



March 22, 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. OA08-62-002
OA08-62-003
OA08-62-004**

Dear Secretary Bose:

The California Independent System Operator Corporation (“ISO”)¹ hereby submits this filing to comply with the Commission’s January 21, 2010 Order conditionally accepting the ISO’s July 20, 2009 compliance filing and requiring a further compliance filing in this docket (“January 21 Order”).² This submission sets forth revisions to the ISO’s open access transmission tariff as directed by the Commission in that order.

I. Introduction and Background

On February 16, 2007, the Commission issued Order No. 890³, in which it required transmission providers to implement a coordinated, open, and transparent transmission planning process that satisfies nine planning principles.⁴ The ISO made its compliance filing on December 21, 2007 regarding the transmission planning elements of Order No. 890, in which it proposed revisions to the ISO tariff and Business Practice Manual for Transmission Planning (BPM).

By order dated June 19, 2008, the Commission accepted the ISO’s December 21, 2007 compliance filing subject to a further compliance filing.⁵ The Commission

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the CAISO Tariff, and in the instant compliance filing.

² *California Independent System Operator Corp.*, 130 FERC ¶ 61,048 (2010).

³ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 Fed. Reg. 12,266 (Mar. 15, 2007), FERC Stats. & Regs., ¶ 31,241 (2007), *order on reh’g and clarification*, Order No. 890-A, 73 Fed. Reg. 2,984 (Jan. 16, 2008), FERC Stats. & Regs., Regs. Preambles ¶ 31,261 (2007); *order on reh’g and clarification*, Order No. 890-B, 73 Fed. Reg. 39,092 (July 8, 2008), 123 FERC ¶ 61,299 (2008), *order on reh’g*, Order No. 890-C, 126 ¶ 61,228 (2009).

⁴ Order No. 890 at PP 435-437.

⁵ *California Independent System Operator Corp.*, 123 FERC ¶ 61,283 (2008), (“June 19 Order”).

found that the ISO had adequately addressed the information exchange and cost allocation principles, but that certain remaining principles, as well as local planning activities, required further clarification. After conferring with its stakeholders with respect to the issues raised in the June 19 Order, the ISO submitted changes to the tariff and BPM in the compliance filing that was amended on November 3, 2008.

In the May 21 Order⁶, the Commission denied rehearing requests filed by California State Water Project and Imperial Irrigation District, and accepted the November 3 compliance filing, subject to an additional compliance filing to address certain discrete issues, including: 1) modification to Section 20.4(e); 2) clarification to Section 24.2.3; 3) correction of typographical errors; and 4) clarification as to the minimum time periods between transmission planning process milestones requested by the Bay Area Municipal Group. The ISO submitted proposed tariff changes responding to these issues with its July 20, 2009 compliance filing.

With respect to the milestone clarification issues raised by the Bay Area Municipal Group, the ISO identified three major milestones in the transmission planning process: 1) developing and posting the unified planning assumptions and study plan; 2) posting the ISO's technical study results; and 3) posting the draft annual transmission plan. The ISO proposed tariff language providing for a minimum period of 120 days between each milestone, and also clarifying the time periods for stakeholder review and comment on the milestone documents posted by the ISO.

Bay Area Municipal Group took issue with the ISO's proposed tariff language, arguing, among other things, that there should be additional transmission planning process milestones and minimum time periods added to the tariff. In the January 21 Order, the Commission agreed in part with the Bay Area Municipal Group and directed the ISO to submit proposed tariff language identifying a fourth and fifth milestone, and minimum time periods between these milestones. This tariff language is described below.

II. Proposed Tariff Modifications

A. Identification of a New Third Major Milestone and Minimum Time Period between Second and Third Milestones.

The Commission agreed with the ISO that the second major milestone in the transmission planning process is the posting of the ISO technical study results. However, the Commission agreed with Bay Area Municipal Group that the third major milestone should be submission of technical study results and proposed reliability projects by participating transmission owners. The transmission planning process, as described in both the tariff and the BPM, currently provides that participating

⁶ *California Independent System Operator Corp.*, 127 FERC ¶ 61,172 (2009), ("May 21 Order").

transmission owners will submit the results of technical studies directed by the ISO, as well as reliability upgrades and additions proposed as mitigation solutions, within 30 days after the second milestone. Current tariff section 24.2.2.1, however, states that the participating transmission owners (or other third parties) would submit their study results within 30 days after the ISO posts its study results, but does not specifically address the submission of proposed reliability projects. Bay Area Municipal Group requested that the tariff be clarified to provide that both the participating transmission owner technical study results and reliability projects must be submitted with 30 days of the second milestone, making this submission the third major milestone in the process.

