

November 15, 1999

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

**Re: California Independent System Operator Corporation
Docket No. ER99-3301**

Dear Secretary Boergers:

Enclosed for filing please find copies of tariff sheets for the California Independent System Operator Corporation ("ISO")¹ FERC Electric Tariff, Original Volume I, submitted in compliance with the Commission's October 15, 1999 Order in the above-captioned docket.

On June 18, 1999, the ISO filed Amendment No. 18 to the ISO Tariff in the above-captioned docket. Amendment No. 18 modifies the ISO Tariff to expand the market from which the ISO may select resources for Intra-Zonal Congestion Management in real time.

A number of parties submitted motions to intervene, comments, and/or protests to Amendment No. 18. On July 9, 1999, the ISO submitted its Answer to Motions to Intervene, Comments and Protests in the above-captioned docket. In its Answer, the ISO agreed to revise Section 7.3.2 of the ISO Tariff in response to an intervenor comment on Amendment No. 18.

¹ Capitalized terms not otherwise defined herein are defined in the Master Definitions Supplement, ISO Tariff Appendix A, as filed August 15, 1997, and subsequently revised.

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On July 30, 1999, the Commission issued an order accepting Amendment No. 18 with certain modifications and directing the ISO to submit a compliance filing. California Independent System Operator Corporation, 88 FERC ¶ 61,146 (1999) (“July 30 Order”). The Commission directed the ISO to revise Section 7.3.2 as it had committed to do in its July 9 Answer. Id. at 61,486. In response to an intervenor concern, the Commission also directed the ISO to inform Market Participants whether “their Imbalance Energy bids are being used to manage Intra-Zonal Congestion or to maintain system balance,” and to “modify [the ISO] Tariff accordingly.” Id. at 61,488.

On August 13, 1999, the ISO submitted revisions to Section 7.3.2 to comply with the July 30 Order, and explained that the ISO’s current procedures provide for informing participants as to the use of the participants’ bids. These procedures describe how the ISO is to do the following: (1) inform Scheduling Coordinators as to the selection of Imbalance Energy bids for Intra-Zonal Congestion Management in real time; (2) log into the ISO’s operational log the selection of such bids that are used for Intra-Zonal Congestion Management in real time; and (3) record other relevant information into the ISO’s operational log including: the amount (MW) of the selected bid; the offered price (\$/MWh) of the selected bid; the time at which the Scheduling Coordinator was called; and the Settlement Period, or portion thereof, for which the bid was selected.

On October 15, 1999, the Commission issued an order accepting the ISO’s compliance filing, and requiring the ISO to describe in its tariff the procedures discussed in its August 13, 1999 filing. California Independent System Operator Corporation, 89 FERC ¶ 61,048 (1999) (“October 15 Order”). The ISO now submits tariff sheets to comply with the October 15 Order.

Enclosed are revised tariff sheets which incorporate the modifications ordered by the Commission (Attachment A), as well as the text of the affected tariff provisions identifying the changes made in this compliance filing in redline format (Attachment B).² Also enclosed is a Notice of Filing suitable for publication in the Federal Register (Attachment C) and a diskette containing the Notice of Filing in WordPerfect format.

² The modifications are only to Section 7.2.6.2 in its present form. They do not concern the proposed revisions to Section 7.2.6.2 which the ISO submitted, on November 10, 1999, in its filing of Amendment No. 23 to the ISO Tariff.

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In addition, an extra copy of the filing is enclosed. Please date-stamp the extra copy with the time and date of filing and return it to the messenger. Thank you for your assistance in this matter.

Respectfully submitted,

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System Operator Corporation

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**Counsel for the California
Independent System Operator
Corporation**

ATTACHMENT A

7.2.6.2 Intra-Zonal Congestion During Initial Period.

Except as provided in Section 5.2, during the initial period operation, the ISO will perform Intra-Zonal Congestion Management in real time using available Adjustment Bids and Imbalance Energy bids, based on their effectiveness and in merit order, to minimize the cost of alleviating congestion. In the event no Adjustment Bids or Imbalance Energy bids are available, the ISO will exercise its authority to direct the redispatch of resources. When the ISO selects Imbalance Energy bids for Intra-Zonal Congestion Management in real time it shall inform the applicable Scheduling Coordinator and record the relevant information into the ISO's operational log. The ISO's operational log for real time Intra-Zonal Congestion Management shall include the following information: (1) the identity of the affected Scheduling Coordinator and the time at which the Scheduling Coordinator was called; (2) the identity of the selected resource; (3) the quantity (MW) of the selected bid; (4) the offered price (\$/MWh) of the selected bid; and (5) the Settlement Period, or portion thereof, for which the resource was selected by the ISO for Intra-Zonal Congestion Management.

ATTACHMENT B

7.2.6.2 Intra-Zonal Congestion During Initial Period.

Except as provided in Section 5.2, during the initial period of operation, the ISO will perform Intra-Zonal Congestion Management in real time using available Adjustment Bids and Imbalance Energy bids, based on their effectiveness and in merit order, to minimize the cost of alleviating congestion. In the event no Adjustment Bids or Imbalance Energy bids are available, the ISO will exercise its authority to direct the redispatch of resources. When the ISO selects Imbalance Energy bids for Intra-Zonal Congestion Management in real time it shall inform the applicable Scheduling Coordinator and record the relevant information into the ISO's operational log. The ISO's operational log for real time Intra-Zonal Congestion Management shall include the following information: (1) the identity of the affected Scheduling Corodinator and the time at which the Scheduling Coordinator was called; (2) the identity of the selected resource; (3) the quantity (MW) of the selected bid; (4) the offered price (\$/MWh) of the selected bid; and (5) the Settlement Period, or portion thereof, for which the resource was selected by the ISO for Intra-Zonal Congestion Management.

ATTACHMENT C

CERTIFICATE OF SERVICE

I hereby certify I have this day served this document upon all parties listed on the official service list in the above-referenced proceeding in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Washington, D.C. on this 15th day of November, 1999.

Bradley R. Miliauskas