

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

California Independent System)
Operator Corporation) Docket No. ER07-569-000

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

On April 2, 2007, the California Independent System Operator Corporation (“CAISO”) submitted for consideration by the Commission a request for leave to answer and answer to protests to, and comments on, the CAISO’s proposed “Load Scheduling Amendment” filed in the above-referenced docket. The Load Scheduling Amendment seeks to modify the scheduling and forecast submission requirements of the ISO Tariff in several respects, including reducing the minimum scheduling requirement during off-peak hours to 75 percent of each Scheduling Coordinator’s Demand Forecast and establishing specific exemptions to account for small or infrequent scheduling deviations below the scheduling requirements. The purpose of this supplement is to provide the Commission with additional information in response to Powerex’s March 16, 2007 Motion to Intervene and Limited Protest.

Powerex did not object to the Load Scheduling Amendment’s core provisions that relax the off-peak scheduling requirement from 95 to 75 percent. However, Powerex objected to the CAISO’s failure to augment the Load Scheduling Amendment with the repeal of the pay-as-bid rule for real-time energy imports or, alternatively, the posting of price and volume data at the interties after each operating hour. With regard to this latter

request, the CAISO currently publishes with a one-day lag weighted average prices for pre-dispatched energy for each of the major CAISO congestion zones net real-time energy dispatch volumes for each external congestion interface. In its answer, the CAISO noted that publishing data in accordance with Powerex's request would require significant changes to CAISO systems and processes and estimated the changes would "require two person-months of staff resources and two calendar months to implement." (CAISO Answer at 16.)

However, based on an additional assessment of its system capabilities, the CAISO now believes its answer grossly underestimated the effort needed to disseminate pre-dispatch intertie energy costs and volume data immediately after the operating hour. The reason is that the process to calculate expected energy actually runs the day after the trade date. Modifying this practice is complex and would likely take four to five months to complete, not the originally estimated two months. Consequently, Powerex's requested change could not be operational during the summer peak, would divert resources away from MRTU preparation, and would have an extremely brief effective lifespan of approximately five month.

Finally, it should be emphasized that nothing in the CAISO's answer was intended to suggest that Powerex, or any other market participant, is, or had been, unduly or improperly relying upon the market for off-peak decremental energy. The discussion in the CAISO's answer was merely intended to identify for the Commission the consequences of adopting Powerex's suggestions and the likely impacts on different segments of the California energy market. Indeed, the presence of buyers for off-peak

decremental energy has helped relieve the very operational concerns the Load Scheduling Amendment is intended to prevent.

The CAISO requests that the Commission accept this supplement to its answer and issue an order on the CAISO's proposed Load Scheduling Amendment.

Respectfully submitted,

/s/Grant Rosenblum

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Dated: April 23, 2007

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in the above-captioned proceeding, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California, on this 23rd day of April, 2007.

/s/Susan L. Montana

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An Employee of the California Independent System Operator Corporation