ALSTON&BIRD LLP

The Atlantic Building
950 F Street, N.W.
Washington, DC 20004-1404

202-756-3300
Fax: 202-654-4875

October 5, 2009

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: California Independent System Operator Corporation
Docket No. ER10-___-000

Dear Secretary Bose:

Enclosed please find the Petition for Limited Waiver of Tariff Provisions and Request for Expedited Commission Order, and all attachments thereto, submitted by the California Independent System Operator Corporation in the above-referenced proceeding.

Thank you for your assistance in this matter. Please contact the undersigned with any questions.

Respectfully submitted,

Bradley R. Miliauskas

Bradley R. Miliauskas
Alston & Bird LLP

Counsel for the California Independent System Operator Corporation

THE UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System	**)**	
Operator Corporation	**)**	**Docket No. ER10-___-000**

PETITION FOR LIMITED WAIVER OF TARIFF PROVISIONS AND REQUEST FOR EXPEDITED COMMISSION ORDER

The California Independent System Operator Corporation ("ISO") respectfully requests a waiver, to the extent required, of the provisions in Section 31.5.2.2.2 of its tariff regarding the application of “penalty points” to two metered subsystem (“MSS”) operators, the City of Riverside, California (“Riverside”) and the City of Vernon, California (“Vernon”), on certain specified days in April 2009, the first month of the ISO’s new market design.[1] The ISO could arguably interpret its tariff as not applying based on the factual circumstances discussed in this filing. The ISO, however, requests this waiver out of an abundance of caution. Both Riverside and Vernon support this waiver request. Declarations from representatives of Riverside and Vernon describing the facts relevant to this waiver request are provided in support of this filing.

I. Overview

Good cause exists for the Commission to grant the requested waiver. As discussed below, Riverside and Vernon inadvertently triggered the provisions in Section 31.5.2.2.2 regarding penalty points solely due to making mechanical errors in the submission of self-schedules during the first month of operations

[1] The ISO requests this waiver pursuant to Rule 207 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.207.

under the ISO's new market. Riverside and Vernon have provided the ISO with information confirming that they intended to submit self-schedules that complied with the requirements of the ISO tariff. In the case of Riverside, the MSS operator submitted self-schedules which would not have resulted in penalty points. Due to a software feature that has since been modified, however, portions of these self-schedules were automatically deleted by the ISO's systems when Riverside attempted to submit incremental changes to its self-schedules. In the case of Vernon, the MSS operator made several errors in manually transcribing self-schedules into the ISO's graphical user interface, and these errors did not recur once Vernon began using a feature of the ISO's software systems that allows users to confirm the accuracy of self-schedules before the schedules are finalized.

Granting the waiver is justified because both Riverside and Vernon attempted to comply with the requirements for MSS operators that opt out of the Residual Unit Commitment ("RUC") procurement process, *i.e.*, both Riverside and Vernon attempted to submit demand self-schedules that either were equal to or greater than the ISO demand forecast for their MSS demand in each hour. The waiver will benefit Riverside and Vernon by allowing them to avoid incurring significant penalty points because of inadvertent errors in the first month of the new ISO market that were attributable either to software features that have since been modified or a lack of familiarity with certain checks built into the ISO's systems. The requested waiver is also very limited in scope, applying only to penalty points accrued by Riverside and Vernon during the month of April 2009.

Further, granting the waiver will produce no undesirable consequences for, or be unduly discriminatory to, any market participant since no harm was caused to any market participant or the market as a whole and there is no other similarly situated MSS operator. For these reasons, assuming that a tariff waiver is required to avoid the assignment of penalty points to Riverside and Vernon in these circumstances, the ISO believes that the limited waiver of Section 31.5.2.2.2 discussed herein is necessary and appropriate.

Because of the penalty points which could be assessed against Riverside and Vernon for the days addressed in this filing, there is the possibility that Riverside and Vernon could each exceed twenty penalty points in the near future, which would require these MSS operators to opt into the RUC procurement process for the remainder of the congestion revenue right ("CRR") annual cycle and for the following CRR annual cycle. Accordingly, for the reasons discussed below, the ISO – with the support of Riverside and Vernon – requests that the Commission issue an order on this waiver request by November 19, 2009, forty-five days after the date of this filing.

