

December 10, 1998

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

Re: Docket Nos. EC96-19-023 and ER96-1663-024

Dear Secretary Boergers:

Enclosed please find an original and fourteen copies of a Notice of Full-Scale Operations ("Notice") issued on this date by the California Independent System Operator Corporation ("ISO") pursuant to Section 27 of the ISO Tariff. The ISO is issuing the attached Notice to notify Market Participants and the Commission that, effective with the December 17 Day-Ahead Market for trade day December 18, 1998, Scheduling Coordinators may submit both incremental and decremental Adjustment Bids for Dispatchable Loads and exports.

The ISO filed proposed Amendment No. 7 to the ISO Tariff in the above-captioned dockets on March 31, 1998. Amendment No. 7 included a temporary rule precluding Scheduling Coordinators from submitting incremental Adjustment Bids for Dispatchable Loads and exports set forth in Section 27 of the Tariff. In the Amendment No. 7 filing, the ISO stated that the temporary rule was necessary because the ISO's Congestion Management ("CONG") software was not capable of properly implementing incremental Adjustment Bids for exports and Dispatchable Loads to counter-flow power across Congested paths.

The Commission accepted Amendment No. 7 for filing, effective March 31, 1998, by order issued on May 28, 1998. California Independent System Operator Corporation, 83 FERC ¶ 61,209 (1998). Under Section 27.1 of the ISO Tariff, the temporary rule regarding Adjustment Bids for Detachable Loads and

exports is to remain in effect until a notice is posted on the ISO Home Page specifying that Section 27 would cease to apply on a date no less than seven days after the notice is posted.

On October 7, 1998, the ISO issued a Notice of Full-Scale Operations pursuant to Section 27.1 ("October 7 Notice"). The October 7 Notice, which was filed with the Commission and posted on the ISO Home Page, specified that Scheduling Coordinators could submit both incremental and decremental Adjustment Bids for Dispatchable Loads and exports effective with the October 14 Day-Ahead Market for trade day October 15, 1998.

On October 15, 1998, the ISO notified Market Participants that it had detected an error in the revised CONG software. On October 19, 1998, the ISO issued a Temporary Suspension – Notice of Full-Scale Operations ("October 19 Notice") temporarily suspending the ability of Scheduling Coordinators to submit incremental Adjustment Bids for exports and Dispatchable Loads. In the October 19 Notice, which was posted on the ISO Home Page and filed with the Commission on October 20, 1998, the ISO indicated that such temporary suspension was necessary to allow the ISO to fix the error in the CONG software and stated that the ISO would issue a notice to Market Participants before it lifted the temporary suspension and resumed accepting such incremental Adjustment Bids.

The ISO has now completed the necessary revisions to the CONG software. After extensive testing, the ISO believes the revised software will properly treat all Adjustment Bids. The ISO intends to upload this software for implementation on December 17, 1998. The attached Notice therefore specifies that Scheduling Coordinators may submit both incremental and decremental Adjustment Bids for Dispatchable Loads and exports effective with the December 17 Day-Ahead Market for trade day December 18, 1998.

The ISO states that the attached Notice was posted on the ISO Home Page, www.caiso.com, on this date, December 10, 1998, to satisfy the requirements of Section 27.1. The ISO also states that it has served the attached Notice upon each person designated on the official service lists for the above-captioned dockets, as indicated in the attached certificate of service.

An extra copy of this filing is also enclosed. Please stamp this copy with the date and time filed and return it to the messenger. Thank you for your assistance in this matter.

The Honorable David P. Boergers
December 10, 1998
Page 3

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 dockets.

Dated at Washington, DC, this 10th day of December, 1998.

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