

February 7, 2000

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. ER00-555-_____**

Dear Secretary Boergers:

Enclosed for filing please find copies of Tariff sheets for the California Independent System Operator Corporation ("ISO") FERC Electric Tariff, Original Volume No. I, submitted in compliance with the Commission's January 7, 2000 Order in the above-captioned docket.

On November 10, 1999, the ISO filed Amendment No. 23 to the ISO Tariff in the above-captioned docket. The ISO Tariff grants the ISO authority to Dispatch resources in certain circumstances, when market bids are not available from resources that could be adjusted to deal with a real-time system problem or emergency situation.¹ In Amendment No. 23, the ISO proposed an alternative payment option for resources dispatched pursuant to this authority and modification of the allocation of costs so incurred. In addition, the ISO sought clarification that it could exercise this Dispatch authority to address locational problems that create Intra-Zonal Congestion in circumstances where it had made an advance determination that a competitive market for bids was not present.

On January 7, 2000, the Commission issued an order accepting for filing in part, and rejecting in part, Amendment No. 23. *California Independent System Operator Corp.*, 90 FERC ¶ 61,006 (2000) ("January 7 Order"). In the January 7 Order, the Commission accepted those aspects of Amendment No. 23 that would establish an additional payment option to compensate resources for ISO

¹ Capitalized terms not otherwise defined herein are used in the sense given in the Master Definitions Supplement, Appendix A to the ISO Tariff.

Dispatch orders. The Commission also accepted the ISO's proposed allocation of costs resulting from ISO Dispatch orders. The Commission rejected aspects of Amendment No. 23, however, that would establish the ISO's authority to issue out-of-market ("OOM") Dispatch orders to manage Intra-Zonal Congestion where Generators have submitted bids for managing Intra-Zonal Congestion to the ISO, but the ISO has determined that the markets for such bids are not competitive. January 7 Order, slip op. at 4-5. The Commission also directed the ISO to undertake a review of its approach to Intra-Zonal Congestion Management. The Commission directed the ISO to file Tariff revisions consistent with the January 7 Order within 30 days. *Id.* at 14.

The ISO now submits revisions to Sections 7.2.6.2, 11.2.4.2, and 11.2.4.2.1 of the ISO Tariff to comply with the January 7 Order. The ISO notes that it has submitted in this docket a Motion for Clarification or, In the Alternative, Request for Rehearing, and Request for Expedited Consideration concerning certain aspects of the January 7 Order. The ISO reserves the right to submit further compliance changes, as appropriate, once the Commission acts on that Motion.

Enclosed are the revised Tariff sheets which incorporate the revisions 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). Also enclosed is a notice of filing suitable for publication in the Federal Register (Attachment C) and a 3½ inch diskette containing the notice in WordPerfect format.

In addition, two extra copies of the filing is enclosed. Please date-stamp the extra copies 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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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all parties on the official service list compiled by the Secretary in the above-captioned 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. this 7th day of February, 2000.

Sean A. Atkins