II. Background

A. The Relevant Provisions of the ISO Tariff

Section 31.5.2 and its subsections contain the ISO tariff provisions relevant to this petition for waiver. Pursuant to those provisions, each MSS operator may make an annual election to opt into or opt out of participation in the ISO's RUC procurement process.[2] If the MSS operator elects to opt out of RUC

[2] ISO Tariff, Section 31.5.2.

participation, it thereby becomes responsible for meeting the supply requirements needed to serve its demand and must choose between two options for meeting its supply requirements. The MSS operator must select one option or the other on an hourly basis depending on how it submits self-schedules for its demand in the day-ahead market.[3]

The first of these options is to submit an hourly demand self-schedule in the day-ahead market that is greater than or equal to the ISO demand forecast for the MSS demand for that hour.[4] If the demand self-schedule meets or exceeds the ISO demand forecast, then no penalty points will accrue. The second option is to submit an hourly demand self-schedule in the day-ahead market that is not based on the ISO demand forecast (*e.g.,* that is based on the MSS operator's own demand forecast). If that demand self-schedule proves to be greater than or equal to the actual metered demand for the MSS for that hour, no penalty points will accrue.[5]

Under both options, scheduling coordinators submit hourly demand self-schedules for the MSSs they represent into the ISO's Scheduling Infrastructure Business Rules ("SIBR") software application. Scheduling coordinators can submit their hourly demand self-schedules into SIBR using the SIBR graphical user interface (sometimes referred to as the "UI" or "GUI"). Some scheduling coordinators have elected to use an application programming interface ("API"), an optional software program that provides scheduling coordinators with greater

3 *Id.*, Section 31.5.2.2.
4 *Id.*, Section 31.5.2.2.1.
5 *See id.*, Section 31.5.2.2.2.

flexibility in submitting bids and self-schedules and allows users to automate many elements of the scheduling process.

As set forth in Section 31.5.2.2.2, if an MSS operator has a demand self-schedule in the ISO's integrated forward market ("IFM") for a given trading hour that is less than both the ISO demand forecast and the actual metered demand of the MSS for that trading hour, then "penalty points" may apply to the scheduling coordinator for the MSS. The number of penalty points that applies varies based on the amount of difference between the actual metered demand and the IFM self-schedule for the hour. The maximum number of penalty points that can be accrued during a single trading day for an MSS is five. An MSS that accrues a total of more than twenty penalty points within a twelve-month period is required to opt into the RUC procurement process for the remainder of the CRR annual cycle and for the following CRR annual cycle.[6]

B. The Relevant MSS Self-Scheduling Activities

Pursuant to Section 31.5.2 and its subsections, Riverside and Vernon each elected to opt out of participation in the RUC procurement process and thus each of those MSSs had to satisfy one of two options for meeting the supply requirements needed to serve its demand. Both Riverside and Vernon chose to schedule to the ISO's forecast, rather than to their own forecasts, and both Riverside and Vernon serve as their own scheduling coordinators. As discussed below, Riverside and Vernon experienced problems in scheduling demand and

---

[6] *Id.* These provisions only apply to non-load-following MSS operators. *Id.* Riverside and Vernon are not load-following MSS operators, and therefore the provisions of Section 31.5.2.2.2 apply to them.

supply during certain specified days in April 2009, the initial month of operations under the ISO's new market.[7]

1. Riverside

The relevant facts are described in the Declaration of Daniel E. Garcia, Market Operations Manager for Riverside, provided as Attachment A to this filing. As explained by Mr. Garcia, on April 24, 2009, Riverside submitted demand self-schedules for April 25 and April 27 into SIBR using the application programming interface. Subsequently, due to changes in generating unit availability for April 25, Riverside needed to submit incremental changes to the MW amounts of the demand self-schedules for April 25 in order to ensure that the total self-scheduled MW amounts met or exceeded the ISO's demand forecast in order to satisfy the requirements of Section 31.5.2 of the ISO tariff. Riverside submitted those incremental changes, this time using the SIBR graphical user interface. Similarly, due to changes to the ISO's demand forecast for Riverside for April 27, Riverside submitted changes to its self-scheduled demand on April 26, again using the SIBR graphical user interface.

