

UNITED STATES OF AMERICA 110 FERC ¶ 61,007
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
Nora Mead Brownell, and Joseph T. Kelliher.

California Independent System Operator
Corporation

Docket Nos. ER03-683-004
ER03-683-005

ORDER ON REHEARING AND CLARIFICATION REQUESTS,
AND COMPLIANCE FILING

(Issued January 6, 2005)

1. In this order, we address requests for rehearing and a compliance filing, and clarify certain issues relating to the implementation of the California Independent System Operator Corporation's (CAISO) proposed tariff revisions, captioned as Amendment No. 50. Amendment No. 50 was the subject of the April 16, 2004 Commission Order addressing the CAISO's compliance filing.¹ Amendment No. 50 was also the subject of a rehearing order issued on the same date.²

2. Specifically, in this order, we conditionally accept for filing the CAISO's compliance filing, subject to further modifications. We also clarify that the tariff revision implemented by the CAISO on January 20, 2004 without prior Commission approval will not become effective until the CAISO submits a filing pursuant to section 205 of the Federal Power Act (FPA)³ and that filing is accepted by the Commission. This order benefits customers by clarifying procedures for implementation of the proposed Amendment No. 50, thereby helping to improve market efficiency.

¹ *California Independent System Operator Corporation*, 107 FERC ¶ 61,042 (2004) (*Compliance Filing Order*).

² *California Independent System Operator Corporation*, 107 FERC ¶ 61,028 (2004) (*Rehearing Order*).

³ 16 U.S.C. § 824d (2004).

Background

3. On March 31, 2003, the CAISO filed its proposed Amendment No. 50 to provide the CAISO with a revised method for managing intra-zonal congestion and to permit the CAISO to share generator outage information with entities operating transmission and distribution systems affected by the outage.⁴ This tariff amendment was proposed by the CAISO as an interim solution until locational marginal pricing (LMP) is implemented, or until some other long-term comprehensive congestion management solution is put in place. In the May 30 Order, the Commission accepted, subject to modifications, the CAISO's proposed Amendment No. 50, effective May 30, 2003, and directed the CAISO to submit a compliance filing within 30 days.

4. On June 30, 2003, the CAISO submitted a compliance filing (June 30 Compliance Filing) pursuant to the May 30 Order directive. On July 18, 2003, the CAISO submitted an addendum to its June 30 Compliance Filing (Addendum).

5. On April 16, 2004, the Commission issued the Compliance Filing Order. In that order, the Commission accepted in part and rejected in part the CAISO's June 30 Compliance Filing. The Commission further directed the CAISO to make a subsequent compliance filing within 30 days. Also on April 16, 2004, the Commission issued the Rehearing Order, which also directed a compliance filing to be submitted within 30 days of the date of issuance of that order.

6. On May 17, 2004, the CAISO submitted its compliance filing (the May 17 Compliance Filing). Concurrently, the CAISO also filed a request for rehearing and clarification of the Compliance Filing Order (CAISO's Request for Rehearing). A request for rehearing of the Compliance Filing Order was also filed by Coral Power, L.L.C, Energia Aztec X, S. De R.L. De C.V. and Energia De Baja California, S. De R.L. De C.V. (Coral Group).

Notice of Filing and Responsive Pleadings

7. Notice of the CAISO's May 17 Compliance Filing was published in the *Federal Register*, 68 Fed. Reg. 30,290 (2004), with comments, interventions and protests due on or before June 7, 2004.

⁴ For a detailed summary of Amendment No. 50 see *California Independent System Operator Corporation*, 103 FERC ¶ 61,265 at P 3-7 (2003) (*May 30 Order*).

8. On June 7, 2004, a timely motion to intervene was filed by Termoeléctrica de Mexicali S. De R.L. De C.V. (Termoeléctrica) and a timely protest was filed by Coral Group. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,⁵ the filing of a timely motion to intervene that has not been opposed makes the movant a party to the proceeding.

9. On June 22, 2004, the CAISO filed an answer to Coral Group's protest. On July 7, 2004, Coral Group filed an answer to the CAISO's answer to its protest. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2004), prohibits answers to a protest and/or answer unless otherwise permitted by the decisional authority. We will accept the CAISO's answer to Coral Group's protest because it provides information that has assisted us in our decision-making process. We, however, are not persuaded to allow Coral Group's answer to the CAISO's answer.

