000

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. ER00-2383-_____**

Dear Secretary Boergers:

Enclosed for filing please find copies of tariff sheets for the California Independent System Operator Corporation ("ISO")¹ FERC Electric Tariff, submitted in compliance with the Commission's June 29, 2000 order in the above-referenced docket.

On May 2, 2000, the ISO filed Amendment No. 29 to the ISO Tariff in the above-referenced docket. Among other things, Amendment No. 29 proposed an exemption from the "no-pay" rule² for Participating Loads taking part in the ISO's Summer 2000 trial program for Load Participation in the Ancillary Service markets, which is described in Amendment No. 28 to the ISO Tariff.³

A number of parties submitted motions to intervene, comments, and protests concerning Amendment No. 29. On June 7, 2000, the ISO submitted its Answer to

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

² The no-pay rule was accepted by the Commission as part of Amendment No. 13 to the ISO Tariff. *California Independent System Operator Corporation*, 86 FERC ¶ 61,122, at 61,417-19 (1999). Under that rule, a Scheduling Coordinator that engages in the uninstructed generation of Energy from capacity committed to the ISO for Operating Reserves or Replacement Reserves may forfeit a portion of the payment to which it is otherwise entitled for that capacity. Unless the application of the no-pay rule was relaxed, Participating Load's provision of Energy on an uninstructed basis during the intervals following the ISO's Dispatch of such Energy from capacity accepted for an Ancillary Service could implicate the rule, requiring the Participating Load to forfeit the compensation for Uninstructed Imbalance Energy (and Ancillary Service capacity) to which it would otherwise be entitled, regardless of whether the Energy is priced on a ten-minute basis or an hourly basis.

³ Amendment No. 28 was accepted by the Commission in *California Independent System Operator Corporation*, 91 FERC ¶ 61,256 (2000).

Motions to Intervene, Comments, and Protests (“Amendment No. 29 Answer”). In the Amendment No. 29 Answer, the ISO stated that it would be willing to permit any Participating Load that enters into an appropriate Participating Load Agreement to benefit from the same no-pay exemption that applies to Load that has been selected to participate in the Summer 2000 trial program. On June 29, 2000, the Commission issued an order conditionally accepting Amendment No. 29 and directing the ISO to submit a compliance filing within 30 days of the issuance of the order. *California Independent System Operator Corporation*, 91 FERC ¶ 61,324. The Commission directed the ISO to modify its tariff to incorporate the broader applicability of the no-pay exemption described in the Amendment No. 29 Answer. *Id.* at 62,119.

The ISO now submits a new tariff section, Section 2.5.26.6, to comply with the Commission’s directive.⁴ This section provides that the exemption applies from June 15, 2000 through October 15, 2000 – the span of the Summer 2000 trial program. Additionally, in the Amendment No. 29 Answer the ISO noted that, after the trial program terminates, it plans to evaluate the need for continued special treatment under the no-pay rule of Participating Loads. Amendment No. 29 Answer at 26. The ISO may seek Commission approval for an extension of the special treatment if its evaluation warrants that Participating Loads continue to receive such treatment.

Enclosed are revised tariff sheets which incorporate the revision described above (Attachment A),⁵ as well as the text in black-line format of the affected tariff provisions identifying the changes made in this compliance filing (Attachment B). Also enclosed is a notice of filing suitable for publication in the Federal Register (Attachment C) and a computer disk containing the notice in WordPerfect format.

⁴ The no-pay exemption that applies to Load that has been selected to participate in the Summer 2000 trial program is not currently contained in a tariff section. Instead, the exemption is reflected in each Participating Load Agreement between the ISO and a Load that is participating in the trial program. See Transmittal Letter for Amendment No. 29 Filing at 11 n.18.

⁵ One of the revised tariff sheets, Sheet No. 104-D, reflects the sum of the changes which the Commission has approved in its recent orders on various amendments to the ISO Tariff. The only material on this sheet which the Commission has not yet approved is contained in the present compliance filing. The ISO plans to submit in a future filing a set of tariff sheets that reflect the sum of the changes which the Commission has approved in its recent orders on various amendments to the ISO Tariff.

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In addition, two extra copies of the filing are enclosed. Please date-stamp the extra copies with the time and date of filing and return them to the messenger. Thank you for your assistance in this matter.

Respectfully submitted,

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