

January 29, 2007

The Honorable Magalie R. Salas  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: California Independent System Operator Corporation  
Compliance Filing  
Docket No. ER07-127-000**

Dear Secretary Salas:

The California Independent System Operator Corporation (“CAISO”)<sup>1</sup> submits an original and five copies of the instant filing in compliance with the Commission’s “Order Accepting For Filing, Subject to Modification, Tariff Revisions And Extending Temporary Waiver of Sanctions,” 117 FERC ¶ 61,353, issued on December 28, 2006 in the captioned docket (“Outage Reporting Requirements Order”). This filing reflects both the change directed by the Commission and also corrects two clerical mistakes in the language previously submitted. The CAISO respectfully requests a waiver of ordinary Commission practices to permit the correction of these errors.

Compliance with Outage Reporting Requirements Order

In Paragraph 21 of the Outage Reporting Requirements Order, the Commission directed the CAISO to revise section 9.3.10.5 of the CAISO’s Tariff. As the Commission explained:

“The CAISO described in its transmittal letter that with respect to forced outages of 40MW or greater or ten percent of the maximum rated capacity, that the derate or outage must occur for a period of fifteen minutes or more for the reporting requirement to be applicable. However, the CAISO failed to include the reference to

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<sup>1</sup> Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff.

the fifteen minute duration in the tariff revisions. We find the CAISO must modify section 9.3.10.5 to include that the . . . requirement will apply if the outage lasts fifteen minutes or longer.”

*Id.* The CAISO has modified this section accordingly.

#### Correction to Previously Filed Tariff Sheets and Request for Waiver

In preparing this compliance filing, the CAISO became aware of clerical errors in the previously filed tariff sheets that are contrary to the manifest purpose of the amendment, as expressed in the transmittal letter, as explained below. These errors are corrected in the revised tariff sheets attached hereto.

The CAISO respectfully requests that the Commission waive the requirement that this compliance filing must include only those changes directed by the Commission’s order, and any other requirements that might preclude these corrections. There is good cause for waiver here, because the corrections are necessary to conform the tariff language to the decisions reached through the CAISO’s stakeholder process, as reflected in the CAISO’s transmittal letter dated October 31, 2006 (“Transmittal Letter”). Without these corrections, the reporting requirements and associated penalties will be more stringent than the CAISO intended or its stakeholders understood. Under similar circumstances, the Commission granted a waiver of the analogous compliance filing requirements under the Natural Gas Act to permit correction of typographical errors in a compliance filing. *See Iroquois Gas Transmission System*, 78 FERC ¶ 61,135 (1997) at 61,522 (waiving the requirements of 18 C.F.R. § 154.203(b), which expressly limits the scope of NGA compliance filings).

As filed, section 9.3.10.5 requires relatively detailed explanations of Forced Outages “that result in a reduction in maximum output capability of 40MW or more below the value registered in the Master File, **or** 10% of the value registered in the Master File . . . .” (Emphasis added.) The word “or” is an error; it should be changed to “and.” As explained in the Transmittal Letter, a detailed Forced Outage Report must be submitted if the “resource is derated from P-max by 40 MW or more or 10 percent of P-max (**whichever is greater**) . . . .” (Emphasis added.)<sup>2</sup> *Accord* Transmittal Letter, Attachment C (October 12, 2006 memorandum to the CAISO Board of Governors, p. 4). The conjunctive requirement was intended to accommodate larger generating units, for which a straight 40 MW threshold – *i.e.*, the result of the filed language – might be too low. The proposed correction, substituting the word “and,” is necessary for the tariff sheets to reflect the intended reporting requirement.

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<sup>2</sup> These two formulations have the same meaning. Being greater than “A or B, whichever is greater” is the logical equivalent of being greater than “A and B.” While section 9.3.10.5 could be corrected by adding “whichever is greater,” the CAISO believes that the shorter version – substituting “and” for “or” – is preferable.

