



January 21, 2009

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

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SECRETARY OF THE
COMMISSION
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FEDERAL ENERGY
REGULATORY COMMISSION

**Re: California Independent System Operator Corporation
Compliance Filing
Docket Nos. ER07-869-004, ER07-475-005, ER06-615-030**

Dear Secretary Bose:

The California Independent System Operator (CAISO)¹ hereby submits an original and five copies of the instant filing in compliance with the Commission's December 18, 2008, Letter Order, 125 FERC ¶ 61,315, (December 18 Order). Two additional copies of this filing are enclosed to be date-stamped and returned to our messenger.

I. Discussion

On August 26, 2008, the CAISO submitted tariff revisions to both its proposed Market Redesign and Technology Upgrade (MRTU) tariff and its currently effective tariff to comply with the directives in the Commission's July 28 Order.² On December 18, 2008, by letter order, the Commission conditionally accepted the CAISO's submittal, subject to modification in a further compliance filing. More specifically, the Commission found that the CAISO had omitted a portion of the clarifying language it had directed the CAISO to include in tariff section 36.8.3.1.3.1.³

In compliance with the December 18, 2008 order, the CAISO now submits the following proposed language to Section 36.8.3.1.3.1 so that it reads specifically as requested by the Commission:

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). Except where otherwise noted herein, references to sections are references to sections of the MRTU Tariff.

² *California Indep. Sys. Operator Corp.*, 124 FERC ¶ 61, 095 (2008) (July 28 Order).

³ The Commission required the change to Section 36.8.1.3.1. No such section exists but the language the Commission referenced is in Section 31.8.3.1.3.1.

If an LSE's combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources is greater than twenty percent (20%) of its Adjusted Load Metric and the LSE nominates more than twenty percent (20%) of its Adjusted Load Metric as Long Term CRRs, then the CRR Sources for all of the LSE's Long Term CRR nominations must be sources associated with its demonstrated long-term procurement arrangements of ten (10) years or greater or its owned generation resources.

II. Materials Provided in the Instant Compliance Filing

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

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|--------------|---|
| Attachment A | Clean ISO Tariff sheets incorporating the red-lined changes contained in Attachment B |
| Attachment B | Red-lined changes to the current ISO Tariff to implement the revisions contained in this filing |
| Attachment C | Clean MRTU Tariff sheets incorporating the red-lined changes contained in Attachment D |
| Attachment D | Red-lined changes to the MRTU Tariff to implement the revisions contained in this filing |

III. Effective Date.

With respect to the revisions made to the MRTU Tariff, the CAISO requests that the Commission approve this compliance filing as submitted to be effective March 31, 2009.

With respect to the revisions made to the currently effective CAISO Tariff, the CAISO requests that the Commission approve this compliance filing as submitted to be effective on January 21, 2009.

IV. Conclusion

The CAISO respectfully requests that the Commission accept the instant filing as complying with the directives of the December 18, 2008 Order. Please contact the undersigned with any questions concerning this filing.

Respectfully submitted,


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Counsel

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Operator Corporation
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System Operator Corporation

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 proceeding, 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 21st day of January, 2009.

/s/ Susan L. Montana
Susan L. Montana

Attachment A – Clean Sheets
Long-Term Congestion Revenue Rights Compliance Filing
Currently Effective CAISO Tariff
ER07-869-____
January 21, 2009

long-term procurement arrangements of ten (10) years or greater and ownership of generation resources, the amount of Long Term CRRs that it may nominate is equal to the minimum of: (i) the sum of the owned resources and long-term procurement arrangements of ten (10) years or more and (ii) fifty percent (50%) of the LSE's Adjusted Load Metric. If an LSE's combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources is greater than twenty percent (20%) of its Adjusted Load Metric and the LSE nominates more than twenty percent (20%) of its Adjusted Load Metric as Long Term CRRs, then the CRR Sources for all of the LSE's Long Term CRR nominations must be sources associated with its demonstrated long-term procurement arrangements of ten (10) years or greater or its owned generation resources. Subject to the maximum quantities described above in this Section 36.8.3.1.3.1, an LSE can nominate CRRs sourced at a Trading Hub in Tier LT up to the total MW amount of the Point-to-Point CRRs the LSE was allocated in tiers 1 and 2 as a result of its disaggregated tier 1 and 2 nominations of CRRs sourced at that Trading Hub.

