

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

<b>California Independent System Operator Corporation</b>	)	<b>Docket Nos. ER06-615-003 ER06-615-005</b>
---	---	--

**REQUEST FOR CLARIFICATION, OR IN THE ALTERNATIVE, REHEARING  
OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Section 313(a) of the Federal Power Act, 16 U.S.C. § 251 (a) (2001), and Rules 212 and 713 of the Commission’s Rules of Practice and Procedure 18 C.F.R. §§ 385.212 and 385.713 (2006), the California Independent System Operator Corporation (“CAISO”)<sup>1</sup> hereby submits this Request for Clarification, or in the alternative, Rehearing, of the Commission’s order issued on June 25, 2007, 119 FERC ¶ 61,313 (2007) (“June 25 Order”) in the above captioned docket. The CAISO has identified two provisions of the June 25 Order that require clarification. However, if the Commission declines to grant these clarifications, then the CAISO requests rehearing of these issues.

**I. SPECIFICATION OF ERRORS**

1. To the extent the Commission does not grant clarification of the June 25 Order as requested in Section IV.A below, the CAISO respectfully submits, pursuant to Rule 713(c)(1) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.713(c)(1), that the June 25 Order erred by requiring the CAISO to conduct a security check of consultants to Market Participants that wish to obtain the CRR Full

---

<sup>1</sup> Capitalized terms not otherwise defined herein are used in the sense given in the Master Definitions Supplement, Appendix A to the MRTU Tariff.

Network Model for use off-site from the Market Participants' locations and to file revised MRTU Tariff sheets in the August 3, 2007 compliance filing in this proceeding that reflect this directive.

2. To the extent that the Commission does not grant the clarification as requested in Section IV.B.1 below, the CAISO respectfully submits, pursuant to Rule 713(c)(1) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.713(c)(1), that the June 25 Order erred by requiring the CAISO to modify MRTU Tariff Section 34.9.3 in a manner that does not allow the CAISO to issue Exceptional Dispatches to address transmission-related modeling limitations outside of Real-Time operations.

3. To the extent that the Commission does not grant the clarifications as requested in Section IV.B.2 below, the CAISO respectfully submits, pursuant to Rule 713(c)(1) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.713(c)(1), that the June 25 Order erred by limiting the CAISO's authority under Section 34.9.1 and/or Section 34.9.2 of the MRTU Tariff, because such actions are beyond the scope of the CAISO's November 20, 2006 compliance filing.

## **II. STATEMENT OF ISSUES**

The CAISO respectfully requests that the Commission clarify, or in the alternative, as noted above, grant rehearing of the following with respect to the June 25 Order:

- The Commission should clarify that the CAISO may comply with the June 25 Order by revising its proposed process for distributing the CRR Full Network Model by eliminating security check procedures applicable to a consultant of a

Market Participant that wishes to obtain the CRR Full Network Model for use off-site from the Market Participant's location. The elimination of security checks would be in lieu of the CAISO performing such security checks rather than the investor-owned Participating Transmission Owners.

- The Commission should clarify that the June 25 Order does not prevent the CAISO from issuing Exceptional Dispatches under MRTU Tariff Section 34.9.3 outside of Real-Time operations, when such dispatches are necessary in order to avoid or alleviate threats to reliability that cannot be resolved in an appropriate time frame by the Real-Time Market optimization and system modeling.
- The Commission should clarify that it did not intend, in the June 25 Order, to limit the CAISO's Exceptional Dispatch authority as set forth in Sections 34.9.1 and 34.9.2 of the MRTU Tariff.

Relevant orders include *California Independent System Operator Corp.*, 116 FERC ¶ 61,274 (2006).

### **III. BACKGROUND**

On February 9, 2006, the CAISO filed with the Commission its proposed Market Redesign and Technology Upgrade ("MRTU") Tariff, along with supporting expert testimony and other documentation ("MRTU Tariff Filing"). This filing represented the culmination of several years of conceptual filings and Commission orders on those filings, and addressed every aspect of the new MRTU market design.

