

March 15, 2011

VIA ELECTRONIC FILING

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20246

**Re: California Independent System Operator Corporation
Compliance Filing
Docket No. ER11-____-000**

Dear Secretary Bose:

The California Independent System Operator Corporation (ISO)¹ submits this filing in compliance with the Federal Energy Regulatory Commission's Order No. 676-E.² In Order No. 676-E, the Commission directed public utilities to incorporate into their jurisdictional tariffs certain business practice standards promulgated by the North American Energy Standards Board (NAESB) Wholesale Electric Quadrant (WEQ) and included in the Commission's regulations at 18 C.F.R. § 38.2. None of the updated, revised or new NAESB business practice standards adopted by Order No. 676-E and applicable to the ISO require substantive ISO Tariff revisions for implementation. The ISO accordingly requests Commission acceptance of the proposed modifications to Tariff Section 7.3.3 to incorporate by reference the updated NAESB business practice standards applicable to the ISO, as set forth in Order No. 676-E and 18 C.F.R. § 38.2.³

¹ The ISO is sometimes referred to CAISO. Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the currently effective ISO tariff. The ISO is submitting this filing in compliance with Order No. 714, *Electronic Tariff Filings*, FERC Stats. & Regs. ¶ 31,276 (2009).

² *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676-E, *Final Rule*, 74 FR 63288 (Dec. 3, 2009), FERC Stats. & Regs. ¶ 31,299, 129 FERC ¶ 61,162 (2009).

³ On December 30, 2010, the ISO filed with the Commission revisions to its tariff to clarify the meaning of existing tariff provisions, ensure consistency throughout the tariff as well as between the tariff and business practices, and to correct typographical and other inadvertent errors. (*California Independent System Operator Corporation*, FERC Docket No. ER11-2574-000.) One change included in that filing incorporated by reference into ISO Tariff Section 7.3.3 the NAESB business practice standards adopted by the Commission in Order No. 676-F, 131 FERC ¶ 61,022 (2010). The business practices adopted by Order No. 676-F categorized various demand response products and services and supported the measurement and verification of these products and services in wholesale electric energy

Order No. 676-E further authorized public utilities to alternatively seek a waiver of the obligation to comply with those NAESB business practice standards that are inapplicable to, or incompatible with, the public utility's business model. Consistent with the existing form of ISO Tariff Section 7.3.3, the proposed revisions in this filing also reference the ISO's pending, updated request for NAESB waivers filed concurrently herewith.

This compliance filing is made out of time. The ISO requests relief from the filing deadline set forth in Order No. 676-E, pursuant to Section 385.207 of the Commission's regulations (18 C.F.R. § 385.207). Granting the requested relief is appropriate because the ISO must nevertheless begin to comply with applicable NAESB business practice standards on April 1, 2011 or be excused from compliance for those specific business practice standards while a waiver request remains pending before the Commission.⁴ As such, granting the ISO's request for relief will facilitate compliance with Order No. 676-E without causing prejudice to any other party.

I. Background

A. NAESB WEQ Version 002.1

In Order No. 676-E, the Commission revised its regulations to incorporate by reference the latest version (Version 002.1) of the NAESB WEQ business practice standards. The Version 002.1 standards contain new standards, and modify certain existing standards, including those previously submitted by NAESB as Version 002.0, in response to Commission requirements included in Order No. 890 and its progeny.⁵ Many of the changes to business practice standards in Version 002.1, which support conditional firm transmission service and increased uniformity and transparency in the calculation and posting of Available Transfer Capability, were originally submitted by NAESB as Version 002.0 and were either carried forward or further revised by Version 002.1.⁶ Other changes included in Version 002.1 addressed Order No. 890

markets. These NAESB business practices were identified as "Measurement and Verification of Wholesale Electricity Demand Response (WEQ-015, 2008 Annual Plan Item 5(a), March 16, 2009)." (Order No. 676-F at p 45.) No party contested the incorporation and the Commission accepted the change to ISO Tariff Section 7.3.3 to reference WEQ-015 on February 28, 2011. (*California Independent System Operator Corporation*, 134 FERC ¶ 61,140 (2011).)

