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January 29, 2007

The Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: California Independent System Operator Corporation;
Docket No. ER07-142-000**

**Compliance Filing re Tariff Modifications to Address the
Export of Energy from Participating Intermittent Resource
Program ("PIRP") Resources.**

Dear Secretary Salas:

The California Independent System Operator Corporation ("CAISO") hereby submits an original and five copies of a filing in compliance with the "Order Accepting Tariff Revisions, Subject to Modification," *California Independent System Operator Corp.*, 117 FERC ¶ 61,356 (2006), issued by the Federal Energy Regulatory Commission ("Commission") in the above-captioned docket on December 29, 2006 ("PIRP Order"). Two extra copies of this filing are also enclosed. Please stamp these copies with the date and time filed and return them to the messenger.

I. BACKGROUND

On November 1, 2006, the CAISO proposed amendments to its tariff that would modify how costs associated with Energy¹ exported from the CAISO Control Area by resources in the Participating Intermittent Resources Program ("PIRP") are assigned. PIRP recognizes the distinctive operating characteristics of intermittent resources by providing a process for forecasting and scheduling Energy and, significantly, settling deviations between a PIRP resource's scheduled and actual metered Energy. As a result of the settlement treatment accorded PIRP resources when PIRP Energy is exported, CAISO Scheduling

¹ Capitalized terms not otherwise defined herein are used in the sense given in the Master Definitions Supplement, Appendix A to the CAISO Tariff.

Coordinators with Net Negative Uninstructed Deviations nevertheless pay for the majority of the PIRP facility's settlement benefits. However, CAISO internal customers do not receive an equivalent proportion of the benefits from the exporting PIRP resource. Accordingly, the CAISO's proposed amendments were intended to mitigate this cost shifting inequity through application of a new Participating Intermittent Resource Export Fee ("Export Fee") that operates to properly assign the second category of deviation-related charges to those who benefit from the exported Energy.

On December 29, 2006, the Commission issued its PIRP Order accepting the proposed Export Fee amendments for filing, subject to modification. The PIRP Order required the CAISO to submit a compliance filing within 30 days of the PIRP Order reflecting the required modifications, discussed below.

II. CONTENTS OF FILING

This filing consists of the following:

- This transmittal letter,
- Attachment A – PIRP Export Fee Blacklined Tariff Sheets, and
- Attachment B – PIRP Export Fee Clean Tariff Sheets.

III. COMMUNICATIONS

Communications regarding this filing should be addressed to the following individuals, whose names should be placed on the official service list established by the Secretary with respect to this submittal:

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IV. DESCRIPTION OF MODIFICATIONS

The PIRP Order directed the CAISO to submit modifications to its original Export Fee Tariff revisions in two general areas.

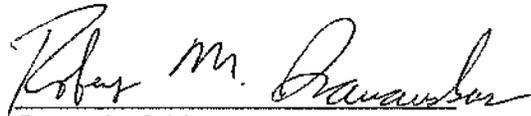
The first area addresses two drafting errors identified by Southern California Edison Company ("SCE") and acknowledged by the CAISO. PIRP Order at P 19. Specifically, changes have been made to the definition of "Export Percentage," which is set forth in proposed ISO Tariff Appendix A and EIRP 5.3.2. The change modifies the definition by adding the bold language as follows: "as the ratio of the Participating Intermittent Resource's Pmax in the ISO Master File **minus the MW** subject to an exemption under EIRP 5.3.2 on a MW basis to the Participating Intermittent Resource's Pmax in the ISO Master File." The example calculation in EIRP 5.3.2 has also been corrected by changing "60 MW" to "40 MW."

The second set of changes addresses the PIRP Order's directive that the CAISO "specify in detail the costs (i.e., the charges types avoided by PIRP resources) that will be used to calculate the export fee." PIRP Order at P 20. The CAISO has done this by listing the specific charge types in the description of "Participating Intermittent Resources Export Fee" included in Appendix F, Schedule 4 of the ISO Tariff.

V. CONCLUSION

For the reasons set forth above, the CAISO respectfully requests that the Commission accept the Tariff provisions as revised in compliance with the Commission's PIRP Order.