36.8.3.1.3.2 Tier LT for Qualified OCALSEs.

A Qualified OCALSE may submit nominations for Long Term CRRs up to fifty percent (50%) of its Adjusted Load Metric for each season, time of use period and Scheduling Point. The Qualified OCALSE must demonstrate that all of its nominated Long Term CRRs are supported by a combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources. Such demonstrations shall be provided by the requesting Qualified OCALSE to the CAISO through the submission of a written sworn declaration by an executive employee authorized to represent the Qualified OCALSE attesting to the accuracy of the data demonstration. As necessary, the CAISO may request, and such Qualified OCALSE must produce in a timely manner, documents in support of such declaration.

Attachment B – Blacklines
Long-Term Congestion Revenue Rights Compliance Filing
Currently Effective CAISO Tariff
ER07-869-____
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* * *

36.8.3.1.3.1 Tier LT for LSEs.

The quantity of Seasonal CRRs that an LSE can nominate as Long Term CRRs is limited to twenty percent (20%) of the LSE's Adjusted Load Metric, except that an LSE that can demonstrate that more than twenty percent (20%) of its Adjusted Load Metric is covered by a combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources is able to submit nominations for a greater amount as provided in this section. Such demonstrations shall be provided by the requesting LSE to the CAISO through the submission of a written sworn declaration by an executive employee authorized to represent the LSE and attest to the accuracy of the data demonstration. As necessary, the CAISO may request, and such LSE must produce in a timely manner, documents in support of such declaration. If the LSE has demonstrated that more than twenty percent (20%) of its Adjusted Load Metric is covered by a combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources, the amount of Long Term CRRs that it may nominate is equal to the minimum of: (i) the sum of the owned resources and long-term procurement arrangements of ten (10) years or more and (ii) fifty percent (50%) of the LSE's Adjusted Load Metric. If an LSE's combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources is greater than twenty percent (20%) of its Adjusted Load Metric [and the LSE nominates more than twenty percent \(20%\) of its Adjusted Load Metric](#) as Long Term CRRs, then the CRR Sources for all of the LSE's Long Term CRR nominations must be sources associated with its demonstrated long-term procurement arrangements of ten (10) years or greater or its owned generation resources. Subject to the maximum quantities described above in this Section 36.8.3.1.3.1, an LSE can nominate CRRs sourced at a Trading Hub in Tier LT up to the total MW amount of the Point-to-Point CRRs the LSE was allocated in tiers 1 and 2 as a result of its disaggregated tier 1 and 2 nominations of CRRs sourced at that Trading Hub.

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Attachment C – Clean Sheets
Long-Term Congestion Revenue Rights Compliance Filing
4th Replacement CAISO Tariff (MRTU)
ER07-869-____
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If an LSE's combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources is greater than twenty percent (20%) of its Adjusted Load Metric and the LSE nominates more than twenty percent (20%) of its Adjusted Load Metric as Long Term CRRs, then the CRR Sources for all of the LSE's Long Term CRR nominations must be sources associated with its demonstrated long-term procurement arrangements of ten (10) years or greater or its owned generation resources. Subject to the maximum quantities described above in this Section 36.8.3.1.3.1, an LSE can nominate CRRs sourced at a Trading Hub in Tier LT up to the total MW amount of the Point-to-Point CRRs the LSE was allocated in tiers 1 and 2 as a result of its disaggregated tier 1 and 2 nominations of CRRs sourced at that Trading Hub. Subject to the maximum quantities described above in this Section 36.8.3.1.3.1, an LSE can nominate CRRs sourced at a Trading Hub in Tier LT up to the total MW amount of the Point-to-Point CRRs the LSE was allocated in tiers 1 and 2 as a result of its disaggregated tier 1 and 2 nominations of CRRs sourced at that Trading Hub.

