



December 2, 2002

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

Re: San Diego Gas & Electric Company v. Sellers of Energy and Ancillary Service Into Markets Operated by the California Independent System Operator and the California Power Exchange, Docket Nos. EL00-95-063 and EL00-95-064

Investigation of Practices of the California Independent System Operator and the California Power Exchange, Docket Nos. EL00-98-052 and EL00-98-053

Public Meeting in San Diego, California, Docket Nos. EL00-107-0111 and EL00-107-012

Reliant Energy Power Generation, Inc., Dynegy Power Marketing, Inc., and Southern Energy California, L.L.C. v. California Independent System Operator Corporation, Docket Nos. EL00-97-005 and EL00-97-006

California Electricity Oversight Board v. All Sellers of Energy and Ancillary Services Into the Energy and Ancillary Services Markets Operated by the California Independent System Operator and the California Power Exchange, Docket Nos. EL00-104-010 and EL00-104-011

California Municipal Utilities Association v. All Jurisdictional Sellers of Energy and Ancillary Services Into Markets Operated by the California Independent System Operator and the California Power Exchange, Docket Nos. EL01-1-011 and EL00-1-012

CALifornians for Renewable Energy, Inc. (CARE) v. Independent Energy Producers, Inc., and All Sellers of Energy and Ancillary Services Into Markets Operated by the California Independent System Operator and the California Power Exchange; All Scheduling Coordinators Acting on Behalf of the Above Sellers; California Independent System Operator Corporation; and California Power Exchange Corporation, Docket Nos. EL01-2-005 and EL01-2-006

**Investigation of Wholesale Rates of Public Utility Sellers of Energy
and Ancillary Services in the Western Systems Coordinating Council,
Docket Nos. EL01-68-015 and EL01-68-016**

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO")¹ respectfully submits six copies of this filing in compliance with the Commission's October 31, 2002 "Order On Compliance Filing and Compliance Report" 101 FERC ¶ 61,112 ("October 31, 2002 Compliance Order"), issued in the above-referenced dockets.

BACKGROUND

The instant filing is one of a series of ISO compliance filings containing proposed Tariff revisions in response to Commission orders in the above-referenced dockets addressing the California bulk power markets. Specifically, the ISO submitted compliance filings on: (1) January 2, 2001 ("January 2, 2001 Compliance Filing") in response to the Commission order issued on December 15, 2000;² (2) May 11, 2001 ("May 11, 2001 Compliance Filing") in response to the Commission order issued on April 26, 2001;³ (3) July 10, 2001 ("July 10, 2001 Compliance Filing") in response to the Commission order issued on June 19, 2001;⁴ (4) July 30, 2001 ("July 30, 2001 Compliance Filing") as an amendment to the May 11, 2001 and July 10, 2001 Compliance Filings; (5) January 25, 2002 ("January 25, 2002 Compliance Filing") in response to the Commission order issued on December 19, 2001 accepting in part and rejecting in part the January 2, May 11, July 10, and July 30, 2001 Compliance Filings;⁵ and (6) June 24, 2002 ("June 24, 2002 Compliance Filing") in response to the Commission order issued on May 15, 2002.⁶ The instant filing, in response to the

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 *San Diego Gas & Electric Company v. Sellers of Energy and Ancillary Services Into Markets Operated by the California Independent System Operator and the California Power Exchange*, 93 FERC ¶ 61,294 (2000).

³ *San Diego Gas & Electric Company v. Sellers of Energy and Ancillary Services Into Markets Operated by the California Independent System Operator and the California Power Exchange*, 95 FERC ¶ 61,115 (2001).

⁴ *San Diego Gas & Electric Company v. Sellers of Energy and Ancillary Services Into Markets Operated by the California Independent System Operator and the California Power Exchange*, 95 FERC ¶ 61,418 (2001).

⁵ *San Diego Gas & Electric Company v. Sellers of Energy and Ancillary Services Into Markets Operated by the California Independent System Operator and the California Power Exchange*, 97 FERC ¶ 61,293 (2001) ("December 19, 2001 Compliance Order").

