

December 30, 1998

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

Re: The California Independent System Operator Corporation,
Docket No. ER98-3760

Dear Secretary Boergers:

Enclosed for filing on behalf of the California Independent System Operator Corporation ("ISO") please find an original and fourteen copies of revised tariff sheets for the California Independent System Operator Corporation FERC Electric Tariff ("ISO Tariff"), and a redlined version of the affected tariff provisions identifying the revisions made. These revisions are submitted to comply with the Commission's September 11, 1998 order in the above-referenced docket, 84 FERC ¶ 61,217 (1998) ("September 11 Order"), and the Commission's December 16, 1998 letter order in the above-referenced docket, 85 FERC ¶ 61,350 (1998) ("December 16 Order").

I. COMMUNICATIONS

Please address communications concerning this filing to the following persons:

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II. BACKGROUND

On July 15, 1998, the ISO filed proposed amendments to the ISO Tariff in the above-referenced docket to correct and clarify a number of non-substantive matters (the "Clarification Filing"). The Clarification Filing included a proposed amendment to Section 2.2.12.1 of the ISO Tariff that deleted a reference to the future development of certain protocols which would establish the criteria by which the ISO could waive the timing requirements of Section 2.2 of the ISO Tariff. Responding to intervenor concerns that this deletion would give the ISO unbridled discretion to waive Section 2.2 timing requirements, the Commission accepted the proposed amendment of Section 2.2.12.1 in the September 11 Order, but directed the ISO to develop appropriate waiver criteria in a protocol and submit them in a compliance filing. 84 FERC ¶ 61,217 at 62,049.

The ISO submitted a Tariff filing to comply with the September 11 Order on September 28, 1998 ("September 28 Compliance Filing"). In the September

28 Compliance Filing, the ISO stated that it believed that the appropriate criteria could already be found in the ISO Tariff, in Section SP 3 of the Scheduling Protocol. SP 3 currently provides that the ISO may implement any temporary variation in timing requirements for reliability purposes or due to error or delay caused by its inability to meet the timing requirements, in accordance with Section 2.2.12.1 of the ISO Tariff.

On October 16, 1998, Pacific Gas and Electric Company ("PG&E") filed a Limited Protest to the ISO's September 28 Compliance Filing. In the Limited Protest, PG&E requested that the Commission direct the ISO to revise SP 3 to set forth more specific criteria under which the ISO may waive its timing requirements.

The Commission's December 16 Order states that the protocol for waiving scheduling times submitted in the ISO's September 28 Compliance Filing (i.e., the current version of SP 3) lacked the specificity of waiver criteria necessary to fully comply with the September 11 Order. The ISO was therefore directed to amend the protocol within fifteen days of the December 16 Order to include more specific criteria.

III. THE COMPLIANCE FILING

In the instant filing, the ISO proposes to amend SP 3 to add a new subsection, SP 3(a), which sets forth the criteria by which the ISO may implement a temporary variation or waiver of the timing requirements contained in the Scheduling Protocol. Under the amended SP 3, the ISO may implement

such a temporary variation or waiver of timing requirements, consistent with Section 2.2.12.1 of the ISO Tariff, if any of the following criteria are met: (1) the ISO receives Schedules that require delay in performing Day-Ahead Market or Hour-Ahead Market evaluations, such as in the case of the ISO receiving Inter-Scheduling Coordinator Trades that do not balance; (2) the ISO requires additional time to fulfill its scheduling responsibilities pursuant to Section 2.2.2 of the ISO Tariff; (3) problems with data or the processing of data cause a delay in receiving or issuing Schedules or publishing information on the WEnet; (4) problems with telecommunications or computing infrastructure cause a delay in receiving or issuing Schedules or publishing information on the WEnet; or (5) such waiver or variation in timing is reasonably necessary to preserve System Reliability, prevent an imminent or threatened System Emergency or to retain Operational Control over the ISO Controlled Grid during an actual System Emergency.

The ISO believes that limiting any waiver or variation of timing requirements to these conditions addresses intervenor concerns that the ISO could exercise unfettered discretion to waive timing requirements and complies with the Commission's directive to develop more specific criteria than previously stated in the ISO Tariff.

IV. ATTACHMENTS

Attachment A to this filing contains revised ISO Tariff sheets incorporating the new waiver criteria provisions of SP 3. Attachment B is a redlined version of

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SP 3 illustrating the amendments made in this filing. Attachment C is a form notice of filing suitable for publication in the Federal Register. Also enclosed is a diskette containing the notice of filing saved in WordPerfect format.

An additional copy of the filing is also enclosed. Please stamp the additional copy with the date and time filed and return it to the messenger.

V. CONCLUSION

Wherefore, for the foregoing reasons, the ISO respectfully requests that the Commission accept for filing this compliance filing and the attached compliance amendments to the ISO Tariff and allow it to become effective as of March 31, 1998.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the service list compiled by the Secretary in this proceeding.

Dated at Washington, DC, this 30th day of December, 1998.

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