

March 9, 2012

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

**Re: California Independent System Operator Corporation
Filing of the Fourth Revised Service Agreement No. 660
Docket No. ER11-____-000**

Dear Secretary Bose:

The California Independent System Operator Corporation (“ISO”)¹ submits for Commission filing and acceptance an amendment (“Amendment No.5”) to the Participating Load Agreement (“PLA”) between the ISO and the California Department of Water Resources (“CDWR”).² Amendment No. 5 extends the PLA for an additional four month term without any other change.³ This additional short extension, as requested in Amendment 4 of the PLA, will allow additional time for the parties to complete their negotiation of other substantive changes to the PLA, which will subsequently be filed with the Commission for acceptance. The ISO respectfully requests that Amendment No. 5 be made effective on March 10, 2012 as the Fourth Revised Service Agreement No. 660.⁴

¹ The ISO is also sometimes referred to as the CAISO.

² The ISO submits Amendment No. 4 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, and in compliance with Order No. 714, *Electronic Tariff Filings*, FERC Stats. & Regs. ¶ 31,276 (2009).

³ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff.

⁴ *Designation of Electric Rate Schedule Sheets*, Order No. 614, FERC Stats and Regs. ¶ 31,096 (2000). Because the most recent version of the PLA the Commission has accepted is designated as Second Revised Service Agreement No. 660, the amended PLA included in the instant filing is designated as Fourth Revised Service Agreement No. 660.

I. Background

The PLA sets forth the terms and conditions that govern the provision by Load resources of Ancillary Services and Supplemental Energy, in a manner analogous to the Participating Generator Agreement with regard to generating resources. The purpose of the PLA is to increase participation of Load resources in the ISO's markets.

The ISO filed the original PLA with CDWR on July 20, 2001 in Docket No. ER01-2632-000, and it was accepted by a Commission letter order issued on September 13, 2001. Amendment No. 1 to the PLA was filed on May 24, 2006 in Docket No. ER06-1045-000 and accepted by a Commission letter order issued on July 13, 2006, subject to certain non-substantive changes. The ISO filed the PLA with the required changes on July 28, 2006 in Docket No. ER06-1045-001, and the ISO's filing was accepted by a Commission letter order issued on August 23, 2006.⁵

The ISO filed the First Revised Service Agreement No. 660 on July 1, 2008, reflecting an Amendment No. 2 to the PLA and requesting Commission acceptance of the amendment to the PLA and an effective date of August 31, 2008. On August 28, 2008, the Commission issued an order accepting the First Revised Service Agreement No. 660 to extend the term of the PLA. This order also initiated a paper hearing to consider the justness and reasonableness of the request for waiver of the 60 day notice period in the PLA to permit the right of CDWR to immediately withdraw Load from the PLA in the event such withdrawal was necessary to carry out the agency's water management responsibilities. In an April 1, 2009 order, the Commission determined that such waiver was just and reasonable, and further ordered the ISO to file revised tariff sheets reflecting changes to section 4.4 of the PLA. The revised tariff sheets constituted the Second Revised Service Agreement No. 660 in compliance with the April 1, 2009 order. The ISO filed Amendment No. 4 to the PLA on September 8, 2011 in Docket No. ER11-4480-000 to extend the termination date from September 10, 2011 to March 10, 2012, of which the Commission accepted by letter order dated November 2, 2011.

II. Amendment No. 5

The purpose of Amendment No. 5 is to extend the termination date from March 10, 2012 to July 10, 2012 by revising Section 3.2 of the PLA to state that the PLA will terminate on July 10, 2012 or upon such earlier date as may be permitted pursuant to Section 3.2.1 or 3.2.2, subject to Commission acceptance

⁵ Pursuant to these non-substantive changes, the PLA the Commission accepted on August 23, 2006 was designated as Original Service Agreement No. 660. See also *infra* note 4.

of a timely notice of termination.⁶ The ISO and CDWR agree that the benefits of the PLA and the need to provide additional time for the parties to complete their negotiation of substantive changes justify extending its term pursuant to Amendment No. 5.

III. Effective Date and Request for Waiver

The ISO requests that Amendment No. 5 included in the instant filing be made effective on March 10, 2012. The ISO requests waiver, pursuant to Section 35.11 of the Commission's regulations (18 C.F.R. § 35.11), of the 60-day notice requirement set forth in Section 35.3 of the Commission's regulations (18 C.F.R. § 35.3), and to the extent necessary, the ISO respectfully requests that the Commission grant any other waivers of Part 35 of its regulations that may be required in connection with the requested effective date. March 10, 2012 is the date the currently effective PLA will expire and the effective date that the ISO and CDWR have agreed upon. Granting the requested effective date and waiver, therefore, is appropriate.

VII. Service

The ISO has served copies of this filing upon CDWR, the California Public Utilities Commission, and the California Energy Commission. In addition, the ISO has posted the filing on the ISO website.

Enclosed for filing is each of the following:

- (1) this letter of transmittal;
- (2) Amendment No. 5 (Attachment A);
- (3) the PLA as modified by Amendment No. 5, (Attachment B); and
- (4) a black-lined document showing the modifications made to the PLA pursuant to Amendment No. 5 (Attachment C).

⁶ The current version of Section 3.2 of the PLA contains the same provisions, except that it states that the latest the PLA will terminate is March 10, 2012.

VIII. Correspondence

The ISO requests that all correspondence, pleadings, and other communications concerning this filing be served upon the following:

John C. Anders*
Senior Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7287
Fax: (916) 608-7222
E-mail: janders@caiso.com

* Individual designated for service pursuant to Rule 203(b)(3),
18 C.F.R. § 203(b)(3).