Commission agreed with the Bay Area Municipal Group that this third milestone should be identified in the tariff, and also that 30 days between the second and third milestones was a reasonable minimum period.⁷ Accordingly, the ISO proposes to add language to tariff section 24.2.2.1(a) clarifying that both technical study results and proposed reliability projects must be submitted within 30 days after the ISO posts its technical study results.

B. Identification of Fourth and Fifth Major Milestones and Minimum Time Periods between the Third, Fourth and Fifth Milestones.

1. The Fourth Major Milestone

The Commission agreed with the Bay Area Municipal Group that the request window closing date should be identified in the tariff as the fourth major transmission planning process milestone, along with a minimum period between the third and fourth major milestones. According to the BPM, the request window is open from August 15 through November 30, the ISO posts its technical studies on September 15, and the participating transmission owners submit technical study results on October 15. The Commission found this six week time period (October 15-November 30) to be a reasonable minimum time between the third and fourth milestones.⁸

Pursuant to this directive, the ISO has proposed language to tariff section 24.2.3 that established a minimum of six weeks between the submission of reliability projects by participating transmission owners and the request window closing.

2. The Fifth Major Milestone

The Bay Area Municipal Group did not take issue with the ISO's proposed last major milestone, *i.e.*, posting the draft annual transmission plan. With the addition of new third and fourth major milestones, this activity has become the fifth transmission

⁷ January 21 Order, paragraphs 24-28.

⁸ *Id.*, paragraphs 30-36.

planning process milestone. The Bay Area Municipal Group suggested a six week minimum time period between the fourth and fifth milestones, and the Commission found this time period to be consistent with the approximate BPM dates for posting the draft transmission plan. The ISO has proposed language for section 24.2.4(a) that establishes a minimum six week period between the closing of the request window and the posting of the draft annual transmission plan.

C. Miscellaneous Clarifying Language.

In response to a concern raised by the Bay Area Municipal Group, the Commission directed the ISO to clarify the use of the terms “technical studies” and “technical assessments” in sections 24.2.2.1 and 24.2.4. The ISO has proposed to eliminate the word “assessments” in those sections and substitute “studies.”

III. CONCLUSION

For the reasons state above, the CAISO respectfully requests that the Commission approve this compliance Filing.

Respectfully submitted,

/s/ Judith B. Sanders

Nancy Saracino
Vice President, General Counsel and
Corporate Secretary
Anthony J. Ivancovich
Assistant General Counsel - Regulatory
Judith B. Sanders, Senior Counsel
California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 351-4400
Fax: (916) 608-7222

Attachment A – Clean Sheets
Order 890 Compliance filing
Fourth Replacement CAISO Tariff
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Assumptions and Study Plan. Additional meetings, web conferences, or teleconferences may be scheduled as needed. All stakeholder meetings, web conferences, or teleconferences shall be noticed by Market Notice and such notice shall be posted to the CAISO Website.

- (d) Following the public conference(s) required by Section 24.2.1.3(c), and under the schedule set forth in the Business Practice Manual, the CAISO will determine and publish to the CAISO Website the final Unified Planning Assumptions and Study Plan in accordance with the procedures set forth in the Business Practice Manual.

24.2.2 Technical Studies.

24.2.2.1 Performance of Technical Studies

- (a) In accordance with the Unified Planning Assumptions and Study Plan, and the procedures and deadlines in the Business Practice Manual, the CAISO will perform, or direct the performance by third parties of, technical studies necessary for the Transmission Plan and Transmission Planning Process. The CAISO technical studies will include a Congestion Data Summary, as further described in the Business Practice Manual. According to the detailed schedule set forth in the Business Practice Manual, the CAISO will post the preliminary results of its technical studies and proposed mitigation solutions on the CAISO Website. The CAISO's technical study results and mitigation solutions shall be posted not less than 120 days after the final Unified Planning Assumptions and Study Plan are published. Within one month after the posting

of these results, Participating TOs or other third parties will submit the results of the technical studies conducted at the direction of the CAISO to be posted to the CAISO Website, as well as proposed reliability projects and mitigation solutions. Subsequently, the CAISO will conduct a minimum of one public conference that provides an opportunity for comments on the preliminary results and mitigation proposals. Additional public meetings, web conferences, or

