

May 11, 2016

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation
Compliance Filing
Docket Nos. ER16-897-001 & -002**

Dear Secretary Bose:

The California Independent System Operator Corporation (“CAISO”) submits this filing in compliance with the Commission’s April 29, 2016, order issued in this proceeding.¹

I. Background and Discussion

The April 29 order accepted the CAISO’s April 20, 2016, request for a limited waiver of tariff provisions necessary to allow a delay in the implementation of the new capacity procurement mechanism (CPM) and an extension of the currently effective CPM tariff authority. The CAISO has sought several delays to implementation, the most recent of which was presented in the April 20 filing. The April 29 order approved a delay until June 1, 2016, subject to the condition that the CAISO file revised tariff records to reflect the new implementation date, along with corresponding amendments to sections 43.1 and 43A.1 of the CAISO tariff.²

The CAISO hereby submits this compliance filing consistent with the Commission’s directive in the April 29 order. Specifically, the CAISO resubmits sections 34.11, 39.10.3, 39.10.4, and 40.4.6.2, with a new effective date of June 1, 2016. Additionally, the CAISO amends the language of sections 43.1 and 43A.1 to reflect that

¹ *Cal. Indep. Sys. Operator Corp.*, 155 FERC ¶ 61,117 (2016) (April 29 order).

² *Id.* at PP 13 & 14.

the new CPM now becomes effective and the prior CPM now expires on June 1, 2016, and May 30, 2016, respectively. The revisions to sections 43.1 and 43A.1 have a requested effective date of April 25, 2016. The March 10 filing, which was premised on a May 1 implementation date, included a requested effective date of March 25, 2016. The current requested effective date of April 25, 2016, thus represents a one-month shift, consistent with the April 29 order.

In submitting this compliance filing the CAISO also wishes to inform the Commission of further delays in the market simulation for the paired CPM and reliability services phase 1a initiatives.³ The CAISO's April 20 filing explained that June 1 implementation was contingent on successful execution of the structured market simulation scenarios with sufficient time for market participants to validate simulated settlement statements produced as part of the market simulation. Because of this delay, meeting that milestone is no longer feasible and thus implementation on June 1 is no longer possible. The April 20 filing also noted that the CAISO would seek additional relief from the Commission if it concluded that implementation on June 1 was not possible. The CAISO intends to seek such relief through a forthcoming filing with the Commission.

II. Attachments

In addition to this transmittal letter, this compliance filing includes Attachments A and B. Attachment A contains clean CAISO tariff sheets reflecting the tariff revisions described above. Attachment B shows these revisions in black-line format.

III. Conclusion

The CAISO respectfully requests that the Commission approve the tariff modifications in Attachments A and B in compliance with the April 29 order. If there are any questions regarding this filing, please feel free to contact the undersigned.

³ The CAISO informed market participants of this delay through a market notice issued on May 10, 2016, available at <http://www.caiso.com/Documents/Early2016ReleaseWeekThreeMarketSimulation-ProductionActivationPostponed-CallToday051016.html>.

Respectfully Submitted,
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Attachment A – Clean Tariff Records
Capacity Procurement Mechanism – Filing in Compliance with
April 29, 2016 Order in Docket No. ER16-897
California Independent System Operator Corporation
May 11, 2016

43.1 Applicability

This Section 43 shall apply to all designations of Eligible Capacity to provide CPM Capacity services under the CPM that commence prior to June 1, 2016. Designations of CPM Capacity and Flexible Capacity CPM not made through a CSP and in existence as of May 31, 2016 shall continue in effect and remain subject to the tariff provisions applicable at the time the designation of CPM Capacity or Flexible Capacity CPM was made, including the provisions concerning compensation, cost allocation and Settlement, until such time as the CPM resources have been finally compensated for their services rendered under the CPM prior to , and the CAISO has finally allocated and recovered the costs associated with such CPM compensation.

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43A.1 Applicability

This Section 43A shall apply to all designations of Eligible Capacity to provide CPM Capacity services under the CPM that commence on or after June 1, 2016.

Attachment B – Marked Tariff Records
Capacity Procurement Mechanism – Filing in Compliance with
April 29, 2016 Order in Docket No. ER16-897
California Independent System Operator Corporation
May 11, 2016

43.1 Applicability

This Section 43 shall apply to all designations of Eligible Capacity to provide CPM Capacity services under the CPM that commence prior to ~~May~~June 1, 2016. Designations of CPM Capacity and Flexible Capacity CPM not made through a CSP and in existence as of ~~April 30~~May 31, 2016 shall continue in effect and remain subject to the tariff provisions applicable at the time the designation of CPM Capacity or Flexible Capacity CPM was made, including the provisions concerning compensation, cost allocation and Settlement, until such time as the CPM resources have been finally compensated for their services rendered under the CPM prior to , and the CAISO has finally allocated and recovered the costs associated with such CPM compensation.

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43A.1 Applicability

This Section 43A shall apply to all designations of Eligible Capacity to provide CPM Capacity services under the CPM that commence on or after ~~May~~June 1, 2016.

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service list in the 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 Washington, DC, this 11th day of May, 2016.

/s/ Daniel Klein
Daniel Klein