

October 13, 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
First Replacement Volume Nos. I and II
FERC Electric Tariff**

Dear Secretary Boergers:

The California Independent System Operator Corporation ("ISO") respectfully submits for filing First Replacement Volume Nos. I and II of its FERC Electric Tariff in compliance with Order No. 614, issued in Docket No. RM99-12 on March 31, 2000.

I. BACKGROUND

The Commission, on October 28, 1999, proposed amendments to Part 35 of its Rules and Regulations, 18 C.F.R. Part 35, in order to streamline rate schedule sheet designation procedures for the Commission and the electric industry, as well as to conform public utility tariff filing procedures with those for interstate natural gas and oil pipelines. Finalized in Order No. 614,¹ issued on March 31, 2000, and made effective June 1, 2000, the amended regulations require that electric utilities propose their own tariff and rate schedule designations in accordance with the guidelines promulgated by the Commission, and identify and number their tariff and rate schedule sheets before filing them with the Commission. This filing is made in order to bring the ISO's FERC Electric Tariff into conformity with the tariff sheet designation requirements set forth under the revised Part 35 and Order No. 614.

¹ Designation of Electric Rate Schedule Sheets, FERC Stats. & Regs. ¶ 31,096 (2000).

II. REQUEST FOR ADDITIONAL TIME TO COMPLY WITH ORDER NO. 614 REQUIREMENTS

The new tariff and rate schedule designation requirements in Order No. 614 became effective on a prospective basis on June 1, 2000. Order No. 614 required that, if any revisions to an existing tariff or rate schedule were submitted subsequent to that date, "the entire tariff or rate schedule must be re-filed according to the new system." Order No. 614, FERC Stats. & Regs. at 31,502.

Revising the entire ISO FERC Electric Tariff to comply with the new designation rules was a significant undertaking. Original Volume Nos. I through III of the ISO Tariff, as initially filed with the Commission in Docket Nos. EC96-19 and ER96-1663 and subsequently modified in numerous other proceedings, consists of well over a thousand pages. Due to the various Tariff amendments accepted by the Commission in the two and a half years since the ISO commenced operations, provisions on some ISO Tariff sheets were deleted, while new Tariff sheets were created so that new provisions could be "squeezed" in-between existing Tariff sheets.² The approaches the ISO developed to address these issues are not entirely consistent with the new requirements set forth in Order No. 614. Therefore it became apparent that, in order to comply with the revised designation requirements of Order No. 614 and Part 35 for all future ISO Tariff filings, the entire ISO Tariff would need to be reformatted and repaginated so that the tariff sheet designations for all future filings could be based on a "clean slate."

Accordingly, the ISO has requested a temporary waiver of the requirement that the entire ISO Tariff be re-filed in accordance with Order No. 614 for all revisions to the ISO Tariff submitted to the Commission since June 1, 2000.³ Because of a particularly difficult summer and the numerous pressing matters which the ISO has sought to address over the past few months, it has taken somewhat longer than originally anticipated to complete the ISO's Order No. 614 compliance filing. The ISO respectfully requests that the Commission, in acting on the instant filing, also grant the temporary waiver it has requested for all Tariff revisions submitted from the period of June 1, 2000 until the date of the instant filing.⁴

² See, e.g., ISO Tariff, Original Volume No. I, Sheet Nos. 288-H and 288-I, filed and accepted in Docket No. ER99-896, containing provisions related to Year 2000 or "Y2K" compliance requirements.

³ Since June 1, 2000, the ISO has filed Amendment Nos. 30 and 31 to the ISO Tariff as well as a number of Tariff revisions submitted to comply with Commission orders on previous ISO Tariff amendments. These filings are listed in Section III of this transmittal letter.

⁴ The ISO will submit all subsequent amendments to the ISO Tariff as revisions to the volumes of the ISO Tariff attached to this filing, and in accordance with the designation requirements Order No. 614.

