

May 23, 2000

The Honorable David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Docket No. ER00-1365-____

Dear Secretary Boergers:

Enclosed please find an original and fourteen copies of a Notice of Implementation regarding pre-dispatch of Reliability Must-Run ("RMR") Units by the California Independent System Operator Corporation ("ISO"). The enclosed Notice of Implementation was issued by the ISO on May 19, 2000 pursuant to the order issued by the Commission in the above-captioned proceeding on March 31, 2000.

The ISO filed Amendment No. 26 to the ISO Tariff in the above-captioned docket on January 28, 2000. Amendment No. 26 consisted of proposed modifications to the procedures governing the notice provided by the ISO to Scheduling Coordinators that a specific RMR Unit will be required to provide Energy for reliability purposes during the next day. Specifically, the ISO proposed three modifications to the ISO Tariff designed to ensure that: 1) the dispatch of RMR Units will occur prior to the close of the California Power Exchange ("PX") Day-Ahead Market; 2) the dispatched RMR Energy will be scheduled against demand; and 3) if an RMR Owner elects to receive the payment specified in its Unit's RMR Contract for its RMR Energy, the RMR Energy will nonetheless be scheduled in a forward market. Collectively, these proposals are referred to in the enclosed Notice of Implementation, and elsewhere, as "RMR pre-dispatch." Because the software necessary to implement RMR pre-dispatch was not ready when the ISO filed these proposals, the ISO requested that Amendment No. 26 be permitted to go into effect on the later of March 28, 2000 or ten days after the ISO issues a notice to Market Participants that the necessary software was in place.

The Commission approved Amendment No. 26 on an interim basis, with certain modifications, by order issued on March 31, 2000. *California Independent System Operator Corporation*, 90 FERC ¶ 61,345 (2000) ("March

31 Order"). In the March 31 Order, the Commission noted that the PX had requested that the effective date for Amendment No. 26 be suspended until June 1, 2000, by which time the PX could complete tracking changes to its software. The Commission also noted that the ISO had agreed that its proposed effective date would take into account the concerns raised by the PX. The Commission therefore established that the effective date for Amendment No. 26 be ten days after notice is provided that both the PX and the ISO have completed their necessary software modifications. March 31 Order, slip op. at 14.

The enclosed Notice of Implementation specifies that the PX and the ISO have now completed the necessary software modifications. The Notice further specifies that the ISO will issue Day-Ahead Dispatch Notices for RMR Units the ISO will require to operate on June 1, 2000 prior to the close of the PX Day-Ahead Market on May 31, 2000.

The ISO states that the enclosed Notice of Implementation was posted on the ISO Home Page, www.caiso.com, on May 19, 2000 and was sent to all Market Participants via e-mail on that date. The ISO further states that it has served the Notice of Implementation upon each person designated on the official service list for the above-captioned docket, as indicated in the attached certificate of service. A notice concerning the June 1 effective date for RMR pre-dispatch has also been posted on the PX Home Page, www.calpx.com.

Enclosed please also find a form notice of filing suitable for publication in the Federal Register and a copy of that form notice on a 3.5" diskette. Two extra copies of this filing are also enclosed. Please stamp these copies with the date and time filed and return it to the messenger.

Respectfully submitted

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing Notice upon each person designated on the service list compiled by the Secretary in the above-referenced docket.

Dated at Washington, DC, this 23rd day of May, 2000.

Sean A. Atkins
Counsel for the California Independent
System Operator Corporation