On September 21, 2006, the Commission conditionally accepted the MRTU Tariff, subject to a number of modifications, as addressed in that order.<sup>2</sup> The Commission directed the CAISO to make a number of compliance filings in different timeframes. The CAISO, along with numerous other parties, filed requests for rehearing and clarification regarding certain aspects of the September 21 Order.

On April 20, 2007, the Commission issued an order granting in part and denying in part requests for clarification and rehearing of the September 21 Order.<sup>3</sup> The Commission emphasized that it continues to find MRTU to be just and reasonable, but directed several changes be made in order to “further improve MRTU.”<sup>4</sup>

On June 25, 2007, the Commission issued its order accepting for filing compliance filings made by the CAISO pursuant to the September 21 Order on November 20, 2006 (“November 20 Compliance Filing”) and December 20, 2006 subject to a number of modifications as set forth in the June 25 Order. The Commission directed the CAISO to make most of the required tariff modifications in a compliance filing to be submitted by August 3, 2007.

#### **IV. REQUESTS FOR CLARIFICATION, OR IN THE ALTERNATIVE, REHEARING**

##### **A. The Commission Should Clarify that the CAISO Will be Permitted to Distribute the CRR Full Network Model Without Performing a Security Check of Consultants to Market Participants**

The CAISO requests clarification that it will be in compliance with the June 25 Order if it elects to revise its proposed process for distributing the CRR Full Network

---

<sup>2</sup> *California Independent System Operator Corp.*, 116 FERC ¶ 61,274 (2006) (“September 21 Order”).

<sup>3</sup> *California Independent System Operator Corp.*, 119 FERC ¶ 61,076 (2007) (“April 20 Order”).

<sup>4</sup> *Id.* at P 2.

Model by eliminating security check procedures applicable to a consultant of a Market Participant that wishes to obtain the CRR Full Network Model for use off-site from the Market Participant's location. In the alternative, the CAISO requests rehearing of the June 25 Order to allow the CAISO to eliminate the proposed security check procedure and to file MRTU Tariff sheets on compliance that do not include provisions concerning a security check procedure.

The Commission, in its September 21, 2006 order in this proceeding, noted that in August 2006 the CAISO had made the CRR Full Network Model available to Market Participants, subject to the requirement that they first execute Non-Disclosure Agreements for CRR Full Network Model Distribution ("Non-Disclosure Agreements"). The Commission directed the CAISO to include this requirement in the MRTU Tariff, but did not state that any other procedures (e.g., a security check procedure) were needed in order for Market Participants to obtain the CRR Full Network Model.<sup>5</sup> To comply with the Commission's directive, the CAISO modified the MRTU Tariff to make clear that the CRR Full Network Model is available to all Market Participants with Non-Disclosure Agreements.<sup>6</sup>

From August to December 2006, through a series of market notices, the CAISO made several revisions to its process for the distribution of the CRR Full Network Model.<sup>7</sup> The CAISO revised the process to take into account questions and concerns expressed to the CAISO by the Participating TOs and other stakeholders. As relevant

---

<sup>5</sup> September 21 Order at P 46.

<sup>6</sup> See the CAISO's November 20, 2006 compliance filing in this proceeding, at page 6 of the transmittal letter and pages 1-2 of Attachment A.

<sup>7</sup> See the CAISO's January 16, 2007 motion for leave to answer and answer in this proceeding, at page 9 ("January 16 CAISO Answer"). The CAISO provided copies of the market notices in Attachment A to the January 16 CAISO Answer.

here, some stakeholders objected to the initial requirement that consultants of Market Participants review the CRR Full Network Model only on the premises of the Market Participant executing the Non-Disclosure Agreement. In response, the Participating TOs that are investor-owned utilities (“IOUs”) requested that the process include a security check procedure applicable to a consultant of a Market Participant that wished to obtain the CRR Full Network Model for use off-site from the Market Participant’s location. In an effort to resolve this issue, the CAISO reached a compromise with the IOUs to add a requirement to the process for release of the CRR Full Network Model. Under this compromise, a Market Participant that wanted to obtain a copy of the CRR Full Network Model for its consultant’s off-site use could contact the IOUs to request a security check for the consultant and approval for the consultant to receive the CRR Full Network Model.<sup>8</sup> The CAISO agreed to include this security check requirement as a compromise with the IOUs in order to expedite distribution of the CRR Full Network Model and based entirely on the understanding that the IOUs – not the CAISO – would conduct the security checks. The security check requirement would be in addition to the other requirements applicable to the Market Participant, the consultant, and their respective employees.<sup>9</sup>

