



December 20, 2004

VIA FEDERAL EXPRESS

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. ER05-____-000

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO") hereby submits an original and 14 copies of this 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 Corp.*, 87 FERC ¶ 61,250 (1999). These copies contain a redacted version of Attachment A. The ISO is also submitting one copy marked **CONFIDENTIAL**, which has a nonredacted version of Attachment A. Article IX Section B of the Stipulation and Agreement requires the ISO to provide on a confidential basis to the Commission (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 Fixed Option Payment. Two additional copies of this filing are enclosed. Please date-stamp them and return them in the self-addressed prepaid Federal Express envelope.

COMMUNICATIONS

Correspondence regarding this filing should be directed to:

<p>Sidney L. Mannheim* Regulatory Counsel The California Independent System Operator Corporation 151 Blue Ravine Road Folsom, CA 95630 Tel: (916) 351-4400 Fax: (916) 608-7222</p>	<p>Robert C. Kott Manager of Reliability Contracts The California Independent System Operator Corporation 151 Blue Ravine Road Folsom, CA 95630 Tel: (916) 608-5804 Fax: (916) 351-2487</p>
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* 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; and
- (3) 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 and thus have been operating pursuant to a “reliability must run” (“RMR”) contract between the ISO and 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.¹

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.² 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 1999.³

¹ 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.

² *Pacific Gas and Electric Company, San Diego Gas & Electric Company and Southern California Edison Company*, 81 FERC ¶ 61,322 (1997).

³ *California Independent System Operator Corp.*, 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 Corp.*, 93 FERC ¶ 61,089 (2000).

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.

On December 16, 2004, the ISO received a notice from an RMR Owner transferring the condition of multiple units for the 2005 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 notice received by the ISO on December 16, 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 L. Mannheim, Regulatory Counsel, California Independent System Operator, 151 Blue Ravine Road, Folsom, CA 95630, telephone: (916) 351-7144, facsimile (916) 608-7222. Consistent with Section 388.112 of the Commission's Regulations, this filing includes a copy of this letter with a confidential version of Attachment A and fourteen copies of this letter with the redacted version of Attachment A.

SERVICE

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, California Electricity Oversight Board, the applicable Responsible Utility, and the relevant RMR Owner.

Respectfully submitted,

A handwritten signature in black ink that reads "Sidney L. Mannheim". The signature is written in a cursive style with a large initial 'S'.

Sidney L. Mannheim
Counsel for the California Independent
System Operator Corporation

ATTACHMENT A

ATTACHMENT A

Public [redacted] version

Notice was received from [redacted] on December 16, 2004 to transfer [redacted] from [redacted] to [redacted]. [Redacted.]

ATTACHMENT B

and the instructions on the Commission's web site under the "e-Filing" link. The Commission strongly encourages electronic filings.

Comment Date: