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February 2, 2006

The Honorable Magalie Roman Salas  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: California Independent System Operator Corporation  
Docket No. ER05-1501-000**

Dear Secretary Salas:

Enclosed for electronic filing in the above-referenced docket please find the Errata to the California Independent System Operator Corporation's ("CAISO") January 13, 2006 Comments on the December 7, 2005 Technical Conference addressing the CAISO's Simplified and Reorganized Tariff ("S&R Tariff").

Thank you for your assistance in this matter.

Respectfully submitted,

/s/

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/s/

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

**California Independent System )  
Operator Corporation )**

**Docket No. ER05-1501-000**

**ERRATA TO THE COMMENTS OF THE  
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (“CAISO”) submits this Errata to the CAISO’s January 13, 2006 Comments on the December 7, 2005 Technical Conference addressing the CAISO Simplified and Reorganized Tariff (“S&R Tariff”).

As explained in the CAISO’s comments, in response to concerns expressed by intervenors at the December 2005 technical conference, the CAISO agreed to remove the word “technical” from Section 8.5.4(f). This change was inadvertently deleted from the *pro forma* tariff sheets in Attachment A to the January 13, 2005 filing. Attachment A to this Errata filing contains both a blacklined and clean Section 8.5.4(f) to reflect the suggested deletion.

In addition, Pacific Gas & Electric Company (“PG&E”) requests that the Commission include the following additional sentence in its order on the S&R Tariff: “The S&R Tariff shall in no way alter the rights and responsibilities of the CAISO or any market participant.” The CAISO does not object to this addition.

The CAISO would like to reiterate its appreciation for the intervenors’ detailed review of the S&R Tariff and its commitment to a continued clean up effort. To that end, although the CAISO anticipates that the forthcoming Market Redesign and Technology Upgrade (“MRTU”) Tariff docket will be strictly for MRTU Tariff issues, the CAISO will then turn to addressing many of the issues parties brought to the CAISO’s attention that

were beyond the scope of the simplification and reorganization effort. The CAISO continues to welcome any additional suggestions in this regard.

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated for service on the Secretary's official service list in the above-captioned proceeding.

Dated at Folsom, California on this 2<sup>nd</sup> day of February, 2006.

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Sidney Mannheim Davies  
Counsel for the California Independent System  
Operator Corporation

**ATTACHMENT A**

**ATTACHMENT A.1**

**BLACKLINED SECTION 8.5.4**

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#### 8.5.4 Bid Evaluation Rules.

Bid evaluation shall be based on the following principles:

- (a) the ISO shall not differentiate between bidders other than through price and capability to provide the service, and the required locational mix of services;
- (b) to minimize the costs to users of the ISO Controlled Grid, the ISO shall select the bidders with lowest bids for capacity which meet its technical requirements, including location and operating capability;
- (c) for the Day-Ahead Market, the Day-Ahead bids shall be evaluated independently for each of the 24 Settlement Periods of the following Trading Day;
- (d) for the Hour-Ahead Market, the ISO shall evaluate bids in the two hours preceding the hour of operation;
- (e) the ISO will procure sufficient Ancillary Services in the Day-Ahead Market to meet its forecasted requirements, as known at the close of the Day-Ahead Market, except that the ISO may elect to procure a portion of such requirements in the Hour-Ahead Markets if the ISO first provides notice to Scheduling Coordinators of such action, including the approximate hourly megawatt amounts of each Ancillary Service that it intends to procure in the Hour-Ahead Markets;
- (f) the ISO will (to the extent available) procure sufficient Ancillary Services to meet its **technical** requirements; and
- (g) the ISO will evaluate and price only those Ancillary Services bids received.

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**ATTACHMENT A.2**  
**CLEAN SECTION 8.5.4**

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#### **8.5.4 Bid Evaluation Rules.**

Bid evaluation shall be based on the following principles:

- (a) the ISO shall not differentiate between bidders other than through price and capability to provide the service, and the required locational mix of services;
- (b) to minimize the costs to users of the ISO Controlled Grid, the ISO shall select the bidders with lowest bids for capacity which meet its technical requirements, including location and operating capability;
- (c) for the Day-Ahead Market, the Day-Ahead bids shall be evaluated independently for each of the 24 Settlement Periods of the following Trading Day;
- (d) for the Hour-Ahead Market, the ISO shall evaluate bids in the two hours preceding the hour of operation;
- (e) the ISO will procure sufficient Ancillary Services in the Day-Ahead Market to meet its forecasted requirements, as known at the close of the Day-Ahead Market, except that the ISO may elect to procure a portion of such requirements in the Hour-Ahead Markets if the ISO first provides notice to Scheduling Coordinators of such action, including the approximate hourly megawatt amounts of each Ancillary Service that it intends to procure in the Hour-Ahead Markets;
- (f) the ISO will (to the extent available) procure sufficient Ancillary Services to meet its requirements;  
and
- (g) the ISO will evaluate and price only those Ancillary Services bids received.

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