

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**California Independent System Operator Corporation) Docket No. ER11-4733-000
Corporation)**

**ANSWER OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

On September 30, 2011, the California Independent System Operator Corporation (“ISO”) submitted a proposed tariff amendment that will exempt scheduling coordinators for two categories of qualifying facilities from the requirement in ISO Tariff Section 40.9.5 to report outages to the ISO for purposes of the standard capacity product availability determination.¹ The exemptions apply to scheduling coordinators for the QFs that provide resource adequacy capacity (“QF-RA Resources”) under an existing agreement for regulatory must-take generation that either (i) is exempt from the application of non-availability charges and availability incentive payments pursuant to Tariff Sections 40.9.2(2) or 40.9.2(3), or (ii) was executed prior to the August 22, 2010 deadline for grandfathering under Tariff Section 40.9.2(2), and remains in effect pursuant to California Public Utilities Commission Decision 07-09-040 that extended the term of expiring contracts until such time as the new contracts resulting from that decision are available.² The proposed exemptions will end for each resource when its

¹ The ISO is also sometimes referred to as the CAISO. Capitalized terms not otherwise defined herein have the same meaning as set forth in the Master Definitions Supplement, Appendix A, to the currently effective ISO Tariff. References in this filing to section numbers are references to sections of the ISO Tariff, and references to appendices are references to appendices of the ISO Tariff, unless the context indicates otherwise.

² *Order Instituting Rulemaking to Promote Policy and Program Coordination and Integration in Electric Utility Resources Planning, et al.*, Decision 0709-040 (September 20, 2007).

existing agreement for regulatory must-take generation terminates, the agreement is no longer grandfathered or eligible for exemption, or if requested by the scheduling coordinator.

Pursuant to the Commission's Combined Notice of Filing published on October 3, 2011, four entities submitted motions to intervene. In addition, there is one protest that supports the ISO's filing with certain changes to the proposed tariff language.³ The ISO does not object to the requested interventions filed in this proceeding.

I. ANSWER

In its protest, CAC/EPUC state that they support the ISO's filing, subject to a limited protest that suggests several changes to ISO proposed Tariff Sections 40.9.2(7) and 40.9.2(8). CAC/EPUC claims that the changes will clarify and more accurately reflect the intent of the ISO's proposal.

The ISO has reviewed CAC/EPUC's changes and does not agree that the suggested revisions to Section 40.9.2(7) are necessary. The ISO's proposed language in Section 40.9.2(7) provides for the exemption from the outage reporting requirements to end for each QF RA Resource in the circumstances where its contract terminates or is no longer eligible for exemption under Section 40.9.2(2) or 40.9.2(3), or if requested by the Scheduling Coordinator for the resource, whichever is earlier. The ISO believes that this language is clear and appropriately reflects the existing provisions in Section 40.9.2(2) and 40.9.2(3). CAC/EPUC's changes do not add clarity and are unnecessary.

³ Motions to intervene were filed by the City of Santa Clara and the M S R Public Power Agency, California Department of Water Resources State Water Project, Pacific Gas & Electric Company, and Southern California Edison Company. The protest was filed by the Cogeneration Association of California and Energy Producers and Users Coalition ("CAC/EPUC").

The ISO does agree to the minor modifications CAC/EPUC suggests to Section 40.9.2(8). If directed by the Commission, the ISO will in a compliance filing make the following revisions to that provision: (i) insert “from” between “resulting” and “that” so the phrase reads “new contracts resulting from that decision”; (ii) change “available,” to “available.”; and (iii) change “of” to “or” so the phrase reads “when its contract terminates or if requested”.

II. CONCLUSION

For the reasons discussed above, the ISO requests that the Commission accept the ISO’s proposed QF forced outage reporting exemption consistent with this answer.

Respectfully submitted,

By: /s/Beth Ann Burns

Nancy Saracino
General Counsel
Anthony Ivancovich
Assistant General Counsel
Beth Ann Burns
Senior Counsel
David S. Zlotlow
Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
Tel: (916) 608-7146
Fax: (916) 608-7296
bburns@caiso.com

Attorneys for the California Independent
System Operator Corporation

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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2011).

Dated at Folsom, California this 31st day of October, 2011.

Is/ Anna Pascuzzo
Anna Pascuzzo