III. SUBMISSION OF FIRST REPLACEMENT VOLUME NOS. I AND II OF THE ISO TARIFF TO COMPLY WITH ORDER NO. 614

The ISO now submits Original Tariff Sheets for the First Replacement Volume Nos. I and II of the California ISO's FERC Electric Tariff in compliance with Order No. 614. While the required designation and formatting modifications described above have been made, the ISO Tariff remains otherwise unchanged, with two minor exceptions. First, due to the renumbering of Tariff sheets, there have been several adjustments made to the table of contents for the main section of the Tariff (Volume I) as well as the various tables of contents for the ISO's Protocols (Volume II). The revised tables of contents can be found on Sheet Nos. i-iv, 399-403, 444-445, 454-459, 491-493, 510-513, 537-539, 570-571, 588-591, 632-635, and 728-732 of the attached volumes. Additionally, the issuing officer for the Tariff is currently Roger Smith, Senior Regulatory Counsel for the ISO, a change which is reflected throughout the ISO Tariff.

The attached volumes of the ISO Tariff incorporate all Tariff provisions that the Commission has either approved or accepted for filing in other proceedings. The attached volumes also incorporate those Tariff revisions that the ISO has submitted to the Commission but which the Commission, to date, has not yet acted upon,⁵ including:

- A filing submitted in Docket No. ER00-1365 on May 1, 2000 to comply with the Commission's order on Amendment No. 26, *California Independent System Operator Corp.*, 90 FERC ¶ 61,345 (2000);
- A filing submitted in Docket No. ER00-2208 on July 14, 2000 to comply with the Commission's order on Amendment No. 28, *California Independent System Operator Corp.*, 91 FERC ¶ 61,256 (2000);
- A filing submitted in Docket No. ER00-1239 on July 31, 2000 to comply with the Commission's order on the Amendment No. 25 compliance filing, *California Independent System Operator Corp.*, 91 FERC ¶ 61,341 (2000);
- A filing submitted in Docket No. ER00-2383 on July 31, 2000, and subsequently modified on September 5, 2000, to comply with the Commission's order on Amendment No. 29, *California Independent System Operator Corp.*, 91 FERC ¶ 61,324 (2000);
- A filing submitted in Docket No. ER00-2019 on August 3, 2000 and revised on August 7, 2000, to comply with the Commission's order on Amendment No. 27, *California Independent System Operator Corp.*, 91 FERC ¶ 61,205 (2000);
- Amendment No. 30, submitted in Docket No. ER00-3636 on September 11, 2000;

⁵ Black-lined Tariff provisions showing the changes proposed in these dockets were included in each of the listed filings.

and

- Amendment No. 31, submitted in Docket No. ER00-3673 on September 14, 2000.

Inclusion of these proposed Tariff revisions in the instant filing is entirely consistent with the requirements of Order No. 614. If the Commission requires modifications to any of these proposed Tariff revisions, or rejects the proposed revisions, the ISO will file Substitute sheets to reflect the required modification or the rejection of a proposed revision in the appropriate docket. Order No. 614, FERC Stats. & Regs. at 31,510. Moreover, inclusion of the proposed Tariff revisions in the instant filing is also consistent with the Commission's directive in prior orders that "tariff sheets should reflect the proposed accumulated changes to date [and i]f the Commission were to order changes to those tariff sheets in another docket, then superseding tariff sheets would follow." *California Independent System Operator Corp.*, 90 FERC ¶ 61,316 at 62,048 n.9 (2000).

During the course of preparing the enclosed volumes of the ISO Tariff, the ISO discovered a few instances where ISO Tariff language approved by the Commission had been inadvertently omitted from sheets submitted with the August 3, 2000 compliance filing in Docket No. ER00-2019.⁶ Specifically:

- certain changes to Section 2.2.7.3 set forth in Attachment F of Amendment No. 29 and approved by the Commission, 91 FERC ¶ 61,324, were not incorporated in Fourth Revised Sheet No. 15 included in the August 3 filing;
- the last sentence of the definition for "Access Charge" was unintentionally eliminated on Sheet No. 290 included in the August 3 filing;
- the defined term "Non-ISO Participant," which was deleted as part of the "Unresolved Issues" settlement,⁷ was improperly included in Third Revised Sheet No. 326 included in the August 3 filing; and
- certain changes to Section SP 7.2.2 of the Scheduling Protocol set forth in Attachment B to Amendment No. 27 and accepted for filing by the Commission, 91 FERC ¶ 61,205, were not incorporated in Sheet Nos. 843, 844 and 845 included in the August 3 filing.

All of the omissions in the August 3 filing have been corrected in the instant filing.

