December 17, 2012

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

Re: California Independent System Operator Corporation
Docket Nos. ER06-615-___ and ER07-1257-___
Market Disruption Report

Dear Secretary Bose:

The California Independent System Operator Corporation (ISO) hereby submits its September/October report covering Market Disruptions reportable events under Section 7.7.15 of its FERC Electric Tariff (ISO Tariff) that occurred from October 16, 2012 to November 15, 2012.[1]

Please contact the undersigned with any questions.

Respectfully submitted,

By: *<u>/s/ Anna McKenna</u>*
Nancy Saracino
General Counsel
Anthony Ivancovich
Deputy General Counsel
Anna McKenna
Assistant General Counsel
California Independent System Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7182
Fax: (916) 608-7222
amckenna@caiso.com

[1] The ISO submits the Market Disruption report pursuant to *California Independent System Operator Corp.*, 126 FERC ¶ 61,211 (2009), and Section 7.7.15.4 of the ISO Tariff.

Market Disruption Report
Oct 16, 2012 to Nov 15, 2012

December 15, 2012

ISO Department of Market Analysis and Development

California ISO
250 Outcropping Way
Folsom, California 95630
(916) 351-4400

I. Background

A Market Disruption is an action or event that causes a failure of a CAISO Market, related to system operation issues or System Emergencies.[1] Pursuant to Section 7.7.15 of the ISO Tariff, the California Independent System Operator Corporation (ISO or CAISO) can take one or more of a number of specified actions in the event of a Market Disruption, to prevent a Market Disruption, or to minimize the extent of a Market Disruption. The ISO reports Market Disruption occurrence in any of the following circumstances:

- When any of the ISO market processes fail to publish, including the Integrated Forward Market ("IFM"), Residual Unit Commitment ("RUC"), Hour-Ahead Scheduling Process ("HASP"), Real-Time Unit Commitment ("RTUC"), or Real-Time Dispatch ("RTD") processes;

- When the ISO manually overrides the closing of the Day-Ahead Market; or

- Any time that the ISO removes Bids from a CAISO Market to prevent a Market Disruption or to minimize the extent of a Market Disruption.

The Market Disruption report contains the following information:

- The frequency and types of actions taken by the ISO pursuant to Section 7.7.15;

- The nature of the Market Disruptions that caused the ISO to take action, or the Market Disruptions that were successfully prevented or minimized by the ISO as a result of taking action, and the ISO's rationale for taking such actions pursuant to Section 7.7.15;

- Information about the Bids (including Self-Schedules) removed pursuant to Section 7.7.15 (*i.e.*, megawatt quantity, point of interconnection, specification of the Day-Ahead versus Real-Time Bid, and Energy or Ancillary Services Bid); and

- The ISO's rationale for its removal of Bids (including Self-Schedules) pursuant to Section 7.7.15.[2]

[1] These system operation issues or System Emergencies are referred to in Sections 7.6 and 7.7, respectively, of the ISO Tariff. ISO Tariff, Appendix A, definition of Market Disruption. Capitalized terms not otherwise defined herein have the meanings set forth in the ISO Tariff.

[2] *Id.* at P 29 & n.29.

II. Report on Market Disruptions Occurring from October 16, 2012 through November 15, 2012

The ISO's report on Market Disruptions that occurred during the time period from October 16, 2012 through November 15, 2012, is provided in Table 1 and Attachment A below. Attachment A includes an entry for each reportable Market Disruption event and each entry also indicates:

(1) The date of the Market Disruption;

(2) The hour and Dispatch Interval when the Market Disruption ended;

(3) The type of CAISO Market in which the Market Disruption occurred; and

(4) A description of the nature of the Market Disruption, the nature of any actions taken by the ISO, the rationale for such actions, and the Market Disruption prevented or minimized as a result of taking such actions.

For each of the CAISO Markets, Table 1 lists the number of Market Disruptions and the number of times that the ISO removed Bids (including Self-Schedules) during the time period covered by this report. As shown in Table 1, there were a total of 57 Market Disruptions for the reporting period, all of which occurred in the real-time. Table 1 also indicates that the ISO did not remove any Bids (including Self-Schedules) in any of its markets during the reporting period.

