



Memorandum

To: ISO Governing Board
From: N. Beth Emery, Vice President and General Counsel
Roger E. Smith, Senior Regulatory Counsel
Cc: ISO Officers
Date: October 7, 1999
Re: ***Tariff Amendment and Tariff Language for Out-of Market Calls***

The ISO filed its quarterly tariff filing (Amendment No. 22) at the FERC on Monday September 27, 1999. Management decided to remove from the filing the proposal concerning an alternative payment option for generators called Out-of-Market. The reason for Management's action is to afford Board Members and other market participants a chance to review, and comment on, the draft tariff language implementing the proposal.

The Out-of Market proposal was discussed at the Market Issues / ADR Committee meeting on August 25, 1999. In response to that discussion, a modified proposal was presented to the Full Board on the following day. The modified proposal did not contain draft tariff language. While the Board approved the proposal and directed Management to file a tariff amendment implementing it, Management believes that the proposal would benefit from having the Board Members and market participants comment on the draft tariff language (***Attachment A***). Please provide any comments by Friday, October 15, 1999 to Roger Smith at rsmith@caiso.com. After receipt and consideration of the comments, Management will submit the proposal as a separate tariff filing at the FERC.