24.2.3 Request Window.

All requests for Economic Planning Studies and transmission upgrades or additions must be submitted by Participating TOs, Market Participants, CPUC, CEC, or Project Sponsors through the Request Window, in accordance with Section 24 and the Business Practice Manual, to be considered for inclusion in the annual Transmission Plan. The Request Window will occur in the year prior to the year in which the Transmission Plan is prepared. The duration of the Request Window will be set forth in the Business Practice Manual; provided, however, that the Request Window will not close earlier than six weeks after participating TOs have submitted reliability projects and mitigation solutions that respond to the CAISO technical studies or technical studies conducted at the direction of the CAISO. All proposals submitted through the Request Window must use the forms and satisfy the information and technical requirements set forth in the Business Practice Manual. Proposals for transmission additions or upgrades must be within or connect to the CAISO Balancing Authority Area or CAISO Controlled Grid and proposals for Economic Planning Studies must be intended to promote competition or economic efficiency of serving Load within the CAISO Balancing Authority Area, but may relate to Congestion relief or transmission capacity expansion outside the CAISO Balancing Authority Area. The following proposals will only be considered for inclusion in the Transmission Plan if proposed during the Request Window:

- (a) Economic transmission upgrades or additions proposed under Section 24.1.1;
- (b) Location Constrained Resource Interconnection Facilities under Section 24.1.3 not identified by the CAISO as part of Interconnection Studies performed under the LGIP set forth in Appendix U or Appendix Y;

designated as High Priority Economic Planning Studies at their own expense and may submit such studies for consideration in the development of the Transmission Plan when the CAISO provides notice of the public meeting regarding technical study results pursuant to Section 24.2.2.1.(a).

24.2.4 Development and Approval of Transmission Plan.

- (a) In accordance with the schedule and procedures in the Business Practice Manual, but not less than 120 days after the results of the CAISO's technical studies are posted and not less than six weeks after the Request window closes, the CAISO will post a draft Transmission Plan. The CAISO will subsequently conduct a public conference regarding the draft Transmission Plan and solicit comments, consistent with the timelines and procedures set forth in the Business Practice Manual. Additional meetings, web conferences, or teleconferences may be scheduled as needed. All stakeholder meetings, web conferences, or teleconferences shall be noticed by Market Notice and such notice shall be posted to the CAISO Website. After consideration of comments, the CAISO will post a final Transmission Plan to the CAISO Website.
- (b) The draft and final Transmission Plan may include, but is not limited to: (1) the results of technical studies performed under the Study Plan; (2) determinations, recommendations, and justifications for the need, according to Section 24.1, for identified transmission upgrades and additions; (3) assessments of transmission upgrades and additions submitted as alternatives to the potential solutions to transmission needs identified by the CAISO and studied during the Transmission Planning Process cycle; (4) results of Economic Planning Studies performed during the Transmission Planning Process cycle; (5) an update on the status of transmission upgrades or additions previously approved by the CAISO, including identification of mitigation plans, if necessary, to address any potential delay in the anticipated completion of an approved transmission upgrade or addition; and (6) to the extent available, the results of Interconnection Studies.

Attachment B - Blacklines
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24.2.2 Technical Studies.

24.2.2.1 Performance of Technical Studies

- (a) In accordance with the Unified Planning Assumptions and Study Plan, and the procedures and deadlines in the Business Practice Manual, the CAISO will perform, or direct the performance by third parties of, technical studies ~~and other assessments~~ necessary for the Transmission Plan and Transmission Planning Process. The CAISO technical studies will include a Congestion Data Summary, as further described in the Business Practice Manual. According to the detailed schedule set forth in the Business Practice Manual, the CAISO will post the preliminary results of its technical studies and proposed mitigation solutions on the CAISO Website. The CAISO's technical study results and mitigation solutions shall be posted not less than 120 days after the final Unified Planning Assumptions and Study Plan are published. Within one month after the posting of these results, Participating TOs or other third parties will submit the results of the technical ~~studies assessments~~ conducted at the direction of the CAISO to be posted to the CAISO Website, as well as proposed reliability projects and mitigation solutions. Subsequently, the CAISO will conduct a minimum of one public conference that provides an opportunity for comments on the preliminary results and mitigation proposals. Additional public meetings, web conferences, or teleconferences may be scheduled as needed. All meetings, web conferences, or teleconferences shall be noticed by Market Notice and shall be posted to the CAISO Website.