Table 1: Summary of Market Disruption Report

Type of CAISO Market	Market Disruption or Reportable Events	Removal of Bids (including Self-Schedules)
Day-Ahead		
IFM	0	0
RUC	0	0
Real-Time		
Real-Time Unit Commitment Interval 1	1	0
Real-Time Unit Commitment Interval 2	4	0
Real-Time Unit Commitment Interval 3	6	0
Real-Time Unit Commitment Interval 4	6	0
Real-Time Dispatch	40	0

Table 1 and Attachment A indicate that there were 17 instances of RTUC failures, including 4 HASP failures. Most of the RTUC and HASP failures were caused by application not run, broadcast failures, database problem, and application fall back or forward.

The frequency of RTD failures in this report was 40. The majority of the RTD failures were due to application not run, RTD solutions blocked with previous solutions used, and other reasons such as broadcast results failures, server and database failure, application fall forward or back and software patching.

ATTACHMENT A

California Independent System Operator Corporation
Market Disruption Report
December 15, 2012

Table 1: Market Disruptions, Nature of Actions Taken by the California ISO, Rationale and/or Market Disruption Prevented or Minimized as a Result of such Actions

Count	Date	Hour	Interval	Market	Nature of Actions, Nature of Market Disruption, Rationale and/or Market Disruption Prevented or Minimized as a Result of such Actions
1	10/16/2012	14	4	RTUC	RTUC failed due to application not running. This interval was filled either automatically or interactively. MQS published Pnode clearing and resource awards for this interval.
2	10/16/2012	14	7	RTD	RTD failed due to application not running. Loss clearing payload and LMP filled from previous good interval.
3	10/16/2012	14	8	RTD	RTD failed due to application not running. Loss clearing payload and LMP filled from previous good interval.
4	10/16/2012	14	10	RTD	RTD failed due to application not running. Loss clearing payload and LMP filled from previous good interval.
5	10/16/2012	14	11	RTD	RTD failed due to application not running. Loss clearing payload and LMP filled from previous good interval.
6	10/16/2012	15	1	RTUC	RTUC failed due to application not running. This interval was filled either automatically or interactively. MQS published Pnode clearing and resource awards for this interval.
7	10/16/2012	15	2	HASP	HASP failed due to application not running. This interval was filled either automatically or interactively. MQS published Pnode clearing and resource awards for this interval.
8	10/16/2012	15	3	RTUC	RTUC failed due to application not running. This interval was filled either automatically or interactively. MQS published Pnode clearing and resource awards for this interval.

Count	Date	Hour	Interval	Market	Nature of Actions, Nature of Market Disruption, Rationale and/or Market Disruption Prevented or Minimized as a Result of such Actions
9	10/16/2012	15	4	RTUC	RTUC failed due to application not running. This interval was filled either automatically or interactively. MQS published Pnode clearing and resource awards for this interval.
10	10/16/2012	15	5	RTD	RTD failed due to application not running. Loss clearing payload and LMP filled from previous good interval.
11	10/16/2012	15	6	RTD	RTD failed due to application not running. Loss clearing payload and LMP filled from previous good interval.
12	10/16/2012	15	7	RTD	RTD failed due to application not running. Loss clearing payload and LMP filled from previous good interval.
13	10/16/2012	15	8	RTD	RTD failed due to application not running. Loss clearing payload and LMP filled from previous good interval.
14	10/19/2012	23	1	RTD	RTD failed. Loss clearing payload and LMP filled from previous good interval.
15	10/19/2012	23	2	RTD	RTD failed. Loss clearing payload and LMP filled from previous good interval.
16	10/19/2012	23	9	RTD	RTD failed due to broadcast failure. Loss clearing payload and LMP filled from previous good interval.
17	10/21/2012	12	10	RTD	RTD failed due to application timeout. Loss clearing payload and LMP filled from previous good interval.
18	10/19/2012	23	4	RTUC	RTUC failed due to broadcast failure. This interval was filled either automatically or interactively. MQS published Pnode clearing and resource awards for this interval.
19	10/23/2012	15	3	RTUC	RTUC failed due to Fall Forward. This interval was filled either automatically or interactively. MQS published Pnode clearing and resource awards for this interval.
20	10/23/2012	15	4	RTD	RTD failed due to fall forward. Loss clearing payload and LMP filled from previous good interval.

