

CAISO also requests that the Commission grant it an identical extension of time to file modifications to Section 11 of the MRTU Tariff, including revisions made pursuant to Paragraph 854 of the September 21 Order. In support of its motion, CAISO states the following.

I. MOTION FOR EXTENSION OF TIME

In Paragraph 1370 of the September 21 Order, the Commission directed the CAISO to file, within 30 days of the completion of the BPM stakeholder process, but no later than 180 days before the effective date of MRTU Release 1, any necessary additions to the MRTU Tariff arising out of that stakeholder process. In its October 23, 2006 Request for Clarification and Rehearing of the September 21 Order, the CAISO proposed a timeframe of publication of the next draft set of BPMs on or about January 19, 2007, with a filing to be made on or about February 20, 2007 containing proposed revisions to the MRTU Tariff based on the comments on the draft BPMs provided by stakeholders and the CAISO's own assessment of those comments. Several months after this filing, the CAISO determined that it was necessary to move the MRTU Release 1 implementation date from November 2007 to January 31, 2008, and as a result, decided to extend the BPM stakeholder process schedule. The CAISO therefore requested that the Commission grant it an extension of time in order to make its compliance filing containing any tariff changes arising out of the BPM development process on May 2, 2007. On January 19, 2007, the Commission approved this request.

A. BPM Stakeholder Process for Compliance with Paragraph 1370

The CAISO developed a stakeholder process that invites stakeholders to identify particular details in the BPMs that they believe should be in the tariff. The CAISO considers the comments and questions and either agrees or not. In instances where the CAISO agrees, the process results in the posting of proposed tariff language. Where the CAISO does not agree, the CAISO explains why in a written response. This process is followed up by a conference call. This process was utilized in connection with the following BPMs: Market Instruments, Market Operations, Compliance Monitoring, Managing Full Network Model, Settlements, Congestion Revenue Rights (“CRRs”), Metering, Outage Management, Rules of Conduct Administration, Definitions and Acronyms, and Scheduling Coordinator Certification and Termination. The stakeholder process for purposes of Paragraph 1370 compliance is complete for these BPMs. It is not yet complete for the other BPMs. The CAISO would like to make a single compliance filing once it completes the stakeholder process on the BPM versus tariff discussion. The Commission will have its own “stakeholder” process after the CAISO makes its compliance filing that will include comments and a Technical Conference as provided for in Paragraph 1370.

Importantly, this process should not be confused with the stakeholder process for development of the substance of the BPMs. The CAISO’s BPM stakeholder process has developed into an effective method for exchanging ideas and soliciting feedback, with the ultimate goal being to ensure that the BPMs will provide a comprehensive guide to participants that engage in the markets that will be implemented under the MRTU Tariff. In developing the MRTU Tariff and the supporting BPMs, the CAISO has always

been guided by the Commission's "rule of reason." During this process, the CAISO has provided stakeholders with many hundreds of pages of draft language that make up the fifteen planned BPMs. The CAISO has held a number of stakeholder meetings, both in person and telephonically, and has reviewed and responded in writing to hundreds of stakeholder inquiries, comments, and recommendations concerning the draft BPMs. In fact, the stakeholder process for developing the BPMs is, in large part, complete. Moreover, the BPMs themselves are in large part complete and, with certain exceptions, complete enough for purposes of engaging in the Commission-directed compliance activity of assessing whether any detail in the BPMs might more appropriately be moved to the MRTU Tariff.

With respect to the BPM versus Tariff discussion, the other half of the analysis involves the tariff itself. In subject areas where the CAISO intended to make tariff revisions under Section 205 or in compliance with Commission orders, the CAISO believes that the compliance assessment of whether details in the BPM need to be moved to the tariff can only reasonably be made after these additional tariff filings have been made and/or revised tariff language posted. In this regard, the CAISO will be filing tariff language concerning CRRs on May 4 and will be publishing revised tariff language concerning Settlements as soon as it completes its assessment of the Commission's April 20, 2007 Order on Rehearing. In addition, on May 31, the CAISO will be publishing revised tariff language for resource adequacy under MRTU and an updated BPM for Reliability Requirements at the same time.