---

<sup>8</sup> See June 25 Order at P 23 (describing the CAISO’s proposed process, including the proposed security check process).

<sup>9</sup> The additional requirements stated in the CAISO’s proposed process were as follows: If the Market Participant that retained the consultant was a member of the Western Electricity Coordinating Council (“WECC”), the Market Participant would have to execute a Non-Disclosure Agreement, and each employee of the Market Participant and employee of the consultant who would have access to the CRR Full Network Model would have to execute the non-disclosure statement attached as an exhibit to the Non-Disclosure Agreement executed by the Market Participant. If the Market Participant that retained the consultant was not a member of the WECC, all of the requirements stated above would have to be met, and the Market Participant would also have to execute the WECC Non-Member Confidentiality Agreement for WECC Data. See *id.*

In the June 25 Order, the Commission directed the CAISO to modify the proposed security check procedure to require the CAISO, rather than the IOUs, to conduct the security checks.<sup>10</sup> The Commission concluded that allowing IOUs to conduct the security check was inappropriate because “this procedure may provide IOUs an unfair advantage to control or otherwise delay a party’s access to information.”<sup>11</sup> The Commission also directed the CAISO to file revised MRTU Tariff sheets in the August 3, 2007 compliance filing in this proceeding that include a summary of the security check procedure and the timeframe for completion of that procedure.<sup>12</sup>

As explained above, the CAISO included the security check procedure in the proposed process in an effort to accommodate the concerns of Market Participants about the cost and inconvenience of limiting consultant access to the model to the Market Participants’ premises and address the concerns of IOUs about the availability of their transmission information. The compromise was also based on the understanding that the IOUs, rather than the CAISO, would conduct the security checks. In the June 25 Order, the Commission appears to have overlooked this history and now would require the CAISO to be solely responsible for conducting the security checks. The CAISO does not currently have the resources in place to conduct such security checks, particularly in light of the CAISO’s substantial commitment of resources needed to implement MRTU in a timely manner. Moreover, although the CAISO had no reason to believe that consultant security checks performed by the IOUs could not be

---

<sup>10</sup> June 25 Order at P 37.

<sup>11</sup> *Id.* at P 37.

<sup>12</sup> June 25 Order at P 43. The Commission also stated that it was appropriate to allow consultants of Market Participants to review the CRR Full Network Model off-site. June 25 Order at P 36.

administered in a reasonable manner, the CAISO is not convinced that a security check is warranted either by the nature of the information contained in the CRR Full Network Model or by the location of the access, given that the consultant may access the same information at the Market Participant's premises without undergoing a security check. We believe that the Commission's concerns about IOU-conducted security checks – that "this procedure may provide IOUs an unfair advantage to control or otherwise delay a party's access to information"<sup>13</sup> -- can best be ameliorated by eliminating security checks entirely.

This result appears to be consistent with the practices of other Independent System Operators ("ISOs") and Regional Transmission Organization ("RTOs"). To the CAISO's knowledge, no other ISO or RTO requires a security check in order to obtain copies of network models.<sup>14</sup>

The CAISO believes that procedures for obtaining use of the CRR FNM adequately protect legitimate interests of the Participating Transmission Owners in the absence of a security check requirement. Each employee of a consultant to a Market Participant who wishes to review the CRR Full Network Model off-site will still have to execute the non-disclosure statement attached as an exhibit to the Non-Disclosure Agreement executed by the Market Participant.<sup>15</sup> Thus, the Market Participant, the consultant, and the employees will fully satisfy the only requirement for obtaining the CRR Full Network Model that the Commission identified in the September 21 Order:

---

<sup>13</sup> June 25 Order at P 37.