⁶ *San Diego Gas & Electric Company v. Sellers of Energy and Ancillary Services Into Markets Operated by the California Independent System Operator and the California Power Exchange*, 99 FERC ¶ 61,158 (2002) ("May 15, 2002 Compliance Order").

Commission's October 31, 2002 Compliance Order continues the series of compliance filings addressing the high prices and inadequate supply of electricity in California.

PROPOSED TARIFF CHANGES

As described below, the ISO proposes changes to the ISO Tariff to comply with the October 31, 2002 Compliance Order. The following section headings reflect the relevant headings in the October 31, 2002 Compliance Order.

1. Self-Commitment Period

In the October 31, 2002 Compliance Order, the Commission rejected that part of proposed ISO Tariff Section 5.11.6 that provided if a Must-Offer Generator has a Final Schedule in the Day-Ahead Market, that generator will be deemed to be Self-Committed for the ensuing 24-hour period and not eligible for either an exemption or recovery of Minimum Load Costs until the next Day-Ahead Market in which it is not scheduled. Thus the ISO will compensate Must-Offer Generators for Minimum Load Costs for all hours such generators operate at Minimum Load in compliance with the Must Offer Obligation; are not awarded Ancillary Services; do not have a Final Hour-Ahead Schedule; are not on a planned or forced Outage; are not under an ISO Waiver; and/or are not generating outside the unit-specific Tolerance Band of 5 MW or 3% of the maximum output capacity of the unit.

Accordingly, the ISO has modified Section 5.11.6 of the Tariff to comply with the Commission's directives.

2. Limitations on Minimum Load Recovery

In the October 31, 2002 Compliance Order, the Commission accepted the ISO proposed revisions to ISO Tariff Section 5.11.6.1.1 providing that once a unit is awarded Ancillary Services for any hour; has a Final Hour-Ahead Schedule; or produces a quantity of Energy outside the Tolerance Band of 5 MW or 3% of the maximum output capacity of the unit; such unit is ineligible for compensation of Minimum Load Costs for all such hours within a Waiver Denial Period.

The Commission directed the ISO to clarify how it will "treat generators that are running at minimum load and dispatched for instructed energy." October 31, 2002 Compliance Order at ¶13. The ISO now clarifies, that pursuant to prior Commission orders, all Must-Offer Generators running at Minimum Load are required to make available to the ISO Real Time Imbalance Energy Market all available capacity above the minimum generating output level ("Pmin") up to the maximum generating output level ("Pmax"). The Must-Offer Generator may bid such capacity into the ISO Real Time Imbalance Energy Market, and the ISO will insert proxy bids for the capacity if actual bids are not made. If the ISO accepts and Dispatches any of the unit's actual or

proxy bids for available capacity, the ISO will no longer compensate that unit for Minimum Load Cost but instead will settle that unit in accordance with Tariff Sections 2.5.23 and 11.2.4. Specifically, the ISO will settle the Energy delivered in response to the Dispatch Instruction at the relevant Market Clearing Price ("MCP") for Instructed Imbalance Energy. The ISO will settle the Pmin Energy at the relevant MCP for Uninstructed Imbalance Energy. For example, if a unit with a Pmin of 20 MW and a Pmax of 50 MW is running at Pmin in compliance with the Must Offer Obligation, it has available capacity of 30 MW. Accordingly this 30 MW was either bid or inserted with proxy bids into the ISO Real Time Imbalance Energy Market. Were the ISO to accept and Dispatch this bid for 30 MW, the 30 MW will be paid at the Instructed Imbalance Energy MCP and the underlying Pmin Energy of 20 MW will be settled at the Uninstructed Imbalance Energy MCP.

The ISO now proposes new Section 5.11.6.1.5 of the Tariff to comply with the Commission's directives.