What Riverside did not realize at that time was that the submission of incremental changes using the SIBR graphical user interface would, at that time, require the user to re-submit all of the original demand self-schedules that Riverside had submitted on April 24 in order to preserve them. The fact that Riverside did not re-submit the original demand self-schedules using the SIBR graphical user interface in effect resulted in the deletion of all original self-

[7] The ISO's new market was implemented on March 31, 2009, for the day-ahead market for the April 1, 2009 trading day.

schedules that were not modified. The result was that only the incremental changes, but not the original demand self-schedules, were successfully submitted into SIBR.[8] Consequently, the MW amounts of Riverside's demand self-schedules for April 25 and 27 were significantly below both the ISO demand forecast as well as Riverside's actual metered demand for the trading hours on those dates.

If Riverside's actions were treated as a failure to comply with the MSS self-scheduling requirements for MSS operators that opt out of RUC procurement, Riverside would accrue a total of ten penalty points for April 25 and 27 pursuant to Section 31.5.2.2.2 of the ISO tariff. The ISO has objective evidence that the errors were inadvertent and were the result of the ISO systems issue described above. As explained by Mr. Garcia, Riverside provided the ISO with a spreadsheet showing for each hour on April 25 and April 27 the sum of the self-scheduled demand submitted by Riverside, both as submitted originally and as modified, as compared with the ISO's demand forecast for Riverside. The evidence is that the records of the original demand self-schedules submitted for April 25 and April 27 indicate that, if the original demand self-schedules had not been overridden by the incremental changes, the combination of the original self-schedules plus the incremental changes would have met or exceeded the ISO

[8] The fact that the submission of updates using the ISO's SIBR graphical user interface could effectively result in deletion of previously submitted self-schedules that were not re-submitted when the updates were made was discussed with ISO stakeholders in some meetings prior to start-up of the new ISO market. Nonetheless, the ISO concedes that the potential for confusion was significant and that this risk could present a "trap for the unwary." As the result of a modification to the SIBR systems in August 2009 that addressed a system variance, updates submitted using the SIBR graphical user interface no longer can result in inadvertent deletion of prior self-schedules.

demand forecast and thus satisfied the requirements of Section 31.5.2.2 of the ISO tariff.

Based on all the facts, the ISO believes that Riverside's submission of self-schedules satisfied the requirements of Section 31.5.2.2. Nonetheless, out of an excess of caution, the ISO is submitting the instant waiver request to confirm that it is appropriate not to assign Riverside penalty points for April 25 and April 27.

2. Vernon

The relevant facts are described in the Declaration of Efrain Sandoval, Resource Scheduler for Vernon, provided as Attachment B to this filing. On April 2, Vernon manually submitted demand self-schedules into SIBR for April 3 and 4. In doing so, however, Vernon inadvertently submitted import schedules for the hours ending 2000 and 2100, rather than for the hours ending 1900 and 2000 as Vernon had intended.[9] As explained by Mr. Sandoval, this error was the result of Vernon's manually entering data into the SIBR graphical user interface from a separate spreadsheet and Vernon's lack of knowledge of a feature of SIBR that would have allowed Vernon to confirm the accuracy of the entered data before the self-schedules were finalized. As a result, for the hour ending 1900 on both April 3 and April 4, Vernon's demand self-schedule was less than both the ISO demand forecast and Vernon's actual metered demand. Had Vernon succeeded in accomplishing what it had intended to accomplish, Vernon's demand self-schedules for these days would have met or exceeded the ISO demand forecast.

[9] The convention in the ISO tariff is to list "hours ending" in military time (*e.g.*, "the hour ending 1900" rather than "the hour ending 7:00 p.m."). This convention is also used in the instant filing.

Later in the month, Vernon manually submitted demand self-schedules into SIBR for April 21. Specifically, Vernon intended to submit an import schedule of 14 MW into SIBR for the hour ending 1100 through the hour ending 1700 on April 21, as identified on the separate spreadsheet used by Vernon as the source of Vernon's entries. However, in doing so, Vernon inadvertently failed to submit the import schedule accurately and therefore scheduled the 14 MW only from the hour ending 1100 through the hour ending 1500 but did not schedule the 14 MW for the hours ending 1600 and 1700, with the result that Vernon's demand self-schedule was less than the ISO demand forecast and Vernon's actual metered demand for both of those hours.

