

July 1, 2005

The Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

BY HAND DELIVERY

**Re: California Independent System Operator Corporation
Docket No. ER05-784-____
Compliance Filing**

Dear Secretary Salas:

The California Independent System Operator Corporation ("ISO")¹ respectfully submits six copies of this filing in compliance with the Commission's June 3, 2005 letter order in the captioned docket concerning the Dynamic Scheduling Host Control Area Operating Agreement ("DSHCAOA") between the ISO and British Columbia Transmission Corporation ("BCTC") ("BCTC Order").²

In the BCTC Order, the Commission directed the ISO to file ISO Tariff sheets containing a revision to the ISO's *pro forma* DSHCAOA to "clarify that neither the [ISO] nor the host control area will be in default as a result of the action or failure to act of an intermediary control area." BCTC Order at P 16. To comply with this directive, the ISO submits, in Attachment A to the present filing, a clean ISO Tariff sheet for the *pro forma* DSHCAOA that incorporates this change into Section 10.1 of the *pro forma* DSHCAOA. Attachment B to the present filing contains this change to the *pro forma* DSHCAOA in black-line format.

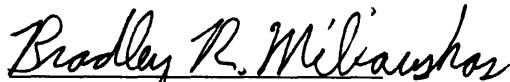
¹ Capitalized terms not otherwise defined herein are defined in the Master Definitions Supplement, ISO Tariff Appendix A, as filed August 15, 1997, and subsequently revised.

² The BCTC Order also addressed two other agreements, submitted in Docket Nos. ER05-785 and ER05-786.

Attachment C to this filing contains a form notice of this filing, suitable for publication in the Federal Register. The ISO is also providing a computer diskette containing the form notice of this filing.

The ISO is serving copies of this compliance filing on all parties on the official service list for the captioned docket. Because this compliance filing proposes a change to the ISO Tariff, the ISO is also serving the compliance filing on the following entities: the California Public Utilities Commission, the California Energy Commission, the California Electricity Oversight Board, and all parties with effective Scheduling Coordinator Service Agreements under the ISO Tariff. In addition, the ISO is posting this filing on the ISO Home Page. If there are questions concerning the filing, please contact the undersigned.

Respectfully submitted,



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Attorneys for the California Independent
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ATTACHMENT A

8. Other

8.1 Losses

The ISO shall not be responsible for transmission losses caused by transmitting energy dynamically within or across the Host Control Area for delivery to the ISO.

8.2 Certification

Only ISO-certified System Resource/Host Control Area arrangements will be allowed to bid or self provide ancillary services in the ISO's ancillary services market through an ISO-certified Scheduling Coordinator.

8.3 No Guarantee of Award

Certification of a System Resource/Host Control Area arrangement allows for bidding of supplemental energy and/or certain ancillary services into the ISO market; it does not, however, guarantee selection of such bid.

8.4 Performance Assessment

The ISO will monitor and measure dynamically imported ancillary services, whether bid or self-provided, against the performance benchmarks described in the ISO Dynamic Scheduling Protocol.

8.5 Description of System Resources

Each dynamically scheduled System Resource permitted pursuant to this Agreement is described in Schedule 2.

9. Notifications

The ISO and the Host Control Area shall jointly develop methods for coordinating the notification of all affected scheduling entities within their respective Control Areas regarding schedule changes in emergency or curtailment conditions.

10 Liability

10.1 Uncontrollable Forces

An Uncontrollable Force means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond the reasonable control of a control area operator which could not be avoided through the exercise of Good Utility Practice.

Neither the ISO nor the Host Control Area will be considered in default of any obligation under this Agreement or liable to the other for direct, indirect, and consequential damages if prevented from fulfilling that obligation due to the occurrence of an Uncontrollable Force. Neither the ISO nor the Host Control Area will be considered in default of any obligation under this Agreement to the extent caused by any act, or failure to act, of any intermediary Control Area.

In the event of the occurrence of an Uncontrollable Force, which prevents either the ISO or the Host Control Area from performing any obligations under this Agreement, the affected entity shall not be entitled to suspend performance of its obligations in any greater scope or for any longer duration than is required by the Uncontrollable Force. The ISO and the Host Control Area shall each use its best efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligations hereunder.

ATTACHMENT B

10.1 Uncontrollable Forces

An Uncontrollable Force means any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm, flood, earthquake, explosion, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond the reasonable control of a control area operator which could not be avoided through the exercise of Good Utility Practice.

Neither the ISO nor the Host Control Area will be considered in default of any obligation under this Agreement or liable to the other for direct, indirect, and consequential damages if prevented from fulfilling that obligation due to the occurrence of an Uncontrollable Force.

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ATTACHMENT C

Comment Date: _____