

December 16, 2010

**Comments of the Transmission Agency of Northern California
on the ISO's Second Draft Revisions in the "Clarifications Tariff Filing" Initiative**

Pursuant to the California Independent System Operator's ("ISO") December 10, 2010 Market Notice, the Transmission Agency of Northern California ("TANC") submits the following comments on the ISO's December 9, 2010 postings pertaining to the "Tariff Clarifications Filing" initiative.

Section 27.5.1.1 (Base Market Model used in the CAISO Markets): In response to the ISO's November 9, 2010 proposed revisions to this section, TANC sought clarification on the types of constraints the ISO proposed to enforce "on the Interties." In its December 9, 2010 response, the ISO stated that it would change the term "network constraints" to "Transmission Constraints," but did not clarify the meaning of "network constraints" as requested.

TANC is not recommending a particular change to this section, but seeks further clarification from the ISO on the meaning of "network constraints" to allow stakeholders to better understand the ISO's use of that term as it appears in the Tariff and Business Practice Manuals. TANC notes as an example that in the response to the City of Santa Clara, California's comments to Section 27.5.3, the ISO stated that "the term network constraint encompasses Transmission Constraints." It would be helpful to understand the other types of constraints, if any, the ISO views as being encompassed in the meaning of "network constraints."

Section 27.5.3 (Integrated Balancing Authority Areas ("IBAA")): TANC previously commented that since the term "network constraints" is not defined in the ISO Tariff, the ISO should make clear in this section that "Transmission Constraints" are among the constraints that the ISO will not enforce for an IBAA. In its December 9 response to TANC's comment, the ISO asserted that it "will not enforce any constraints in IBAA as a result of the changes proposed in this filing." In response to a similar comment by the Modesto Irrigation District, the ISO stated that "network constraints" as the term appears in that section "includes transmission constraints that are not on the ISO grid or within the ISO balancing authority area," and that the ISO did not believe this term requires additional clarification.

In its December 9 proposed revision to this section, however, the ISO has replaced the term "network constraints" with "Transmission Constraints." This proposed revision does not comport with the ISO's stated intentions to not enforce any constraints in the IBAA. Instead, the proposed revision would indicate that the ISO only does not enforce "Transmission Constraints" on the IBAA and would be silent on whether the ISO would enforce other types of constraints on the IBAA. Thus, TANC requests that the ISO revise the sentence so that it provides, "the CAISO monitors but does not enforce the network constraints, including Transmission Constraints, for an IBAA in running the CAISO Markets Processes."

TANC appreciates the opportunity to submit comments in response to the ISO's December 9 postings and reserves the right to provide additional comments on the ISO's instant initiative in further comments.