After the incident on April 21, Vernon contacted the ISO and learned that the process of submitting self-schedules can be checked and verified in SIBR using the "Ind Viewer" feature. Following this discussion between Vernon and the ISO, the types of inadvertent errors described above have not recurred.

If Vernon's actions in April were treated as a failure to comply with the MSS self-scheduling requirements for MSS operators that opt out of RUC procurement, Vernon would accrue a total of eleven penalty points for April 3, 4, and 21. The ISO has objective evidence indicating that the errors described above were inadvertent. The records for Vernon show that its demand self-schedules for those days – as set forth in its spreadsheets – would have been sufficient to avoid incurring any penalty points under Section 31.5.2.2.2 of the ISO tariff, if Vernon had accurately transferred its import schedules for the hours ending 1900 and 2000 rather than for the hours ending 2000 and 2100 on April 3 and 4 and if Vernon had accurately transferred its import schedule for April 21.

The ISO believes that, under the specific facts described above, the ISO has sufficient evidence that Vernon intended to and did undertake reasonable steps to satisfy the requirements of Section 31.5.2.2 of the ISO tariff and that the tariff provides sufficient flexibility for the ISO to elect not to assign penalty points in these circumstances. Nonetheless, out of an excess of caution, the ISO is submitting the instant waiver request to confirm that it is appropriate not to assign Vernon penalty points for April 3, 4, and 21.

III. Request for Waiver

The Commission has historically granted waiver requests where an emergency situation or an unintentional error was involved.[10] The Commission has further noted that it has not limited waivers to such circumstances. It has also granted waivers when good cause for a waiver of limited scope exists, the resultant benefits to customers are evident, and there are no undesirable consequences.[11]

Good cause exists in this case for granting waiver of the application of penalty points to Riverside and Vernon. As explained above, the ISO has

---

[10] *California Independent System Operator Corp.*, 118 FERC ¶ 61,226, at P 24 (2007), *citing ISO New England, Inc.*, 117 FERC ¶ 61,171, at P 21 (2006) (allowing a limited and temporary suspension of tariff provision to correct an error); *Great Lakes Gas Transmission Ltd. Partnership*, 102 FERC ¶ 61,331, at P 16 (2003) (granting emergency waiver involving force majeure event granted for good cause shown); and *TransColorado Gas Transmission Co.*, 102 FERC ¶ 61,330, at P 5 (2003) (granting waiver for good cause shown to address calculation in variance adjustment).

[11] *California Independent System Operator Corp.*, 118 FERC ¶ 61,226, at P 24*, citing California Independent System Operator Corp.*, 109 FERC ¶ 61,153, at P 28 (2003).

evidence that both Riverside and Vernon intended to submit demand self-schedules that would have objectively met or exceeded the ISO demand forecast. In addition, the ISO has evidence that all of the errors made by those MSS operators involved the mechanics of submitting demand self-schedules in the ISO's SIBR system, were unintentional, and involved features of the SIBR system with which those MSS operators were unfamiliar. In Riverside's case, the errors involved the unknown and counterintuitive fact that prior bid submissions would be erased in SIBR when incremental bids were submitted through the graphical user interface. In Vernon's case, the errors involved the manual transfer of data from spreadsheets into SIBR combined with a lack of familiarity with the Ind Viewer feature, which allows scheduling coordinators to verify their submissions. The evidence thus indicates that Riverside and Vernon were attempting to meet the ISO demand forecast in accordance with Section 31.5.2 and its subsections, but that there were issues associated with submitting their self-schedules attributable either to software features that have since been modified or a lack of familiarity with certain checks built into the ISO's systems. The ISO also believes it is highly significant that all of these events occurred during the first month of the new market design. The ISO cautions other market participants that they should not assume that a lack of familiarity with ISO software features will be the basis for ISO waiver requests in the future.