Along the same lines, the Commission should permit the ISO to substitute the word “discovery” for “commencement” in Section 9.3.10.5. As explained in the Transmittal Letter, p. 6, the two-day time limit begins to run from the “discovery” of the outage. See *also* Outage Reporting Requirements Order PP. 8 & 9 (mentioning that reporting deadline runs from “discovery” of the outage). This represents a change from the previous requirements, which ran from “commencement” of the outages. The filed tariff sheets reflect this change in three of the four relevant sections: those that impose the 30-minute and two Business Day reporting requirements (9.3.10.2.1 and 9.3.10.5, respectively), and also in the section that imposes sanctions for violating the 30-minute requirement (37.4.1.1). Inadvertently, there was no corresponding change made to the section that imposes penalties for violation of the two Business Day requirement (37.4.3.1). As filed, this section continued the previous language which imposes penalties when a report is not made “within two (2) Business Days after the **commencement** of a Forced Outage as specified in Section 9.3.10.5 of the ISO Tariff.” Section 37.4.3.1 (emphasis added). The word “commencement” must be changed to “discovery” in order to comply with the Transmittal Letter, to avoid a conflict with Section 9.3.10.5 (which was revised), and in order to impose penalties only under the circumstances that were intended and discussed in the stakeholder process.

### Conclusion

The changes described above are shown in the revised sheets provided in Attachment A. They are also shown in black-line format in Attachment B.

Two additional copies of this filing are enclosed to be date-stamped and returned to our messenger. If there are any questions concerning the filing, please contact the undersigned.

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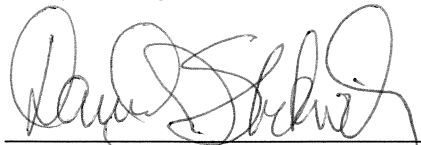
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Respectfully submitted,


A handwritten signature in black ink, appearing to read "Anthony Ivancovich", written over a horizontal line.

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## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all parties on the official service list compiled by the Secretary in the above-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 29th day of January 2007.



Daniel J. Shonkwiler

**ATTACHMENT A – OUTAGE AMENDMENT COMPLIANCE FILING CLEAN SHEETS**

**9.3.10.5** With Respect to Forced Outages of Generating Units that result in a reduction in maximum output capability that lasts 15 minutes or longer of 40 MW or more below the value registered in the Master File and 10% of the value registered in the Master File, or which result in the unit being separated from the ISO Controlled grid, the Operator shall provide to the ISO an explanation of the Forced Outage, including a description of the equipment failure or other cause and a description of all remedial actions taken by the Operator, and the estimated return time, within two (2) Business Days from discovery of the Forced Outage. Upon request of the ISO, Operators, and where applicable, Eligible Customers, Scheduling Coordinators, UDCs and MSSs promptly shall provide information requested by the ISO to enable the ISO to review the changes made to the maximum output capability or to provide further information relative to the explanation of the Forced Outages submitted by the Operator and to prepare reports on Forced Outages. If the ISO determines that any Forced Outage may have been the result of gaming or other questionable behavior by the Operator, the ISO shall submit a report describing the basis for its determination to the FERC. The ISO shall consider the following factors when evaluating the Forced Outage to determine if the Forced Outage

**37.4.1.2 Sanctions.**

The Sanctions for a violation of Section 37.4.1 shall be as follows: for the first violation in a rolling twelve (12) month period, a warning letter; for the second violation in a rolling twelve (12) month period, \$1,000; for the third violation in a rolling twelve (12) month period, \$2,000; for the fourth and subsequent violations in a rolling twelve (12) month period, \$5,000. A Market Participant shall not be subject to more than one Sanction per Generating Unit per calendar day for violating Section 37.4.1. A "violation" shall mean each failure to report an Outage for a specific Generating Unit as required by Section 9.3.10.2.1 of the ISO Tariff.