<sup>14</sup> See, e.g., PJM Interconnection, L.L.C. Data Management Working Group – Charter, available on the Internet at <[www.pjm.com/committees/working-groups/dmwg/postings/charter.pdf](http://www.pjm.com/committees/working-groups/dmwg/postings/charter.pdf)> (stating that, after PJM updates its network model and after the Data Management Working Group identifies the requesting transmission owner ("TO"), "PJM will provide TOs with access to the one-line diagrams of other TOs, provided all necessary Non-Disclosure Agreements (NDAs) are in place").

<sup>15</sup> See *supra* note 5.

the execution of a Non-Disclosure Agreement (and related non-disclosure statements). As the Commission implicitly recognized in the September 21 Order by not imposing additional conditions, meeting this requirement provides sufficient protection of confidential and/or security-sensitive information contained in the CRR Full Network Model.

In summary , it would be inappropriate and unnecessary to require the CAISO to employ a security check procedure for consultant off-site access to the CRR Full Network Model, given that: (1) the CAISO acquiesced to that procedure only in order to resolve an issue that could delay distribution of the model and based on the understanding that the IOUs would be conducting the security checks; (2) the CAISO lacks sufficient resources to conduct security checks and is not convinced that such security checks are warranted by the CRR Full Network itself or the location of the access; (3) the Commission's prior directives concerning release of the CRR Full Network Model only required execution of a Non-Disclosure Agreement; and (4) no other ISOs or RTOs appear to require security checks to obtain copies of their network models. For these reasons, the Commission should clarify that the CAISO will be in compliance with the June 25 Order if it further revises its proposed process for distributing the CRR Full Network Model by removing the security check procedures altogether. Alternatively, the Commission should grant rehearing of the June 25 Order on this issue and should allow the CAISO to eliminate the proposed security check procedure and to file MRTU Tariff sheets on compliance that do not include provisions concerning a security check procedure.

**B. The Commission Should Clarify that Exceptional Dispatches to Address Transmission Related Modeling Limitations are not Limited to Real-Time in Section 34.9.3 and that it Did Not Intend to Limit the CAISO's Authority under Sections 34.9.1 and 34.9.2**

In the September 21 Order, the Commission, in the context of its discussion of Exceptional Dispatch issues, directed the CAISO to define “transmission-related modeling limitations,” as set forth in Section 11.5 of the MRTU Tariff.<sup>16</sup> In response, in the November 20 Compliance Filing, the CAISO proposed to add a new Section 34.9.3 to the MRTU Tariff to make clear that the CAISO has the authority to manually Dispatch resources in order to address transmission-related modeling limitations in the Full Network Model (“FNM”). In that Section, the CAISO defined “transmission-related modeling limitations” as consisting of “any FNM modeling limitations that arise from transmission maintenance, lack of voltage support at proper levels as well as incomplete or incorrect information about the transmission network, for which the Participating TOs have primary responsibility.”

In its comments on the November 20 Compliance Filing, Southern California Edison (“SCE”) argued that the CAISO’s proposed definition of transmission-related modeling limitation was overly broad, and requested that the Commission require the CAISO to revise Section 34.9.3 in order to specify that a modeling limitation “results when the real-time network constraints and limitations significantly differ from those that were assumed in the IFM, such that CAISO reliance on its Real-Time Market would not be sufficient to maintain reliable grid operations.”<sup>17</sup> In the June 25 Order, the Commission indicated that it agreed with SCE that the CAISO’s proposed definition of

---

<sup>16</sup> September 21 Order at P 269.