24.2.3 Request Window.

All requests for Economic Planning Studies and transmission upgrades or additions must be submitted by Participating TOs, Market Participants, CPUC, CEC, or Project Sponsors through

the Request Window, in accordance with Section 24 and the Business Practice Manual, to be considered for inclusion in the annual Transmission Plan. The Request Window will occur in the year prior to the year in which the Transmission Plan is prepared. The duration of the Request Window will be set forth in the Business Practice Manual: provided, however, that the Request Window will not close earlier than six weeks after participating TOs have submitted reliability projects and mitigation solutions that respond to the CAISO technical studies or technical studies conducted at the direction of the CAISO and will occur in the year prior to the year in which the Transmission Plan is prepared. All proposals submitted through the Request Window must use the forms and satisfy the information and technical requirements set forth in the Business Practice Manual. Proposals for transmission additions or upgrades must be within or connect to the CAISO Balancing Authority Area or CAISO Controlled Grid and proposals for Economic Planning Studies must be intended to promote competition or economic efficiency of serving Load within the CAISO Balancing Authority Area, but may relate to Congestion relief or transmission capacity expansion outside the CAISO Balancing Authority Area. The following proposals will only be considered for inclusion in the Transmission Plan if proposed during the Request Window:

- (a) Economic transmission upgrades or additions proposed under Section 24.1.1;
- (b) Location Constrained Resource Interconnection Facilities under Section 24.1.3 not identified by the CAISO as part of Interconnection Studies performed under the LGIP set forth in Appendix U or Appendix Y;
- (c) Demand response programs that are proposed for inclusion in the base case or assumptions for the Transmission Plan or as alternatives to transmission additions or upgrades;
- (d) Generation projects that are proposed as solutions to Congestion identified in previously published Economic Planning Studies, for inclusion in long-term planning studies, or as alternatives to transmission additions or upgrades; and

- (e) Requests for Economic Planning Studies; and
- (f) Reliability-driven projects described in Section 24.1.2.

* * *

24.2.4 Development and Approval of Transmission Plan.

- (a) In accordance with the schedule and procedures in the Business Practice Manual, but not less than 120 days after the results of the CAISO's technical studiesassessments are posted and not less than six weeks after the Request window closes, the CAISO will post a draft Transmission Plan. The CAISO will subsequently conduct a public conference regarding the draft Transmission Plan and solicit comments, consistent with the timelines and procedures set forth in the Business Practice Manual. Additional meetings, web conferences, or teleconferences may be scheduled as needed. All stakeholder meetings, web conferences, or teleconferences shall be noticed by Market Notice and such notice shall be posted to the CAISO Website. After consideration of comments, the CAISO will post a final Transmission Plan to the CAISO Website.
- (b) The draft and final Transmission Plan may include, but is not limited to:
 - (1) the results of technical studies performed under the Study Plan;
 - (2) determinations, recommendations, and justifications for the need, according to Section 24.1, for identified transmission upgrades and additions;
 - (3) assessments of transmission upgrades and additions submitted as alternatives to the potential solutions to transmission needs identified by the CAISO and studied during the Transmission Planning Process cycle;
 - (4) results of Economic Planning Studies performed during the Transmission Planning Process cycle;
 - (5) an update on the status of transmission upgrades or additions previously approved by the CAISO, including identification of mitigation plans, if necessary, to

address any potential delay in the anticipated completion of an approved transmission upgrade or addition; and (6) to the extent available, the results of Interconnection Studies.

- (c) Transmission upgrades or additions that are Large Projects will be subject to a separate study and public participation process. The study and public participation process for Large Projects may encompass more than one Transmission Planning Process cycle. Large Projects will be identified in the Transmission Plan for each cycle but will be presented to the CAISO Governing Board for approval in accordance with the study and public participation schedule established for that project.
- (d) Transmission upgrades or additions with capital costs of less than \$50 million that do not require approval by the CAISO Governing Board will be identified in the Transmission Plan but will be separately approved by CAISO management according to the procedures in the Business Practice Manual.
- (e) Other projects requiring CAISO Governing Board approval will be identified in the Transmission Plan but will be submitted for approval in accordance with the project timeline in accordance with the procedures in the Business Practice Manual.

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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above-referenced proceeding, 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, D.C. this 22nd day of March, 2010.

/s/ Rafael Lopez

Rafael Lopez
Paralegal
Alston & Bird LLP