⁴ Order No. 676-E at P 129 and 130.

⁵ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241 (2007); *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007); *order on reh'g and clarification*, Order No. 890-B, 123 FERC ¶ 61,299 (2008).

⁶ See, e.g., Order No. 890 P 213 and 1078; Order No. 890-A at P 592.

requirements regarding capacity benefit margins (CBM) and rollover rights.⁷ These Order No. 890 related standards are addressed in Version 002.1 by modifications to OASIS Business Practice Standards (WEQ-001), OASIS S&CP (WEQ-002), the OASIS Data Dictionary (WEC-003), the Coordinate Interchange Standards (WEQ-004), the Transmission Loading Relief – Eastern Interconnection Standards (WEQ-008), and the OASIS Implementation Guide (WEQ-013). With respect to clarifications provided by the Commission in Order Nos. 890 and 890-A regarding the grant of rollover rights to requests for redirect on a firm basis, Version 002.1 includes a new definition for Unexercised Rollover Rights in WEQ-001 and modifications to WEQ-001, WEQ-003 and WEQ-013.⁸

Version 002.1 also includes items unrelated to Order No. 890 compliance. Those modified standards include: (1) changes to certain ancillary services definitions appearing in the OASIS Business Practices Standards (WEQ-001) relating to the inclusion of demand response resources as potential providers of ancillary services; (2) changes to the Coordinate Interchange Standards (WEQ-004) to clarify differences in timing requirements for the Western Electricity Coordinating Council and other regions; and (3) changes to the Transmission Loading Relief – Eastern Interconnection Standards (WEQ-008).⁹ The changes to WEQ-004 modify the Timing Table Interchange Timeline with Minimum Reliability-Related Response Times in Appendix D by dividing it into two tables – one providing the timing requirements for the Western Electricity Coordinating Council (WECC) and the other for all other interconnections. The timing tables also reflect changes for Generator-Provider Entity, Load-Serving Entity, and Purchase-Selling Entity market assessments so that they are concurrent with the Balancing Authority and Transmission Service Provider reliability assessments.¹⁰

The Commission in Order No. 676-E did not revise its regulations to incorporate by reference other Version 002.1 NAESB standards, including: (1) Manual Time Error Correction Standard (WEQ-006); (2) Standards of Conduct for Electric Transmission Providers (WEQ-009), (3) Contracts Related Standards (WEQ-010); (4) Gas/Electric Coordination (WEQ-011); and (5) eTariff Related Standards (WEQ-014).¹¹

⁷ See, Order No. 890 at P 257 and 262; Order No. 890-A at P 68 and 83.

⁸ See, *Report of the North American Energy Standards Board*, FERC Docket Nos. RM05-5-000 and RM05-17-000 (Feb. 19, 2009) at pg. 7.

⁹ Order No. 676-E at P 2, 7, 10 and 14.

¹⁰ See, *Report of the North American Energy Standards Board*, FERC Docket Nos. RM05-5-000 and RM05-17-000 (Feb. 19, 2009) at pg. 8.

¹¹ Order No. 676-E at fn. 16.

B. Prior ISO Waivers

The nature of the ISO's ancillary service and imbalance energy markets and transmission reservation services differ significantly from the business model and the transmission services contemplated in the *pro forma* Open Access Transmission Tariff (OATT) and the NAESB standards and business requirements. These differences have led the Commission to grant a series of waivers to the ISO from the associated NAESB business standards.

