

From: CRCommunications
Sent: Tuesday, September 04, 2001 3:50 PM
To: SC Settlements Contacts; ISO Market Participants
Cc: Waas, Gene
Subject: CAISO Notice - Temporary Suspension of Preliminary Market Invoices

ISO Market Participants
SC Settlement Contacts

On August 30, 2001, the ISO distributed a notice indicating that it would suspend until further notice making cash distributions based on preliminary invoices. The Notice further indicated that this practice will be effective for the June, 2001 and subsequent preliminary invoices until the ISO issues a further Market Notice addressing cash distributions based on preliminary invoices.

The ISO has determined that, effective for a temporary period beginning with the July 2001 trade month, it is appropriate not only to defer ISO cash distributions based on preliminary invoices but also to defer issuance of the preliminary invoices themselves. Thus, the ISO will neither collect nor disperse funds until the final invoice is prepared and distributed.

Beginning with the July 2001 trade month, and until the ISO issues a further Market Notice addressing preliminary invoices, the ISO will issue a single monthly invoice on the date that it issues the Final Settlement Statement for the last Trade Day of the calendar month. The ISO intends to distribute market payments received based on this single invoice within five business days from the final payment date specified on the invoice.

This suspension of the "two invoice" settlements approach is a temporary action which the ISO has determined it must take to address the problems created not only by recent large adjustments between preliminary and final invoices but also by Scheduling Coordinators that have failed to make full or timely payments on preliminary invoices due to unauthorized "netting" or other practices that are contrary to their payment obligations. The ISO is considering how best to solve these problems permanently and will issue a subsequent Market Notice concerning this issue within two months.

As noted in the August 30 Notice, the ISO will be filing
Tariff revisions with FERC to reflect these changes.

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