

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON D.C. 20426
November 26, 2008

California Independent System
Operator Corporation
Docket No. ER08-1011-000

Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, D.C. 20004-1404

Attention: Christopher R. Jones, Esquire
Attorney for California Independent System
Operator Corporation

Reference: Proposed MRTU Tariff Amendment to Remove the “DEC Bidding”
Rule

Dear Mr. Jones:

On May 23, 2008, you submitted for filing on behalf of the California Independent System Operator Corporation (CAISO), revised tariff sheets to remove from the CAISO’s Market Redesign and Technology Update (MRTU) Tariff the prohibition on certain decremental Energy Bids in section 30.5.1(b). The revised tariff sheets are accepted to become effective upon implementation of MRTU.

Under the MRTU Tariff as approved by the Commission, Scheduling Coordinators are currently prohibited from submitting Energy Bids in the CAISO Hour-Ahead Scheduling Process or Real-Time Markets that are lower than the price of a cleared Energy Bid submitted by the Scheduling Coordinator in the Day-Ahead Market.

The CAISO explains that this prohibition would not effectively prevent decremental bid gaming and could actually prevent legitimate decremental bidding. The CAISO states that the MRTU’s nodal market design structure incorporates a Full Network Model to ensure that schedules resulting from the Day-Ahead Market are feasible. Thus, the MRTU market design is expected to largely mitigate the gaming opportunities that were originally targeted by the prohibition. Nevertheless, the CAISO commits to closely monitoring any limited

opportunities for decremental bid gaming and will consider tariff modifications to address any problems that may arise.

The filing was noticed on June 2, 2008, with comments, protests, or motions to intervene due on or before June 13, 2008. No protests or adverse comments were received. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 211 and Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.211 and § 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 rates or services 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.

Authority to act on this matter is 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,

Steve P. Rodgers, Director
Division of Tariffs and Market
Development-West

cc: All Parties