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December 12, 2003

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

**Re: California Independent System Operator Corporation  
Docket No. ER04-\_\_\_\_-000**

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO") hereby submits an original and six copies of its informational filing pursuant to Article IX, Section B of the Stipulation and Agreement approved by the Commission on May 28, 1999, *California Independent System Operator Corporation*, 87 FERC ¶ 61,250 (1999) ("Stipulation and Agreement"). This provision requires the ISO provide on a confidential basis to the Commission (i) information regarding any notice from an RMR Unit requesting a change of Condition; (ii) the date the chosen Condition will begin; and (iii) if the change is from Condition 2, the applicable level of Fixed Option Payment. Two additional copies of this filing are enclosed to be date-stamped and returned to our messenger. If there are any questions concerning this filing please contact the undersigned.

## COMMUNICATIONS

Correspondence regarding this filing should be directed to:

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|---|---|
| Anthony Ivancovich<br>Senior Regulatory Counsel<br>The California Independent System<br>Operator Corporation<br>151 Blue Ravine Road<br>Folsom, CA 95630<br>Tel: (916) 351-4400<br>Fax: (916) 608-7222          | J. Phillip Jordan*<br>Bradley R. Miliauskas<br>Swidler Berlin Shereff Friedman, LLP<br>3000 K Street, N.W., Suite 300<br>Washington, DC 20007<br>Tel: (202) 424-7500<br>Fax: (202) 424-7643 |
| Deborah A. Le Vine <sup>1</sup><br>Director of Contracts<br>The California Independent System<br>Operator Corporation<br>151 Blue Ravine Road<br>Folsom, CA 95630<br>Tel: (916) 351-4400<br>Fax: (916) 608-7222 |   |

\* Individuals designated for service pursuant to Rule 203(b)(3), 18 C.F.R. § 203(b)(3).

## CONTENTS OF FILING

The following documents are included in this filing:

- (1) Transmittal Letter
- (2) Attachment A - Information Regarding Changes of Condition
- (3) Attachment B - A Notice of Filing, suitable for publication in the Federal Register, together with a computer disk containing a copy of the Notice in electronic format

## PROCEDURAL BACKGROUND

Since April 1, 1998, when the ISO began operations, certain Generating Units have been designated by the ISO as necessary for local reliability needs and thus have been subject to a "Reliability Must-Run" ("RMR") contract between the ISO and RMR Unit Owner. Broadly speaking, the RMR contracts authorize the ISO to call on RMR

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<sup>1</sup> In addition to Mr. Ivancovich and Mr. Jordan, the ISO respectfully requests that Ms. Le Vine be included in the Official Service List. Mr. Ivancovich and Ms. Le Vine work in separate buildings, and it would be of significant assistance to the ISO if both were included on the list.

Units to provide specified levels of energy and ancillary services, and require the ISO to make specified fixed and variable-cost payments to RMR Unit Owners for these services. Under Section 5.2.8 of the ISO Tariff, costs payable by the ISO under the RMR contracts are passed through to the relevant Responsible Utility.<sup>2</sup>

By order issued December 17, 1997 in Docket Nos. ER98-441-000, *et al.*, the Commission placed the initial RMR contracts for RMR units in California into effect, subject to refund, as of the date the ISO began operations.<sup>3</sup> On April 2, 1999, the ISO, the owners of all of the RMR units in California, the three Responsible Utilities, and other parties to Docket Nos. ER98-441-000, *et al.*, filed an offer of settlement in those dockets (the "First Stipulation") substantially revising the standard terms of the contract, but leaving a number of issues subject to litigation or further settlement efforts. The First Stipulation was approved by the Commission in May 1999.<sup>4</sup>

Article IX, Section B of the First Stipulation provides:

The ISO shall provide on a confidential basis to the Commission pursuant to Section 388.112 of the Commission's Regulations, 18 C.F.R. §388.112 (1998), and to the California Agency and the affected Responsible Utility pursuant to the applicable Non-Disclosure and Confidentiality Agreement in the RMR Contract . . . (i) information regarding any notice from an RMR Unit requesting a change of Condition; (ii) the date the chosen Condition will begin; and (iii) if the change is from Condition 2, the applicable level of the Fixed Option Payment. Such Information will be provided within ten (10) business days of the receipt of such notice by the ISO. The ISO shall provide a copy of all information provided to the Commission to the RMR Owner.

