



California Independent
System Operator Corporation

August 19, 2011

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

**Re: California Independent System Operator Corporation
Docket No. ER11-____-000
Tariff Amendment Regarding the
Transmission Maintenance Coordination Committee**

Dear Secretary Bose:

The California Independent System Operator Corporation (ISO) submits this filing to include provisions in new Section 4.3.1.7 of its tariff regarding the ISO's obligations with respect to the Transmission Maintenance Coordination Committee (TMCC), which is not currently addressed in the tariff.¹ The ISO submits this tariff amendment out of an abundance of caution, in order to obtain the Commission's confirmation that a recent change in practice whereby the TMCC will advise ISO management directly on transmission maintenance standards rather than advising the ISO governing board on such standards is consistent with directives regarding the TMCC contained in a 1997 Commission order. The ISO requests that the Commission accept this filing effective as of October 19, 2011.

¹ The ISO submits this tariff amendment pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d, and Part 35 of the Commission's regulations, 18 C.F.R. Part 35. The ISO is also sometimes referred to as the CAISO. Capitalized terms not otherwise defined herein have the meanings set forth in Appendix A to the ISO tariff.

I. Background

The TMCC was established pursuant to an omnibus 1997 Commission order on the pre-startup development of the ISO. Among other things, the 1997 order directed the ISO to “add a section under Article IV of the ISO's Bylaws to provide for the permanent creation of an advisory Maintenance Coordination Committee that will perform the duties specified under section 7 of the Transmission Control Agreement.”² Accordingly, the ISO governing board created the TMCC as an advisory committee to the board pursuant to Section 2 to Article IV of the ISO bylaws.³ The ISO also added Section 7 to Appendix C of the Transmission Control Agreement to set forth the duties of the TMCC.⁴ As set forth in that Section 7, the TMCC develops, revises, and aligns transmission maintenance standards among the ISO's participating transmission owners. Proposed changes to transmission maintenance standards (even those proposed by the ISO itself) must first be recommended by the TMCC.

Although the Commission's 1997 order required the creation of a permanent advisory Maintenance Coordination Committee, the Commission did not require that the committee be an advisory committee to the ISO board.⁵ As noted above, the ISO created the TMCC as an advisory committee to the ISO governing board. This organizational structure made sense at the time the TMCC charter was originally drafted because the initial ISO governance structure in effect at that time included a large stakeholder board of representatives from numerous interest groups, including both market participants and representatives of other entities. Under this structure, the board was actively involved in many aspects of the management of the ISO and therefore having the TMCC directly advise the ISO governing board was an appropriate course of action.

² Pacific Gas and Electric Co. et al., 81 FERC ¶ 61,122, at 61,571 (1997).

³ Subsequent to the issuance of the 1997 order, the ISO has filed and the Commission has accepted the ISO Bylaws as revised. See, e.g., California Independent System Operator Corp., 91 FERC ¶ 61,124 (2000). The ISO Bylaws are available on the ISO website at http://www.caiso.com/Documents/ISOCorporateBylaws_amendedandrestated_.pdf.

⁴ See ISO filing in Docket No. ER98-1971 (Feb. 20, 1998). Subsequent to the issuance of the 1997 order, the ISO filed and the Commission accepted the Transmission Control Agreement as revised. See, e.g., California Independent System Operator Corp., 94 FERC ¶ 61,141 (2001). The Transmission Control Agreement has been amended as new participating transmission owners have joined the ISO. The Transmission Control Agreement, which is a rate schedule on file with the Commission, is available on the ISO website at http://www.caiso.com/Documents/TransmissionControlAgreement-Updatedas-Dec3_2010.pdf.

⁵ Similarly, Appendix C of the Transmission Control Agreement does not specify the TMCC must be a board advisory body.

In 2001, however, the State of California changed the ISO's governance structure to a non-stakeholder board consisting of five independent members, all of whom are appointed by the Governor of California.⁶ Like a traditional corporate board of directors, the ISO governing board now relies heavily upon recommendations from its management, particularly regarding technical issues such as transmission maintenance standards.

The TMCC and the ISO governing board recently determined that this change in the ISO governance structure makes it appropriate to modify the TMCC charter and the ISO tariff to state that the TMCC will advise ISO management. As noted above, the TMCC previously operated as an advisory committee to the board. However, the ISO's current board is a five member, independent board, and comprised of non-stakeholders, and it acts as a traditional corporate board in considering and approving recommendations from ISO management. Functionally, ISO management works directly with the TMCC today. Therefore, shifting the function of the TMCC from a board advisory committee to a management advisory committee simply reflects the manner in which the ISO has coordinated with the TMCC for a number of years.

At its May 25, 2011, meeting, the TMCC unanimously approved the proposal to change the advisory role of the TMCC from advising the ISO governing board to advising ISO management.⁷ At its July 13, 2011 meeting, the ISO governing board unanimously approved the change in advisory role. The board also authorized the ISO to submit any necessary filings with the Commission.⁸ Pursuant to this board guidance, the ISO developed the proposed tariff changes contained in this filing. On July 21, 2011, the ISO issued a market notice requesting written stakeholder comments on the proposed tariff changes and scheduling a stakeholder conference call for August 2, 2011.⁹ The ISO

⁶ The Commission accepted the changes in the ISO's governance structure in California Independent System Operator Corp., 112 FERC ¶ 61,010 (2005).