1. April 2 Posting of Revised BPMs and Draft Tariff Language

Most recently, the CAISO posted certain revised BPMs and draft tariff language on April 2 based on comments received by stakeholders in anticipation of the May 2 compliance filing. In addition, the CAISO posted responses to comments and questions on whether certain details in the BPM might more appropriately be moved to the tariff. For certain other BPMs, as noted above, the CAISO concluded that it would be premature to engage in this assessment until after revised tariff language had been filed or published as appropriate. During the stakeholder conference call held on April 17, 2007, the CAISO had proposed to proceed in an iterative process of filing the additional tariff language posted on April 2 and making a subsequent filing of any further necessary BPM-related tariff language at a later date following the filing or publication of additional tariff language. Stakeholders participating on the call, however, expressed a consistent desire that the CAISO defer the May 2 filing so that a single filing in compliance with Paragraph 1370 could be made. The CAISO took this to heart and elected to defer the May 2 filing and to file this motion instead.

2. Status of the BPMs

The CAISO believes that all of the BPMs, with the exception of the Reliability Requirements BPM, the Credit Policy BPM and the Definitions and Acronyms BPM (which is derivative and so cannot be completed until all the other BPMs are complete) are complete for the purposes of the Commission-directed compliance activity required by Paragraph 1370. As noted above, the Reliability Requirements BPM and related tariff language will be posted on May 31, 2007. The development of the Credit Policy BPM was deferred pending the Commission's decision on the CAISO's compliance filing in ER06-715, in which the CAISO proposed to remove the Credit Policy &

Procedure Guide from the Tariff. On April 20, 2007, FERC issued its order on the CAISO's compliance filing, approved the CAISO's proposal to remove the guide from the tariff and provided additional guidance to the CAISO concerning which details must be in the tariff. Accordingly, the CAISO must include the methodology for calculating Estimated Aggregated Liability in the tariff and, based on that same guidance, the CAISO will be filing the methodology for determining net projected valued of CRRs in the tariff that is currently under development with stakeholders. The CAISO does not believe the absence of a Credit Policy BPM should pose any impediment to compliance with Paragraph 1370 of the September 21 Order, in light of the fact that the Credit Policy & Procedure Guide will continue to exist, although outside of the tariff, and the Commission's guidance as to the tariff versus BPM split. The CAISO will apply that guidance going forward to the credit policies for CRRs currently under development.

Finally, since the Definitions and Acronyms BPM is derivative of other BPMs, the discussion as to what details will be included in the dedicated subject matter BPMs will result in decisions as to which definitions might appropriately be included in the MRTU Tariff.

Included as Attachment A to this motion is a chart that describes the status of tariff language associated with each BPM, in terms of: (1) whether the BPM is complete for purposes of compliance activity; (2) whether additional tariff language must be filed or posted in order to make the assessment as to whether additional tariff language is necessary or appropriate; (3) whether draft tariff modifications relating to the BPM have been posted on the CAISO website for stakeholder review; and (4) whether stakeholder comments concerning the tariff versus BPM issue have been addressed and posted.

3. Two Important Considerations Regarding BPMs

The fact that a BPM may be “complete” for purposes of the Paragraph 1370 compliance obligations does not necessarily mean that the BPM is complete or that either the BPM or related tariff language will be immune from further changes under MRTU. For example, as stakeholders are well aware, the CAISO is still working on developing additional charge types necessary for MRTU in the BPM for Settlements, which now includes the Configuration Guides. Consistent with the published work plan on the development of the Configuration Guides, the CAISO will continue its development, testing and verification of the charge types up to August 2007. With respect to these guides and the details included in these guides, the CAISO maintains that these details are implementation details that do not need to be in the tariff, consistent with the rule of reason. Similarly, the CAISO is currently working on details of “significant outages” to be included in the Outage BPM as directed by the September 21 Order, which approved the concept of including these details in the BPM rather than the MRTU Tariff. As a further example, the CAISO is still working on the details of the Competitive Path Assessment to be included in the BPM for Market Operations, but again, maintains that these details are details that are appropriately included in the BPM and not the tariff.