3. Procedures For Exemptions

In the October 31, 2002 Compliance Order, the Commission accepted the ISO proposed revisions to ISO Tariff Section 5.11.6 providing the basis for the acceptance, denial or revocation of a Waiver from the Must Offer Obligation, including the provision of explanations to Must-Offer Generators of all such Waiver decisions. The Commission also directed the ISO to propose an appropriate time frame within which it will notify a Must-Offer Generator of decisions on Waiver requests. Accordingly, the ISO now proposes the following process. The ISO will, in all cases, take into consideration actual and forecasted system conditions as well as unit-specific Minimum Run Time, Minimum Down Time and Start-Up Time in making decisions on Waiver requests, revocation of Waivers and starting and terminating Waiver Denial Periods. Taking into account all such considerations, the ISO will: (1) notify Must-Offer Generators of the ISO decision on all pending Waiver requests received no later than 6:00 p.m. (beginning of Hour Ending 19) no later than 8:00 pm (beginning of Hour Ending 21) on the day before the operating day for which such Waivers are requested; (2) at any time notify Must-Offer Generators of the ISO decision on Waivers requests that were submitted to the ISO after 6:00 pm (beginning of Hour Ending 19) on the day before the operating day but no later than 8:00 p.m. (beginning of Hour Ending 21) on the following day; (3) end Waiver Denial Periods at any time; and (4) revoke Waivers at any time, while making best attempts to revoke a Waiver at least 90 minutes prior to the time a unit would be required to be on-line generating at Pmin.

The proposed timing for notification of ISO decisions will ensure prompt response to Waiver requests while affording necessary flexibility to the ISO to respond to changing system conditions and ensure adequate capacity is available to ensure reliability. The ISO will make best efforts to notify units of the revocation of Waivers at least 90 minutes in advance so such units may place actual bids for available capacity

into the Real Time Imbalance Energy Market and avoid having proxy bids be inserted instead. Inasmuch as the ISO will take into consideration Minimum Down and Start-Up Times in revoking Waivers, most units will receive notice of Waiver revocation well in advance of the deadline for submission of bids for the Real Time Imbalance Energy Market. The 90 minutes is an attempt to accommodate the faster starting units that are subject to the Must Offer Obligation and provide a bidding opportunity for these units as well.

The ISO has modified Section 5.11.6 of the Tariff to comply with the Commission's directives in this respect.

4. Effective Date

In the October 31, 2002 Compliance Order, the Commission directed that July 1, 2002 be the effective date for ISO Tariff Sections 5.11.6 through 5.11.6.1.4 as regards payment of Minimum Load Costs.

The ISO has modified Sections 5.11.6 through 5.11.6.1.5 of the Tariff to reflect this effective date.

EFFECTIVE DATE

The ISO proposes that January 1, 2003 be the effective date for implementation of all proposed Tariff revisions in this filing for which the Commission has not otherwise already determined a date.

SUPPORTING DOCUMENTS

The following documents, in addition to this transmittal letter, support this filing:

- | | |
|--------------|--|
| Attachment A | Revised Tariff sheets incorporating the changes described above. |
| Attachment B | "Black-lined" Tariff provisions showing the additions to and deletions from existing Tariff provisions. |
| Attachment C | A form notice of filing suitable for publication in the Federal Register, and a computer diskette containing the notice in WordPerfect format. |

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "M. A. Rostker". The signature is fluid and cursive, with the initials "M. A." being prominent at the beginning.

Charles F. Robinson
Margaret A. Rostker
Counsel for the California Independent
System Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
(916) 608-7147

ATTACHMENT A

If a Must-Offer Generator fails to submit a Supplemental Energy bid for any portion of its Available Generation for any BEEP Interval, the unbid quantity of the Must-Offer Generator's Available Generation will be deemed by the ISO to be bid at the Must-Offer Generator's Proxy Price for that hour if: (i) the applicable Generating Unit is a gas-fired unit and (ii) the Must-Offer Generator has provided the ISO with adequate data in compliance with Sections 2.5.23.3.3 and 5.11.3 for the applicable Generating Unit. For all other Generating Units owned or controlled by a Must-Offer Generator, the unbid quantity of the Must-Offer Generator's Available Generation will be deemed by the ISO to be bid to receive the BEEP Interval Ex Post Price. In order to dispatch resources providing Imbalance Energy in proper merit order, the ISO will insert this unbid quantity into the Must-Offer Generator's Supplemental Energy bid curve above any lower-priced segments of the bid curve and below any higher-priced segments of the bid curve as necessary to maintain a non-decreasing bid curve over the entire range of the Must-Offer Generator's Available Generation.