- *California Independent System Operator Corporation*, 117 FERC ¶ 61,196 (2006) – Commission accepted the ISO's request for waiver of OASIS standards WEQ-001 through WEQ-003 adopted in Order No. 676 (until implementation of its new market design based on locational marginal pricing).¹²
- *California Independent System Operator Corporation*, 123 FERC ¶ 61,180 (2008) – Commission accepted the ISO's compliance filing for Order No. 890, including the revisions to the OASIS posting requirements and associated NAESB business practice standards.¹³
- *California Independent System Operator Corporation*, 125 FERC ¶ 61,380 (2008) – Commission issued a letter order, dated December 30, 2008, granting the ISO's requests for waivers of the revised OASIS requirements and associated business practice standards adopted in Order No. 676-C, including waiver of WEQ-001, WEQ-002, WEQ-003, WEQ-008 and WEQ-013.¹⁴
- *California Independent System Operator Corporation*, 126 FERC ¶ 61,260 (2009) – Commission granted ISO request for waivers of, among other provisions, NAESB WEQ-001, WEQ-002, WEQ-003, and WEQ-013

¹² *Standards for Business Practices and Communication Protocols for Public Utilities*, Order No. 676, 71 Fed. Reg. 26,199, FERC Stats. & Regs., Regulations Preambles ¶ 31,216 (2006).

¹³ See also, *California Independent System Operator Corporation*, 126 FERC ¶ 61,099 (2009) [accepting compliance filing regarding, among other things, participation of non-generating resources in ISO ancillary services markets].

¹⁴ Order No. 676-C, *Standards for Business Practices and Communication Protocols for Public Utilities*, 124 FERC ¶ 61,070 (2008). In Order No. 676-C, the Commission revised its regulations to incorporate by reference the latest version (Version 001) of the WEQ standards. These updated WEQ standards, in pertinent part: (1) revised the OASIS business practice standards (WEQ -001 through WEQ-003); (2) added new standards on transmission loading relief for the Eastern Interconnection (WEQ-008); (3) added new standards for public key infrastructure (WEQ-012); and (4) added a new OASIS implementation guide (WEQ-013).

under the ISO's redesigned locational-marginal pricing market effective April 1, 2009.

II. Proposed Tariff Modifications on Compliance

Pursuant to the Commission's Order No. 676-E, the ISO proposes the following modifications to Section 7.3.3 of the ISO Tariff:

- Incorporate by reference the applicable NAESB WEQ standards by using the language set forth in paragraph 129 of Order No. 676-E with respect to those standards applicable to the ISO, namely specific Oasis Business Practice Standards (WEQ-001), Coordinate Interchange Standards (WEQ-004), Area Control Error Equation Special Cases Standards (WEQ-005), Manual Time Error Correction (WEQ-006), Inadvertent Interchange Payback (WEQ-007), Gas/Electric Coordination (WEQ-011), and Public Key Infrastructure (WEQ-012).
- Reflect that the ISO has applied with the Commission to update its existing waivers of those Version 002.1 standards that continue to be inappropriate or inapplicable to the ISO's markets and transmission service, including Open Access Same-Time Information Systems Standards (WEQ-001), Open Access Same-Time Information Systems Standards & Communication Protocols (WEQ-002), Open Access Same-Time Information Systems Data Dictionary (WEQ-003), Transmission Loading Relief – Eastern Interconnection (WEQ-008), Open Access Same-Time Information Systems Implementation Guide (WEQ-013).

These changes are just and reasonable and in full compliance with Order No. 676-E. The additions and substantive modifications to the NAESB WEQ standards are, in large part, inapplicable to the ISO and are consequently the subject of the ISO's concurrently filed application for waiver. In particular, the Order No. 890 related changes to CBM and rollover rights are inapplicable to ISO transmission service and incorporated into standards (WEQ-001, WEQ-002, WEQ-003, and WEQ-013) for which the Commission has historically granted the ISO waivers. Similarly, the non-Order No. 890 change to Transmission Loading Relief Standards – Eastern Interconnection (WEQ-008) does not pertain to the ISO in the WECC. The change to Coordinate Interchange Standards (WEQ-004) does not require modifications to the ISO Tariff, but will be reflected in the tariff through updated incorporation. Finally, the change to incorporate those NAESB business practice standards adopted in Order No. 676-F has been previously filed and accepted by the Commission.¹⁵ Thus, the present filing, in conjunction with the ISO's waiver applicable, ensure that the ISO has properly accounted, and updated the references, for all Version 002.1 standards adopted by the Commission in Order No. 676-E.

