

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

California Independent System)	Docket Nos. ER06-615-___
Operator Corporation)	ER07-1257-___

**MOTION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION FOR EXTENSION OF TIME**

Pursuant to Rules 212 and 2008(a) of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.2008(a), the California Independent System Operator Corporation ("CAISO")¹ respectfully requests an extension of time, from January 18, 2008 until sixty (60) days prior to the implementation of the CAISO's Market Redesign and Technology Upgrade ("MRTU"), to comply with Paragraph 380 of the Commission's "Order on Compliance Filings," 119 FERC ¶ 61,313 (June 25, 2007) ("June 25 Order").

I. Introduction

Paragraph 380 of the June 25 Order accepted the CAISO's commitment to explore with stakeholders opportunities for Load Serving Entities ("LSEs") to avoid potential CAISO remedial procurement by curing a collective shortfall in Local Capacity Area Resource requirements and to file any necessary changes to the MRTU Tariff to reflect the outcome of this effort. The Commission has recognized that the cure opportunity addressed in Paragraph 380 is inextricably

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the CAISO Tariff (also known as the Market Redesign and Technology Upgrade or MRTU Tariff).

linked to the CAISO's development of an Interim Capacity Procurement Mechanism ("ICPM") by which the CAISO would otherwise procure the needed capacity. The instant motion for an extension of time seeks to again ensure that the Paragraph 380 compliance demonstration is not submitted piecemeal, but rather can be incorporated into the CAISO's ICPM filing.

The ICPM is scheduled for consideration by the CAISO Governing Board on January 29, 2008. Although the CAISO anticipates approval by the CAISO Governing Board, the possibility of deferral of or modifications to the proposal by the CAISO Governing Board exists. Also, the CAISO has recently announced that a delay in system testing will likely impact the current MRTU implementation date of March 31, 2008. The extent of the impact remains under evaluation. Accordingly, the CAISO believes that the requested extension of time reflects a prudent approach that accounts for the uncertainty of the exact filing date of the ICPM approval, obviates the need for any further requests for extension, and still permits the Commission to consider the ICPM in time for the implementation of MRTU.

II. Background

As noted, in Paragraph 380 of the June 25 Order, the Commission directed the CAISO to explore with stakeholders potential means by which LSEs could cure a collective shortfall in Local Capacity Area Resource requirements and to file any proposed modifications to the CAISO's MRTU Tariff in conjunction with the CAISO's August 3, 2007 compliance filing. The Commission acknowledged in Paragraph 380 that developing a mechanism to cure a

collective Local Capacity Area Resource deficiency requires the involvement of the CAISO, LSEs, the California Public Utilities Commission, and other Local Regulatory Authorities to address complex questions concerning the allocation of procurement and cost responsibilities. The CAISO informed the Commission that these determinations can and should be made in the context of the ICPM, which was initially scheduled for presentation to the CAISO Governing Board in mid-October of 2007. As a result, on August 3, 2007, the CAISO filed a motion for an extension of time until October 31, 2007 to comply with Paragraph 380. On August 8, 2007, the Commission issued a notice granting that extension of time.

On September 19, 2007, the CAISO filed a further motion for extension of time in the above-referenced proceedings. The CAISO explained that, as the Commission was aware, the CAISO Governing Board had recently extended the date of MRTU implementation to March 31, 2008. The CAISO stated that the modified MRTU implementation date would allow the CAISO to conduct a more extensive stakeholder process on the ICPM proposal before presenting it to the CAISO Governing Board. Therefore, the CAISO requested an extension of time until January 18, 2008 to comply with Paragraph 380 of the June 25 Order. On September 25, 2007, the Commission issued a notice granting this extension of time.

The CAISO has been working with stakeholders for over six months to develop an ICPM proposal to present to the CAISO Governing Board. Most recently, on January 14, 2008, the CAISO posted draft ICPM tariff language on

the CAISO Website for stakeholder review in preparation for presenting the underlying ICPM policy principles to the CAISO Governing Board on January 29, 2008. Stakeholder comments on the draft tariff language are due on January 22, 2008, and the CAISO intends to hold a stakeholder conference call to discuss the comments on January 24, 2008.²

III. Request for Extension of Time

The CAISO respectfully requests an additional extension of time – until 60 days prior to the implementation of MRTU – to submit its filing to comply with Paragraph 380 of the June 25 Order.³ Good cause exists for the Commission to grant this request.