Discussion

I. Adjustment Bids

10. The CAISO seeks clarification on the implementation of Amendment No. 50. In its June 30 Compliance Filing and subsequent Addendum, the CAISO eliminated the use of Adjustment Bids for managing intra-zonal congestion in real time. In support of its action, the CAISO states that Amendment No. 54, as accepted by the Commission,⁶ sought to eliminate the use of Adjustment Bids⁷ from Operating Procedure M-401⁸ for managing inter-zonal and intra-zonal congestion in real time. The CAISO's Operating Procedures prescribe the detailed instructions by which CAISO operating staff carries out the tariff and protocol provisions when automatic systems do not perform the required function and operator intervention is required. The CAISO states that for the same

⁵ 18 C.F.R. § 385.214 (2004).

⁶ The Commission accepted the CAISO's proposed Amendment No. 54, subject to modification, in an order issued on October 22, 2003. See *California Independent System Operator Corporation*, 105 FERC ¶ 61,091 at P 69 (2003), *order on reh'g* 108 FERC ¶ 61,142 (2004). (*October 2003 Order*).

⁷ Adjustment Bids are bids provided in the day-ahead and hour-ahead markets nominally for inter-zonal congestion management purposes, but, in accordance with Operating Procedure M-401, have also been used for intra-zonal congestion management in real time.

⁸ The stated purpose of Operating Procedure M-401 is to set forth actions to be undertaken by the CAISO to mitigate intra-zonal congestion.

reasons stated in support of Amendment No. 54, Adjustment Bids should only be used to manage inter-zonal congestion in the forward markets, and should not be used to manage intra-zonal congestion in real time.

Comments

11. Coral Group states that prior to the introduction of Amendment No. 50, the CAISO employed Adjustment Bids under Operating Procedure M-401 when mitigating intra-zonal congestion.⁹ Coral Group also states that there was no proposal to eliminate the use of Adjustment Bids in either CAISO's March 31, 2003 filing or the May 30 Order. The Operating Procedure included in the CAISO's June 30 Compliance Filing, however, eliminated the use of Adjustment Bids when implementing a decremental bid in real time to mitigate intra-zonal congestion.

12. Coral Group believes that the Commission correctly directed the CAISO to restore the use of Adjustment Bids in real time because it was not a part of the CAISO's original March 31, 2003 filing. Coral Group states that, in the Compliance Filing Order, the Commission did not explicitly order the CAISO to reimburse the parties impacted by the CAISO's unauthorized action. Coral Group requests that the Commission direct the CAISO to reimburse those parties affected by the CAISO's improper elimination of Adjustment Bids under Operating Procedure M-401. Coral Group believes that unless it is compensated for the CAISO's unlawful elimination of Adjustment Bids to manage intra-zonal congestion in real time, it will be denied the rates properly on file with the Commission, and will instead be subject to rates not accepted by the Commission.

Commission Determination

13. The CAISO argues that the elimination of Adjustment Bids from Operating Procedure M-401 prior to the fulfillment of the requirements directed by the Commission is appropriate. We disagree. Any entity making changes to the rates, terms and conditions of service contained in a Commission-approved tariff must do so in accordance with the FPA and the Commission's regulations.¹⁰

14. In the Compliance Filing Order, we determined that "...the CAISO had used its June 30 Compliance Filing as a vehicle to propose changes to its Operating Procedures that were not a part of its original March 31, 2003 proposal."¹¹ We further found that the CAISO's statement that Adjustment Bids are seldom used to manage intra-zonal congestion in real time was not adequate justification for altering its Operating

⁹ See Operating Procedure M-401 Version No. 5.2 effective August 8, 2002.

¹⁰ 18 C.F.R §35.13 (2004).

¹¹ See *Compliance Filing Order* at P 49.

Procedures. Based on that determination, we directed the CAISO to restore the use of Adjustment Bids to section 2.1 of Operating Procedure M-401. We continue to believe that the CAISO's changes to Operating Procedure M-401 were premature.

15. The CAISO states that its decision to change its Operating Procedure is based upon a Commission decision in the October 2003 Order on Amendment No. 54. The October 2003 Order established an October 1, 2004 effective date for Amendment No. 54. Accordingly, the CAISO has operated in violation of the October 2003 Order by implementing its tariff provisions prior to October 1, 2004.

