



California ISO
Your Link to Power

California Independent
System Operator Corporation

August 21, 2006

Attn: Commission's Docket Office
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

**Re: Docket No. R.05-06-040: Order Instituting Rulemaking to Implement Senate
Bill No. 1488 (2004 Cal. Stats., Ch. 690 (Sept. 22, 2004)) Relating to
Confidentiality of Information**

Dear Clerk:

Enclosed please find an original and five copies of the Reply Comments of the California Independent System Operator Corporation on the Definition of "Market Participants" in the above referenced docket.

Please date stamp one copy and return to California ISO in the self-addressed stamped envelope provided.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Grant Rosenblum".

Grant Rosenblum
Regulatory Counsel

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151 Blue Ravine Road
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(916) 351-4400

**BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Implement)	
Senate Bill No. 1488 (2004 Cal. Stats., Ch. 690)	R.05-06-040
(Sept. 22, 2004)) Relating to Confidentiality)	
of Information)	
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**REPLY COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
ON THE DEFINITION OF “MARKET PARTICIPANTS”**

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Attorneys for the
California Independent System Operator

Dated: August 21, 2006

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ON THE DEFINITION OF “MARKET PARTICIPANTS”**

Pursuant to the e-mail ruling of Administrative Law Judge Thomas issued August 8, 2006, the California Independent System Operator Corporation (“CAISO”) respectfully replies to comments submitted on August 4, 2006, in the above-referenced proceeding on the definition of “market participants.”

None of the parties submitting comments on August 4, 2006 mentioned the CAISO when discussing the appropriate scope of the definition of market participants. This silence likely reflects the general acceptance that the CAISO is not a market participant. The CAISO strongly agrees that its role in operating the CAISO Control Grid and associated Energy and Ancillary Services markets does not implicate the interests or concerns properly characterizing market participants.

Nevertheless, the CAISO, out of an abundance of caution, seeks to avoid one potential ambiguity (even through this ambiguity is likely to be addressed through the model protective order).¹ The proposed definitions advanced by several parties in their opening comments

¹ The CAISO notes that the model protective order attached to D.06-06-066 as Appendix 5 explicitly excludes normal CAISO operations from market participant activities: “Notwithstanding any other provision of this Paragraph, with respect to an ISO Reviewing Representative only, participation in the ISO’s

generally describe market participants as those entities that engage in the “purchase, sale, or marketing” of energy, capacity or related products. (See, e.g., TURN Comments at 1; Southern California Edison Company Comments at 2; Independent Energy Producers Comments at 5.) The CAISO is authorized by its FERC-approved tariff to - and does under a myriad of circumstances - procure energy, capacity and other reliability-related services on behalf of the CAISO Control Area. It does not “purchase” such products or otherwise take title thereto. Accordingly, the CAISO believes any definition of market participant adopted in this proceeding should expressly exclude the CAISO.

August 21, 2006

Respectfully Submitted:

By: 

Grant A. Rosenblum

Attorney for

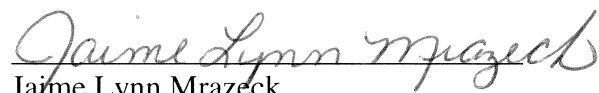
California Independent System Operator

ordinary operation of the ISO-controlled grid and in its ordinary administration of the ISO administered markets, including markets for ancillary services, supplemental energy, congestion management, and local area reliability services, shall not be deemed to be a violation of this Protective Order.” (See Paragraph 7.)

CERTIFICATE OF SERVICE

I hereby certify that I have served, by electronic and United States mail, Reply Comments of the California Independent System Operator Corporation on the Definition of “Market Participants” to the parties on the service lists for Docket Number R.05-06-040.

Executed on August 21, 2006, at Folsom, California.


Jaime Lynn Mrazek
An Employee of the California Independent
System Operator

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