⁷ General session minutes, Transmission Maintenance Coordination Committee (May 25, 2011), available on the ISO website at http://www.caiso.com/Documents/FinalTMCCGeneralSessionMinutes_May_25_2011.pdf.

⁸ Decision on Transmission Maintenance Coordination Committee status (July 13, 2011), available on the ISO website at <http://www.caiso.com/Documents/110713Decision-TransmissionMaintenanceCoordinationCommitteeStatus-Motion.pdf>. A memorandum dated July 6, 2011, from the ISO's Vice President, General Counsel, and Chief Administrative Officer to the ISO governing board regarding the TMCC's shift in function is available on the ISO website at http://www.caiso.com/Documents/110713Decision_TMCCStatus.pdf. These governing board materials are also provided in Attachment C to this filing.

⁹ ISO market notice (July 21, 2011), available on the ISO website at http://www.caiso.com/Documents/TransmissionMaintenanceCoordinationCommitteeTariffModification-Call_Jul_21_2011.htm.

received no written stakeholder comments, and no stakeholder provided comments during the August 2 conference call.

II. Proposed Tariff Changes

As explained above, the Commission's 1997 order did not require that the TMCC advise any specific entity within the ISO. Nevertheless, out of an abundance of caution, the ISO proposes to revise its tariff to set forth the TMCC's modified function of advising ISO management rather than advising the ISO governing board as was previously the case. Incorporating these obligations into the ISO tariff meets the Commission's 1997 directive that the TMCC be a permanent body. The TMCC responsibilities are embodied in the Transmission Control Agreement. The ISO's responsibilities are also reflected in the ISO tariff. Both documents are filed with the Commission and require Commission approval of any changes.

Specifically, the ISO proposes to add the following language to new Section 4.3.1.7 of its tariff:

In accordance with the Transmission Control Agreement, the CAISO shall convene a Transmission Maintenance Coordination Committee to perform the functions described in Appendix C of the Transmission Control Agreement. The Transmission Maintenance Coordination Committee will function as an advisory body to the CAISO and the CAISO will provide all necessary administrative support and sufficient resources to ensure that the Transmission Maintenance Coordination Committee can fulfill the obligations specified in the Transmission Control Agreement.

The Commission should find that these tariff changes are just and reasonable because they are consistent with the current function of the TMCC as advisor to ISO management and with the directives in the Commission's 1997 order. Moreover, as explained above, the TMCC and the ISO governing board have both authorized the TMCC to advise ISO management rather than the board, and no stakeholder provided comments opposing that modified function of the TMCC. Therefore, the Commission should accept the tariff changes.¹⁰

III. Effective Date

¹⁰ Implementation of the tariff changes contained in this filing does not alter the responsibilities of the TMCC as set forth in the Transmission Control Agreement. Therefore, the tariff changes do not require any related revisions to the Transmission Control Agreement. Also, the ISO believe that due to the fact that the TMCC obligations are set forth in the Transmission Control Agreement and the ISO's obligations with respect to the TMCC will also be reflected in the ISO tariff, no changes to the ISO bylaws should be required.

The ISO respectfully requests that the Commission accept the tariff changes contained in this filing effective as of October 19, 2011, 61 days from the date of this filing.

IV. Communications

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:

Nancy Saracino
General Counsel
Sidney M. Davies
Assistant General Counsel
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V. Service

The ISO has served copies of this transmittal letter, and all attachments, on the California Public Utilities Commission, the California Energy Commission, and all parties with effective scheduling coordinator service agreements under the ISO tariff. In addition, the ISO is posting this transmittal letter and all attachments on the ISO website.

VI. Attachments

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

Attachment A	Revised ISO tariff sheets
Attachment B	ISO tariff revisions show in black-line format
Attachment C	ISO Board memorandum and resolution

VII. Conclusion

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For the foregoing reasons, the Commission should accept the proposed tariff revisions contained in the instant filing without modification. Please contact the undersigned with any questions regarding this matter.

Respectfully submitted,

/s/ Sidney M. Davies

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Counsel for the California Independent System Operator Corporation

California Independent System Operator Corporation
Fifth Replacement FERC Electric Tariff
Transmission Maintenance Coordination Committee Amendment
Attachment A - Clean Tariff
August 19, 2011

* * *

4.3.1.7 Transmission Maintenance Coordination Committee

In accordance with the Transmission Control Agreement, the CAISO shall convene a Transmission Maintenance Coordination Committee to perform the functions described in Appendix C of the Transmission Control Agreement. The Transmission Maintenance Coordination Committee will function as an advisory body to CAISO management and the CAISO will provide all necessary administrative support and sufficient resources to ensure that the Transmission Maintenance Coordination Committee can fulfill the obligations specified in the Transmission Control Agreement.