Granting waiver in this case will not permit Riverside and Vernon to reap any undeserved benefits from intentional actions, but rather will protect Riverside and Vernon from the adverse consequences of incurring penalty points in the unique circumstances described above. Requiring Riverside to accrue ten and Vernon to accrue eleven penalty points would push those MSSs halfway or more toward being obligated to take part in the RUC procurement process. That result would be inequitable given the nature of the errors and the circumstances under which they occurred.

Moreover, the requested waiver is very limited in scope. It only applies to a handful of errors committed by just two MSSs in the first month of operations under the ISO's new market. These errors have not recurred and the ISO has every reason to believe they will not happen again. Now that the ISO's new market has been in operation for over six months, the ISO fully expects that all MSSs have a full understanding of the requirements of Section 31.5.2 and the mechanics of meeting those requirements and are well-positioned to manage the risk of incurring penalties in the future.

Further, granting the requested waiver will produce no undesirable consequences for, nor be unduly discriminatory to, any market participant. No market participant will be harmed by relieving Riverside and Vernon from the penalty points discussed above. This is because the ISO's review of the real-time prices for the affected hours on the affected days shows that the self-scheduling errors by Riverside and Vernon did not alter any market outcomes in the relevant hours. Real-time prices during all hours of April 25 were similar across the load aggregation points ("LAPs") of Southern California Edison Company ("SCE") and San Diego Gas & Electric Company ("SDG&E") and across Riverside's custom LAP. Those prices were within the approximate range of -$30/MWh to $500/MWh, with very few intervals approaching $500/MWh. On April 27, prices at these LAPs exceeded $500/MWh in only one five-minute interval (interval 8) of the hour ending 600 and two five-minute intervals (intervals 8 and 12) of the hour ending 700. However, there is nothing to suggest that Riverside's error caused these five-minute interval price spikes, and prices spiked at the SCE and SDG&E LAPs as well as at Riverside's custom LAP. Moreover, one or two five-minute price spikes within a given hour have little impact on the hourly locational marginal price ("LMP") and even less impact on the market as a whole.

Five-minute interval real-time prices on April 3 and 4 were also similar across the SCE and SDG&E LAPs and Vernon's custom LAP for the hour ending 2000, with prices falling within the approximate range of -$30/MWh to $500/MWh and very few intervals approaching $500/MWh. Similarly, five-minute interval real-time prices for April 21 for the hour ending 1700 were within the approximate range of -$30/MWh to $500/MWh, with very few intervals approaching $500/MWh. Real-time prices for the hour ending 1600 on April 21, however, were high during all twelve five-minute intervals, with many intervals priced between $500/MWh and $1500/MWh. These real-time prices were high at both the SCE and SDG&E LAPs as well as at Vernon's custom LAP. The ISO has no reason to believe that Vernon's failure to self-schedule a mere 14 MW of demand for two hours on April 21 caused these high prices across such a broad region. Moreover, for the hours ending 1200 (interval 6), 1400 (intervals 4-8 and 10), 1500 (all intervals except 11), 1800 (interval 1), 2000 (intervals 10, 11, and 12) and 2100 (intervals 1 and 2) on April 21, five-minute interval prices were within the range of $500/MWh to $1500/MWh, and Vernon demand was not underscheduled during those intervals. Accordingly, the ISO is satisfied that Vernon's actions did not affect market prices.

Further, there are no other MSSs that have opted out of the RUC procurement process that accrued penalty points during April. Therefore, it is not the case that granting the requested waiver will benefit Riverside and Vernon while failing to extend the same benefit to any other MSSs that made similar errors.

The facts amply show that the limited waiver of Section 31.5.2.2.2 discussed herein is necessary and appropriate under Commission precedent, assuming that a tariff waiver is required to avoid the assignment of penalty points to Riverside and Vernon in these circumstances.

IV. Request for Expedited Commission Order

Without the relief requested in this filing, both Riverside and Vernon will have accrued ten penalty points or more in the first month of the new ISO market, halfway or more toward the twenty penalty points in a twelve-month period which would obligate them to opt into the RUC procurement process. Because there is at least a theoretical potential that other self-scheduling issues could arise in the near future which would result in additional and justified MSS penalty points, the ISO believes it is appropriate to grant the relief requested herein on an expedited basis. As such, the ISO respectfully requests a Commission order on this waiver request by November 19, 2009, forty-five days after the date of this filing. If the Commission considers it necessary to establish a shortened comment period in order to facilitate a Commission order by November 19, the ISO requests such a comment period.