5.11.6 Waiver of Must-Offer Obligation

Must-Offer Generators may seek a waiver of the obligation to offer all available capacity, as set forth in Section 5.11.4 of this ISO Tariff, for one or more of their generating units for periods other than Self-Commitment Periods, which are defined as the hours when Must-Offer Generators submit Energy Schedules or are awarded Ancillary Services bids or self-provision schedules. Self-Commitment Periods determined from Day-Ahead Schedules shall be extended by the ISO as necessary to accommodate generating unit minimum up and down times such that the scheduled operation is feasible.

All other Must-Offer Generators obligated under the Must-Offer Obligation will be deemed to have requested a waiver, either implicitly or explicitly, of the obligation to offer all available capacity. If conditions permit, and at the ISO's non-discriminatory and sole discretion, the ISO may grant waivers and allow a Must-Offer Generator to remove one or more generating units from service during

Issued by: Charles F. Robinson, Vice President and General Counsel

Issued on: December 2, 2002

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. EL00-95 *et al.*, issued October 31, 2002, 101 FERC ¶ 61,112 (2002).

Effective: July 1, 2002

hours outside Self-Commitment Periods. The ISO shall grant waivers so as to: 1) provide sufficient on-line generating capacity to meet operating reserve requirements; and 2) account for other physical operating constraints, including generating unit minimum up and down times. The hours outside of Self-Commitment Periods for which waivers are not granted shall constitute Waiver Denial Periods. The Waiver Denial Period shall be extended as necessary to accommodate generating unit minimum up and down times. Units shall be on-line in real time during both Self-Commitment and Waiver Denial Periods, or they will be in violation of the must-offer obligation. Exceptions shall be allowed for verified forced outages. The must-offer obligation will remain in effect for a unit's Self-Commitment Period even if the Must-Offer Generator nullifies its Day-Ahead Energy Schedules or buys back its Day-Ahead Schedules for a unit in the Hour-Ahead market. The ISO may revoke waivers as necessary due to outages, changes in Load forecasts, or changes in system conditions. The ISO shall determine which waiver(s) will be revoked, and shall notify the relevant Scheduling Coordinator(s). The ISO shall inform a Must-Offer Generator that its Waiver request has been accepted, denied, or revoked, and shall provide the Must-Offer Generator with the reason(s) for the decision, which reasons shall be non-discriminatory. The ISO will: (1) notify Must-Offer Generators of the ISO decisions on pending Waiver requests received no later than 6:00 p.m. (beginning of Hour Ending 19) no later than 8:00 p.m. (beginning of Hour Ending 21) on the day before the operating day for which the Waivers are requested; (2) at any time but no later than 8:00 p.m. on the following day, notify Must-Offer Generators of the ISO decisions on Waiver requests that were submitted to the ISO after 6:00 p.m. (beginning of Hour Ending 19) on the day before; (3) end Waiver Denial Periods at any time; and (4) revoke Waivers at any time, while making best attempts to revoke a Waiver at least 90 minutes prior to time a unit would be required to be on-line generating at its Minimum Load.

5.11.6.1 Recovery of Minimum Load Costs By Must-Offer Generators

5.11.6.1.1 Eligibility

Units from Must-Offer Generators that incur Minimum Load Costs during Self-Commitment Periods or during hours for which the ISO has granted to them a waiver shall not be eligible to recover such costs for such hours. When a Must-Offer Generator is awarded Ancillary Services in the Hour-Ahead market or has a Final Hour-Ahead Schedule, the Must-Offer Generator shall not be eligible to recover Minimum Load Costs for any such hours within a Waiver Denial Period. When, on an hourly basis, a Must-Offer Generator produces a quantity of Energy that varies by more than the greater of: (i) five (5) MWh or (ii) an hourly Energy amount equal to three (3) percent (%) of the unit's maximum operating output, the Must-Offer Generator shall not be eligible to recover Minimum Load Costs for any such hours within a Waiver Denial Period. Subject to the foregoing eligibility restrictions set forth in this section, the ISO shall pay to an otherwise eligible Must-Offer Generator the Minimum Load Costs for each hour within a Waiver Denial Period that the generating unit runs at Minimum Load in compliance with the Must-Offer Obligation.

