



California Independent
System Operator Corporation

December 24, 2009

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

**Re: California Independent System Operator Corporation
Docket Nos. ER06-615-047 and ER07-1257-011
Compliance Filing**

Dear Secretary Bose:

The California Independent System Operator Corporation (ISO) hereby submits an original and five copies of the instant filing in compliance with the “Order on Compliance Filing,” issued on December 3, 2009 by the Federal Energy Regulatory Commission (Commission or FERC).¹

One additional copy of this filing is enclosed. Please stamp this copy with the date and time filed and return it in the pre-postage paid and addressed envelope.

I. Background

On April 8, 2009, the ISO filed proposed modifications to the ISO Tariff² to revise the language regarding Market Disruptions in Compliance with the Commissions March 9, 2009 Order.³ Specifically, the Commission directed the ISO to revise the definition of a Market Disruption to include the types of Market Disruptions that are discussed in Sections 7.6 and 7.7. The ISO revised the definition of a Market Disruption by adding the specific requirement that a Market Disruption is an action or an event that causes a

¹ *California Indep. Sys. Operator Corp.*, 129 FERC ¶ 61,196 (2009) (*December 3 Order*).

² *California Indep. Sys. Operator Corp.*, FERC Electric Tariff, Fourth Revised Volume Nos. 1 & 2.

³ *California Indep. Sys. Operator Corp.*, 126 FERC ¶ 61,211 (2009) (*March 9 Order*).

failure of a CAISO Market, related to system operations issues or System Emergencies referred to in Sections 7.6 and 7.7.

On December 3, 2009 the Commission accepted the proposed changes and directed the ISO to submit, within 30 days, a compliance filing consistent with the directives of the December 3 Order. The CAISO submits the instant filing to comply with those directives.

II. Compliance

A. Revisions to Section 7.7.15.2.1 – Objective Measures

In the December 3 Order, the Commission directed the CAISO to make revisions to the language in Section 7.7.15.2.1 to remove the clause “has a reasonable basis for concluding may cause.” The ISO is submitting revised tariff sheets in compliance with this directive.

B. Revisions to Section 7.7.15.2.2 – Consequences of Removal of a Bid

The December 3 Order also directed the CAISO to revise Section 7.7.15.2.2 to clarify that to the extent a Bid for a particular service needs to be removed, the entire Bid curve for that service and particular market will be removed. The ISO is submitting revised tariff sheets in compliance with this directive.

III. Materials Provided in the Instant Compliance Filing

The following documents, in addition to this transmittal letter, support the instant filing:

Attachment A	Clean Tariff sheets incorporating the red-lined changes contained in Attachment B
Attachment B	Red-lined changes to the Tariff to implement the revisions contained in this filing

IV. Effective Date

The ISO requests that the Commission approve this compliance filing as submitted to be effective on March 31, 2009.

V. Conclusion

The ISO respectfully requests that the Commission accept the instant filing as complying with the directives of the December 3 Order.

Respectfully submitted,



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System Operator Corporation

Attachment A – Clean Sheets
Market Disruption Compliance Filing
Fourth Replacement CAISO Tariff
ER06-615-047 and ER07-1257-011
December 28, 2009

7.7.15.2 Removal of Bids, in the Event of a Market Disruption, to Prevent a Market Disruption, or to minimize the Extent of a Market Disruption.

7.7.15.2.1 Objective Measures.

In the event of a Market Disruption, to prevent a Market Disruption, or to minimize the extent of a Market Disruption, as provided in Section 7.7.15.1 (b), the CAISO may remove Bids, which as defined include Self-Schedules, from the relevant CAISO Market. The types of Bids that the CAISO may remove include those that have previously caused a Market Disruption. These are Bids that are not feasible based on the misalignment of resource-specific conditions and physical constraints represented in the Master File, current outage information, and the Bid itself. For example, these include: (1) Bids that pass through the automated Bid validation rules but are invalid for other reasons not detectable by the automated Bid validation, including derates reflected in SLIC; (2) Bids that are identified prior to the end of the CAISO Market run as causing a feasibility issue that prevents the CAISO Market run from clearing in the time allotted for the run, including ramp rates in SLIC that result in infeasible generation Bids; and (3) multiple Bids that do not pose a problem for processing through the CAISO Market when considered individually, but may when submitted in combination with other Bids become infeasible and present an impediment to the successful completion of the CAISO Market.

7.7.15.2.2 Consequences of Removal of a Bid.

The CAISO may remove part of a Bid, but retain other parts of the Bid for the applicable CAISO Market run and interval for the same or different product, and may retain parts of the Bid for subsequent CAISO Market runs or intervals. If a particular Energy or Ancillary Service Bid must be removed pursuant to Section 7.7.15.2.1, the CAISO will remove the entire Bid for that particular service and market. The Scheduling Coordinator may resubmit removed Bids in subsequent CAISO Markets, provided the Scheduling Coordinator complies with any operator instructions regarding the subject Bids. In the event a Bid is removed from an IFM run, the RUC Availability Bid associated with the removed IFM Bid may still be accepted for the corresponding RUC run, unless the RUC Availability Bid is determined to be the cause of the disruption. A problematic Bid as described in Section 7.7.15.2.1 will typically be identified as infeasible prior to publication of the CAISO Market interval in which it is causing a problem, in which case to the extent practicable the CAISO may remove the Bid, execute the CAISO Market without the removed Bid, and publish a CAISO Market result for that interval. In some instances, a Bid may be able to clear through the IFM without causing an infeasibility issue, but then it may be necessary to remove the RUC Availability Bid associated with the IFM Bid for the corresponding RUC run due to infeasibility issues raised for the RUC run. In the Real-Time Market, for example, for reasons discussed above the CAISO may be required to remove a Bid for a Non-Dynamic System Resource that would normally be dispatched in the HASP, yet may be able to utilize and accept the Bids submitted for the RTD and non-HASP RTUC runs of the Real-Time Market included within the same Scheduling Coordinator Bid submission. If an Ancillary Service Bid or Submission to Self-Provide Ancillary Services is removed from the IFM, the Scheduling Coordinator may resubmit these components in the RTM provided the issues identified in the IFM have been resolved and the Bid or submission is otherwise consistent with the Ancillary Service bidding rules in the CAISO Tariff.