V. Service

The ISO has served copies of this filing upon the California Public Utilities Commission, the California Energy Commission, and all parties with effective Scheduling Coordinator Service Agreements under the ISO tariff. In addition, the ISO has posted this filing on its website.

VI. Correspondence

The ISO requests that all correspondence, pleadings, and other communications concerning this filing be served upon the following:

Nancy Saracino
General Counsel
Sidney M. Davies*
Assistant General Counsel
The California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 351-4400
Fax: (916) 351-4436
E-mail: sdavies@caiso.com

Sean Atkins*
Bradley R. Miliauskas
Alston & Bird LLP
950 F Street, NW
Washington, DC 20004-1404
Tel: (202) 756-3300
Fax: (202) 654-4872
E-mail: sean.atkins@alston.com
bradley.miliauskas@alston.com

*Individuals designated for service pursuant to 18 C.F.R. § 203(b)(3).

VII. Conclusion

For the reasons discussed above, the ISO respectfully requests that the Commission grant the tariff waiver requested herein by November 19, 2009.

Respectfully submitted,

Bradley R. Miliauskas

Sean Atkins
Bradley R. Miliauskas
Alston & Bird LLP
950 F Street, NW
Washington, DC 20004

Nancy Saracino
General Counsel
Sidney M. Davies
Assistant General Counsel
The California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630

Dated: October 5, 2009

ATTACHMENT A

THE UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System Operator Corporation	))	**Docket No. ER09-____-000**

DECLARATION OF DANIEL E. GARCIA

I, Daniel E. Garcia, provide the following declaration in support of the proposal filed by the California Independent System Operator Corporation ("ISO") to waive application of penalty points under ISO Tariff Section 31.5.2.2.2 to the City of Riverside Public Utilities for the April 25, 2009 and April 27, 2009 Trade Dates.

1. My name is Daniel E. Garcia. I have more than twenty years of experience in electric utility operations. I have been employed with the Public Utilities Department of the City of Riverside, California ("Riverside") since July of 2007. My current position, which I have held since May of this year, is Market Operations Manager.

2. My job responsibilities include overseeing bilateral transactions and transactions in the ISO's Day-Ahead and Real-Time markets for Riverside. I am extremely familiar with the ISO's bidding and scheduling processes under the Market Redesign and Technology Upgrade ("MRTU") Tariff, which became effective on April 1, 2009.

3. I have investigated thoroughly the circumstances related to the submission of Demand Schedules by Riverside for the April 25th and April 27th Trade Dates. As described in greater detail below, Riverside submitted Day-Ahead Demand Schedules to the ISO for both days that equaled or exceeded, in every hour, the ISO's load forecasts for Riverside. For the reasons described below, it was necessary for Riverside to modify the schedules that originally were submitted on each of the days at issue, which Riverside did prior to the ISO's deadline for submission of Day-Ahead schedules. When Riverside submitted the modified schedules for the hours in which modifications were necessary, however, the ISO's Scheduling Infrastructure Business Rules ("SIBR") user interface did not retain the previously submitted schedules that Riverside had not modified, resulting in apparent underscheduling of Demand by Riverside. The paragraphs that follow describe in greater detail the events that occurred on each day.

4. As background, Riverside submits two types of Demand schedules. Like other Scheduling Coordinators, Riverside submits Self-Scheduled Demand. The ISO Tariff does not require Self-Scheduled Demand to be balanced with schedules for delivery of resources. However, until the end of 2010, Riverside has Converted Rights ("CVRs") associated with the transmission entitlements it has committed to the ISO's Operational Control that allow it to hedge against congestion costs pursuant to Section 11.2.1.5 of the ISO Tariff. To utilize the CVR hedge, Riverside must submit balanced schedules for Demand and resources. Riverside

therefore submits Self-Scheduled ETC ("Existing Transmission Contract") Demand that is balanced with the schedules that Riverside submits for delivery of resources using its CVRs.

