

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

California Independent System Operator Corporation)	Docket Nos.
)	ER09-1048-____
)	ER06-615-____
)	ER06-615-____

**MOTION FOR EXTENSION OF TIME OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
TO SUBMIT COMPLIANCE FILING**

I. Introduction

Pursuant to Rules 212 and 2008(a) of the Commission's Rules of Practice,¹ the California Independent System Operator Corporation (the ISO) respectfully submits this motion for an extension of time until February 18, 2010 to file the further compliance filing required by the Commission's *Order on Compliance Filing (Compliance Order)*² issued on November 19, 2009. This extension would afford the ISO a 90-day reply period, rather than the 30-day reply period specified in the *Compliance Order*.

The Commission's Order No. 719³ required independent system operators (ISOs) and regional transmission organizations (RTOs) to reform their operations and amend their tariffs or otherwise demonstrate their compliance with the Order in several areas, including: (1) demand response; (2) long-term power contracting; (3) market monitoring; and (4) responsiveness to customers and stakeholders. On April 28, 2009, the ISO submitted its initial compliance filing

¹ 18 C.F.R. §§ 385.212, 385.2008(a).

² *Cal. Indep. Sys. Operator Corp.*, 129 FERC ¶ 61,157 (2009).

³ *Wholesale Competition in Regions with Organized Electric Markets*, 125 FERC ¶ 61,071 (2008).

required under Order 719. The *Compliance Order* largely accepted the ISO's initial compliance filing but ordered the ISO to submit an additional compliance filing within 30 days addressing several market monitoring matters.⁴

II. There is Good Cause for Granting the ISO an Extension of Time

The ISO believes that the nature of its compliance obligations justifies an extension of time to make its additional compliance filing. Two examples of this are seen in the ISO's obligation to address on compliance its internal penalty authority and its market monitoring structure.

A. Conducting a Full Review of the ISO's Rules of Conduct

Section 37 of the ISO's Tariff contains the ISO's "Rules of Conduct," which include the rules the ISO's market participants must follow and the penalties that the ISO may impose for violations. Under the Commission's regulations, ISOs and RTOs may only impose sanctions against objectively identifiable behavior.⁵ In the *Compliance Order*, the Commission determined that several provisions in Section 37 do not meet this requirement.⁶ The Commission accordingly has ordered the ISO to conduct a full review of Section 37 and amend it "to conform to the requirements for behavior subject to internal sanction."⁷

The required review may require significant re-organization of Section 37 to clarify what Rules of Conduct hereafter will no longer be subject to internal sanction. This effort will require not only Tariff reorganization but thoughtful

⁴ The *Compliance Order* also rejected one aspect of the ISO's compliance filing concerning demand response, and the ISO may soon make a separate filing on the topic of demand response.

⁵ *Market Monitoring Units in Regional Transmission Organizations and Independent System Operators*, 111 FERC ¶ 61,267, at ¶ 5 (2005).

⁶ *Compliance Order*, ¶ 99.

⁷ *Id.* at ¶ 100.

consideration of how to implement those changes internally. The ISO respectfully submits that thirty days does not provide sufficient time to conduct these tasks adequately.

B. Clarifying the Role of the Market Surveillance Committee

The ISO's initial compliance filing explained that the ISO has a hybrid market monitoring structure that involves an internal monitor, the Department of Market Monitoring (DMM), and an external monitor, the Market Surveillance Committee (the MSC). The Commission objected to the ISO's categorization of its market monitoring structure as being a hybrid, finding that the MSC's role under the Tariff is consultative.⁸ The Commission thus requires the ISO to amend the Tariff either to: (a) acknowledge that the MSC's role is to provide consulting services; or (b) amend the Tariff to clarify that the MSC has some responsibility to carry out at least part of one core market monitoring function.⁹

Deciding which option the ISO will avail itself of will require additional time, as this is a decision that touches on the ISO's fundamental organizational structure. The ISO does not view making the necessary Tariff amendments as a simple compliance issue. Instead, the ISO will seek to consider the issue from multiple perspectives to help ensure that it makes the best choice. Because both the ISO Governing Board and the MSC are subject to open meeting requirements,¹⁰ it is difficult for the ISO to get complete feedback from these two

⁸ *Compliance Order*, ¶ 81.

⁹ *Id.* at ¶ 82.

¹⁰ California state law requires the ISO to "[m]aintain open meeting standards and meeting notice requirements consistent with the general policies of the Bagley-Keene Open Meetings Act" and to maintain its Open Meeting Policy at a level "that is no less consistent with the Bagley-Keene Open Meetings Act than its" current policy. CAL. PUB. UTIL. CODE § 345.5 (c)(3). Under the ISO's Open Meeting Policy, except under defined emergency circumstances, the ISO Governing Board

bodies on an accelerated timeframe. Accordingly, the ISO will need additional time to address the issue of the MSC's role in the ISO's market monitoring structure.

III. The Proposed Term of the Requested Extension

The Commission recently released orders relating to the Order 719 compliance filings of the New York Independent System Operation (NYISO) and the Southwest Power Pool (SPP). The Commission offered both NYISO and SPP a 90-day compliance period for their respective additional compliance filings.¹¹ NYISO's and SPP's additional compliance filings must address market monitoring issues similar to those that the ISO must address in its additional compliance filing. The ISO thus believes that a 90-day compliance period for its additional compliance filing is justified.

IV. Conclusion

For the reasons above, the ISO requests that the Commission grant the ISO a 90-day period to make the further compliance filing called for in the *Compliance Order*. Granting such an extension would permit more complete consideration of the issues posed by the Compliance Order and would harmonize the ISO's compliance timeframe with that of NYISO and SPP.

and its subcommittees, including the MSC, may only take action in a publicly noticed meeting. CALIF. INDEP. SYS. OPERATOR CORP., OPEN MEETING POLICY § 1.2, *available at* <http://www.caiso.com>. After December 16 and 17, 2009, the next regularly scheduled meeting of the ISO Governing Board will be on February 10-12, 2010.

¹¹ *N.Y. Indep. Sys. Operator, Inc.*, 129 FERC ¶ 61,164, at ¶ 1 (2009); *Sw. Power Pool, Inc.*, 129 FERC ¶ 61,163, at ¶ 1 (2009).

Respectfully submitted,

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Dated: December 15, 2009

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceedings, 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 Folsom, California this 15th day of December, 2009.

/s/ Jane Ostapovich

Jane Ostapovich