¹⁵ *California Independent System Operator Corporation*, 134 FERC ¶ 61,140 (2011).

III. Materials Provided In This Compliance Filing

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

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|--------------|--|
| Attachment A | Clean sheets of the currently effective tariff showing revisions described in this filing |
| Attachment B | Sheets showing, in black-line format, the changes to the currently effective tariff described in this filing |

IV. Conclusion

The ISO respectfully requests that the Commission waive the filing deadline set forth in Order No. 676-E and accept this filing as complying with the directives of the Commission's Order No. 676-E with respect to incorporation by reference of certain NAESB WEQ business practice standards related to OASIS.

Please do not hesitate to contact the undersigned if you have any questions.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for 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 15th day of March 2011.

Anna Pascuzzo

Attachment A – Clean Tariff

California Independent System Operator Corporation

Fifth Replacement FERC Electric Tariff

Order No. 676-E Compliance Filing

ER11-____-000

March 15, 2011

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7.3.3 NAESB Standards

The following standards of the Wholesale Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB) are incorporated by reference:

- Business Practices for Open Access Same-Time Information Systems (OASIS), Version 1.5 (WEQ-001, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009) with the exception of Standards 001-0.1, 001-0.9 through 001-0.13, 001-1.0, 001-9.7, 001-14.1.3, 001-15.1.2 and exclusively as to Standards 001-13.1.1, 001-13.1.4, 001-13.1.5, and 001-16.
- Coordinate Interchange (WEQ-004, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- Area Control Error (ACE) Equation Special Cases (WEQ-005, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- Manual Time Error Correction (WEQ-006, Version 001, October 31, 2007, with minor corrections applied on Nov. 16, 2007);
- Inadvertent Interchange Payback (WEQ-007, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- Gas/Electric Coordination (WEQ-011, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009); and
- Public Key Infrastructure (PKI) (WEQ-012, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009).

The CAISO has applied for a waiver of the following NAESB WEQ standards:

- Business Practices for Open Access Same-Time Information Systems (OASIS), Version 1.5 (WEQ-001, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009) with the exception of Standards 001-0.1, 001-0.9 through 001-0.13, 001-1.0, 001-9.7, 001-14.1.3, 001-15.1.2 and except as set forth above;

- Business Practices for Open Access Same-Time Information Systems (OASIS) Standards & Communication Protocols, Version 1.5 (WEQ-002, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- Open Access Same-Time Information Systems (OASIS) Data Dictionary, Version 1.5 (WEQ-003, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009);
- Transmission Loading Relief – Eastern Interconnection (WEQ-008, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009); and
- Business Practices for Open Access Same-Time Information Systems (OASIS) Implementation Guide, Version 1.5 (WEQ-013, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009).

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Attachment B – Marked Tariff

California Independent System Operator Corporation

Fifth Replacement FERC Electric Tariff

Order No. 676-E Compliance Filing

ER11-____-000

March 15, 2011

7.3.3 NAESB Standards

The following standards of the Wholesale Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB) are incorporated by reference:

