

February 16, 2012

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

**Re: California Independent System Operator Corporation  
Docket Nos. ER11-2705-002**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d, and Part 35 of the regulations of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. Part 35, the California Independent System Operator Corporation (“ISO”) hereby submits this filing to comply with the Commission’s February 1, 2012 Order in this docket.<sup>1</sup> The February 1 Order, *inter alia*, denied in part and accepted in part the CAISO’s compliance filing concerning its revised transmission planning process (“RTPP”). This submission removes certain language from Sections 24.4.6.2 and 24.4.6.4 of the CAISO’s open access transmission tariff as directed by the Commission in that order.

**I. Introduction and Background**

In the February 1 Order, the Commission generally accepted the ISO’s proposed tariff revisions setting forth the criteria by which the CAISO will determine whether reliability-driven projects and projects to maintain the feasibility of long term CRRs provide additional economic or public policy benefits such that all transmission developers will have an opportunity to compete for the right to build and own the project. FERC rejected the ISO’s tariff language in Sections 24.4.6.2 and 24.4.6.4 to limit the applicability of the approved tariff revisions to projects eligible for cost recovery under CAISO’s high voltage transmission access charge (i.e., those of 200 kV and above) as beyond the scope of the compliance filing. FERC directed the ISO to submit a compliance filing within 15 days of the date of the order removing such language from Sections 24.4.6.2 and 24.4.6.4. FERC also accepted the ISO’s change to Section 24.5.2.3(b) to allow 120 days rather than 60 days for seeking siting approval in compliance with FERC’s directives in an October 20, 2011 order.

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<sup>1</sup> *Cal. Indep. Sys. Operator Corp.*, 138 FERC ¶ 61,975 (2012) (“February 1 Order”).

## II. Tariff Modifications

To comply with the February 1 Order, the ISO proposes to remove the following language from ISO Tariff Sections 24.3.6.2 and 24.4.6.4: "which is eligible for cost recovery under the CAISO's High Voltage Transmission Access Charge." Thus, Tariff Sections 24.6.4.2 and 24.4.6.4 no longer limit the applicability of the revisions adopted in the February 1 Order to those facilities eligible for cost recovery under the ISO's High Voltage Transmission Access Charge. Consistent with the February 1 Order, these tariff revisions will be effective December 2, 2011.

## III. Attachments

Attached hereto as Attachment A are clean tariff sheets containing the changes described in this transmittal letter. Attachment B contains the requisite blackline tariff sheets.

## IV. Conclusion

For the reasons set forth above, the CAISO respectfully requests that the Commission approve the tariff modifications as proposed herein.

Respectfully submitted,

**By: /s/Anthony J. Ivancovich**

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Dated: February 16, 2012

## **CERTIFICATE OF SERVICE**

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced proceedings, 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 16th day of February, 2012.

*Anna Pascuzzo*  
Anna Pascuzzo

**Attachment A - Clean Tariff**

**Revised Transmission Planning Process Compliance Filing**

**California Independent System Operator Corporation**

**Fifth Replacement FERC Electric Tariff**

**February 16, 2012**

#### **24.4.6.2**

#### **Reliability Driven Projects**

The CAISO, in coordination with each Participating TO with a PTO Service Territory will, as part of the Transmission Planning Process and consistent with the procedures set forth in the Business Practice Manual, identify the need for any transmission additions or upgrades required to ensure System Reliability consistent with all Applicable Reliability Criteria and CAISO Planning Standards. In making this determination, the CAISO, in coordination with each Participating TO with a PTO Service Territory and other Market Participants, shall consider lower cost alternatives to the construction of transmission additions or upgrades, such as acceleration or expansion of existing projects, Demand-side management, Remedial Action Schemes, appropriate Generation, interruptible Loads, storage facilities or reactive support. The CAISO shall direct each Participating TO with a PTO Service Area, as a registered Transmission Planner with NERC, to perform the necessary studies, based on the Unified Planning Assumptions and Study Plan and any applicable Interconnection Study, and in accordance with the Business Practice Manual, to determine the facilities needed to meet all Applicable Reliability Criteria and CAISO Planning Standards. The Participating TO with a PTO Service Area shall provide the CAISO and other Market Participants with all information relating to the studies performed under this Section, subject to any limitation provided in Section 20.2 or the applicable LGIP. The Participating TO with a PTO Service Territory in which the transmission upgrade or addition deemed needed under this Section 24 will have the responsibility to construct, own and finance, and maintain such transmission upgrade or addition. A reliability-driven upgrade or addition found to be needed pursuant to this section shall be subject to the provisions of Section 24.5 if such addition or upgrade also provides demonstrable economic or public policy benefits as described below. The CAISO will find that a needed reliability-driven transmission upgrade or addition also provides economic benefits if its economic benefits exceed ten (10) percent of its costs, consistent with the determination of costs and benefits for economically-driven projects under Section 24.4.6.7 and in accordance with the procedures set forth in the Business Practice Manual. The CAISO will assess whether a needed reliability-driven upgrade or addition also serves to meet state or federal policy requirements or directives as specified in the Study Plan for the current planning cycle, in accordance with the procedures and criteria set forth in Section 24.4.6.6 and the Business Practice Manual. If the CAISO finds that a needed reliability upgrade or addition also is

