January 21, 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
   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
   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:

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\(^1\) 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.


\(^3\) The Commission required the change to Section 36.8.3.1.3.1. 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:

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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Attorneys for the California Independent 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-___
January 21, 2009
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.
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
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.