

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

California Independent System Operator
Corporation
Docket No. ER03-1102-010
December 19, 2005

Alston & Bird LLP
601 Pennsylvania Avenue, N.W.
North Building, 10th Floor
Washington, DC 20004-2601

Attention: Bradley R. Miliauskas, Esquire
Attorney for the California Independent
System Operator Corporation

Reference: Compliance Filing

Dear Mr. Miliauskas:

On August 1, 2005, you submitted for filing, on behalf of the California Independent System Operator Corporation (CAISO or ISO), revised tariff sheets in compliance with the Commission's directive in its Order on Remand in Docket No. ER03-1102-009.¹ In its July 1 Order, the Commission noted that it had not allowed the ISO Market Monitoring Unit (MMU) to administer the behavior-related tariff provisions for objectively identifiable behaviors and to charge pre-defined penalties for violation of those provisions until the CAISO that it had established an independent governing board.² Additionally, the Commission stated that the CAISO may now administer the Enforcement Protocol Provisions related to behavior that is objectively identifiable and for which violations have clear Commission approved sanctions set forth in the ISO Tariff. Accordingly, the Commission directed the CAISO to modify the ISO

¹ *California Independent System Operator Corporation*, 112 FERC ¶ 61,001 (2005) (July 1 Order).

² The Commission's Order in Docket No. EL05-114-000, et. al., 112 FERC ¶ 61,010 (2005), issued July 1, 2005, found that the CAISO-proposed governing board selection process acceptable for purposes of the independence requirements of Order Nos. 888 and 2000. The Commission also concluded that the current governing board was independent.

Enforcement Protocol to the ISO Tariff to indicate that the CAISO's MMU will administer the Enforcement Protocol, except for EP 7 (No Market Manipulation). Your compliance filing is in satisfactory compliance with the directives of the Commission's July 1 Order and the proposed tariff sheets are accepted for filing effective August 1, 2005, the filing date of the instant compliance filing. The rate schedule designations included in your submittal are correct.

This filing was noticed on August 9, 2005, with protests, comments, or motions to intervene due on or before August 22, 2005. No protests or comments were filed. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. 385.214). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214.

This acceptance for filing shall not be construed as constituting approval of the referenced filing or of any rate, charge, classification, or any rule, regulation or practice affecting such rate or service provided for in the filed documents; nor shall such acceptance be deemed as recognition of any claimed contractual right or obligation associated therewith; and such acceptance is without prejudice to any findings or orders which have been or any which may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against California Independent System Operator Corporation.

This action is taken pursuant to the authority delegated to the Director, Division of Tariffs and Market Development – West, under 18 C.F.R. 375.307. This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. 385.713.

Sincerely,

John Carlson, Acting Director
Division of Tariffs and Market
Development - West

cc: All Parties