On November 25, 2003, the ISO received a notice from an RMR Owner transferring the condition of one unit for the 2004 Contract Year. On November 26, 2002, the ISO received notice from an RMR Owner transferring the condition of one unit effective January 1, 2004. On December 1, 2003, the ISO received notice from an RMR Owner transferring the condition of one unit effective January 1, 2004.

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<sup>2</sup> Section 5.2.8 provides that costs incurred by the ISO under an RMR contract for a generating plant are to be borne by the utility in whose service territory the generating plant is located.

<sup>3</sup> *Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company*, 81 FERC ¶ 61,322 (1997).

<sup>4</sup> *California Independent System Operator Corporation*, 87 FERC ¶ 61,250 (1999). A subsequent settlement (the "Second Stipulation"), covering some of the issues not resolved in the First Stipulation, was filed on August 14, 2000 in Docket Nos. ER98-441-000, *et al.*, and approved in *California Independent System Operator Corporation*, 93 FERC ¶ 61,089 (2000).

### **INFORMATION PROVIDED**

Attachment A to this filing sets forth the information required to be provided under Article IX, Section B of the First Stipulation as to the notices received by the ISO on November 25, 2003, November 26, 2003, and December 1, 2003.


### **REQUEST FOR CONFIDENTIAL TREATMENT**

Article IX, Section B of the First Stipulation provides that the ISO is to submit the requisite information to the Commission on a confidential basis pursuant to Section 388.112 of the Commission's Regulations. Consistent with this requirement, the ISO seeks confidential treatment for Attachment A to this filing. The person to be contacted regarding the request for privileged treatment of the confidential document attached is Anthony Ivancovich, Senior Regulatory Counsel, California Independent System Operator, 151 Blue Ravine Road, Folsom, CA 95630, telephone: (916) 351-4400, facsimile: (916) 608-7222. Consistent with Section 388.112 of the Commission's Regulations, this filing includes a confidential version of Attachment A and fourteen copies of the redacted version of Attachment A.

### **PROVISION OF NOTICE**

As required by Article IX, Section B of the Stipulation and Agreement, the ISO has provided notice of the changes of condition described above (subject to the applicable Non-Disclosure and Confidentiality Agreement in the RMR Contract) to the designated RMR contact persons at the California Agencies, the applicable Responsible Utilities, and the relevant RMR Owners.

Respectfully submitted,



J. Phillip Jordan  
Bradley R. Miliauskas

Counsel for the California Independent  
System Operator Corporation

**ATTACHMENT A**

ATTACHMENT A  
Public [redacted] version

Notice was received from [redacted] on November 25, 2003 to transfer the [redacted] to Condition [redacted].

Notice was received from [redacted] on November 26, 2003 to transfer [redacted] to Condition [redacted].

Notice was received from [redacted] on December 1, 2003 to transfer the [redacted] to Condition [redacted].

**ATTACHMENT B**

**NOTICE OF FILING SUITABLE FOR PUBLICATION  
IN THE FEDERAL REGISTER**

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

**California Independent System                    )  
Operator Corporation                                )**                   **Docket No. ER04-\_\_\_\_-000**

Take notice that, on December 12, 2003, the California Independent System Operator Corporation (ISO) submitted an informational filing in accordance with Article IX, Section B of the Stipulation and Agreement approved by the Commission on May 28, 1999, *California Independent System Operator Corp.*, 87 FERC ¶ 61,250 (1999) (Stipulation and Agreement). This provision requires the ISO to provide on a confidential basis to the Commission (i) information regarding any notice from an RMR Unit requesting a change of Condition; (ii) the date the chosen Condition will begin; and (iii) if the change is from Condition 2, the applicable level of Fixed Option Payment. As required by the provision, the ISO has provided notice of the changes of condition described in the informational filing (subject to the applicable Non-Disclosure and Confidentiality Agreement in the RMR Contract) to the designated RMR contact persons at the California Agencies, the applicable Responsible Utilities, and the relevant RMR Owners.

Any person desiring to be heard or to protest the filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. §§ 385.211 and 385.214). All such motions or protests must be filed in accordance with § 35.9 of the Commission's regulations. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. All such motions or protests should be filed on or before the comment date, and, to the extent applicable, must be served on the applicant and on any other person designated on the official service list. This filing is available for review at <http://www.ferc.gov> using the "Documents & Filing" and "eLibrary" and "General Search" links. Enter the docket number excluding the last three digits in the docket number filed to access the document. For assistance, call (202) 502-8222 or TTY, (202) 208-1659. Protests and interventions may be filed electronically via the Internet in lieu of paper; see 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-Filing" link. The Commission strongly encourages electronic filings.

**Comment Date:** \_\_\_\_\_