Count	Date	Hour	Interval	Market	Nature of Actions, Nature of Market Disruption, Rationale and/or Market Disruption Prevented or Minimized as a Result of such Actions
21	10/23/2012	15	4	RTUC	RTUC failed due to Fall Forward. This interval was filled either automatically or interactively. MQS published Pnode clearing and resource awards for this interval.
22	10/23/2012	15	5	RTD	RTD failed due to fall forward. Loss clearing payload and LMP filled from previous good interval.
23	10/23/2012	15	6	RTD	RTD failed due to fall forward. Loss clearing payload and LMP filled from previous good interval.
24	10/23/2012	15	7	RTD	RTD failed due to fall forward. Loss clearing payload and LMP filled from previous good interval.
25	10/23/2012	15	8	RTD	RTD failed due to fall forward. Loss clearing payload and LMP filled from previous good interval.
26	10/23/2012	15	9	RTD	RTD failed due to fall forward. Loss clearing payload and LMP filled from previous good interval.
27	10/23/2012	15	10	RTD	RTD failed due to fall forward. Loss clearing payload and LMP filled from previous good interval.
28	10/24/2012	14	6	RTD	RTD failed due to software patching. Loss clearing payload and LMP filled from previous good interval.
29	10/24/2012	14	7	RTD	RTD failed due to software patching. Loss clearing payload and LMP filled from previous good interval.
30	10/28/2012	9	3	RTUC	RTUC failed due to database problem. This interval was filled either automatically or interactively. MQS published Pnode clearing and resource awards for this interval.
31	10/28/2012	9	6	RTD	RTD failed due to server and database failure. Loss clearing payload and LMP filled from previous good interval.
32	10/28/2012	9	7	RTD	RTD failed due to server and database failure. Loss clearing payload and LMP filled from previous good interval.
33	10/28/2012	9	8	RTD	RTD failed due to server and database failure. Loss clearing payload and LMP filled from previous good interval.

Count	Date	Hour	Interval	Market	Nature of Actions, Nature of Market Disruption, Rationale and/or Market Disruption Prevented or Minimized as a Result of such Actions
34	10/28/2012	9	9	RTD	RTD failed due to server and database failure. Loss clearing payload and LMP filled from previous good interval.
35	10/29/2012	8	2	RTD	RTD failed due to application not running. Loss clearing payload and LMP filled from previous good interval.
36	10/29/2012	8	2	HASP	HASP failed. This interval was filled either automatically or interactively. MQS published Pnode clearing and resource awards for this interval.
37	10/29/2012	8	3	RTD	RTD failed due to application not running. Loss clearing payload and LMP filled from previous good interval.
38	10/29/2012	8	4	RTD	RTD failed due to application not running. Loss clearing payload and LMP filled from previous good interval.
39	10/29/2012	16	3	RTD	RTD failed due to software patching. Loss clearing payload and LMP filled from previous good interval.
40	10/31/2012	18	3	RTD	RTD failed. Loss clearing payload and LMP filled from previous good interval.
41	10/30/2012	12	2	HASP	HASP failed. This interval was filled either automatically or interactively. MQS published Pnode clearing and resource awards for this interval.
42	10/31/2012	18	3	RTUC	RTUC failed. This interval was filled either automatically or interactively. MQS published Pnode clearing and resource awards for this interval.
43	10/31/2012	18	4	RTD	RTD failed. Loss clearing payload and LMP filled from previous good interval.
44	11/2/2012	8	2	HASP	HASP failed due to application not running. This interval was filled either automatically or interactively. MQS published Pnode clearing and resource awards for this interval.

