



California Independent
System Operator Corporation

June 21, 2010

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. ER09-1064-003 and ER09-1064-004
Compliance Filing**

Dear Secretary Bose:

The California Independent System Operator Corporation (ISO) hereby submits this filing in compliance with the Order on Compliance Filing issued by the Federal Energy Regulatory Commission (Commission or FERC) on May 20, 2010.¹

Two additional copies of this filing are enclosed. Please stamp these copies with the date and time filed and return them to the messenger.

I. Background

On April 28, 2009, the ISO filed proposed modifications to the ISO Tariff to adopt a Resource Adequacy (RA) Standard Capacity Product (SCP) and an ancillary services must-offer obligation for RA resources.²

By Order dated June 26, 2009,³ the Commission conditionally accepted in part and rejected in part the ISO's proposed tariff modifications. Overall, the Commission approved the proposals, subject to requiring certain revisions to the SCP provisions, and other clarifications to the SCP tariff language that the ISO agreed to make. The Commission directed the ISO to make the tariff modifications consistent with the directives of the June 26 Order in a compliance filing to be submitted within 45 days of the date of that order.

On August 10, 2009, the ISO submitted its compliance filing to comply with the

¹ *California Indep. Sys. Operator Corp.*, 131 FERC ¶ 61,148 (2010) ("May 20 Order").

² Capitalized terms not otherwise defined herein have the same meaning as set forth in the ISO Tariff, Appendix A, Master Definitions Supplement.

³ *California Indep. Sys. Operator Corp.*, 127 FERC ¶ 61,298 (2009) ("June 26 Order").

requirements of the June 26 Order.

In the May 20 Order, the Commission accepted the ISO's August 10 compliance filing, subject to the tariff modifications discussed below. The Commission directed the ISO to submit the required tariff modifications 30 days of the date of the order.

II. Summary of Tariff Modifications

In the May 20 Order, the Commission directed the ISO to modify the calculation of SCP non-availability charges contained in the tariff so that it: (1) eliminates the second portion of the formula proposed by the ISO that would apply when available capacity falls below a resource's minimum operating value and retains only the first portion of the formula that should be revised to apply across all levels of availability, including zero; and (2) produces a megawatt value rather than a percentage value for the availability level.

In this compliance filing, the ISO amends Tariff Section 40.9.6.1, Determination of Resource Adequacy Capacity Subject to Non-Availability Charge, to effectuate these two required changes. The ISO respectfully requests that the Commission accept the tariff modifications as complying with the directive in the May 20 Order.

III. Materials Provided in the Instant Compliance Filing

The following documents, in addition to this transmittal letter, support the instant filing:

Attachment A	Clean sheets incorporating the red-lined changes contained in Attachment B
Attachment B	Red-lined changes to the Tariff to implement the revisions contained in this filing

IV. Effective Date

The ISO requests that the Commission approve the tariff modifications as submitted in this compliance filing to be effective on January 1, 2010. That was the date on which Tariff Section 40.9.6.1 and the other SCP provisions originally became effective, and SCP was implemented, in accordance with the June 26 Order. Authorization of January 1, 2010 as the effective date for the tariff modifications is necessary in order for the ISO to make the settlements adjustments that result from the Commission-ordered change to the formula for calculating the SCP non-availability charges. Use of that effective date will allow the ISO to identify all of the non-availability charges assessed since SCP implementation that were based on the portion of the formula being eliminated through these tariff modifications, recalculate those non-availability charges using the revised formula proposed herein, and adjust for any changes to the amounts of those non-availability charges and the distribution of related

availability incentive payments through the normal settlements process.

V. Conclusion

The ISO respectfully requests that the Commission accept the instant filing as complying with the directives of the May 20 Order and approve the tariff modifications to be effective on January 1, 2010.

Respectfully submitted,



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Attorneys for the California Independent
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Dated June 21, 2010

Attachment A – Clean Sheets
Standard Capacity Product Compliance Filing
ER09-1064-___
Fourth Replacement CAISO Tariff
June 21, 2010

40.9.6.1 Determination of Resource Adequacy Capacity Subject to Non-Availability Charge.

The amount of Resource Adequacy Capacity of a Resource Adequacy Resource subject to the Non-Availability Charge will be determined as follows:

- (1) A Resource Adequacy Resource with actual availability calculated in accordance with Section 40.9.4.2 that is less than the Availability Standard minus the tolerance band of two and a half percent (2.5%) for a given month will have the Non-Availability Charge assessed to that portion of its non-exempt Resource Adequacy Capacity determined in accordance with the following formula:

$$P = \max\{0, RA*(S - .025 - X/100)\}$$

Where:

- P = The RA Resource's RA Capacity subject to Non-Availability Charge
- S = Monthly Availability Standard as a fraction, so that $0 < S < 1.0$
- RA = The RA Resource's RA Capacity (MW) as designated in its Supply Plan, less any exempt capacity
- X = The mean of the RA Resource's hourly available RC Capacity over all Availability Assessment Hours of the month (MW).

Attachment B - Blacklines
Standard Capacity Product Compliance Filing
ER09-1064-___
Fourth Replacement CAISO Tariff
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40.9.6.1 Determination of Resource Adequacy Capacity Subject to Non-Availability Charge.

The amount of Resource Adequacy Capacity of a Resource Adequacy Resource subject to the Non-Availability Charge will be determined as follows:

- (1) A Resource Adequacy Resource with actual availability calculated in accordance with Section 40.9.4.2 that is less than the Availability Standard minus the tolerance band of two and a half percent (2.5%) for a given month will have the Non-Availability Charge assessed to that portion of its non-exempt Resource Adequacy Capacity determined in accordance with the following formula:

~~If the value of X satisfies $RA \cdot (S - .025) > X \geq P_{Min}$, then~~

$$~~P = RA \cdot (S - .025) - X~~$$

~~If the value of X satisfies $P_{Min} \geq X \geq 0$, then~~

$$~~P = RA - (X/P_{Min}) \cdot [RA \cdot (1 - (S - .025))] + P_{Min}~~$$

$$~~P = \max\{0, RA \cdot (S - .025 - X/100)\}~~$$

Where:

P = The RA Resource's RA Capacity subject to Non-Availability Charge

S = Monthly Availability Standard as a fraction, so that $0 < S < 1.0$

RA = The RA Resource's RA Capacity (MW) as designated in its Supply Plan, less any exempt capacity

X = The mean of the RA Resource's hourly available RC Capacity over all Availability Assessment Hours of the month (MW), ~~monthly-calculated RA availability calculated in accordance with Section 40.9.4.2 (MW)~~

~~P_{min} = The RA Resource's Master File minimum operating limit (MW)~~

- (2) No Non-Availability Charge will be applied when a Resource Adequacy Resource's actual availability, calculated in accordance with Section 40.9.4.2 for a given month, is equal to or greater than the Availability Standard less two and a half percent (2.5%).

- (3) Any Forced Outage, non-ambient de-rate, or temperature-related ambient de-rates of a resource that the CAISO has accepted as a substitute for a Resource Adequacy Resource in accordance with Section 40.9.4.2.1 will be applied in calculating the availability of the Resource Adequacy Resource for which it is substituting.

* * *

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service lists for 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 Washington, DC this 21st day of June, 2010.

Daniel A. Klein