16. Furthermore, the CAISO's Operating Procedures are part of its tariff. Specifically, CAISO tariff section 7.2.4.1.4 states that "...[t]he ISO shall also use incremental Adjustment Bids from Generating Units and Adjustment Bids from other resources in the ISO's real-time system operation for Intra-Zonal Congestion Management and to decrement Generation in order to accommodate Overgeneration conditions." We find that by not utilizing Adjustment Bids to manage intra-zonal congestion in real time, the CAISO violated its own tariff. In addition, the CAISO's Operating Procedures, by their stated purpose, must accurately reflect the corresponding tariff provision. Therefore, the CAISO had no justifiable excuse for eliminating the use of Adjustment Bids from Operating Procedure M-401 prior to October 1, 2004.

17. In addition, we believe that the CAISO's unauthorized elimination of Adjustment Bids from the process of managing intra-zonal congestion in real time may have resulted in the CAISO charging a rate that is not properly on file with the Commission. Consequently, we direct the CAISO to restore the *status quo ante* and provide refunds to parties affected by the improper elimination of Adjustment Bids under Operating Procedure M-401 from the time the elimination was effectuated through October 1, 2004.

II. Payment of Start-Up Costs

18. In its May 17 Compliance Filing, the CAISO seeks clarification regarding the payment of start-up costs to a unit when it is shut down to manage intra-zonal congestion. The CAISO states that while the Commission noted the concerns of intervenors, it never explicitly directed the CAISO to include start-up costs in a compliance filing.

Comments

19. Coral Group states that even though the CAISO agreed that generators should be paid start-up costs, the CAISO has refused to amend its tariff accordingly. Therefore, Coral Group requests that the Commission clarify its direction in the Compliance Filing Order, or in the alternative, grant rehearing of that order. Coral Group believes that the Compliance Filing Order directed the CAISO to revise its tariff to provide generators with the cost of restarting their units when the CAISO directs them to shut down. Coral

Group further believes that this was intended to be part of the CAISO's management of intra-zonal congestion, and the Commission further directed that these tariff revisions become effective as of May 30, 2003, the date on which the congestion management approach proposed in Amendment No. 50 was implemented.

Commission Determination

20. The CAISO, in its answer submitted August 5, 2003, acknowledged that a generator should be allowed to recover its start-up costs when directed to shut down in order to manage intra-zonal congestion and stated its willingness to amend its tariff accordingly. The CAISO now seeks clarification as to whether it was the Commission's intent for the CAISO to modify its tariff to provide generators the opportunity to recover start-up costs. We so clarify. We direct the CAISO to submit, within 30 days of the date of issuance of this order, tariff revisions to allow for the start-up cost recovery.

III. Metered Subsystems

21. The CAISO also believes that while the Metered Subsystems (MSS) Agreement¹² allows the CAISO to dispatch MSS resources to mitigate a real-time system emergency, which could occur if intra-zonal congestion was not managed before real time, the intent of the MSS Agreement is for the CAISO to take necessary actions prior to real time to mitigate intra-zonal congestion. The CAISO believes that dealing with intra-zonal congestions prior to real time will avoid the need for re-dispatch of MSS resources to mitigate a system emergency. The CAISO therefore proposes to exclude MSS resources from the re-dispatch process set forth in section 7.2.6 of the CAISO tariff, except as provided for in the MSS Agreement.

Commission Determination

22. The CAISO's proposed modification, in response to the Compliance Filing Order, does not appear to violate or contradict the MSS Agreements nor has any party alleged any inconsistency. The CAISO's proposed modification supports the intended purpose of the MSS Agreement. We therefore accept the CAISO's proposal to exclude MSS resources from the re-dispatch process set forth in section 7.2.6 of the CAISO tariff, except as provided for in the MSS Agreement.

¹² The CAISO's Service Agreement No. 459 under CAISO First Replacement Tariff Vol. No. 1. MSS entities are load serving entities that are managing their resources to reliably meet their load obligation. Under the MSS Agreement, the MSS is independently managing its load following activities.

IV. Reference Level Methodology

23. On January 16, 2004, Potomac Economics, the independent entity directed to develop the methodology for determining decremental reference levels, identified a concern with the criteria used to determine decremental reference levels. To address this concern, Potomac Economics implemented a test for calculating decremental reference levels. Potomac Economics stated that this test would address its concern that certain generators in narrow export-constrained areas were in a position to strategically bid and therefore manipulate the market.