Complete for the purposes of Paragraph 1370 also does not mean that the BPMs will not change as a result of the filing of additional tariff language due to compliance filings or Section 205 filings or as a result of internal assessments to ensure accuracy and consistency between the tariff and CAISO software. In recognition of this fact and the fact that the formal change management process will not be in effect until

implementation of MRTU, the CAISO will endeavor to follow the following process whenever any additional tariff language or BPM language is posted: (1) when the CAISO posts draft tariff language for any future tariff amendment filing, it will post any proposed companion BPM language, if feasible; and (2) similarly, if the CAISO posts revisions to a BPM it will also post any additional tariff language, if necessary, or state that existing tariff language is adequate.

4. Next Steps

The CAISO is working on a detailed plan to be published early next week with the anticipated goal of posting additional tariff language on or about June 1 along with a revised BPM for Reliability Requirements and a filing on or about July 1 of any additional tariff language. The CAISO will also be scheduling a meeting dedicated to the Change Management tariff language and BPM within the next two weeks.

Although the CAISO is currently planning for a July 1 compliance filing, the CAISO requests that the Commission grant it an extension of time to make its compliance filing required by Paragraph 1370 of the September 21 Order until 30 days after the completion of the BPM stakeholder process, but no later than August 3, 2007. Such an extension would be consistent with the Commission's directive in the September 21 Order, which required the CAISO to file any BPM-related tariff modifications within 30 days of the completion of the BPM stakeholder process, but no later than 180 days before the effective date of MRTU Release 1.

Granting this requested extension will not prejudice other parties. On the contrary, it will allow CAISO stakeholders more time to review and offer feedback on the draft BPMs as well as associated tariff modifications. The CAISO believes that an

August 3, 2007 deadline will provide it with the flexibility, if necessary, to continue to work with stakeholders without needing to seek further relief from the Commission to change the date from the target date of July 1.

B. Extension of Time for Other Related Compliance Requirements

On January 19, 2007, the Commission also granted the CAISO an extension of time to comply with Paragraph 854 of the September 21 Order to May 2, 2007, the date on which, as explained above, the CAISO was intending to comply with Paragraph 1370 of the September 21 Order. In light of the CAISO's reconsideration of its May 2 filing proposing additional modifications to the MRTU Tariff, the CAISO requests that the Commission also grant the CAISO an extension to continue to permit the CAISO to make a single filing of all of the revisions that affect Section 11 of the MRTU Tariff at the same time it files its proposed BPM-related tariff modifications in accordance with Paragraph 1370 of the September 21 Order. As the CAISO pointed out in its January 11, 2007 Motion for Extension of Time, the development and review of BPMs may yield additional changes to Section 11 of the MRTU Tariff, and therefore, it makes the most sense to defer the Section 11 tariff filing until such time as the CAISO has completed the BPM stakeholder process and is ready to make its Paragraph 1370 compliance filing. Therefore, the CAISO requests that the Commission rule that the CAISO will be permitted to file its proposed changes, in compliance with Paragraph 854 of the September 21 Order, 30 days after the completion of the BPM stakeholder process, but no later than August 3, 2007.

Also, while no extension is necessary to comply with Paragraph 1347 of the September 21 Order because the CAISO has already submitted its response to that request on November 20, 2006 in its compliance filing, the CAISO notes that the changes to the payment cycle terminology arising from the new Settlements and Market Clearing Cycles will be made at the same time that the remaining MRTU Tariff Section 11 changes are made.