5. On April 24, 2009, the Riverside Day-Ahead Schedulers uploaded Self-Scheduled Demand and Self-Scheduled ETC Demand as Application Programming Interface ("API") files from the Position Manager program into the ISO's SIBR system for the April 25th Trade Date. In each hour for the April 25th Trade Date, the sum of Riverside's Self-Scheduled Demand and Self-Scheduled ETC Demand as submitted equaled or exceeded the ISO's posted forecast of Riverside's Demand. After Riverside had submitted its Day-Ahead schedules for the April 25th Trade Date on April 24th, Riverside learned that its Intermountain Power Plant ("IPP") resource had been derated from 136 MW to 67 MW. To reflect the change in availability of the IPP resource and to maintain the Demand/resource balance for its CVR schedules, Riverside adjusted its Day-Ahead Self-Scheduled ETC Demand prior to the 10:00 a.m. scheduling deadline for the April 25th Trade Date using the SIBR graphical user interface. When Riverside submitted the adjusted Self-Scheduled ETC Demand using the SIBR graphical user interface, the ISO's system erased all Self-Scheduled (*i.e.*, non-ETC) Demand that Riverside previously had submitted via API that was not modified with the SIBR user interface, resulting in an apparent shortfall in Riverside's total Demand schedules. If the ISO's system had retained the unrevised portion of the schedules that Riverside submitted, Riverside's Scheduled Demand would have equaled or exceeded the ISO's Demand forecast for Riverside in every hour of the Trade Date.

6. Riverside's Day-Ahead Schedulers also uploaded Day-Ahead schedules for the April 27th Trade Date on April 24th, consistent with Riverside's practice to submit Day-Ahead schedules for Monday Trade Dates on the preceding Friday. This practice is common for utilities in the Western region. The original schedules for the April 27th Trade Date also were submitted as API files from the Position Manager program into SIBR. In each hour for the April 27th Trade Date, the sum of Riverside's Self-Scheduled Demand and Self-Scheduled ETC Demand as submitted equaled or exceeded the ISO's forecast of Riverside's Demand as of the time that the schedules were submitted on April 24th. On April 26th, Riverside's Real-Time scheduler noticed that the ISO's Demand forecast for Riverside had changed for some hours and increased Riverside's Self-Scheduled Demand using the SIBR graphical user interface by the amounts necessary to match the changes in the ISO's Demand forecast. Again, when Riverside submitted the increases in the Self-Scheduled Demand to track the increases in the ISO's Demand forecast for some hours, the ISO's system erased the previously submitted Self-Scheduled ETC Demand and the Self-Scheduled Demand for hours that did not have changes, resulting in an apparent shortfall in Riverside's total Demand schedules. If the ISO's system had retained the Demand schedules that Riverside previously had submitted, Riverside's total Scheduled Demand would have equaled or exceeded the ISO's Demand forecast for Riverside in every hour of the April 27th Trade Date.

7. I prepared and forwarded to the ISO a spreadsheet showing for each hour on the April 25th and April 27th Trade Dates the sum of the Self-Scheduled Demand and Self-Scheduled ETC Demand submitted by Riverside, both as submitted originally and as modified for the reasons described above, as compared with the ISO's Demand forecast for Riverside. In each hour on those Trade Dates, the sum of the Demand schedules submitted by Riverside equaled or exceeded the ISO's forecast Demand for Riverside.

I affirm under penalty of perjury that the foregoing statements are true and correct to best of my knowledge, information, and belief.

Executed this 1st day of October, 2009.

Daniel E. Garcia

ATTACHMENT B

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System Operator Corporation	))	**Docket No. ER10-____-000**

DECLARATION OF MR. EFRAIN SANDOVAL

I, Mr. Efrain Sandoval, hereby provide my declaration in support of the petition filed by the California Independent System Operator Corporation ("ISO") for a limited waiver of the ISO Tariff provisions regarding the application of penalty points to the City of Vernon, California ("Vernon") for the April 3, April 4, and April 21 Trading Days.