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Appendix A Master Definition Supplement

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- Transmission Maintenance Coordination Committee

The committee described in Section 7 of Appendix C to the Transmission Control Agreement.

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California Independent System Operator Corporation
Fifth Replacement FERC Electric Tariff
Transmission Maintenance Coordination Committee Amendment
Attachment B - Marked Tariff
August 19, 2011

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4.3.1.7 Transmission Maintenance Coordination Committee

In accordance with the Transmission Control Agreement, the CAISO shall convene a Transmission Maintenance Coordination Committee to perform the functions described in Appendix C of the Transmission Control Agreement. The Transmission Maintenance Coordination Committee will function as an advisory body to CAISO management and the CAISO will provide all necessary administrative support and sufficient resources to ensure that the Transmission Maintenance Coordination Committee can fulfill the obligations specified in the Transmission Control Agreement.

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**Appendix A
Master Definition Supplement**

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- Transmission Maintenance Coordination Committee

The committee described in Section 7 of Appendix C to the Transmission Control Agreement.

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California Independent System Operator Corporation
Fifth Replacement FERC Electric Tariff
Transmission Maintenance Coordination Committee Amendment
Attachment C – Board Memorandum and Resolution
August 19, 2011

Memorandum

To: ISO Board of Governors
From: Nancy Saracino, Vice President, General Counsel and Chief Administrative Officer
Date: July 6, 2011
Re: **Decision on Transmission Maintenance Coordination Committee Status**

This memorandum requires Board action.

Management recommends that the Board of Governors modify the status of the Transmission Maintenance Coordination Committee (TMCC) from its current status as an advisory committee to the Board to an advisory committee to Management.

Management recommends the following:

Moved, that the ISO Board of Governors modifies the status of the Transmission Maintenance Coordination Committee from an advisory committee to the Board to an advisory committee to Management for the reasons described in the memorandum dated July 6, 2011.

Moved, that the ISO Board of Governors authorizes Management to make any necessary and appropriate filings with the Federal Regulatory Energy Commissions to effectuate the change to the Transmission Maintenance Coordination Committee status.

BACKGROUND AND MANAGEMENT RECOMMENDATION

The Transmission Control Agreement—the agreement that all ISO participating transmission owners must enter into—requires the ISO to establish and maintain the TMCC. As described in Section 7 of Appendix C to the Transmission Control Agreement, the purpose of the TMCC is to develop and revise maintenance procedures with input from participating transmission owners and stakeholders and make recommendations to the ISO concerning transmission maintenance standards. The Transmission Control Agreement does not require that the TMCC be an advisory committee to the Board.

In its October 30, 1997 order authorizing operation of the ISO, FERC directed the ISO to create a permanent maintenance coordination advisory committee (81 FERC

¶ 61,122 at p 61,571 (1997).) Accordingly, the ISO Board created the TMCC as an advisory committee to the Board pursuant to Section 2 Article IV of the ISO bylaws. The TMCC has operated as an advisory committee to the Board since ISO inception.

In recent months, Management and TMCC members have been discussing the benefits of modifying the status of the TMCC as part of an effort to build on the collaborative nature of the existing TMCC meetings. Modifying the status of the TMCC as proposed would allow for additional flexibility in the meeting structure while at the same time retaining the key role of the TMCC. On May 25, 2011, the TMCC approved proposed amendments to the TMCC charter by a vote of 7-0-0 that would effectuate the evolution of the TMCC from an advisory committee to the Board to an advisory committee to Management.

The TMCC will continue to function much in the same way as it has over the last 11 years. The qualifications and composition of TMCC members is the same. The Board, however, will no longer be responsible for appointing members. Instead, the ISO will solicit interest in the form of a market notice; develop a list of candidates; and present candidates to the TMCC for a vote. Meetings will continue to be open to the public except as otherwise noticed.

The TMCC will continue to fulfill its responsibilities under the Transmission Control Agreement, and any recommendations of the TMCC concerning transmission maintenance standards will continue to require Board approval. Additionally, the TMCC will continue to have the opportunity to appear before the Board. The modification from board advisory committee to a management advisory committee reflects the evolution of the ISO board from a large stakeholder board to a more traditional five person board and the reality that management works closely with the TMCC to ensure the TMCC fulfills its obligations.

Accordingly, the ISO recommends Board approval to modify the status of the TMCC and make any necessary FERC filings to implement this change.



Board of Governors

July 13-14, 2011

Decision on Transmission Maintenance Coordination
Committee Status

Motion

Moved, that the ISO Board of Governors modifies the status of the Transmission Maintenance Coordination Committee from an advisory committee to the Board to an advisory committee to Management for the reasons described in the memorandum dated July 6, 2011.

Moved, that the ISO Board of Governors authorizes Management to make any necessary and appropriate filings with the Federal Regulatory Energy Commissions to effectuate the change to the Transmission Maintenance Coordination Committee status.

Moved: Bhagwat Second: Maullin

Board Action: Passed Vote Count: 4-0-0	
Bhagwat	Y
Foster	Y
Galiteva	Y
Maullin	Y

Motion Number: 2011-07-G2