As explained above, development of an ICPM proposal to present to the CAISO Governing Board has required an extensive stakeholder process, and that process is still ongoing with stakeholder comments and discussions regarding tariff language occurring on January 22 and 24, respectively. Among other things, the CAISO will need ample time to assess the stakeholders' comments and incorporate appropriate changes. The CAISO's efforts to fully vet ICPM issues with stakeholders and attempt to reach consensus on the many complex issues concerning the ICPM proposal have taken more time to complete than the CAISO expected when the CAISO filed its most recent motion for

² See <http://www.aiso.com/1bc5/1bc5db284cc80.html> (page on CAISO Website containing CAISO and stakeholder documents related to ICPM development process).

³ As a result of this extension, the CAISO would submit the referenced compliance filing on the same day the CAISO is required to file a statement certifying market readiness (*i.e.*, certifying that MRTU will be implemented 60 days thereafter). See *California Independent System Operator Corp.*, 116 FERC ¶ 61,274, at P 1414 (2006).

extension of time on September 19. However, the CAISO is now prepared to present the ICPM proposal to the CAISO Governing Board and will be including the ICPM on the agenda for the CAISO Governing Board meeting scheduled for January 29, 2008. A reasonable extension of time is necessary, therefore, to allow the CAISO Governing Board to consider the ICPM proposal, including provisions addressing Paragraph 380, and thereafter permit the CAISO to finalize the ICPM tariff language and prepare the resulting filing pursuant to Section 205 of the Federal Power Act.

Under the CAISO's MRTU implementation date of March 31, 2008, the ICPM would have to be filed on January 31, 2008 to permit timely Commission review. However, delays in system testing have impacted the CAISO's ability to meet the March 31, 2008 MRTU implementation date. While some impact on the implementation date is likely, the precise duration of any effect on the implementation date of MRTU is currently uncertain. This uncertainty, coupled with the potential that the CAISO Governing Board may not authorize immediate submission of the ICPM to the Commission or may modify the proposal, militates in favor of the more flexible extension request sought by this motion. Targeting sixty days before implementation of MRTU is appropriate because it will be a known date given the CAISO's obligation to certify MRTU readiness and it permits the Commission time to properly consider the ICPM for effectiveness concurrent with MRTU.

It should be noted that regardless of possible changes in the MRTU implementation date, and assuming CAISO Governing Board approval of ICPM

principles without modifications, the CAISO may seek to file the ICPM and Paragraph 380 compliance language in early February. The reason for this target date relates to the Commission's January 9, 2008 "Order Conditionally Accepting, Subject to Modifications, Resource Adequacy Provisions of MRTU Compliance Filing," 122 FERC ¶ 61,017 (Jan. 9, 2008) ("January 9 Order"). The January 9 Order accepted MRTU Tariff provisions relating to the CAISO's authority to engage in backstop capacity procurement to address Local Capacity Area Resource deficiencies and also directed the CAISO to submit a compliance filing on other matters.⁴ As a consequence, the CAISO recognizes that the ICPM filing and the CAISO's filing to comply with the January 9 Order must be closely coordinated. However, again, if the CAISO Governing Board defers or otherwise modifies the ICPM proposal, it may be impractical to submit the ICPM filing prior to the compliance date directed by the January 9 Order. As such, the CAISO believes that the flexibility of the current extension request is prudent.

No party will be prejudiced by the Commission's granting of the extension of time the CAISO requests. To the contrary, the CAISO and stakeholders will benefit by permitting the CAISO Governing Board to consider stakeholder comments and consider whether to authorize the filing of the ICPM as proposed (or as revised by the Board) and the accompanying Paragraph 380 provisions. Granting the requested extension, therefore, is appropriate.

⁴ January 9 Order at PP 62-64.

IV. Conclusion

For the reasons explained above, the CAISO requests that the Commission grant this motion for extension of time.

Respectfully submitted,

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Dated: January 18, 2008

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service list in the above-referenced 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 Washington, DC this 18th day of January, 2008.

/s/ Bradley R. Miliauskas
Bradley R. Miliauskas