24. The test described by Potomac Economics would establish an additional criterion that would determine when an offer would be deemed to have been accepted in competitive periods. Potomac Economics stated that, normally, competitive periods are defined as those in which bids are accepted in sequence. In the case of some of the units in the CAISO market, however, this hourly test alone is inappropriate. Certain units in the CAISO market are frequently asked to back down, *i.e.*, they are decremented. In the vast majority of these cases, the decremental offers accepted are out of sequence and, therefore, the independent entity may not have sufficient data to determine accurate decremental reference levels.

25. In the Compliance Filing Order, the Commission found the standard implemented by Potomac Economics on January 20, 2004 to be necessary to correct a fundamental flaw in the proposed decremental reference bid methodology. The Commission added, however, that Potomac Economics' test "should be explicitly" outlined in the CAISO's tariff since it would "...establish an additional criterion, when an offer would be deemed to have been accepted in competitive periods."¹³ Accordingly, the CAISO was directed to submit a compliance filing to incorporate the test into section 7.2.6.1.1 of the CAISO's tariff.

Comments

26. Coral Group requests that the Commission clarify, or in the alternative, grant rehearing that Potomac Economics' proposed new method for calculating reference level prices will not be effective until after the CAISO makes a section 205 tariff filing and that filing is accepted and placed into effect by the Commission. Consistent with this request, Coral Group further requests that the Commission direct the CAISO to restore the *status quo ante* by putting Coral Group in the position in which it would have been, had the CAISO not implemented the new reference level methodology on January 20, 2004.

¹³ See *Compliance Filing Order* at P 62.

27. The CAISO states that in order to comply with the Compliance Filing Order, the CAISO proposes to modify section 7.2.6.1.1 by adding language to establish an additional criterion governing when an offer would be deemed to have been accepted in competitive periods. The CAISO states that this is the same criterion that was set forth in a January 16, 2004 memorandum from Potomac Economics to the CAISO's Market Monitoring Unit and was distributed to Market Participants in a market notice issued January 20, 2004.

28. The CAISO disagrees with Coral Group's contention that the Compliance Filing Order intended for the CAISO to submit the modifications to section 7.2.6.1.1 as part of a filing pursuant to section 205 of the FPA, to be effective on a prospective basis only, rather than in a compliance filing to be effective May 30, 2003. The CAISO states that in making this argument Coral Group ignores the fact that the Commission gave no indication that the CAISO was to modify section 7.2.6.1.1 anywhere other than in a compliance filing. The CAISO further states that the only directive provided by the Commission as to the required filing was that the CAISO "...make a compliance filing, as discussed in the body of this order, within thirty days of the date of this order."¹⁴ Therefore, the CAISO argues, the Commission directed the CAISO to submit the modifications to section 7.2.6.1.1 in a compliance filing, which the CAISO did by submitting a compliance filing on May 17, 2004.

29. The CAISO further argues that in the Compliance Filing Order, the Commission found that the additional criteria are consistent with the May 30 Order and that the changes proposed by Potomac Economics were necessary to correct a fundamental flaw in the proposed decremental reference bid methodology. Thus, the CAISO concludes, the modifications in section 7.2.6.1.1 are "related necessary changes" and should be permitted to go into effect on May 30, 2003, the same effective date established for all changes proposed in this proceeding.

Commission Determination

30. In the Compliance Filing Order in response to Coral Group's supplemental protest, we addressed the concern that the CAISO had implemented a revision that went beyond the scope of the CAISO's Addendum. We found that the changes proposed by Potomac Economics were necessary to correct a fundamental flaw in the proposed decremental reference bid methodology. Accordingly, we directed the CAISO to incorporate the new test into section 7.2.6.1.1 of its tariff. This new test would establish additional criteria, in the context of decremental reference bid calculations, governing when an offer would be deemed to have been accepted in competitive periods.¹⁵

¹⁴ See *Compliance Filing Order* at ordering paragraph (B).

¹⁵ *Id.*

31. We clarify that the proposed changes will not become effective until the CAISO makes a section 205 filing and that filing is accepted by the Commission. Because the implementation of the Potomac Economics-proposed tariff revision without prior Commission approval has resulted in rates that are not currently on file with the Commission, we order refunds for the period starting January 20, 2004 through the effective date of the prospective filing pursuant to section 205 of the FPA.