Finally, the CAISO notes that, pursuant to Paragraph 1371 of the September 21 Order, it plans to file tariff language regarding its BPM change management process at the same time or prior to its Paragraph 1370 compliance filing. The CAISO Governing Board recently approved the CAISO management's change management proposal. In addition, the CAISO has posted a draft BPM for Change Management as well as related draft tariff language, the most recent version of which was posted on April 30, 2007. Based on stakeholder interest, the CAISO plans to take additional time to discuss the revised BPM change management tariff language with stakeholders before filing. Although the CAISO hopes to be able to make this filing before August 3, the September 21 Order provides the CAISO with the flexibility to file the BPM change management tariff language as late as August 3 (*i.e.* 180 days prior to MRTU Release 1) if necessary.

II. CONCLUSION

For the reasons set forth above, the CAISO requests that the Commission grant the CAISO an extension of time to file MRTU tariff modifications associated with the BPM stakeholder process, in accordance with Paragraphs 854 and 1370 of the September 21 Order, until 30 days after the completion of the BPM stakeholder process, but no later than August 3, 2007.

Respectfully submitted,

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ATTACHMENT A

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Business Practice Manual	Is BPM Sufficiently Complete Such That CAISO Can Determine Whether Level of Detail in MRTU Tariff is Adequate?	Have Associated Tariff Modifications Been Posted?	Is Additional Tariff Language Beyond What is Currently Posted Required?	Have Stakeholder Questions on Tariff v. BPMs Been Addressed and Posted?
Candidate CRR Holder Registration	Yes	Tariff language to support this requirement is already in the tariff in Section 36. Also, CAISO filed for early effectiveness on March 9 to implement this process. <i>See Docket ER07-615.</i>	No	Stakeholders have not submitted comments on this BPM.
Change Management	Yes	Yes. Most recent version posted on April 30.	No	Yes
Compliance Monitoring	Yes	A portion of the associated tariff modifications were posted on April 2.	Yes	Yes
Congestion Revenue Rights	Yes	The CAISO is including detail from the BPMs to the tariff in its upcoming filing amending the CRR tariff language.	No	Yes
Credit Management	There is no Credit BPM posted at this time, but existing Credit Policy and Procedure Guide will be reposed shortly in compliance with FERC April 20 Order on credit policy.	The credit policy related issues under MRTU relate to CRRs and are currently under development. Guidance from FERC April 20 Order on credit policy.	Yes	There are not stakeholder comments on this BPM.

Definitions and Acronyms	No	A portion of the associated tariff modifications were posted on April 2.	Yes	Yes, with late received questions and comments pending.
Managing Full Network Model	Yes	No additional tariff language is required.	No	Yes
Market Instruments	Yes	Yes. Posted on April 2.	Minor revisions to be added.	Yes
Market Operations	Yes	Yes. Posted on April 2.	Possibly	Yes
Metering	Yes	Yes. Posted on April 2.	Minor revisions to be added.	Yes
Outage Management	Yes	No. No additional tariff language is required.	No	Yes
Reliability Requirements	No. Revised BPM posted on April 2 but more work is required.	No	Yes. Revised tariff and BPM to be posted May 31.	No
Rules of Conduct Administration	Yes	No. No additional tariff language is required.	No	Yes
Scheduling Coordinator Certification & Termination	Yes	Yes. Posted on April 2. Also, CAISO may file for early effectiveness of certain associated tariff provisions.	CAISO may be filing new tariff amendment that will require conforming changes to the BPM.	Yes
Settlements and Billing	Yes. Configuration guides continue to require work, but the CAISO does not believe that details in the Configuration guides belong in the tariff.	Yes. Posted on April 9.	Yes. Revised Section 11 Tariff language will be posted following CAISO review of April 20 Order.	Yes

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 2nd day of May, 2007 at Folsom in the State of California.

/s/ Sidney M. Davies

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