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May 21, 2004

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

**Re: California Independent System Operator Corporation  
Docket No. ER04-\_\_\_\_-000**

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO") hereby submits an original and six copies of its informational filing pursuant to Article IX, Section B of the Stipulation and Agreement approved by the Commission on May 28, 1999, *California Independent System Operator Corporation*, 87 FERC ¶ 61,250 (1999) ("Stipulation and Agreement"). This provision requires the ISO provide on a confidential basis to the Commission (i) information regarding any notice from a Reliability Must-Run ("RMR") Unit requesting a change of Condition; (ii) the date the chosen Condition will begin; and (iii) if the change is from Condition 2, the applicable level of Fixed Option Payment. 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.

## COMMUNICATIONS

Correspondence regarding this filing should be directed to:

Sidney Mannheim Regulatory Counsel The California Independent System Operator Corporation 151 Blue Ravine Road Folsom, CA 95630 Tel: (916) 351-4400 Fax: (916) 608-7222	J. Phillip Jordan* Bradley R. Miliauskas Swidler Berlin Shereff Friedman, LLP 3000 K Street, N.W., Suite 300 Washington, DC 20007 Tel: (202) 424-7500 Fax: (202) 424-7643
Deborah A. Le Vine <sup>1</sup> Director of Contracts The California Independent System Operator Corporation 151 Blue Ravine Road Folsom, CA 95630 Tel: (916) 351-4400 Fax: (916) 608-7222	

\* Individual designated for service pursuant to Rule 203(b)(3),  
18 C.F.R. § 203(b)(3).

## CONTENTS OF FILING

The following documents are included in this filing:

- (1) Transmittal Letter
- (2) Attachment A – Information Regarding Changes of Condition
- (3) Attachment B – A Notice of Filing, suitable for publication in the Federal Register, together with a computer disk with a copy of the Notice in electronic format.

## PROCEDURAL BACKGROUND

Since April 1, 1998, when the ISO began operations, certain Generating Units have been designated by the ISO as necessary for local reliability needs

<sup>1</sup> In addition to Ms. Mannheim and Mr. Jordan, the ISO respectfully requests that Ms. Le Vine be included in the Official Service List. Ms. Mannheim and Ms. Le Vine work in separate buildings, and it would be of significant assistance to the ISO if both were included on the list.

and thus has been subject to an RMR contract between the ISO and the RMR Unit Owner. Broadly speaking, the RMR contracts authorize the ISO to call on RMR Units to provide specified levels of energy and ancillary services, and require the ISO to make specified fixed and variable-cost payments to RMR Unit Owners for these services. Under Section 5.2.8 of the ISO tariff, costs payable by the ISO under the RMR contracts are passed through to the relevant Responsible Utility.<sup>2</sup>

By order issued December 17, 1997 in Docket Nos. ER98-441-000, *et al.*, the Commission placed the initial RMR contracts for RMR units in California into effect, subject to refund, as of the date the ISO began operations.<sup>3</sup> On April 2, 1999, the ISO, the owners of all of the RMR Units in California, the three Responsible Utilities, and other parties to Docket Nos. ER98-441-000, *et al.* filed an offer of settlement in those dockets (the "First Stipulation") substantially revising the standard terms of the contract, but leaving a number of issues subject to litigation or further settlement efforts. The First Stipulation was approved by the Commission in May 1999.<sup>4</sup>

Article IX, Section B of the First Stipulation provides:

The ISO shall provide on a confidential basis to the Commission pursuant to Section 388.112 of the Commission's Regulations, 18 C.F.R. §388.112 (1998), and to the California Agency and the affected Responsible Utility pursuant to the applicable Non-Disclosure and Confidentiality Agreement in the RMR Contract . . .  
(i) information regarding any notice from an RMR Unit requesting a change of Condition; (ii) the date the chosen Condition will begin; and (iii) if the change is from Condition 2, the applicable level of the Fixed Option Payment. Such information will be provided within ten (10) business days of the receipt of such notice by the ISO. The ISO shall provide a copy of all information provided to the Commission to the RMR Owner.

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<sup>2</sup> Section 5.2.8 provides that costs incurred by the ISO under an RMR contract for a generating plant are to be borne by the utility in whose service territory the generating plant is located.

<sup>3</sup> *Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company*, 81 FERC ¶ 61,322 (1997).

<sup>4</sup> *California Independent System Operator Corporation*, 87 FERC ¶ 61,250 (1999). A subsequent settlement (the "Second Stipulation"), covering some of the issues not resolved in the First Stipulation, was filed on August 14, 2000 in Docket Nos. ER98-441-000, *et al.*, and approved in *California Independent System Operator Corporation*, 93 FERC ¶ 61,089 (2000).

On April 30, 2004, the ISO received a notice from an RMR Owner transferring the condition of multiple units for the remainder of the 2004 Contract Year.

### **INFORMATION PROVIDED**

Attachment A to this filing sets forth the information required to be provided under Article IX, Section B of the First Stipulation as to the notices received by the ISO on April 30, 2004.

### **REQUEST FOR CONFIDENTIAL TREATMENT**

Article IX, Section B of the First Stipulation provides that the ISO is to submit the requisite information to the Commission on a confidential basis pursuant to Section 388.112 of the Commission's Regulations. Consistent with this requirement, the ISO seeks confidential treatment for Attachment A to this filing. The person to be contacted regarding the request for privileged treatment of the confidential document attached is Sidney Mannheim, Regulatory Counsel, California Independent System Operator Corporation, 151 Blue Ravine Road, Folsom, CA 95630, telephone: (916) 351-4400, facsimile (916) 608-7222. Consistent with Section 388.112 of the Commission's Regulations, this filing includes a confidential version of Attachment A and fourteen copies of the redacted version of Attachment A.

### **PROVISION OF NOTICE**

As required by Article IX, Section B of the Stipulation and Agreement, the ISO has provided notice of the change of condition described above (subject to the applicable Non-Disclosure and Confidentiality Agreement in the RMR Contract) to the designated RMR contact persons at the California Public Utilities Commission, the California Electricity Oversight Board, the applicable Responsible Utilities, and the relevant RMR Owners.

Respectfully submitted,



J. Phillip Jordan  
Bradley R. Miliuskas

Counsel for the California Independent  
System Operator Corporation

**ATTACHMENT A**

ATTACHMENT A  
Public (redacted) version

Notice was received from [redacted] on April 30, 2004 to transfer [redacted] from [redacted] to [redacted] effective June 1, 2004. The applicable level of Fixed Option Payment is determined according to the Fixed Option Payment Factor ("FOPF") shown in Table B-0 of the rates on file with the Commission. The value of FOPF is subject to the outcome of FERC Docket No. EL02-15-000 and is currently equal to [redacted]. ([Redacted].)

**ATTACHMENT B**





CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-Filing" link. The Commission strongly encourages electronic filings.

Comment Date: \_\_\_\_\_