⁶ As noted above, the Commission has not yet acted on this filing.

⁷ See Attachment B, p. 91 of the Offer of Settlement filed in Docket Nos. ER98-3760 *et al.* on December 1, 1999 and accepted by the Commission on February 24, 2000, *California Independent System Operator Corp.*, 90 FERC ¶ 61,178 (2000).

IV. EFFECTIVE DATE

The ISO respectfully requests that the effective date for the Tariff sheets in the attached volumes be set to October 13 2000, the date of filing, except where noted below. With the following exceptions, all of the Tariff provisions in the attached volumes have either been accepted by the Commission, or have been proposed, to go into effect prior to that date:

- Sheet No. 298 of the enclosed volumes contains revisions to Section 28 of the ISO Tariff that the ISO has requested be made effective as of November 15, 2000 in Amendment No. 31 (submitted to the Commission in Docket No. ER00-3673).

In addition, the Commission has approved certain sets of Tariff revisions proposed in Amendment Nos. 13, 14, 17, 22, 25, 26 and 29 to go into effect upon issuance of notice to Market Participants that software associated with these revisions is ready for implementation. For most of these sets of Tariff revisions, the ISO subsequently issued market notices indicating the implementation date for these Tariff revisions. All such Tariff revisions for which market notices have been issued have been implemented prior to October 13, 2000, and therefore these revisions are incorporated into the enclosed Tariff sheets to be effective as of the date of this filing. The ISO has generally filed these market notices with the Commission for informational purposes. During the preparation of this filing, however, it came to the ISO's attention that market notices for two sets of such Tariff revisions have not been provided to the Commission to date. The following notices are now provided as attachments to this filing:

- A Notice issued on February 11, 2000 regarding the implementation of the Placeholder Dispute Mechanism, approved in the Commission's order on Amendment No. 22, *California Independent System Operator Corp.*, 89 FERC ¶ 61,229 (1999); and
- Notices issued on May 1, 2000 and June 29, 2000 regarding the implementation of the ISO's "Phase II Payments Calendar," which reduces the period for payments to sellers in the ISO's Market through the use of a "Preliminary Statement Invoice" and which was approved in the Commission's order on Amendment No. 25, 91 FERC ¶ 61,341.

The following three sets of Tariff revisions approved by the Commission to go into effect upon issuance of notice to Market Participants have not yet been implemented:

- In its order on Amendment No. 17, the Commission approved Tariff revisions that modify the ISO's settlement payments calendar, *California Independent System Operator Corp.*, 88 FERC ¶ 61,182 (1999). All of these revisions were placed into

effect by a Market Notice issued on September 24, 1999 except the revision to Section 10.6.3 of the Tariff, which would change the timing for submission of meter data from forty-one (41) Calendar Days to thirty-one (31) Business Days. As noted in the September 24, 1999 notice, the ISO has exercised its authority under Section MP 13.2(d) of the Metering Protocol to permit Scheduling Coordinators forty-five (45) Calendar Days to submit metering data. This timetable seems to be preferred by most Scheduling Coordinators, and the ISO intends to make this exemption permanent through a forthcoming amendment to Section 10.6.3 of the Tariff.

- In its order on Amendment No. 22, 89 FERC ¶ 61,229, the Commission approved Tariff revisions related to the calculation of transmission losses in the imbalance Energy and Unaccounted for Energy ("UFE") settlements. Implementation of these tariff revisions have been deferred pending availability of software for a solid state-estimator, the availability of which is connected to the ISO's development of its next generation of the ISO's Energy Management System. The ISO will issue and file the appropriate market notice when the solid-state estimator is available and these Tariff revisions are ready for implementation.
- Lastly, in its order on Amendment No. 29, 91 FERC ¶ 61,324, the Commission approved Tariff revisions which will enable Scheduling Coordinators to submit Adjustment Bids in conjunction with inter-Scheduling Coordinator Trades. The ISO expects to implement this feature in the next several weeks and will issue and file the appropriate market notice in advance of such implementation.

Because the three sets of revisions described above have not yet been implemented, the ISO requests that Sheet Nos. 23, 202, 213-215, 241, 301, 309, 314, 544, 553, and 610 in the enclosed volumes, which incorporate these revisions, be made effective upon notice after October 13, 2000, consistent with the Commission's prior orders on Amendment Nos. 17, 22, and 29.

