

**BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Establish
Policies and Cost Recovery Mechanisms for
Generation Procurement and Renewable
Resource Development

R.01-10-024

**CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION'S NOTICE OF EX PARTE
COMMUNICATION**

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Attorneys for the
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Dated: December 11, 2003

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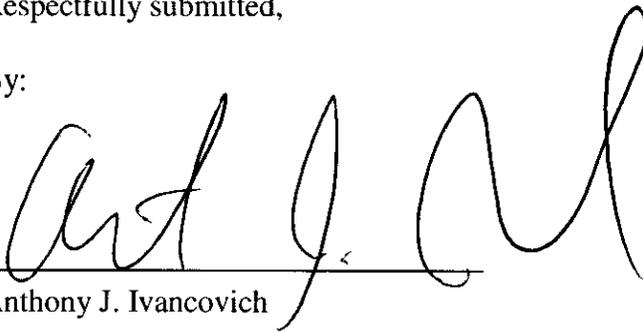
In accordance with Rule 1.4, the California Independent System Operator ("ISO") hereby provides its notice of *ex parte* communication relating to a December 9, 2003 meeting with Commissioner Kennedy in which matters at issue in this proceeding were discussed. The meeting took place at 4:30 p.m. on December 9, 2003, at the California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, California, 94102. The meeting was granted at the request of the ISO. The ISO persons to attend the meeting were Terry Winter, Robin Smutny-Jones and Jim Detmers. CPUC Commissioner Kennedy attended the meeting. The meeting lasted approximately 15-20 minutes.

Some of the meeting included a discussion of the resource adequacy part of the procurement proceeding. All three of the proposed decisions were referenced, but they were not discussed in detail. The ISO focused on what it considers to be the primary needs of a resource adequacy program, including locking-up capacity a month ahead of time, ensuring that there is adequate accounting for available resources and the need for effective deliverability standards. Most of all, the ISO stressed the need to avoid an over-

reliance on spot market purchases. Finally, there was a general discussion between the ISO and Commissioner Kennedy about capacity markets and how such markets might fit in with a procurement program.

Respectfully submitted,

By:

A handwritten signature in black ink, appearing to read "Anthony J. Ivancovich", written over a horizontal line.

Anthony J. Ivancovich

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