

May 24, 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-____

Dear Secretary Salas:

On May 1, 2002, the California Independent System Operator Corporation (AISO®) filed its Comprehensive Market Design Proposal ("MD02") in the above-captioned dockets. On May 21, 2002, the ISO made an errata filing to correct certain errors in the tariff sheets accompanying the May 1 filing. It has come to our attention that additional errors are present in some of the tariff sheets of the May 23 errata filing, and that additional errors also were present in the May 1 filing. Therefore, the ISO is making the instant filing to provide corrected tariff sheets.

In the May 1, 2002 filing, the ISO proposed to modify Section 7.2.6.2 of the ISO Tariff to address the issue of locational market power mitigation. The ISO requested that the provision be made effective July 1, 2002. As noted in the May 21 errata filing, the original submittal failed to provide alternative sheets - one that would be in effect from July 1, 2002 to October 1, 2002 and another that would be in effect after October 1, 2002. The use of alternative sheets was required to make Section 7.2.6.2 consistent with the ISO's proposed changes to implement the Residual Unit

Commitment program proposed to go into effect on October 1, 2002.

The ISO is making this filing to correct improper references that were included with the previous submissions and to correct unnecessary and outdated references in the existing Section 7.2.6.2 language. Specifically, the prior filings should not have referred to Sections 2.2.10.7 and 7.2.6.1, as these were part of Amendment No. 42, which was rejected by the Commission and which the ISO has not refiled.

The ISO also proposes to strike the reference to 11.2.4.2 in the first line of the existing Section 7.2.6.2 language. There is no need for this reference (which actually should be a citation to 11.2.4.2.1) because it is duplicative of the existing reference to Section 5.2. Second, the ISO proposes to delete the reference to Section 2.4.2 in the last line, as this provision is no longer in use.

With regard to the version of Section 7.2.6.2 to be effective October 1, 2002, an error was discovered in the use of the term "default energy bid price." In one instance the term "default energy price" mistakenly was used instead of "default energy bid price." This mistake is corrected on the clean and blacklined tariff sheets included in this filing.

One additional correction to the May 1 filing is necessary, as well. On First Revised Sheet No. 184(D) (related to Residual Unit Commitment), a typographical error has resulted in the incorrect labeling of Section 5.12.2.3 as 5.2.12.3. This error occurred in both the clean version (Attachment D of the May 1 filing) and the blackline version (Attachment E of the May 1 filing). Replacement sheets are included with this filing to correct the error.

In order to make the changes clear, the ISO is providing the following attachments:

Attachment A: A guide to the Section 7.2.6.2 changes being made in this filing. This guide provides Section 7.2.6.2 as it exists in the currently effective ISO Tariff, as it is proposed to be changed effective July 1 (blacklined against the current), and as it is proposed to be further modified effective October 1 (blacklined against the July 1 version¹);

Attachment B: Tariff Section 7.2.6.2, effective July 1, 2002 (clean);

Attachment C: Tariff Section 7.2.6.2, effective July 1, 2002 (blackline);

¹ Please note that this blackline is for illustrative purposes only; Attachment E to this filing contains this section appropriately blacklined against the pre-May 1 filing tariff language.

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Attachment D: Tariff Section 7.2.6.2, effective October 1, 2002 (clean);
Attachment E: Tariff Section 7.2.6.2, effective October 1, 2002 (blackline);
Attachment F: Tariff Section 5.12.2.3, effective October 1, 2002 (clean);
Attachment G: Tariff Section 5.12.2.3, effective October 1, 2002 (blackline); and
Attachment H: A Notice of Filing Suitable for Publication in the Federal Register
(also provided in electronic format)

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,

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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 24th day of May, 2002.

Julia Moore
(202) 295-8357