36.8.3.1.3.2 Tier LT for Qualified OBAALSEs.

A Qualified OBAALSE may submit nominations for Long Term CRRs up to fifty percent (50%) of its Adjusted Load Metric for each season, time of use period and Scheduling Point. The Qualified OBAALSE must demonstrate that all of its nominated Long Term CRRs are supported by a combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources. Such demonstrations shall be provided by the requesting Qualified OBAALSE to the CAISO through the submission of a written sworn declaration by an executive employee authorized to represent the Qualified OBAALSE attesting to the accuracy of the data demonstration. As necessary, the CAISO may request, and such Qualified OBAALSE must produce in a timely manner, documents in support of such declaration.

36.8.3.1.3.3 Tier LT SFT.

After receiving nominations for Long Term CRRs from LSEs and Qualified OBAALSEs, the CAISO will run SFTs to ensure the feasibility of the nominated Long Term CRRs for the remaining nine years of the ten-year term of the Long Term CRR. The SFT runs in Tier LT will test the feasibility of only the Long Term CRR nominations and will not include in the analysis those Seasonal CRRs allocated in tiers 1 and 2 that are not nominated as Long Term CRRs. The quantity of Long Term CRRs that can be allocated for any season and time of use period must be feasible for the entire ten-year term of the Long Term CRR.

Attachment D – Blacklines
Long-Term Congestion Revenue Rights Compliance Filing
4th Replacement CAISO Tariff (MRTU)
ER07-869-____
January 21, 2009

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36.8.3.1.3.1 Tier LT for LSEs.

The quantity of Seasonal CRRs that an LSE can nominate as Long Term CRRs is limited to twenty percent (20%) of the LSE's Adjusted Load Metric, except that an LSE that can demonstrate that more than twenty percent (20%) of its Adjusted Load Metric is covered by a combination of long-term procurement arrangements of ten (10) years or greater and ownership of Generation resources is able to submit nominations for a greater amount as provided in this section. Such demonstrations shall be provided by the requesting LSE to the CAISO through the submission of a written sworn declaration by an executive employee authorized to represent the LSE and attest to the accuracy of the data demonstration. As necessary, the CAISO may request, and such LSE must produce in a timely manner, documents in support of such declaration. If the LSE has demonstrated that more than twenty percent (20%) of its Adjusted Load Metric is covered by a combination of long-term procurement arrangements of ten (10) years or greater and ownership of Generation resources, the amount of Long Term CRRs that it may nominate is equal to the minimum of: (i) the sum of the owned resources and long-term procurement arrangements of ten (10) years or more and (ii) fifty percent (50%) of the LSE's Adjusted Load Metric. If an LSE's combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources is greater than twenty percent (20%) of its Adjusted Load Metric [and the LSE nominates more than twenty percent \(20%\) of its Adjusted Load Metric](#) as Long Term CRRs, then the CRR Sources for all of the LSE's Long Term CRR nominations must be sources associated with its demonstrated long-term procurement arrangements of ten (10) years or greater or its owned generation resources. Subject to the maximum quantities described above in this Section 36.8.3.1.3.1, an LSE can nominate CRRs sourced at a Trading Hub in Tier LT up to the total MW amount of the Point-to-Point CRRs the LSE was allocated in tiers 1 and 2 as a result of its disaggregated tier 1 and 2 nominations of CRRs sourced at that Trading Hub. Subject to the maximum quantities described above in this Section 36.8.3.1.3.1, an LSE can nominate CRRs sourced at a Trading Hub in Tier LT up to the total MW amount of the Point-to-Point CRRs the LSE was allocated in tiers 1 and 2 as a result of its disaggregated tier 1 and 2 nominations of CRRs sourced at that Trading Hub.

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