Respectfully submitted,



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Attachment A - PIRP Compliance Filing Clean Sheets

Energy Export For purposes of calculating the Grid Management Charge, Energy included in an interchange Schedule submitted to the ISO, or dispatched by the ISO, to serve a Load located outside the ISO's Control Area, whether the Energy is produced by a Generator in the ISO Control Area or a resource located outside the ISO's Control Area.

Entitlements The right of a Participating TO obtained through contract or other means to use another entity's transmission facilities for the transmission of Energy.

Environmental Dispatch Dispatch designed to meet the requirements of air quality and other environmental legislation and environmental agencies having authority or jurisdiction over the ISO.

Estimated Aggregate Liability The sum of a Market Participant's or FTR Bidder's known and reasonably estimated potential liabilities for a specified time period arising from charges described in the ISO Tariff, as provided for in Section 12 of the ISO Tariff.

Export Percentage Export Percentage will be calculated for each Participating Intermittent Resource as the ratio of the Participating Intermittent Resource's Pmax in the ISO Master File minus the MW subject to an exemption under EIRP 5.3.2 on a MW basis to the Participating Intermittent Resource's Pmax in the ISO Master File.

Exporting Participating Intermittent Resource A Participating Intermittent Resource with Export Percentage greater than zero (0).

Ex Post GMM GMM that is calculated utilizing the real-time Power Flow Model in accordance with Section 27.2.1.2.1.2.

Ex Post Price The Hourly Ex Post Price, the Dispatch Interval Ex Post Price, the Resource-Specific Settlement Interval Ex Post Price, or the Zonal Settlement Interval Ex Post Price.

Ex Post Transmission Loss Transmission Loss that is calculated based on Ex Post GMM.

Loss

Existing Contracts The contracts which grant transmission service rights in existence on the ISO Operations Date (including any contracts entered into pursuant to such contracts) as may be amended in accordance with their terms or by agreement between the parties thereto from time to time.

ISO TARIFF APPENDIX F
Schedule 4

Participating Intermittent Resources Forecasting Fee

A charge up to \$.10 per MWh shall be assessed on the metered Energy from Participating Intermittent Resources. The amount of the charge shall be specified in the ISO Tariff.

Participating Intermittent Resources Process Fee

A Process Fee charge shall be assessed, for each calendar quarter, to each Exporting Participating Intermittent Resource that exported Energy in the quarter. On an annualized basis, the aggregate quarterly charges shall total to \$10,000. The charge is not volumetric, and shall be calculated as follows:

$$(\$10,000/4)/N = \$\text{quarterly charge}$$

N = number of Participating Intermittent Resources exporting Energy in the quarter

Participating Intermittent Resources Export Fee

A Participating Intermittent Resources Export Fee shall be assessed to Exporting Participating Intermittent Resources each calendar quarter. The Participating Intermittent Resources Export Fee shall be calculated as the product of (1) the sum of all settlement costs avoided by Participating Intermittent Resources for the preceding calendar quarter, or portion thereof, consisting of Charge Types 1597 [FERC Must-offer Obligation Capacity Payment System Allocation], 1697 [Tier 1 MLCC Allocation for System Needs], 1797 [Tier 1 MLCC Allocation of Resource Adequacy for System Needs], 1897 [Tier 1 MLCC Allocation of RCST for System Needs], and 4487 [Allocation of Excess Cost for Instructed Energy], but excluding charges for Uninstructed Energy associated with Charge Type 4407 and Transmission Loss Obligation associated with Charge Type 4450, (2) by the ratio of the total MW/h generated by an Exporting Participating Intermittent Resource during the calendar quarter, or portion thereof (based on metered output), by the total MW/h generated by all Participating Intermittent Resources during the calendar quarter, or portion thereof (based on metered output), and (3) by the percentage of the Exporting Participating Intermittent Resource's capacity deemed exporting under EIRP 5.3 or Export Percentage.

Participating Intermittent Resources Export Fee per Participating Intermittent Resource =

Program Costs x (MW/h individual Participating Intermittent Resource/MW/h all Participating Intermittent Resources) x Export Percentage

The exemption will apply to any extension of the current contract through an evergreen or other existing extension provision. The exemption terminates upon termination of the contract. Should any Participating Intermittent Resource subject to this exemption increase its Pmax set forth in the ISO's Master File by modification under EIRP 2.4.2, the exemption will continue to apply only to Energy generated up to the contract quantity unless the Participating Intermittent Resource demonstrates a basis for exemption under this subsection (c) for the expanded capacity.

