



CALIFORNIA ISO

California Independent
System Operator

February 18, 2004

BY ELECTRONIC TRANSMISSION

The Honorable Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Gilroy Energy Center, LLC, Docket No. ER04-321-001

Dear Secretary Salas:

Transmitted herewith for electronic filing in the above-referenced proceeding are the Comments of the California Independent System Operator Corporation. Thank you for your assistance in this matter.

Very truly yours,

/s/ Sidney L. Mannheim

Sidney L. Mannheim

Counsel for the California Independent
System Operator Corporation

Enclosures

cc: All parties of record

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Gilroy Energy Center, LLC

)

Docket No. ER04-321-001

**COMMENTS OF THE CALIFORNIA INDEPENDENT
SYSTEM OPERATOR CORPORATION**

Pursuant to the Commission's February 3, 2004 Notice of Filing, the California Independent System Operator Corporation (ISO) submits its comments in response to the January 28, 2004 filing of Gilroy Energy Center, LLC (Gilroy) of substitute rate schedule sheets to its December 22, 2003 filing of revisions to the Reliability Must-Run (RMR) Agreement between Gilroy and the ISO for calendar year 2004. In response to Gilroy's December 22, 2004 filing, the ISO and Pacific Gas and Electric Company (PG&E) filed a joint provisional protest identifying seven outstanding issues that Gilroy, the ISO and PG&E had yet to resolve. Although these seven issues have now been resolved and the ISO has executed the RMR Agreement, the ISO has identified the following four errors in Gilroy's January 28, 2004 submission:

1. Sheet No. 138, at note "****", insert a space between "for" and "Unit 1".
2. Sheet No. 145, at note "***", strike the words "the weighted average of" and replace "values" with "value" in the second half of the sentence so that the entire phrase reads: "otherwise the value will be equal to the combined Unit 1 & 2 value."
3. Sheet No. 226, delete extra "." In the last line of the second to last paragraph.

4. Sheet 227, the formula for UD(i) in the fifth paragraph below the table, delete, “ED(i)” and replace it with “UD(i)”.

Three of the four errors are typographical. The second error relating to Sheet No. 145, is substantive, but relatively minor, and Gilroy has advised the ISO that it will submit an errata filing reflecting all four changes.

Accordingly, the ISO requests that the Commission accept the revisions to the RMR Agreement reflected in Gilroy’s December 22, 2003 submission as revised by its January 28, 2004 filing, subject to the forthcoming errata filing correcting the errors identified by the ISO in these comments, effective as of January 1, 2004.

Respectfully submitted,

/s/ Sidney L. Mannheim

Sidney L. Mannheim
Regulatory Counsel
California Independent System Operator
Corporation
151 Blue Ravine Rd.
Folsom, California 95630
Tel. (916) 608-7144

February 18, 2004

CERTIFICATE OF SERVICE

I hereby certify that I have on this 18th day of February 2004, served copies of the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

/s/ Sidney L. Mannheim

Sidney L. Mannheim

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