V. NOTICE AND SERVICE OF DOCUMENTS

Communications regarding this filing should be addressed to the following individuals, whose names should be placed on the official service list established by the Secretary with respect to this submittal:

Charles F. Robinson
Roger E. Smith
California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
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VI. SUPPORTING DOCUMENTS

The following documents, in addition to this letter, support this filing:

- First Replacement Volume Nos. I and II of the California ISO's FERC Electric Tariff, provided as separate enclosures;
- A Market Notice issued on February 11, 2000 regarding the implementation of the Placeholder Dispute Mechanism, provided as Attachment A to this transmittal letter;
- Market Notices issued on May 1, 2000 and June 29, 2000 regarding the implementation of the ISO's "Phase II Payments Calendar," provided as Attachment B to this transmittal letter; and
- A notice of filing, suitable for publication in the Federal Register, provided as Attachment C to this transmittal letter, together with a version of the notice of filing in WordPerfect format on a diskette.

An additional copy of this filing is enclosed, to be stamped with the date and time of filing and returned to our messenger. If you have any questions about this filing, please contact the undersigned.

Respectfully submitted,

Charles F. Robinson
General Counsel
Roger E. Smith
Senior Regulatory Counsel
The California Independent
System Operator Corporation

Kenneth G. Jaffe
David B. Rubin
Sean A. Atkins
Swidler Berlin Shereff Friedman, LLP

Counsel for the
California Independent System Operator Corporation

CERTIFICATE OF SERVICE

I hereby certify that I have this day served this document upon the Public Utilities Commission of California, the California Energy Commission, the California Electricity Oversight Board, and upon all parties with effective Scheduling Coordinator Service Agreements under the ISO Tariff, 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 13th day of October, 2000.

Sean A. Atkins

ATTACHMENT A

From: CRCommunications [CRCommunications@caiso.com]
Sent: Fri 2/11/00 5:12 PM
To: Market Participants; SC Settlements Contacts
Subject: CAISO Communication: Implementation of a Placeholder Dispute Mechanism

The ISO announces implementation of a Placeholder Dispute Mechanism effective Friday, February 11, 2000. The Placeholder dispute process was developed at stakeholder request to simplify cases where Scheduling Coordinators believe they must file disputes repetitively, many times daily. Placeholder disputes will apply to disputes on Preliminary Settlement Statements beginning with trade date December 6, 1999.

Market Participants will have the ability to request that a disputed issue be treated as recurring by submitting a Placeholder Dispute Form (attached) to the ISO Dispute mailbox at ISODispute@caiso.com. The disputed issue (as described by the participant in the Placeholder Dispute Form) must be recurring. In addition, the placeholder request must comply with SABP 4.4.1, 4.4.2 & 4.4.3. as follows:

- * Must be filed on time,
- * Must be accompanied by all available evidence, and
- * Must specify;
 - reasons for treatment as recurring,
 - the item disputed and reasons for dispute,
 - the amount claimed, trade dates and charge types where possible.

The ISO will make its determination of whether or not to authorize placeholder status by verifying the timeliness and specificity of the dispute as outlined in SABP 4.4.1, 4.4.2 & 4.4.3 and by researching the recurring nature of issue. As an initial guideline, an issue will be considered recurring if the participant has disputed the issue more than 10 times within 30 calendar days or disputed the issue for the seven (7) consecutive trade days and the ISO has reason to believe the condition will continue to persist.

NOTE: The ISO has five (5) business days to respond to a request for Placeholder Status. The Market Participant must dispute each occurrence of an issue through the normal Preliminary Settlement Dispute process until the ISO has authorized Placeholder Status.

The ISO will convey its decision by returning the completed Placeholder Dispute Form to include the Placeholder Status of "Authorized" or "Not Authorized." If the ISO authorizes placeholder status the response will also include the ISO's position on the disputed issue (or a plan of action if the ISO's position is not identified) and the effective and expiration date of the Placeholder. As stated in Tariff Amendment 22, Placeholder Status expires the date indicated in the ISO's response, when the dispute or exception is resolved or ninety (90) days have elapsed, whichever is shorter. If the ISO does not agree to allow the Placeholder

Dispute, the response will include the ISO's reason for denying the request in the Resolution of Placeholder field of the form.

