

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

OFFICE OF ENERGY MARKETS AND RELIABILITY

In Reply Refer To:  
California Independent System Operator  
Corporation  
Docket No. ER07-1038-000  
July 27, 2007

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

Attention: Bradley R. Miliauskas  
Attorney for the California Independent System Operator Corporation

Reference: Reference Price Calculation Amendment

Dear Mr. Miliauskas:

On June 14, 2007, you submitted on behalf of the California Independent System Operator Corporation (CAISO), amendments to the bid-based reference price calculations in the CAISO Tariff. Specifically, the CAISO proposes to codify in its tariff (section 3.1.1.1 of Attachment A to Appendix P) that incremental bid-based reference price calculations for the Automatic Mitigation Procedure will not include non-positive incremental bids, consistent with current practice of the independent entity calculating the reference prices.<sup>1</sup> Similarly, the CAISO proposes to codify in its tariff (section 27.1.1.6.1.1) that non-positive decremental bids will be utilized in the calculation of the reference prices used to manage Intra-Zonal Congestion, consistent with current practice. The revised tariff sheets are accepted for filing as designated, effective as requested.

This filing was noticed on June 20, 2007, with comments, protests, or motions to intervene due on or before July 5, 2007. No protests or adverse comments were received.

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<sup>1</sup> The CAISO contracted with Potomac Economics to serve as the independent entity calculating the necessary bid-based reference prices, consistent with Commission orders. *See, California Independent System Operator Corp.*, 103 FERC ¶ 61,265 at PP 40-41 (2003).

Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 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 rate or service 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 the California Independent System Operator Corporation.

This action is taken pursuant to authority delegated to the Director, Division of Tariffs and Market Development – West, under 18 C.F.R. § 375.307 of the Commission's regulations. 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.

If you have any questions regarding this letter order, please contact Robert Petrocelli at (202) 502-8447.

Sincerely,

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

cc: All Parties