submit to the ISO data detailing the hours for which they are eligible to recover Minimum Load Costs. Scheduling Coordinators who elect to submit data on hours they are eligible to recover Minimum Load Costs must: 1) use the Minimum Load Cost Invoice template posted on the ISO Home Page, and 2) submit the invoice on or before fifteen (15) business days following the last Trading Day in the month in which such costs were incurred, except that Scheduling Coordinators seeking reimbursement for Minimum Load Costs incurred between May 29, 2001, and June 30, 2002 must submit their data to the ISO by August 5, 2002.

5.11.6.1.4 Allocation of Minimum Load Costs

Minimum Load Costs for each unit's Waiver Denial Period shall be evenly divided over all eligible hours of such Waiver Denial Period. For each such hour, the total Minimum Load Costs shall be allocated to each Scheduling Coordinator in proportion to the sum of that Scheduling Coordinator's Load and Demand within California outside the ISO Control Area that is served by exports to the sum of the ISO Control Area Gross Load and the projected Demand within California outside the ISO Control Area that is served by exports from the ISO Control Area of all Scheduling Coordinators.

5.11.6.1.5 Payment Of Available Capacity Under The Must-Offer Obligation

Available capacity that is required to be offered to the Real Time Market, if accepted for Dispatch by the ISO, shall be settled as follows: the actual amount of the accepted bid shall be settled at the applicable Instructed Imbalance Energy Market Clearing Price and the underlying Minimum Load Energy shall be settled at the Uninstructed Imbalance Energy Market Clearing Price.

ATTACHMENT B

5.11.5 Submission of Bids and Applicability of the Proxy Price

For each Operating Hour, Must-Offer Generators shall submit Supplemental Energy bids for all of their Available Generation to the ISO in accordance with Section 2.5.22.4. In addition, the ISO shall calculate for each gas-fired Must-Offer Generator, in accordance with Section 2.5.23, a Proxy Price for Energy.

If a Must-Offer Generator fails to submit a Supplemental Energy bid for any portion of its Available Generation for any BEEP Interval, the unbid quantity of the Must-Offer Generator's Available Generation will be deemed by the ISO to be bid at the Must-Offer Generator's Proxy Price for that hour if: (i) the applicable Generating Unit is a gas-fired unit and (ii) the Must-Offer Generator has provided the ISO with adequate data in compliance with Sections 2.5.23.3.3 and 5.11.3 for the applicable Generating Unit. For all other Generating Units owned or controlled by a Must-Offer Generator, the unbid quantity of the Must-Offer Generator's Available Generation will be deemed by the ISO to be bid to receive the BEEP Interval Ex Post Price. In order to dispatch resources providing Imbalance Energy in proper merit order, the ISO will insert this unbid quantity into the Must-Offer Generator's Supplemental Energy bid curve above any lower-priced segments of the bid curve and below any higher-priced segments of the bid curve as necessary to maintain a non-decreasing bid curve over the entire range of the Must-Offer Generator's Available Generation.

