

August 9, 2011

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Errata to Tariff Amendment re: Non-Resource-Specific System
Resources with Resource Adequacy Contracts
Docket No. ER11-4151-_____**

Dear Secretary Bose:

On July 29, 2011, the California Independent System Operator Corporation (ISO) submitted, pursuant Section 205 of the Federal Power Act¹ and Sections 35.11 and 35.13 of the Commission's regulations,² an amendment to the ISO tariff to provide for generated bids and outage reporting for non-resource-specific system resources with resource adequacy contracts, as further described in the July 29, 2011 transmittal letter accompanying the amendment in the above-referenced docket.

It has come to the ISO's attention that proposed changes were inadvertently omitted from the .xml package submitted to FERC. The ISO hereby respectfully submits this *errata* to include the tariff record and associate it with the July 29, 2011 filing.

The ISO has posted this *errata* on the ISO's website and provided e-mail notice all parties with effective scheduling coordinator Service Agreements under the ISO tariff, as well as the California Public Utilities Commission and the California Electricity Oversight Board.

The ISO apologizes for any inconvenience caused by this error and respectfully requests that the Commission accept the revised filing with the proper record submitted.

¹ 16 U.S.C. § 824d.

² 18 C.F.R. §§ 35.11 & 35.13 (2010).

Respectfully submitted,

By: /s/ Beth Ann Burns

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California Independent System Operator Corporation

Fifth Replacement FERC Electric Tariff

Attachment A – Clean Tariff

**Errata to Non-Resource-Specific System – Resource Adequacy Resources
Amendment**

August 9, 2011

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40.6.8.1 Generated Bids for NRS-RA Resources

Generated Bids to be submitted by the CAISO pursuant to Section 40.6.8 for non-Resource-Specific System Resources that provide Resource Adequacy capacity shall be calculated in accordance with this Section.

40.6.8.1.1 Calculation Options for Generated Bids

The Scheduling Coordinator for each non-Resource Specific System Resource that provides Resource Adequacy Capacity shall select the price taker option, LMP-based option, or negotiated price option as the methodology for calculating the Generated Bids to be submitted by the CAISO under Section 40.6.8 for both the DAM and RTMs. If no selection is made, the CAISO will apply the price taker option to calculate the Generated Bids. For the first ninety (90) days after a resource becomes a non-Resource-Specific System Resource, the calculation of Generated Bids for Resource Adequacy capacity is limited to the price taker option or negotiated price option.

40.6.8.1.2 Price Taker Option

The price taker option is a Generated Bid of \$0/MWh plus the CAISO's estimate of the applicable grid management charge per MWh based on the gross amount of MWh scheduled in the DAM and HASP.

40.6.8.1.3 LMP-Based Option

The LMP-based option calculates the Generated Bid as the weighted average of the lowest quartile of LMPs, at the Intertie point designated for the non-Resource-Specific System Resource's Resource Adequacy Capacity in the Supply Plan, during periods in which the resource was dispatched in the preceding ninety (90) days for which LMPs that have passed the price validation and correction process set forth in Section 35 are available. The weighted average will be calculated based on the quantities Dispatched within each segment of the Generated Bid curve. Each Bid segment created under the LMP-based option for Generated Bids will be subject to a feasibility test, as set forth in a Business Practice Manual, to determine whether there are a sufficient number of data points to allow for the calculation of

an LMP-based Generated Bid. The feasibility test is designed to avoid excessive volatility of the Generated Bid under the LMP-based option that could result when calculated based on a relatively small number of prices. If the Scheduling Coordinator for the non-Resource Specific System Resource elects the LMP-based method, it must additionally select either the price-taker method or the negotiated-rate method as the alternative calculation method for the Generated Bids in the event that the feasibility test fails for the LMP-based method.

40.6.8.1.4 Negotiated Price Option

Under the negotiated price option, a Scheduling Coordinator shall submit a proposed Generated Bid along with supporting information and documentation as described in a Business Practice Manual. Within ten (10) Business Days of receipt, the CAISO or an Independent Entity selected by the CAISO will provide a written response. If the CAISO or Independent Entity accepts the proposed Generated Bid, it will become effective within three (3) Business Days from the date of acceptance by the CAISO and remain in effect until: (1) the Generated Bid is modified by FERC; (2) the Generated Bid is modified by mutual agreement of the CAISO and the Scheduling Coordinator; or (3) the Generated Bid expires, is terminated or is modified pursuant to any agreed upon term or condition or pertinent FERC order.

If the CAISO or Independent Entity selected by the CAISO does not accept the proposed Generated Bid, the CAISO or Independent Entity selected by the CAISO and the Scheduling Coordinator shall enter a period of good faith negotiations that terminates sixty (60) days following the date of submission of a proposed Generated Bid by a Scheduling Coordinator. If at any time during this period, the CAISO or Independent Entity selected by the CAISO and the Scheduling Coordinator agree upon the Generated Bid, it will become effective within three (3) Business Days of the date of agreement and remain in effect until: (1) the Generated Bid is modified by FERC; (2) the Generated Bid is modified by mutual agreement of the CAISO and the Scheduling Coordinator; or (3) the Generated Bid expires, is terminated or is modified pursuant to any agreed upon term or condition or pertinent FERC order.

If by the end of the sixty (60) day period the CAISO or Independent Entity selected by the CAISO and the Scheduling Coordinator fail to agree on the Generated Bid to be used under the negotiated price option,

the Scheduling Coordinator has the right to file a proposed Generated Bid with FERC pursuant to Section 205 of the Federal Power Act.

During the sixty (60) day period following the submission of a proposed negotiated Generated Bid by a Scheduling Coordinator, and pending FERC's acceptance in cases where the CAISO or Independent Entity selected by the CAISO fail to agree on the Generated Bid for use under the negotiated price option and the Scheduling Coordinator filed a proposed Generated Bid with FERC pursuant to Section 205 of the Federal Power Act, the Scheduling Coordinator has the option of electing to use any of the other options available pursuant to this Section.

The CAISO shall make an informational filing with FERC of any Generated Bids negotiated pursuant to this Section no later than seven (7) days after the end of the month in which the Generated Bids were established.

40.6.8.1.5 Partial Bids

If a Scheduling Coordinator for a non-Resource-Specific System Resource that provides Resource Adequacy Capacity submits a bid for a MW quantity less than the Resource Adequacy Capacity identified in the resource's Supply Plan, the CAISO will insert a Generated Bid only for the remaining Resource Adequacy Capacity by extending the last segment of the resource's bid curve to the full quantity (MWh) of the Resource Adequacy obligation.

40.6.8.1.6 Subset-of-Hours Contracts

The CAISO will submit Generated Bids for non-Resource-Specific System Resources that provide Resource Adequacy Capacity subject to a Subset-of-Hours Contract during only those hours in which the resource is contractually obligated to make the Resource Adequacy Capacity available and the CAISO has not received either notification of an Outage or a Bid for such capacity. If the Scheduling Coordinator for the non-Resource Specific System Resource submits a Bid for part of the Resource Adequacy Capacity subject to a Subset-of-Hours Contract for any hour the resource is contractually obligated to provide the Resource Adequacy Capacity, the CAISO will insert a Generated Bid only for the remaining Resource Adequacy Capacity. Non-Resource-Specific System Resources that provide Resource

Adequacy Capacity subject to a Subset-of-Hours Contract must meet the technical interface specifications and submit contractual information as required by a Business Practice Manual.

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California Independent System Operator Corporation

Fifth Replacement FERC Electric Tariff

Attachment B – Marked Tariff

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