<sup>17</sup> Comments of Southern California Edison Company on the California Independent System Operator’s November 20, 2006 Compliance Filing, Docket No. ER06-615-003 (December 22, 2006) at 7.

transmission-related modeling limitation was too broad, but rejected SCE’s requested modification to Section 34.9.3, finding it too restrictive “because the definition would only be applicable to real-time occurrences where the CAISO has made use of all resources to maintain reliability.”<sup>18</sup> Nonetheless, the Commission stipulated that “[T]o be consistent with Sections 34.9.1 (System Reliability Exceptional Dispatches) and 34.9.2 (Other Exceptional Dispatch), [the Commission] will direct the CAISO to modify section 34.9.3 [sic] to acknowledge that Exceptional Dispatches will only be used in response to threatening/imminent reliability conditions for which the real-time market optimization and system modeling are either too slow or incapable of bringing the grid back to reliable operation in an appropriate time frame (*i.e.* less than 30 minutes).”<sup>19</sup>

The CAISO does not take issue with the Commission’s directive to add language to Section 34.9.3 to make clear that Exceptional Dispatch action for the purpose of resolving transmission-related modeling limitations will only be taken in response to situations that are threatening/imminent reliability conditions that cannot be resolved within an appropriate time frame by the Real-Time Market (“RTM”) optimization or system modeling. However, the CAISO believes it is necessary that the Commission provide the following clarifications.

- 1. The Commission Should Clarify that the CAISO Will be Permitted to Issue Exceptional Dispatches Prior to Real-Time to Address Transmission-Related Modeling Limitations in the Full Network Model**

The Commission should clarify that, while activity under section 34.9.3 is intended to be limited to circumstances that would be in response to threatening/imminent reliability conditions for which the RTM optimization or system

---

<sup>18</sup> June 25 Order at P 442.

<sup>19</sup> *Id.* at P 443.

modeling cannot resolve, the Commission did not intend to limit such activity to the Real-Time (*i.e.*, any operating hour of a given operating day). The CAISO believes that such a clarification is appropriate because it would be unreasonable to require the CAISO to wait until Real-Time to issue an Exceptional Dispatch to address transmission-related modeling limitations in the Full Network Model if the CAISO has anticipated, prior to Real-Time, that there will be threat to reliable grid operations that the CAISO cannot solve through RTM optimization and system modeling. The CAISO believes this clarification is necessary because, by referring to the terms RTM optimization alone, which the CAISO recognizes already exist in section 34.9.1, there may be the misimpression created that these would be limited to actions taken during the operating hour (*i.e.*, Real-Time). Requiring the CAISO to wait until Real-Time to issue an Exceptional Dispatch under such circumstances could hinder or prevent the CAISO from being able to effectively alleviate such a threat. For instance, if the CAISO were to identify a situation prior to Real-Time that threatens the reliability of the grid and a particular resource would be needed to address the threat, requiring the CAISO to wait until Real-Time to issue an Exceptional Dispatch to that resource could result in that resource not being available in Real-Time when the CAISO actually needs it to meet the threat. Such situations can easily occur because there are resources with start-up times greater than the Real-Time horizon,<sup>20</sup> and thus, these resources would not be in a position to respond to a reliability threat unless the CAISO issued instructions to them prior to Real-Time.

---

<sup>20</sup> Only quick-start units or units already synchronized to the grid are likely to be available for an Exceptional Dispatch during the Real-Time horizon.

Based on the Commission's discussion of this issue in Paragraphs 442 and 443 of the June 25 Order, the CAISO believes it is reasonable to assume that the Commission did not intend to limit the CAISO's Exceptional Dispatch authority under Section 34.9.3 in such a manner that the CAISO would be prohibited from issuing manual instructions in advance of Real-Time in order to maintain reliability. Indeed, the Commission appears to have affirmed the CAISO's authority to do so in its explanation of why SCE's proposed modifications to Section 34.9.3 are too restrictive. The Commission noted that SCE's proposed definition of transmission-related modeling limitations would only be applicable to Real-Time occurrences where the CAISO has already made use of all resources to maintain reliability, and explained that "[t]he Commission does not want to confine the CAISO to real-time solutions or comparing real-time conditions with planned conditions, especially if the CAISO is capable of resolving any reliability concerns before they reach the emergency stage."<sup>21</sup> The statement that the CAISO should not be confined to "real-time solutions" if the CAISO can resolve reliability concerns before they reach the emergency stage reflects the CAISO's stated authority in Section 34.9.1 and which contemplates that the CAISO will be able to issue Exceptional Dispatches prior to Real-Time operations in order to ensure that resources that are needed to resolve a reliability threat, but that cannot be brought on-line within the Real-Time horizon, are available when required.