Count	Date	Hour	Interval	Market	Nature of Actions, Nature of Market Disruption, Rationale and/or Market Disruption Prevented or Minimized as a Result of such Actions
45	11/2/2012	8	3	RTUC	RTUC failed due to application not running. This interval was filled either automatically or interactively. MQS published Pnode clearing and resource awards for this interval.
46	11/2/2012	8	4	RTUC	RTUC failed due to application not running. This interval was filled either automatically or interactively. MQS published Pnode clearing and resource awards for this interval.
47	11/2/2012	8	11	RTD	RTD failed due to application not running. Loss clearing payload and LMP filled from previous good interval.
48	11/7/2012	24	12	RTD	RTD failed. Loss clearing payload and LMP filled from previous good interval.
49	11/14/2012	15	2	RTD	RTD failed. Loss clearing payload and LMP filled from previous good interval.
50	11/15/2012	15	3	RTUC	RTUC failed due to Fallback. This interval was filled either automatically or interactively. MQS published Pnode clearing and resource awards for this interval.
51	11/15/2012	15	4	RTD	RTD failed due to Fallback. Loss clearing payload and LMP filled from previous good interval.
52	11/15/2012	15	4	RTUC	RTUC failed due to Fallback. This interval was filled either automatically or interactively. MQS published Pnode clearing and resource awards for this interval.
53	11/15/2012	15	5	RTD	RTD failed due to Fallback. Loss clearing payload and LMP filled from previous good interval.
54	11/15/2012	15	6	RTD	RTD failed due to Fallback. Loss clearing payload and LMP filled from previous good interval.
55	11/15/2012	15	7	RTD	RTD failed due to Fallback. Loss clearing payload and LMP filled from previous good interval.
56	11/15/2012	15	8	RTD	RTD failed due to Fallback. Loss clearing payload and LMP filled from previous good interval.

Count	Date	Hour	Interval	Market	Nature of Actions, Nature of Market Disruption, Rationale and/or Market Disruption Prevented or Minimized as a Result of such Actions
57	11/15/2012	24	4	RTD	RTD failed. Loss clearing payload and LMP filled from previous good interval.

Notes:
Integrated Forward Market (IFM): The Day-Ahead Market run in which the ISO conducts the market for purchases and sales of Energy for all hours of the next Trading Day based on submitted supply and demand bids, and performs the procurement of Ancillary Services.
Residual Unit Commitment (RUC): The Day-Ahead Market run in which the ISO conducts unit commitment of additional resources based on submitted availability bids and the forecast of demand for every hour of the next Trading Day.
Real-Time Unit commitment (RTUC) Interval 1: The first of a series of four market runs conducted every Trading Hour in advance of the Operating Hour. In this run the ISO conducts the Market Power Mitigation and Reliability Requirement Determination for submitted Bids, which applies to all of the Real-Time Market processes for the given Trading Hour. In this interval the ISO also conducts the procurement of incremental Ancillary Services from internal resources and dynamic external resources.
Real-Time Unit commitment (RTUC) Interval 2: The second of a series of four market runs conducted every Trading Hour in advance of the Operating Hour during which the ISO conducts the HASP. In the HASP, the ISO conducts the procurement and sale of Energy and Ancillary services from non-dynamic System Resources based on submitted Bids and the CAISO Forecast of CAISO Demand. In this interval the ISO also conducts the advisory procurement of incremental Ancillary Services from internal resources and dynamic external resources from T to T+60 minutes and procurement for the given Trading Hour.
Real-Time Unit commitment (RTUC) Interval 3: The third of a series of four market runs conducted every Trading Hour. During this interval the ISO conducts the commitment of internal Short-Start and Fast Start Units for the Time Horizon of T-30 minutes to T+240 minutes. In this interval the ISO also conducts the procurement of incremental Ancillary Services from internal resources and dynamic external resources for the given Trading Hour.
Real-Time Unit commitment (RTUC) Interval 4: The fourth of a series of four market runs conducted every Trading Hour. This interval is for the Real-time Unit Commitment for the T-105 minutes to T+60 minutes time horizon. In this interval the ISO also conducts 15-minute Ancillary Service Awards for non-Hourly System Resources, internal resources and dynamic external resources for the given Trading Hour.
Real-Time Dispatch (RTD): The five minute interval of any given Operating Hour during which the ISO conducts the market for Energy based on submitted bids and the CAISO Forecast of CAISO Demand.

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 17th day of December 2012.

/s/ Anna Pascuzzo

Anna Pascuzzo