5.11.6 Waiver of Must-Offer Obligation

Must-Offer Generators may seek a waiver of the obligation to offer all available capacity, as set forth in Section 5.11.4 of this ISO Tariff, for one or more of their generating units for periods other than Self-Commitment Periods, which are defined as the hours when Must-Offer Generators submit Energy Schedules or are awarded Ancillary Services bids or self-provision schedules. Self-Commitment Periods determined from Day-Ahead Schedules shall be extended by the ISO as necessary to accommodate generating unit minimum up and down times such that the scheduled operation is feasible. ~~If a Must-Offer Generator has a Final Schedule in the Day-Ahead Market, such a generator will be deemed to be self-committed for the ensuing 24-hour period and not eligible for a waiver until the next Day-Ahead Market in which it is not Scheduled. All~~

other Must-Offer Generators obligated under the Must-Offer Obligation will be deemed to have requested a waiver, either implicitly or explicitly, of the obligation to offer all available capacity. If conditions permit, and at the ISO's non-discriminatory and sole discretion, the ISO may grant waivers and allow a Must-Offer Generator to remove one or more generating units from service during hours outside Self-Commitment Periods. The ISO shall grant waivers so as to: 1) provide sufficient on-line generating capacity to meet operating reserve requirements; and 2) account for other physical operating constraints, including generating unit minimum up and down times. The hours outside of Self-Commitment Periods for which waivers are not granted shall constitute Waiver Denial Periods. The Waiver Denial Period shall be extended as necessary to accommodate generating unit minimum up and down times. Units shall be on-line in real time during both Self-Commitment and Waiver Denial Periods, or they will be in violation of the must-offer obligation. Exceptions shall be allowed for verified forced outages. The must-offer obligation will remain in effect for a unit's Self-Commitment Period even if the Must-Offer Generator nullifies its Day-Ahead Energy Schedules or buys back its Day-Ahead Schedules for a unit in the Hour-Ahead market. The ISO may revoke waivers as necessary due to outages, changes in Load forecasts, or changes in system conditions. The ISO shall determine which waiver(s) will be revoked, and shall notify the relevant Scheduling Coordinator(s). The ISO shall inform a Must-Offer Generator that its Waiver request has been accepted, denied, or revoked, and shall provide the Must-Offer Generator with the reason(s) for the decision, which reasons shall be non-discriminatory. The ISO will: (1) notify Must-Offer Generators of the ISO decisions on pending Waiver requests received no later than 6:00 p.m. (beginning of Hour Ending 19) no later than 8:00 p.m. (beginning of Hour Ending 21) on the day before the operating day for which the Waivers are requested; (2) at any time but no later than 8:00 p.m. on the following day, notify Must-Offer Generators of the ISO decisions on Waiver requests that were submitted to the ISO after 6:00 p.m. (beginning of Hour Ending 19) on the day before; (3) end Waiver Denial Periods at any time; and (4) revoke Waivers at any time, while making best attempts to revoke a Waiver at least 90 minutes prior to time a unit would be required to be on-line generating at its Minimum Load.

5.11.6.1 Recovery of Minimum Load Costs By Must-Offer Generators

5.11.6.1.1 Eligibility

Units from Must-Offer Generators that incur Minimum Load Costs during Self-Commitment Periods or during hours for which the ISO has granted to them a waiver shall not be eligible to recover such costs for such hours. When a Must-Offer Generator is awarded Ancillary Services in the Hour-Ahead market or has a Final Hour-Ahead Schedule, the Must-Offer Generator shall not be eligible to recover Minimum Load Costs for any such hours within a Waiver Denial Period. When, on an hourly basis, a Must-Offer Generator produces a quantity of Energy that varies by more than the greater of: (i) five (5) MWh or (ii) an hourly Energy amount equal to three (3) percent (%) of the unit's maximum operating output, the Must-Offer Generator shall not be eligible to recover Minimum Load Costs for any such hours within a Waiver Denial Period. Subject to the foregoing eligibility restrictions set forth in this section, the ISO shall pay to an otherwise eligible Must-Offer Generator the Minimum Load Costs for each hour within a Waiver Denial Period that the generating unit runs at Minimum Load in compliance with the Must-Offer Obligation.

