 CALIFORNIA ISO <small>California Independent System Operator</small>	Settlements / Rerun	Version No.	1.4
		AMENDMENT 51 PX GFN - Issue 10	Version Date
		Effective Date	01/30/04

PURPOSE

A manual adjustment is included in the Preparatory re-run to adjust Regulation Energy Payment Adjustment (REPA) payments to SDG&E of approximately \$2.5 million. The adjustment will be applied to the SC and the PX for a credit to SDG&E.

BACKGROUND

The PX on behalf of its participant, SDG&E, filed four Good Faith Negotiations (GFN) in 1999 covering various issues during 1998 and 1999. The CAISO has reached a GFN settlement with the PX and SDG&E for all GFNs, which results in an adjustment related to GFN 99 ADR 016.

GFN 99 ADR 016: Regulation Taken Beyond the range awarded in the market

The adjustments performed under Issue 10 involves intervals where the ISO dispatched units outside their regulation range. SDG&E alleged that the ISO dispatched units outside their regulation range and SDG&E was not properly compensated for REPA (Regulation Energy Payment Adjustment) payments in place during the period in question. After lengthy research and discussion with SDG&E and the PX, it was determined that SDG&E's dispute was valid. The Regulation service provided by SDG&E was rightfully a service that the market received value from but did not compensate SDG&E. Consistent with the CAISO Tariff provisions in place at the time, the additional amounts due to SDG&E will be charged to Demand and credited to the PX on behalf of SDG&E. The adjustment will be for seven months in 1998 (May thru November) and will be charged to the aggregate Demand in each month.

PROCESS DESCRIPTION

All processes are completed by the CAISO unless otherwise stated.

- 1 Credit approximately \$2.5 million to the PX under Charge Type 1003 and charge that amount to Demand through CT 1013. These transactions includes trade dates in May 1998 and July through November 1998.
- 2 Charges to 1013 noted above will be made based on the monthly metered demand


REFERENCES

- 1 CAISO's Amendment No. 51 filing in Docket No. ER03-746, and other pleadings filed by the CAISO in that Docket.
- 2 CAISO's Amendment No. 8 filing

AFFECTED CHARGE TYPES

The following is a list of potentially affected Charge Types

- 1003
- 1013

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EXPECTED IMPACT

- 1 Total dollars of approximately \$2.5 million will be credited to the PX and charged to the CAISO market through CT 1013.
- 2 Charges will be allocated monthly instead of daily or hourly.