

December 15, 2009

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

**Re: California Independent System Operator Corporation
Docket No. ER10-____-000**

Dear Secretary Salas:

The California Independent System Operator Corporation ("CAISO") hereby submits this informational filing pursuant to Article IX, Section B of the Stipulation and Agreement approved by the Commission on May 28, 1999, *California Independent System Operator Corp.*, 87 FERC ¶ 61,250 (1999). The CAISO is filing two versions of Attachment A. One version is redacted and will be publicly available. The other version is not redacted and will be filed as **CONFIDENTIAL**. Article IX Section B of the Stipulation and Agreement requires the CAISO to provide on a confidential basis to the Commission (i) information regarding any notice from an Reliability Must Run ("RMR") Unit¹ requesting a change of Condition; (ii) the date the chosen Condition will begin; and (iii) if the change is from Condition 2, the applicable level of the Fixed Option Payment.

COMMUNICATIONS

Correspondence regarding this filing should be directed to:

¹ Capitalized terms that are not defined in this letter have the same meaning set forth in the Master Definitions Supplement, Appendix A to the CAISO Tariff.

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CONTENTS OF FILING

The following documents are included in this filing:

(1) Transmittal Letter;

(2) Attachment A – Information Regarding Changes of Condition (redacted version to be publicly available and non-redacted version filed as CONFIDENTIAL)

PROCEDURAL BACKGROUND

Since April 1, 1998, when the CAISO began operations, certain Generating Units have been designated by the CAISO as necessary for local reliability needs and thus have been operating pursuant to an RMR Contract between the CAISO and RMR Unit Owner. Broadly speaking, the RMR Contracts authorize the CAISO to call on RMR Units to provide specified levels of energy and ancillary services, and require the CAISO to make specified fixed and variable cost payments to RMR Unit Owners for these services. Under Section 5.2.8 of the CAISO tariff, costs payable by the CAISO under the RMR Contracts are passed through to the relevant Responsible Utility.²

By order issued December 17, 1997 in Docket Nos. ER98-441-000, *et al.*, the Commission placed the initial RMR Contracts for RMR Units in California into effect, subject to refund, as of the date the CAISO began operations.³ On April 2, 1999, the CAISO, the owners of all of the RMR Units in California, the three

² Section 5.2.8 provides that costs incurred by the CAISO under an RMR Contract for a generating plant are to be borne by the utility in whose service territory the generating plant is located.

Responsible Utilities, and other parties to Docket Nos. ER98-441-000, *et al.*, filed an offer of settlement in those dockets (the "First Stipulation") substantially revising the standard terms of the RMR Contract, but leaving a number of issues subject to litigation or further settlement efforts. The First Stipulation was approved by the Commission in May 1999.⁴

Article IX, Section B of the First Stipulation provides:

The CAISO shall provide on a confidential basis to the Commission pursuant to Section 388.112 of the Commission's Regulations, 18 C.F.R. §388.112 (1998), and to the California Agency and the affected Responsible Utility pursuant to the applicable Non-Disclosure and Confidentiality Agreement in the RMR Contract . . . :
(i) information regarding any notice from an RMR Unit requesting a change of Condition; (ii) the date the chosen Condition will begin; and (iii) if the change is from Condition 2, the applicable level of the Fixed Option Payment. Such information will be provided within ten (10) business days of the receipt of such notice by the CAISO. The CAISO shall provide a copy of all information provided to the Commission to the RMR Owner.

On November 30, 2009 the CAISO received a notice from an RMR Owner transferring the condition of one or more of its RMR Units during the 2010 Contract Year.

INFORMATION PROVIDED

Attachment A to this filing sets forth the information required to be provided under Article IX, Section B of the First Stipulation as to the notice received by the CAISO on November 30, 2009.

REQUEST FOR CONFIDENTIAL TREATMENT

Article IX, Section B of the First Stipulation provides that the CAISO is to submit the requisite information to the Commission on a confidential basis pursuant to Section 388.112 of the Commission's Regulations. Consistent with this requirement, the CAISO seeks confidential treatment for Attachment A to the confidential version of this filing. The person to be contacted regarding the

³ *Pacific Gas and Electric Company, San Diego Gas & Electric Company and Southern California Edison Company*, 81 FERC ¶ 61,322 (1997).

⁴ *California Independent System Operator Corp.*, 87 FERC ¶ 61,250 (1999). A subsequent settlement (the "Second Stipulation"), covering some of the issues not resolved in the First Stipulation, was filed on August 14, 2000 in Docket Nos. ER98-441-000, *et al.*, and approved in *California Independent System Operator Corp.*, 93 FERC ¶ 61,089 (2000).

request for privileged treatment of the confidential document attached is Sidney Mannheim Davies, Assistant General Counsel, California Independent System Operator, 151 Blue Ravine Road, Folsom, CA 95630, telephone: (916) 608-7144, facsimile (916) 608-7222.

SERVICE

As required by Article IX, Section B of the Stipulation and Agreement, the CAISO has provided notice of the change of condition described above (subject to the applicable Non-Disclosure and Confidentiality Agreement in the RMR Contract) to the designated RMR contact persons at the California Public Utilities Commission, the applicable Responsible Utility, and the relevant RMR Owner.

Respectfully submitted,

/s/ Sidney Mannheim Davies

Sidney Mannheim Davies
Counsel for the California Independent
System Operator Corporation

**ATTACHMENT A
(PUBLIC VERSION)**

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

CHANGE OF CONDITION FILING

ER10-____-000

DECEMBER 15, 2009

ATTACHMENT A

CONTAINS REDACTED INFORMATION

Notice was received from **[REDACTED]** on November 30, 2009 to transfer all the **[REDACTED]** from **[REDACTED]** for the 2010 RMR Contract Year.