

April 6, 1999

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

Re: Docket Nos. ER98-2843-007
ER98-2844-007
ER98-2883-007
ER98-2971-007
ER98-2972-008
ER98-2977-006
ER98-3106-004
ER98-3416-006
ER98-3417-006
ER98-3418-006
and EL98-62-005

Dear Secretary Boergers:

Enclosed please find an original and fourteen copies of the unredacted "Report on Redesign of Markets for Ancillary Services and Real-Time Energy" ("MSC Report") prepared in compliance with the Commission's October 28, 1998 Order in the above-captioned dockets, AES Redondo Beach, L.L.C., 85 FERC ¶ 61,123 (1998), and submitted by the California Independent System Operator Corporation ("ISO") on behalf of the ISO Market Surveillance Committee ("MSC").

The ISO previously submitted this report on behalf of the MSC on March 25, 1999 to comply with the March 22, 1999 letter order in the above-captioned dockets. In the March 25, 1999 filing, the ISO requested temporary confidential treatment for certain portions of the MSC

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Report related to the Reliability Must-Run ("RMR") negotiations and contracts at issue in Docket Nos. ER98-495 et al. The ISO explained that the request for confidential treatment was justified because it would permit the ISO to fulfill a commitment it made under a "Memorandum of Agreement to Finalize Settlement" in the RMR proceedings, to refrain from public release of MSC reports relating to RMR contracts prior to the filing of certain RMR settlement documents. The ISO submitted the MSC Report to the Commission on March 25 under seal, and distributed a public version of the report, with the confidential information redacted, to the official service list in the above-captioned proceedings. The ISO and MSC committed to release a public, unredacted version of the report once the RMR settlement was filed. An Offer of Settlement was filed in the RMR proceedings on April 2, 1999. The ISO and MSC are therefore releasing the enclosed unredacted version of the MSC Report to the public in its entirety.

Two of the attachments referenced in the previously confidential portions of the MSC Report were still undergoing revision and/or review by the MSC on March 25 and were not included in either the report filed under seal with the Commission or the redacted version of the report released to the public on that date. The MSC has now completed its revision of Attachment C, a study by Frank A. Wolak and James Bushnell of "Reliability Must-Run Contracts for the California Electricity Market", and its review of Attachment D, the ISO Market Surveillance Unit's "Report on Impacts of RMR Contracts on Market Performance." These attachments are included in the enclosed public version of the MSC Report.

Copies of the enclosed MSC Report, including these attachments, are being served on each person listed on the Secretary's official service list in the above-captioned dockets. In addition, the ISO will post the unredacted version of the entire report on the ISO Home Page, www.caiso.com.

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A form of notice, in hard copy and electronic form, is included in this filing. Also enclosed is an additional copy of this filing to be date-stamped and returned to the messenger. Thank you for your attention to this matter.

Respectfully submitted,

Edward Berlin
J. Phillip Jordan
Sean A. Atkins
Attorneys for the California Independent
System Operator Corporation

cc: Service List