The ISO's decision to authorize placeholder status does not signify acceptance of the disputed issue as valid. The ISO may authorize placeholder status even when the ISO clearly disagrees with the disputed issue. The ISO will not grant extensions for existing Placeholder Disputes past the expiration date identified on the form. However, a Scheduling Coordinator may file a new placeholder request.

CRCommunications
Client Relations Communications



CALIFORNIA ISO

PLACEHOLDER DISPUTE FORM

DETAILS OF DISPUTE

Please fill in the below boxes with the details of the dispute.

BA Number

BA Name

BA Contact

BA Contact Phone #

Charge #

Trade Dates Disputed

DETAILS OF DEVIATIONS (Charge Types 402-406)

Type of Deviation

Location ID

Zone ID

ESTIMATED DISPUTE DOLLAR AMOUNT (to be completed by the BA)

\$

Additional comments:

DISPUTE TYPE (to be completed by the BA)

DISPUTE DETAIL (to be completed by the BA)

Background:

Please state why the placeholder dispute is appropriate.

Specific Information:

Please give specific details to explain the exact nature of the dispute

DISPUTE REFERENCES (to be completed by the BA)

Please provide supporting data to prove your claim.

ISO POSITION ON DISPUTED ISSUE (to be completed by ISO)

ISO RESOLUTION OF PLACEHOLDER (to be completed by ISO)

Final resolution of placeholder.

PLACEHOLDER STATUS (to be completed by ISO) Authorized Not Authorized

Effective Date:

Expiration Date:

Client Relations Representative

Approved by Client Relations Director

Date

ATTACHMENT B

From: Blatchford, James [JBlatchford@caiso.com]
Sent: Mon 5/1/00 12:48 PM
To: ISO Settlements; SC Settlements Contacts; Market Participants
Subject: CAISO Dual invoicing

After reviewing various options and Stakeholder's recommendations and preferences to reduce the time period for payments from buyers to sellers in ISO's markets, Management has identified and the Board approved the "Preliminary Statement Invoice" (PSI) option as the next logical step toward resolution of Market Participants' concerns on the ISO Payment Calendar. This option reduces the number of days the suppliers wait from an average of 93 days to 73 calendar days -- a reduction of 20 calendar days. The "Preliminary Statement Invoice" proposal introduces a new ISO invoice issued after the last Preliminary Statement for each Trade Month. The current ISO invoice based on Final Statements would become a "true-up" invoice, and constitute the final corrections due to disputed and adjusted entries. Both sets of statements will be transmitted as usual, GMC will be included in both sets and no new transaction categories will be added.

It is anticipated full implementation will be ready for trade month June 2000.

Please feel free to contact your Client Rep should you have more questions.

Jim Blatchford
Client Relations

From: Blatchford, James [JBlatchford@caiso.com]
Sent: Thu 6/29/00 3:55 PM
To: Market Participants
CC: ISO Settlements; ISO Client Relations
Subject: CAISO NOTIFICATION - Changes to EDI 810 implementation guide

Changes to EDI 810 implementation guide

ISO is implementing the accelerated payment calendar effective from the trade month of June, 2000. As a result, the market participants will be receiving two invoices, one on the day when the last Preliminary Statement for a month is issued and the other on the last day when the Final Statements of the month is issued. As an example, ISO is publishing the June 30th Preliminary Statements on 08/24/2000 and Final Statements on 09/13/2000. On 08/24/2000, ISO will be sending the Preliminary Invoices for the month of June. This invoice is based on the Preliminary Statements issued for the month of June. Another invoice for the month of June will be sent on 09/13/2000 for the difference amounts between the Preliminary and Final Statements.

To distinguish between the preliminary and final invoices, ISO is modifying its EDI implementation guide indicating the invoice type in the BIG07 field. The existing BIG07 field contains 'FB' indicating it is the final bill. Effective with the June Preliminary Invoice, this field will contain 'PB' for Preliminary Invoices and 'FB' for Final invoices. It should be emphasized that both the Preliminary and Final Invoices should be settled.

As far as the EDI is concerned, the BIG07 field is the only field that is affected by the implementation of the Accelerated Payment Calendar.. The modified Implementation Guide is attached.

ATTACHMENT C