needed under Section 24.4.6.6, or eliminates or partially fills the need for a policy-driven transmission element found to be needed under Section 24.4.6.6, such addition or upgrade shall be subject to the provisions of Section 24.5.

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#### **24.4.6.4 Projects to Maintain the Feasibility of Long Term CRRs**

The CAISO is obligated to ensure the continuing feasibility of Long Term CRRs that are allocated by the CAISO over the length of their terms. In furtherance of this requirement the CAISO shall, as part of its annual Transmission Planning Process cycle, test and evaluate the simultaneous feasibility of allocated Long Term CRRs, including, but not limited to, when acting on the following types of projects: (a) planned or proposed transmission projects; (b) Generating Unit or transmission retirements; (c) Generating Unit interconnections; and (d) the interconnection of new Load. Pursuant to such evaluations, the CAISO shall identify the need for any transmission additions or upgrades required to ensure the continuing feasibility of allocated Long Term CRRs over the length of their terms and shall publish Congestion Data Summary along with the results of the CAISO technical studies. In assessing the need for transmission additions or upgrades to maintain the feasibility of allocated Long Term CRRs, the CAISO, in coordination with the Participating TOs and other Market Participants, shall consider lower cost alternatives to the construction of transmission additions or upgrades, such as acceleration or expansion of existing projects; Demand-side management; Remedial Action Schemes; constrained-on Generation; interruptible Loads; reactive support; or in cases where the infeasible Long Term CRRs involve a small magnitude of megawatts, ensuring against the risk of any potential revenue shortfall using the CRR Balancing Account and uplift mechanism in Section 11.2.4. As part of the CAISO's Transmission Planning Process, the Participating TOs and Market Participants shall provide the necessary assistance and information to the CAISO to allow it to assess and identify transmission additions or upgrades that may be necessary under Section 24.4.6.4. To the extent a transmission upgrade or addition is deemed needed to maintain the feasibility of allocated Long Term CRRs in accordance with this Section and included in the CAISO's annual Transmission Plan, the CAISO will designate the Participating TO(s) with a PTO Service Territory in which the transmission upgrade or addition is to be located as the Project Sponsor(s), responsible to construct, own and finance, and maintain such transmission upgrade or addition. An upgrade or addition

found to be needed pursuant to this section shall be subject to the provisions of Section 24.5 if such addition or upgrade also provides demonstrable economic or public policy benefits as described below. The CAISO will find that a transmission upgrade or addition needed to maintain the feasibility of allocated Long Term CRRs also provides economic benefits if its economic benefits exceed ten (10) percent of its costs, consistent with the determination of costs and benefits for economically-driven projects under Section 24.4.6.7 and in accordance with the procedures set forth in the Business Practice Manual. The CAISO will assess whether an upgrade or addition needed to maintain the feasibility of allocated Long Term CRRs also serves to meet state or federal policy requirements or directives as specified in the Study Plan for the current planning cycle, in accordance with the procedures and criteria set forth in Section 24.4.6.6 and the Business Practice Manual. If the CAISO finds that an upgrade or addition needed to maintain the feasibility of allocated Long Term CRRs also is needed under Section 24.4.6.6, or eliminates or partially fills the need for a policy-driven transmission element found to be needed under Section 24.4.6.6, such addition or upgrade shall be subject to the provisions of Section 24.5.

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**Attachment B - Marked Tariff**

**Revised Transmission Planning Process Compliance Filing**

**California Independent System Operator Corporation**

**Fifth Replacement FERC Electric Tariff**

**February 16, 2012**



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