If, for the reasons discussed above, the CAISO is required to remove a Bid in the advisory RTUC or RTD runs conducted for future intervals during the Real-Time Market, the removed Bid may still be used in the binding runs of the Real-Time Market for the same interval if the problems previously experienced with the Bid do not arise. If the CAISO is required to remove an Ancillary Services Bid submitted in the Real-Time Market for consideration in the RTUC run, the CAISO May retain the Energy Bid submitted in association with the Ancillary Services Bid for that CAISO Market run.

Attachment B – Blacklines
Market Disruption Compliance Filing
Fourth Replacement CAISO Tariff
ER06-615-047 and ER07-1257-011
December 28, 2009

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7.7.15.2.1 Objective Measures.

In the event of a Market Disruption, to prevent a Market Disruption, or to minimize the extent of a Market Disruption, as provided in Section 7.7.15.1 (b), the CAISO may remove Bids, which as defined include Self-Schedules, from the relevant CAISO Market. The types of Bids that the CAISO may remove include those that ~~the CAISO has a reasonable basis for concluding may cause or~~ have previously caused a Market Disruption. These are Bids that are not feasible based on the misalignment of resource-specific conditions and physical constraints represented in the Master File, current outage information, and the Bid itself. For example, these include: (1) Bids that pass through the automated Bid validation rules but are invalid for other reasons not detectable by the automated Bid validation, including derates reflected in SLIC; (2) Bids that are identified prior to the end of the CAISO Market run as causing a feasibility issue that prevents the CAISO Market run from clearing in the time allotted for the run, including ramp rates in SLIC that result in infeasible generation Bids; and (3) multiple Bids that do not pose a problem for processing through the CAISO Market when considered individually, but may when submitted in combination with other Bids become infeasible and present an impediment to the successful completion of the CAISO Market.

7.7.15.2.2 Consequences of Removal of a Bid.

The CAISO may remove part of a Bid, but retain other parts of the Bid for the applicable CAISO Market run and interval for the same or different product, and may retain parts of the Bid for subsequent CAISO Market runs or intervals. If a particular Energy or Ancillary Service Bid must be removed pursuant to Section 7.7.15.2.1, the CAISO will remove the entire Bid for that particular service and market. The Scheduling Coordinator may resubmit removed Bids in subsequent CAISO Markets, provided the Scheduling Coordinator complies with any operator instructions regarding the subject Bids. In the event a Bid is removed from an IFM run, the RUC Availability Bid associated with the removed IFM Bid may still be accepted for the corresponding RUC run, unless the RUC Availability Bid is determined to be the cause of the disruption. A problematic Bid as described in Section 7.7.15.2.1 will typically be identified as infeasible prior to publication of the CAISO Market interval in which it is causing a problem, in which case to the extent practicable the CAISO may remove the Bid, execute the CAISO Market without the removed Bid, and publish a CAISO Market result for that interval. In some instances, a Bid may be able to clear

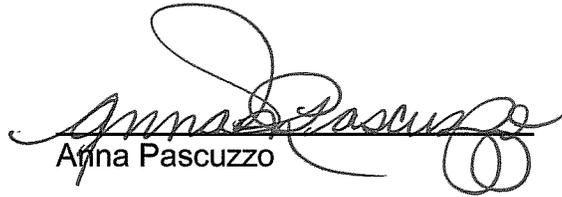
through the IFM without causing an infeasibility issue, but then it may be necessary to remove the RUC Availability Bid associated with the IFM Bid for the corresponding RUC run due to infeasibility issues raised for the RUC run. In the Real-Time Market, for example, for reasons discussed above the CAISO may be required to remove a Bid for a Non-Dynamic System Resource that would normally be dispatched in the HASP, yet may be able to utilize and accept the Bids submitted for the RTD and non-HASP RTUC runs of the Real-Time Market included within the same Scheduling Coordinator Bid submission. If an Ancillary Service Bid or Submission to Self-Provide Ancillary Services is removed from the IFM, the Scheduling Coordinator may resubmit these components in the RTM provided the issues identified in the IFM have been resolved and the Bid or submission is otherwise consistent with the Ancillary Service bidding rules in the CAISO Tariff. If, for the reasons discussed above, the CAISO is required to remove a Bid in the advisory RTUC or RTD runs conducted for future intervals during the Real-Time Market, the removed Bid may still be used in the binding runs of the Real-Time Market for the same interval if the problems previously experienced with the Bid do not arise. If the CAISO is required to remove an Ancillary Services Bid submitted in the Real-Time Market for consideration in the RTUC run, the CAISO may retain the Energy Bid submitted in association with the Ancillary Services Bid for that CAISO Market run.

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in the above-captioned docket, in accordance with the requirements of Rule 2010 of the Commission Rules of Practice and Procedure (18 C.F.R. §385.2010).

Dated this 24th day of December 2009 at Folsom, California.


Anna Pascuzzo