The CAISO's requested clarification concerning Section 34.9.3 is also fully consistent with the Commission's finding in the September 21 Order that:

We note that in instances where a system emergency exists, or there is the potential, that cannot be addressed by the real-time market optimization software, it is reasonable for the CAISO to take *whatever*

---

<sup>21</sup> June 25 Order at P 442.

*other actions may be available* consistent with good utility practice to address the emergency.

September 21 Order at P 266 (emphasis added).

The CAISO requests that the Commission clarify that the language in Paragraph 442 is intended to illustrate the CAISO's need take Exceptional Dispatch actions in the time frame prior to the Real-Time to address transmission-related modeling limitations as specified in Section 34.9.3. If the Commission should decline to provide such clarification, then the CAISO respectfully requests that the Commission grant rehearing and find that the CAISO has the authority under Section 34.9.3 to issue Exceptional Dispatches in advance of Real-Time to address transmission-related modeling limitations in the Full Network Model.

**2. The Commission Should Clarify that its Actions in the June 25 Order Were Not in Any Way Intended to Limit the CAISO's Existing Authority under Section 34.9.1 and 34.9.2.**

In Paragraph 443 of the June 25 Order the Commission stipulated that its directive to amend Section 34.9.3 was "[t]o be consistent with Sections 34.9.1... and 34.9.2 . . ." The CAISO recognizes that the directives in Paragraph 443 were not intended to for the purposes of making any specific changes to Sections 34.9.1 and 34.9.2 and that the Commission took no other action in the June 25 Order to change these sections in any way. However, because the Commission references a rationale in these sections in support of its changes to Section 34.9.3, the CAISO believes that the Commission may have inadvertently created some confusion about the scope of authority the CAISO possesses under Sections 34.9.1 and 34.9.2. Therefore, the CAISO respectfully requests that the Commission clarify that by its directive in Paragraph 443 it did not intend to suggest that the CAISO's authority under Sections

34.9.1 and 34.9.2 are limited to situations where there is a need to address a “threatened/imminent reliability conditions for which the real-time market optimization and system modeling are either too slow or incapable of bringing the grid back to reliable operation.”

With respect to Section 34.9.1 the CAISO requests that the Commission clarify that the CAISO continues to have authority to engage in Exceptional Dispatch as stated in 34.9.1 “during a System Emergency, or to prevent an imminent System Emergency or a situation that threatens System Reliability and cannot be addressed by the RTM optimization or system modeling.” It is reasonable to assume that the Commission was asking that the CAISO extend the same rationale found in 34.9.1 that addresses threats to system reliability but was not suggesting that 34.9.1 was itself limited to those circumstances. It would be unreasonable to assume that the CAISO could not perform Exceptional Dispatch during a System Emergency or to prevent an imminent System Emergency under 34.9.1. Such an assumption would also be inconsistent with the Commission’s prior findings in the September 21 Order in which the Commission stipulated that Exceptional Dispatches should be reserved for genuine emergencies.<sup>22</sup> The Commission should clarify that both System Emergencies and threats of imminent System Emergencies, as well as issues pertaining to system reliability are bases for the CAISO to issue Exceptional Dispatches under Section 34.9.1.

Moreover, the Commission should clarify that through its use of the language in Paragraph 443 “Exceptional Dispatches will only be used in response to threatening/imminent reliability conditions for which the *real-time market optimization* and system modeling are either too slow or incapable of bringing the grid back to

---

<sup>22</sup> See September 21 Order at P 267.