1. I have eight years of experience in the utility industry. I began working for the City of Vernon on January 15, 2001. My current position is Resource Scheduler. I have held this position since April 16, 2006.

2. My current responsibilities include submitting Energy, Self-Schedule, and Demand Bids into the ISO Scheduling Infrastructure Business Rules ("SIBR") software system, submitting E-tags for import schedules used to meet Vernon's Demand, and download market results at the close of the market. I am familiar with the bidding and scheduling processes under the ISO's new market design, which went into effect on March 31, 2009 for the April 1, 2009 Trading Day.

3. Vernon is a Metered Subsystem ("MSS") which made an annual election prior to the start of the ISO's new market to opt out of participation in the ISO's Residual Unit Commitment procurement process. As a result, I understand that Vernon is responsible for meeting the Supply

requirements for serving its Demand in accordance with Section 31.5.2.2 of the ISO Tariff. Vernon submits Hourly Demand Self-Schedules to the ISO in order to meet those Supply requirements. Vernon submits these Demand Self-Schedules using the graphical user interface for the ISO's SIBR software program.

4. I have thoroughly analyzed the circumstances of Vernon's submission of Demand Self-Schedules for the April 3, 4, and 21 Trading Days. As I will explain, Vernon unintentionally made mechanical errors in submitting its Demand Self-Schedules on those Trading Days. If not for those mechanical errors, Vernon would have complied with ISO Tariff MSS scheduling requirements on those days and would not potentially be subject to penalty points pursuant to Section 31.5.2.2.2 of the ISO Tariff. Vernon has taken measures to prevent such errors from happening again.

5. Vernon manually submitted Demand Self-Schedules to the ISO for the April 3 and April 4 Trading Days on April 2. However, in doing so, Vernon submitted import schedules for the hour ending ("HE") 2000 and HE 2100, instead of for HE 1900 and HE 2000 as Vernon had intended. This error occurred solely because Vernon accidentally transcribed data from the wrong two lines (the lines containing data for HE 2000 and HE 2100) of a separate spreadsheet into the SIBR graphical user interface. Consequently, for HE 1900 on both April 3 and April 4, Vernon's Demand Self-Schedule was less than both the ISO Demand Forecast for Vernon and Vernon's actual metered Demand.

6. Vernon manually submitted a Demand Self-Schedule to the ISO for the April 21 Trading Day on April 20. Vernon intended to submit a 14 MW import schedule for HE 1100 through HE 1700. When manually transferring data from the separate spreadsheet into SIBR, Vernon inadvertently failed to copy the 14 MW schedule through HE 1700 and instead scheduled the 14 MW import only from HE 1100 through HE 1500. As a result, for both HE 1600 and HE 1700, Vernon's Demand Self-Schedule was less than both the ISO Demand Forecast for Vernon and Vernon's actual metered Demand.

7. My subsequent examination of the records of Vernon's Demand Self-Schedules indicated that, if Vernon had not made these errors at the time it submitted its Demand Self-Schedules for the April 3, 4, and 21 Trading Days, the MW amounts of Vernon's Demand Self-Schedules would have been large enough to permit Vernon to avoid being assessed any penalty points on those Trading Days pursuant to Section 31.5.2.2.2 of the ISO Tariff.

8. Vernon was unaware that it was making these errors at the time it submitted the Demand Self-Schedules for the April 3, 4, and 21 Trading Days. Following the incident on April 21, Vernon contacted its ISO customer representative to gain an understanding of how it could prevent such errors in the future. The customer representative explained that the process of submitting Demand Self-Schedules can be checked and verified in SIBR, prior to the finalization of the Demand Self-Schedules, using the "Ind Viewer" feature. Vernon was then unfamiliar with the Ind Viewer feature but has since used that feature routinely in submitting Demand Self-Schedules. Since then Vernon has been able to verify all Demand Self-Schedule submittals, to

prevent errors like those that occurred on the April 3, 4, and 21 Trading Days from happening again.

I affirm under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

Mr. Efrain Sandoval

Executed this 2nd day of October, 2009.

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing documents upon each of the entities listed in the attached documents as receiving service, 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 5th day of October, 2009.

Cayden Jenness BRM

Cayden Jenness