VII. Conclusion

The ISO respectfully requests that the Commission accept this filing and permit the ISO's submittal of the Fourth Revised Service Agreement No. 660 to be effective as of the date requested. If there are any questions concerning this filing, please contact the undersigned.

Respectfully submitted,
By: /s/ John C. Anders

Nancy Saracino
General Counsel
Sidney M. Davies
Assistant General Counsel
John C. Anders
Senior Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
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Fax: (916) 608-7222
janders@caiso.com

Attorneys for the California Independent
System Operator Corporation

Attachment A

**Amendment 5 to the Fourth Revised Participating Load Agreement
Service Agreement No. 660**

1 AMENDMENT NO. 5

2 to the

3 PARTICIPATING LOAD AGREEMENT

4 BETWEEN

5 THE DEPARTMENT OF WATER RESOURCES OF THE STATE OF CALIFORNIA AND

6 THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

7
8
9 1. PARTIES: The parties to this Amendment No. 5 to the Participating Load Agreement between the
10 California Independent System Operator Corporation and the State of California, Department of Water
11 Resources, dated September 10, 2000, as amended ("Agreement") are the State of California,
12 Department of Water Resources ("DWR") and the California Independent System Operator Corporation
13 ("ISO"), hereinafter sometimes referred to individually as "Party" and collectively as "Parties."

14
15 2. RECITALS: Amendment No. 5 to the Agreement is made with reference to the following facts:

16 2.1 The Parties are signatories to the Agreement, dated September 10, 2000, which was
17 amended by Amendments No. 1, executed on February 6, 2006; No. 2, executed on May 29,
18 2008; No. 3, executed on November 16, 2009; and No. 4, executed August 25, 2011;

19 2.2 By entering into this Amendment No. 5, the Parties intend to extend the term of the
20 Agreement, from the Agreement's current termination date of March 10, 2012 to July 10,
21 2012, in order to continue the terms and conditions established in the Agreement; and

22 2.3 In all other respects, the Parties intend that the Agreement remain in full force and effect in
23 accordance with its terms.

25 3. AGREEMENT: The Parties agree to modify Section 3.2 of the Agreement by replacing the existing
26 March 10, 2012 termination date with a new termination date of July 10, 2012, as follows:

27

28 **3.2 Termination.** This Agreement shall terminate on July 10, 2012 or upon such earlier
29 date as may be permitted pursuant to Section 3.2.1 or 3.2.2. Termination of this
30 Agreement shall be contingent upon acceptance by FERC of a notice of termination. The
31 ISO shall timely file any notice of termination with FERC.

32

33 4. EFFECTIVE DATE: This Amendment No. 5 shall be effective on March 10, 2012, if duly executed by
34 the Parties, and accepted for filing and made effective by the Federal Energy Regulatory Commission
35 ("FERC"), or on such other date as FERC may designate.

36

37 5. EFFECT ON AGREEMENT: Except as specifically modified in this Amendment No. 5, no other section
38 in the Agreement has been modified, and the Agreement, as amended, shall remain in full force and
39 effect in its entirety.

40 6. SIGNATURE CLAUSE: The signatories represent that they have been appropriately authorized to
41 enter into this Amendment No. 5 on behalf of their respective Party.

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44 CALIFORNIA INDEPENDENT
45 SYSTEM OPERATOR CORPORATION

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

46
47 By: [Signature]

By: _____

48 Name: Nancy Saracino

Name: Veronica Hicks

49 Title: VP General Counsel

Title: Chief, SWP Power and Risk Office

50 Date: 3/8/12

Date: _____

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Approved as to legal form and sufficiency:

Peggy Bernardy
Department of Water Resources
Staff Counsel IV
Date: _____

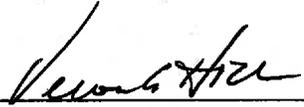
40 6. SIGNATURE CLAUSE: The signatories represent that they have been appropriately authorized to
41 enter into this Amendment No. 5 on behalf of their respective Party.

42
43

44 CALIFORNIA INDEPENDENT
45 SYSTEM OPERATOR CORPORATION

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

47 By: _____

By:  _____

48 Name: _____

Name: Veronica Hicks

49 Title: _____

Title: Chief, SWP Power and Risk Office

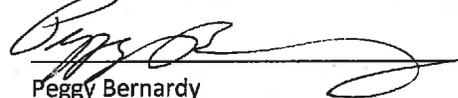
50 Date: _____

Date: 3-7-12 _____

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Approved as to legal form and sufficiency:



Peggy Bernardy
Department of Water Resources
Staff Counsel IV

Date: 3-7-12 _____

Attachment B
Amendment 5 to the Fourth Revised Participating Load Agreement
Service Agreement No. 660

* * *

ARTICLE III TERM AND TERMINATION

* * *

- 3.2 **Termination.** This Agreement shall terminate on July 10, 2012 or upon such earlier date as may be permitted pursuant to Section 3.2.1 or 3.2.2. Termination of this Agreement shall be contingent upon acceptance by FERC of a notice of termination. The ISO shall timely file any notice of termination with FERC.

* * *

Attachment C – Marked Agreement
Amendment 5 to the Third Revised Participating Load Agreement
Service Agreement No. 660

* * *

**ARTICLE III
TERM AND TERMINATION**

* * *

- | 3.2 **Termination.** This Agreement shall terminate on ~~March~~July 10, 2012 or upon such earlier date as may be permitted pursuant to Section 3.2.1 or 3.2.2. Termination of this Agreement shall be contingent upon acceptance by FERC of a notice of termination. The ISO shall timely file any notice of termination with FERC.

* * *