EIRP 5.3.2 Participating Intermittent Resource Export Percentage

Based on the information required in EIRP 2.2.5 and application of the exemptions to the Participating Intermittent Resource Export Fee in EIRP 5.3.2, the ISO will determine an "Export Percentage" for each Participating Intermittent Resource that will be calculated as the ratio of the Participating Intermittent Resource's Pmax in the ISO Master File minus the MW, subject to an exemption under EIRP 5.3.2 on a MW basis to the Participating Intermittent Resource's Pmax in the ISO Master File. For example, a Participating Intermittent Resource with a Pmax of 100 MW and a contract with an ISO Control Area load serving entity for 40 MW would have an export percentage of $(100-40)/100 = 60\%$. A Participating Intermittent Resource with Export Percentage greater than zero (0) will be deemed an Exporting Participant Intermittent Resource. The ISO will notify the Participating Intermittent Resource and its Scheduling Coordinator of the facility's Export Percentage. Any dispute regarding the ISO's determination of Export Percentage shall be subject to the dispute resolution procedures under Section 13 of the ISO Tariff.

EIRP 5.3.3 Quarterly Application of Participating Intermittent Resource Export Fee

Each quarter the ISO will charge Exporting Participating Intermittent Resources the Participating Intermittent Resource Export Fee, as set forth in Schedule 4 of Appendix F.

EIRP 5.3.4 Allocation of Credit for Participating Intermittent Resource Export Fees Received

Payments received by the ISO from application of the Participating Intermittent Export Fee in accordance with EIRP 5.3 shall be allocated as a credit on a quarterly basis to Scheduling Coordinators with Net Negative Uninstructed Deviations in proportion to the amount of Net Negative Uninstructed Deviations that each Scheduling Coordinator was assessed for Participating Intermittent Resources settlement charges for ISO Charge Type 721 during the prior quarter.

EIRP 5.3.5 Recording of Exemptions and Notice of Termination

The ISO will record any exemption period ending date, if applicable, for each Participating Intermittent Resource. At the conclusion of the exemption period, the ISO will notify the Scheduling Coordinator for the Participating Intermittent Resource that the facility is no longer exempt from the Participating Intermittent Resource Export Fee.

EIRP 5.3.6 Annual Confirmation

On December 31 of each calendar year, each Participating Intermittent Resource shall confirm in the form posted on the ISO Homepage, signed by an officer of the Participating Intermittent Resource, that the operations of the Participating Intermittent Resource are consistent with any certification(s) provided to the ISO under EIRP 2.2.5.

Attachment B - PIRP Compliance Filing Blacklines

Export Percentage

Export Percentage will be calculated for each Participating Intermittent Resource as the ratio of the Participating Intermittent Resource's Pmax in the ISO Master File minus the MW subject to an exemption under EIRP 5.3.2 on a MW basis to the Participating Intermittent Resource's Pmax in the ISO Master File.

**ISO TARIFF APPENDIX F
Schedule 4**

Participating Intermittent Resources Forecasting Fee

A charge up to \$.10 per MWh shall be assessed on the metered Energy from Participating Intermittent Resources. The amount of the charge shall be specified in the ISO Tariff. [Blue=existing S&R Tariff language]

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A Process Fee charge shall be assessed, for each calendar quarter, to each Exporting Participating Intermittent Resource that exported Energy in the quarter. On an annualized basis, the aggregate quarterly charges shall total to \$10,000. The charge is not volumetric, and shall be calculated as follows:

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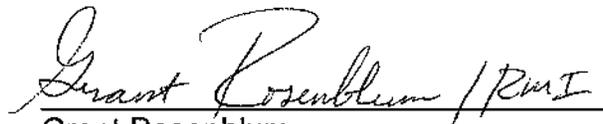
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Certificate of Service

I hereby certify that I have this day served a copy of this document upon all parties listed on the official service list compiled by the Secretary in the above-captioned 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 this 29th day of January, 2007 at Folsom in the State of California.


Grant Rosenblum