32. Accordingly, we direct the CAISO to submit to the Commission, within 30 days of the date of issuance of this order, an assessment of refund amounts owed to and owing by each market participant and a proposal for processing the refunds.

V. Variable Operating and Maintenance and Gas Costs

Comments

33. In its protest, the Coral Group argues that the Commission erred in rejecting its demonstration that the reference level process proposed in the CAISO's Addendum failed to accurately reflect operating and maintenance (O&M) and gas costs that a generator sustains when it is decremented. In its original protest, the Coral Group stated that the factors proposed by the CAISO for determining the gas cost and O&M savings that a generator experiences when it is instructed to reduce operations or shut down substantially overstate the generator's actual savings.

34. Coral Group also argues that gas costs should be determined using the weighted average of local short-term gas spot sale prices, adjusted for pipeline penalties. Coral Group contends that the gas cost should be determined by these spot prices because generators that are decremented must sell the gas they procured to back their forward schedules through short-notice distress sales. Further, Coral Group states that suppliers will incur balancing penalties for failing to take delivery of their scheduled gas supplies.

35. In its answer to the Coral Group's protest, the CAISO indicates that it has previously stated that it employed the \$6/MWh figure for the O&M adder because that was the figure mandated by the Commission for use in determining the cost-based proxy price used in the price mitigation established by the Commission in California in 2001.¹⁶

36. The CAISO further states that Coral Group is arguing for the best of both worlds – a high figure for variable O&M due to the Coral Group and a low figure for the O&M charge the Coral Group would have to pay. The CAISO notes that a variable O&M charge is derived by: (1) identifying those costs that vary with production; and

¹⁶ *San Diego Gas & Electric Co.*, 95 FERC ¶ 61,148 at 62,562-63 (2001). *See also San Diego Gas & Electric Co.*, 97 FERC ¶ 61,275 at 62,209 (2001).

(2) determining a rate by totaling those costs and dividing by the expected production volume. The CAISO argues that if this rate truly reflects actual costs that vary with production, there is no legitimate reason why this charge should be different for incremental dispatch and decremental dispatch.

37. The CAISO agrees that a supplier that arranges a forward schedule and purchases gas to produce electricity that the supplier cannot deliver may not be able to fully optimize its gas procurement costs. The CAISO states that since it cannot fix this problem the proper way – by limiting forward schedules – suppliers are now asking to be absolved of the risks of submitting infeasible schedules through the use of a highly specialized gas price measure. The CAISO notes that the Commission recently acknowledged that gas price indices can be subject to manipulation and abuse and found that California spot prices should not be used for price mitigation; the index proposed by Coral Group would be no different. The CAISO believes that because the liquidity of this index is unknown, and is likely to be highly volatile, it may be subject to even greater manipulation.

Commission Determination

38. Coral Group's protest focuses upon tier 3 in CAISO tariff section 7.2.6.1.1(a), which specifically states that "... based on the incremental heat rate submitted to the ISO, adjusted for gas prices, and the variable O&M cost on file with the ISO, or the default O&M cost of \$6/MWh."¹⁷ In the Compliance Filing Order, we determined the proposed \$6/MWh default O&M adder to be reasonable. We continue to believe that the O&M adder proposed by the CAISO is appropriate.

39. We note, however, that the \$6/MWh O&M adder, as specifically contemplated in the tariff, is to be a default measure and that it should be used only if the generating unit in question does not have adequate variable O&M costs on file with the CAISO. If a generator has a variable O&M cost on file with the CAISO resulting in an amount other than \$6/MWh, it is appropriate to utilize that number in determining the reference level of its generating units. This is explicitly stated in the CAISO tariff and the CAISO is bound by the rates, terms and conditions contained in its tariff.

40. We also note that tier 2 in the methodology allows for a consultative approach to the development of decremental bid reference levels provided that the market participant has submitted sufficient data to the CAISO and the independent entity. We find that, if the Coral Group believes it can provide the CAISO and the independent entity with a

¹⁷ CAISO Tariff section 7.2.6.1.1(a)1.

more accurate estimate of variable O&M costs, it should avail itself of this provision in the CAISO tariff and develop, in consultation with the independent entity, a reference level that incorporates the actual O&M costs for each specific generating unit.