**37.4.2 Scheduling and Final Approval of Outages.**

**37.4.2.1 Expected Conduct.**

A Market Participant shall not undertake an Outage except as approved by the ISO Outage Coordination Office in accordance with Section 9.3.2, Section 9.3.9, and Section 9.3.6.6 of the ISO Tariff. A Market Participant shall not commence any Outage without obtaining final approval from the ISO Control Center in accordance with Sections 9.3.9 and 9.3.10 of the ISO Tariff.

**37.4.2.2 Sanctions.**

The Sanctions for a violation of Section 37.4.2 shall be as follows: for the first violation within a rolling twelve (12) month period, \$5,000; for subsequent violations within a rolling twelve (12) month period, \$10,000. A "violation" shall mean each Outage undertaken for which all required approvals were not obtained.

**37.4.3 Explanation of Forced Outages.**

**37.4.3.1 Expected Conduct.**

A Market Participant must provide a detailed explanation of a Forced Outage within two (2) Business Days after the discovery of a Forced Outage as specified in Section 9.3.10.5 of the ISO Tariff. An Operator must promptly provide information requested by the ISO to enable



**ATTACHMENT B – OUTAGE AMENDMENT COMPLIANCE FILING BLACKLINES**

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**9.3.10.5** With Respect to Forced Outages of Generating Units that result in a reduction in maximum output capability that lasts 15 minutes or longer of 40 MW or more below the value registered in the Master File ~~or~~ and 10% of the value registered in the Master File, or which result in the unit being separated from the ISO Controlled grid, the Operator shall provide to the ISO an explanation of the Forced Outage, including a description of the equipment failure or other cause and a description of all remedial actions taken by the Operator, and the estimated return time, within two (2) Business Days from discovery of the Forced Outage. Upon request of the ISO, Operators, and where applicable, Eligible Customers, Scheduling Coordinators, UDCs and MSSs promptly shall provide information requested by the ISO to enable the ISO to review the changes made to the maximum output capability or to provide further information relative to the explanation of the Forced Outages submitted by the Operator and to prepare reports on Forced Outages. If the ISO determines that any Forced Outage may have been the result of gaming or other questionable behavior by the Operator, the ISO shall submit a report describing the basis for its determination to the FERC. The ISO shall consider the following factors when evaluating the Forced Outage to determine if the Forced Outage was the result of gaming or other questionable behavior by the Operator: 1) if the Forced Outage coincided with certain market conditions such that the Forced Outage may have influenced market prices or the cost of payments associated with out-of-sequence dispatches, out-of-market dispatches, or Real Time Market dispatches above the Marginal Proxy Clearing Price or Non-Emergency Clearing Price Limit, as applicable; 2) if the Forced Outage coincided with a change in the bids submitted for any units or resources controlled by the Operator or the Operator's Scheduling Coordinator; 3) if the ISO had recently rejected a request for an Outage for, or to shut down, the Generating Unit experiencing the Forced Outage; 4) if the timing or content of the notice of the Forced Outage provided to the ISO was inconsistent with subsequent reports of or the actual cause of the Outage; 5) if the Forced Outage or the duration of the Forced Outage was inconsistent with the history or past performance of that Generating Unit or similar Generating Units; 6) if the Forced Outage created or exacerbated Congestion; 7) if the Forced Outage was extended with little or no notice; 8) if the Operator had other alternatives to resolve the problems leading to the Forced Outage; 9) if the Operator took reasonable action to minimize the duration of the Forced Outage; or 10) if the Operator failed to

provide the ISO an explanation of the Forced Outage within two (2) Business Days or failed to provide any additional information or access to the generating facility requested by the ISO within a reasonable time.

\* \* \*

#### **37.4.3.1 Expected Conduct.**

A Market Participant must provide a detailed explanation of a Forced Outage within two (2) Business Days after the commencement-discovery of a Forced Outage as specified in Section 9.3.10.5 of the ISO Tariff. An Operator must promptly provide information requested by the ISO to enable the ISO to review the explanation submitted by the Operator and to prepare a report on the Forced Outage.

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