5.11.6.1.2 Minimum Load Costs

The Minimum Load Costs shall be calculated as the sum, for all eligible hours in the Waiver Denial Period, of: 1) the product of the unit's average heat rate (as determined by the ISO from the data provided in accordance with Section 2.5.23.3.3) at the unit's minimum operating level as set forth in Schedule 1 of the Generating Unit's Participating Generator Agreement and the proxy figure for natural gas costs posted in the ISO Home Page in effect at the time, and the unit's minimum operating level as set forth in Schedule 1 of the Generating Unit's Participating Generator Agreement and 2) the product of the unit's minimum operating level as set forth in Schedule 1 of the Generating Unit's Participating Generator Agreement and \$6/MWh.

5.11.6.1.3 Invoicing Minimum Load Costs

The ISO shall determine each Scheduling Coordinator's Minimum Load Costs and make payments for these costs as part of the ISO's market settlement process. Scheduling Coordinators may submit to the ISO data detailing the hours for which they are eligible to recover

Minimum Load Costs. Scheduling Coordinators who elect to submit data on hours they are eligible to recover Minimum Load Costs must: 1) use the Minimum Load Cost Invoice template posted on the ISO Home Page, and 2) submit the invoice on or before fifteen (15) business days following the last Trading Day in the month in which such costs were incurred, except that Scheduling Coordinators seeking reimbursement for Minimum Load Costs incurred between May 29, 2001, and June 30, 2002 must submit their data to the ISO by August 5, 2002.

5.11.6.1.4 Allocation of Minimum Load Costs

Minimum Load Costs for each unit's Waiver Denial Period shall be evenly divided over all eligible hours of such Waiver Denial Period. For each such hour, the total Minimum Load Costs shall be allocated to each Scheduling Coordinator in proportion to the sum of that Scheduling Coordinator's Load and Demand within California outside the ISO Control Area that is served by exports to the sum of the ISO Control Area Gross Load and the projected Demand within California outside the ISO Control Area that is served by exports from the ISO Control Area of all Scheduling Coordinators.

5.11.6.1.5 Payment Of Available Capacity Under The Must-Offer Obligation

Available capacity that is required to be offered to the Real Time Market, if accepted for Dispatch by the ISO, shall be settled as follows: the actual amount of the accepted bid shall be settled at the applicable Instructed Imbalance Energy Market Clearing Price and the underlying Minimum Load Energy shall be settled at the Uninstructed Imbalance Energy Market Clearing Price.

ATTACHMENT C

**NOTICE OF FILING SUITABLE FOR PUBLICATION
IN THE FEDERAL REGISTER**

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

San Diego Gas & Electric Company v. Sellers of Energy and Ancillary Service Into Markets Operated by the California Independent System Operator and the California Power Exchange, Docket Nos. EL00-95-063 and EL00-95-064

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**Investigation of Wholesale Rates of Public Utility Sellers of
Energy and Ancillary Services in the Western Systems
Coordinating Council, Docket Nos. EL01-68-015 and EL01-68-016**

Notice of Filing

On December 2, 2002, the California Independent System Operator Corporation (ISO) tendered for filing a compliance filing made in compliance with the Commission's October 31, 2002 Order on Compliance Filing and Compliance Report. The compliance filing revises Section 5.11 of the ISO's Tariff, in accordance with the October 31 Order.

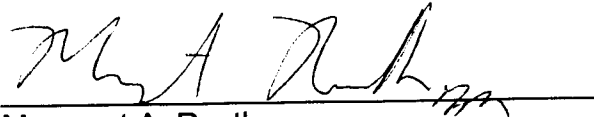
The ISO states that this filing has been served on all entities that are on the official service list for this docket.

Any person desiring to be heard 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 must be filed in accordance with § 35.9 of the Commission's regulations. Protests filed with the Commission will be considered in determining the appropriate action to be taken but will not serve to make the protestant 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 in the Public Reference Room. This filing may also be viewed on the internet at <http://www.ferc.fed.us/ferris.htm> (call 202-208-2222 for assistance).

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the Compliance Filing upon each person designated on the official service list compiled by the Secretary in the above-captioned dockets.

Dated at Folsom, California, on this 2nd day of December 2002.

A handwritten signature in black ink, appearing to read 'M.A. Rostker', is written over a horizontal line.

Margaret A. Rostker
Counsel for The California Independent
System Operator Corporation