

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

Credit Reforms in)
Organized Wholesale Energy Markets)

Docket No. RM10-13-___

**MOTION OF
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
REQUESTING EXTENSION OF TIME TO SUBMIT COMPLIANCE FILING AND
SHORTENED COMMENT PERIOD**

Pursuant to Rule 212 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (the “Commission”), 18 C.F.R. § 385.212 (2011), the California Independent System Operator Corporation (“CAISO”) hereby moves for an extension of time – until July 17, 2012 – to submit filings to comply with the requirement specified in Section 35.41(d) of the Final Rule¹ issued in this proceeding pursuant to Order No. 741² regarding the ability of regional transmission organizations and independent system operators to enhance their ability to offset market obligations in bankruptcy.

CAISO respectfully requests that the Commission shorten the period for filing answers to this motion – so that answers are due on or before April 27, 2012 – in order to facilitate a prompt ruling by the Commission by the current compliance deadline of April 30, 2012. This additional time is necessary to permit CAISO to complete its stakeholder process for becoming a central counterparty.

¹ The Final Rule is reflected in Subpart J of 18 C.F.R. Part 35 (2011).

² See *Credit Reforms in Organized Wholesale Electric Markets*, Order No. 741, 133 FERC ¶ 61,060 (2010), *on reh’g*, Order No. 741-A, 134 FERC ¶ 61,126 (2011) (“Order No. 741” and “Order No. 741-A,” respectively), *on reh’g*, Order No. 741-B, 135 FERC ¶ 61,242 (2011).

I. BACKGROUND

In Order No. 741, the Commission directed RTOs and ISOs to submit compliance filings reflecting the tariff changes necessary to implement credit reforms required by the Final Rule on or before June 30, 2011. In Order No. 741-A, the Commission extended the date for filing the tariff revisions necessary to comply with Section 35.41(d) of the Final Rule to September 30, 2011. Section 35.41(d) requires ISOs and RTOs to file tariff revisions that:

Establish a single counterparty to all market participant transactions, or require each market participant in an organized wholesale electric market to grant a security interest to the organized wholesale electric market in the receivables of its transactions, or provide another method of supporting netting that provides a similar level of protection to the market and is approved by the Commission. In the alternative, the organized wholesale electric market shall not net market participants' transactions and must establish credit based on market participants' gross obligations.

On August 15, 2011, ISO New England Inc. ("ISO-NE"), CAISO, and NYISO filed a motion jointly requesting an extension of time to submit their filings to comply with Section 35.41(d) of the Final Rule in order to address issues related to their tax-exempt status.³ In response, the Commission extended the September 30, 2011 compliance filing deadline to January 31, 2012.⁴ In January 2012, CAISO and NYISO jointly sought a further extension, until April 30, 2012, in order to conclude their work with state tax authorities. In separate motions, ISO-NE and MISO also sought extensions to April 30, 2012.⁵

In this filing, for the reasons explained below, CAISO respectfully requests that the Commission extend its April 30, 2012 compliance filing deadline in this proceeding to July 17, 2012.

³ See *Joint Motion of ISO New England Inc., California Independent System Operator Corporation and New York Independent System Operator Requesting Extension of Time to Submit Compliance Filing*, Docket No. RM10-13-000 (August 15, 2011).

⁴ See *Notice of Extension of Time*, Docket No. RM10-13-000 (September 13, 2011).

⁵ See *Notice of Extension of Time*, Docket No. RM10-13-000 (January 24, 2012).

II. MOTION FOR EXTENSION OF TIME

CAISO held its initial stakeholder meeting about compliance with Order No. 741 on February 2, 2011. Stakeholder comments following that meeting expressed a clear preference for the central counterparty approach and, since then, CAISO staff has been focused on how to implement it properly. As noted in previous filings, the major part of this work has involved addressing tax-related issues, including preservation of CAISO's federal and state tax-exempt status, but also a range of other tax issues, with the goal of ensuring that the change would not trigger unnecessary costs that would have to be passed on to stakeholders.

In its filing of January 13, 2012, CAISO expressed its expectation that it would be in a position to complete its stakeholder process by April 30. At that point, it believed that it had resolved all tax-related issues other than the pending request regarding tax-exempt status. However, in its preparations to resume the stakeholder process, CAISO was advised that additional tax issues, beyond those identified initially, should be resolved. The ISO now has a plan for resolving those issues and a schedule for completing its stakeholder process to become a central counterparty. This stakeholder process will also propose modifications to inter-SC trades in order to ensure compliance with Dodd-Frank.

The schedule for the stakeholder process will be:

- The ISO will publish its straw proposal to become a central counterparty on May 1.
- The ISO will hold a stakeholder call on Tuesday May 8.
- Written comments on this straw proposal will be due May 15.
- The ISO will publish a final proposal, together with draft tariff language by May 22.
- The ISO will hold a call to discuss both the on the policy aspects of the final proposal and the draft tariff language on June 5.

- Comments will be due on the policy aspects of the final proposal and the draft tariff language on June 12.
- The ISO will publish revised tariff language on June 19.
- A call to discuss the revised tariff language will be held on July 3
- Comments on the revised tariff language will be due on July 10.

III. CONCLUSION

For the foregoing reasons, CAISO requests that the Commission extend its compliance filing deadline on this issue until July 17, 2012.

Respectfully submitted,

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