- Business Practices for Open Access Same-Time Information Systems (OASIS), Version 1.5 (WEQ-001, Version 002.1, March 11, 2009, with minor corrections applied May 29, 2009 and September 8, 2009) with the exception of Standards 001-0.1, 001-0.9 through 001-0.13, 001-1.0, 001-9.7, 001-14.1.3, 001-15.1.2 and exclusively as to Standards 001-13.1.1, 001-13.1.4, 001-13.1.5, and 001-16.
- Coordinate Interchange (WEQ-004, Version 002.1, March 11, 2009001, October 31, 2007, with minor corrections applied May 29, 2009on Nov. 16, 2007) including Purpose, Applicability, and September 8, 2009); Standards 004-0.1 through 004-17.2, and 004-A through 004-D;
- Area Control Error (ACE) Equation Special Cases Standards (WEQ-005, Version 002.1, March 11, 2009001, Oct. 31, 2007, with minor corrections applied May 29, 2009on Nov. 16, 2007) including Purpose, Applicability, and September 8, 2009); Standards 005-0.1 through 005-3.1.3, and 005-A;
- Manual Time Error Correction (WEQ-006, Version 001, OctoberOct. 31, 2007, with minor corrections applied on Nov. 16, 2007);) including Purpose, Applicability, and Standards 006-0.1 through 006-12;
- Inadvertent Interchange Payback (WEQ-007, Version 002.1, March 11, 2009001, Oct. 31, 2007, with minor corrections applied May 29, 2009on Nov. 16, 2007) including Purpose, Applicability, and September 8, 2009); Standards 007-0.1 through 007-2, and 007-A;
- Gas/Electric Coordination (WEQ-011, Version 002.1, March 11, 2009001, Oct. 31, 2007, with minor corrections applied May 29, 2009 and September 8, 2009); andon Nov. 16, 2007) including Standards 011-0.1 through 011-1.6;

- ~~Public Key Infrastructure (PKI) (WEQ-012, Version 002.1, March 11, 2009~~001, Oct. 31, 2007~~, with minor corrections applied May 29, 2009~~on Nov. 16, 2007~~) including Recommended Standard, Certification, Scope, Commitment to Open Standards, and September 8~~Standards 012-0.1 through 012-1.26.5; and~~~~
- ~~Measurement and Verification of Wholesale Electricity Demand Response (WEQ-015, 2008 Annual Plan Item 5(a), March 16, 2009).~~

The CAISO has applied for a waiver of the following NAESB WEQ standards:

- Business Practices for Open Access Same-Time Information Systems (OASIS), Version 1.54 (WEQ-001, Version 002.1, March 11, 2009~~001, Oct. 31, 2007~~, with minor corrections applied May 29, 2009 and September 8, 2009) with the exception of~~on Nov. 16, 2007~~) including Standards 001-0.1, 001-0.9 2 through 001-0.138, 001-1.0, 14 through 001-9.70.20, 001-14.1.3, 2.0 through 001-15.1.2 9.6.2, 001-9.8 through 001-12.5.2, and 001-A and except as set forth above~~001-B;~~
- Business Practices for Open Access Same-Time Information Systems (OASIS) Standards & Communication Protocols, Version 1.54 (WEQ-002, Version 002.1, March 11, 2009~~001, Oct. 31, 2007~~, with minor corrections applied May 29, 2009 and September 8, 2009);~~on Nov. 16, 2007~~) including Standards 002-0.1 through 002-5.10;
- Open Access Same-Time Information Systems (OASIS) Data Dictionary, Version 1.54 (WEQ-003, Version 002.1, March 11, 2009~~001, Oct. 31, 2007~~, with minor corrections applied May 29, 2009 and September 8, 2009);~~on Nov. 16, 2007~~) including Standard 003-0;
- Transmission Loading Relief – Eastern Interconnection (WEQ-008, Version 002.1, March 11, 2009~~001, Oct. 31, 2007~~, with minor corrections applied May 29, 2009 ~~on Nov. 16, 2007~~) including Purpose, Applicability, and Standards 008-0.1 through 008-3.11.2.8, and September 8, 2009);~~008-A through 008-D; and~~

- Business Practices for Open Access Same-Time Information Systems (OASIS) Implementation Guide, Version 1.54 (WEQ-013, Version 002.1, March 11, 2009~~001, Oct. 31, 2007~~, with minor corrections applied May 29, 2009~~on Nov. 16, 2007~~) including ~~Introduction and September 8, 2009~~, ~~Standards 013-0.1 through 013-4.2.~~

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