41. With respect to Coral Group's proposed gas cost calculation, we accept it, subject to modification. We believe that the use of a daily gas index is reasonable because it meets the standards put forth in the Commission's Policy Statement on Natural Gas and

Electric Markets.¹⁸ On May 5, 2004, the Commission Staff issued a "Report on Natural Gas and Electricity Price"¹⁹ in which Staff found certain indices to be in substantial compliance with the standards of the Policy Statement²⁰ or in substantial compliance subject to conditions.²¹ We note that certain indices that the CAISO currently uses (Platts Gas Daily, NGI and BTU) comply with the standards of the Policy Statement.²² We believe that a daily gas price index is more in line with the process of decrementing generators in real time because these generators are typically forced to sell back gas for these units into the spot market. Thus, we direct the CAISO to incorporate the use of a Commission-approved daily gas index into the calculation of decremental reference levels.

¹⁸ *Price Discovery in Natural Gas and Electric Markets*, 104 FERC ¶ 61,121 (2003) (*Policy Statement*). The Commission required that any prospective use of an index in a jurisdictional entity's tariffs meet the criteria set forth for price index developers and reflect adequate liquidity at the referenced location to be reliable.

¹⁹ See Docket Nos. PL03-3-004 and AD03-7-004.

²⁰ We note that Argus, Energy Intelligence, ICE, Io, NGI, and Platts were deemed to be in substantial compliance with the standards of the *Policy Statement* on condition that: (a) they publish direct volume and transaction number data on which index prices are calculated (or indicate when no such data is available); and (b) they affirm the Commission will, upon an appropriate request, have access to relevant data in the event of an investigation of possible false price reporting or manipulation of prices.

²¹ Bloomberg, Btu/DTN, and Dow Jones were be deemed conditionally to be in substantial compliance subject to the conditions noted above and a further showing by each of them of progress in: (1) making their methodologies public; (2) instituting measures to provide more complete transaction information; and (3) implementing audit procedures.

²² *Order Regarding Future Monitoring of Voluntary Price Formation, Use of Price Indices in Jurisdictional Tariffs, and Closing Certain Tariff Dockets*, 109 FERC ¶ 61,184 (2004).

VI. Typographical Error**Comments**

42. Coral Group notes that, unrelated to its protest, the CAISO's June 30 Compliance Filing contains a typographical error. The clean tariff sheet in the June 30 Compliance Filing containing section 7.2.6(2) inadvertently included the word "increase" where the word "decrease" should have been used. Coral Group also states that the black-lined tariff sheets contained in the June 30 Compliance Filing reflected the correct terms.

43. The CAISO agrees with Coral Group that the inadvertent error on the tariff sheet should be corrected.

Commission Determination

44. We acknowledge that the CAISO has included in its answer revised tariff sheets that correct the typographical error, and by doing so has adequately responded to the Coral Group's concern. Therefore, we will accept the CAISO's modified tariff sheets, subject to modifications directed above.

The Commission orders:

(A) The CAISO's May 17, 2004 compliance filing is hereby conditionally accepted for filing, subject to modifications.

(B) Our prior order on the CAISO's compliance filing is hereby clarified as discussed in the body of this order.

(C) Coral Group's request for rehearing is hereby granted for the reasons discussed in the body of this order.

(D) CAISO's request for rehearing is hereby denied for the reasons discussed in the body of this order.

(E) The CAISO's request for clarification is hereby granted in part and denied in part for the reasons discussed in the body of this order.

(F) The CAISO is hereby directed to submit within 30 days of the date of issuance of this order a compliance filing to modify its tariff: (1) to provide generators the opportunity to recover start-up costs with an effective date of May 30, 2003; (2) incorporate the use of a Commission-approved daily gas index into the calculation of decremental reference levels.

(G) Refunds are hereby directed for the period from the date Adjustment Bids were eliminated from section 2.1 of Operating Procedure M-401 through October 1, 2004.

(H) The CAISO is hereby directed to submit within 30 days of the date of issuance of this order an assessment of refund amounts owed to and owing by each market participant and a proposal for processing the refunds.

By the Commission. Commissioner Kelly not participating.

(S E A L)

Linda Mitry,
Deputy Secretary.