reliable operation in an appropriate time frame (*i.e.* less than 30 minutes)” it did not intend to imply that the CAISO’s authority under 34.9.1 or 34.9.2 is limited to acting only in the Real-Time. As explained above, it is reasonable to assume that the Commission could not have intended such a limitation especially in light of its discussion in Paragraph 442 where the Commission stipulates that the “Commission does not want to confine the CAISO to real-time solutions or comparing real-time conditions with planned conditions, especially if the CAISO is capable of resolving any reliability concerns before they reach the emergency stage.” Therefore, the Commission should clarify that through the June 25 Order the Commission did not in any way intend to change the CAISO’s ability under Section 34.9.1 to manually Dispatch, in addition to resources that are dispatched by the CAISO through RTM optimization, during and prior to any operating hour, any Generation Units, System Units, Participating Loads, Dynamic System Resources, and Condition 2 RMR Units pursuant to Section 41.8, to prevent a situation that threatens System Reliability and cannot be addressed by the RTM optimization and system modeling, as well as during a System Emergency or to prevent an imminent System Emergency.

The Commission should also clarify that in stating that its directed changes to 34.9.3 were “to be consistent with . . . 34.9.2” it did not intend to imply that all actions under 34.9.2 are limited to those taken in response to threatening/imminent reliability conditions for which the RTM optimization and system modeling cannot address. Section 34.9.2 lists three types of activity that the CAISO does not believe are undertaken for these reasons. Specifically, Ancillary Services testing, performance of pre-commercial operations testing for Generating Units and to accommodate ETC or

TOR Self-Schedules. The first two of these activities are necessary to perform testing and are not related to the need to take action to prevent a situation that threatens system reliability. The third activity listed in Section 34.9.2 addresses actions that must be taken to accommodate ETC or TOR Self-Schedule changes after the Hour-Ahead Scheduling Process (“HASP”) closes, because such changes cannot be accommodated by the RTM software and must be done manually. These schedule changes must be honored under the contracts and rights held by the holders of ETCs and TORs and it would be unreasonable to limit such actions to situations involving threatening/imminent reliability conditions, as the Commission required with respect to 34.9.3. For these reasons, the CAISO requests that the Commission clarify that its directives in Paragraph 443 were in no way intended to limit CAISO’s existing authority under Sections 34.9.1 and 34.9.2, as described above.

In the alternative, if the Commission declines to provide the above clarifications and finds that Paragraphs 442 and 443 were intended to modify the CAISO’s authority under Sections 34.9.1 and 34.9.2 in any way, the CAISO requests rehearing on this issue on the basis that the Commission has acted outside the scope of the compliance filing before it. In its September 21 Order, the Commission did not require any changes to Section 34.9.1 and accordingly the CAISO did not include any changes to this section in its November 20 compliance filing. With respect to Section 34.9.2, the Commission did require that the CAISO add a sentence concerning compensation for Dispatches of RMR units for Voltage Support, but this change did not affect the CAISO’s Exceptional Dispatch authority under this Section. There has been no cause shown by the Commission or any party at this time to support limiting the CAISO’s authority under

these sections in any way, and therefore any Commission decision contrary to the clarifications requested herein would be beyond the scope of the CAISO's November 20 compliance filing.

## V. CONCLUSION

Wherefore, for the reasons discussed above, the CAISO respectfully requests that the Commission grant the requests for clarification, or in the alternative, rehearing of the June 25 Order described above.

Respectfully submitted,

/s/ Sidney M. Davies

Sidney M. Davies

Assistant General Counsel

Anna McKenna

Counsel

Grant Rosenblum

Senior Counsel

Michael D. Dozier

Counsel

Beth Ann Burns

Senior Counsel

California Independent System

Operator Corporation

151 Blue Ravine Road

Folsom, CA 95630

Tel: (916) 351-4400

Sean A. Atkins

Michael Kunselman

Bradley Miliauskas

Alston & Bird LLP

The Atlantic Building

950 F Street NW

Washington, DC 20004

Tel: (202) 756-3300

Dated: July 25, 2007

## **Certificate of Service**

I hereby certify that I have this day served a copy of this document upon all parties listed on the official service list compiled by the Secretary in the above-captioned 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 this 25<sup>th</sup> day of July, 2007 at Folsom in the State of California.

**/s/ Sidney M. Davies**

Sidney M. Davies  
(916) 608-7144