

Coordinator on behalf of all eligible Market Participants that it represents. Subsequent to the disposition, the Scheduling Coordinator is responsible for distributing the amounts to the eligible Market Participants in proportion to their share of the GMC paid by the Scheduling Coordinator on their behalf.

The CAISO is seeking approval of the distribution of the proceeds of \$7,496 (\$7,000 in principal and \$496 in interest) from penalties assessed for calendar year 2006 and \$2,977,362 (\$2,951,443 in principal and \$25,919 in interest) from penalties assessed for calendar year 2007. Because section 37.4.9 uses the term “assessed . . . during the calendar year,” the CAISO used the applicable Trading Day of the Settlement Statement on which the penalty was invoiced to determine the relevant calendar year. It should be noted that the magnitude of the proceeds in 2007 is due to penalties for self-reported meter reading errors, which, under section 37.11, result in a charge equal to 30% of the estimated value of the Energy. The breakdown of penalties is as follows:

2006 Calendar Year Penalties

| Tariff Section | Number of Violations | Amount |
|---|-----------------------------|----------------|
| 37.6 Provide Information Required by ISO Tariff | | |
| 37.6.1 Required Information Generally | 2 | \$1,000 |
| 37.6.3 Audit Materials | 1 | \$6,000 |
| | | <u>\$7,000</u> |

2007 Calendar Year Penalties

| Tariff Section | Number of Violations | Amount |
|---|-----------------------------|--------------------|
| 37.6 Provide Information Required by ISO Tariff | | |
| 37.6.1 Required Information Generally | 15 | \$9,000 |
| 37.6.3 Audit Materials | 1 | \$1,000 |
| 37.5 Provide Factually Accurate Information | | |
| 37.5.2 Inaccurate Meter Data | 3 | \$2,941,446 |
| | | <u>\$2,951,446</u> |

As contemplated by section 37.9.4, the CAISO has contacted each Scheduling Coordinator that was assessed a penalty during calendar years 2006 and 2007 to determine each Market Participant served under the Scheduling Coordinator ID and the amount of GMC paid by each such Market Participant. During that process, no Scheduling Coordinator challenged the determination of eligible Market Participants. Using the data, the CAISO calculated the allocation of penalty proceeds under the methodology set forth in section 3.9.4. The results of that calculation are included in Attachment 1.

The CAISO is requesting that Attachment 1 be afforded confidential treatment under 18 C.F.R. § 388.112. Public disclosure of the information would allow parties to determine which Market Participants were assessed penalties. Under section 3.9.3.1 of the CAISO Tariff, the CAISO has discretion whether to publicly identify Market Participants that are assessed penalties. In this instance, the CAISO has decided not to disclose the identities because of the violations were either minor (late submission of required information) or without malicious intent and self-reported to the CAISO (errors in meter data). Disclosing the identities of the sanctioned Market Participants could potentially cause harm to those Market Participants that is in excess of the severity of the violations. In a similar situation, the Commission declined to require ISO-New England to disclose the identities of those assessed monetary sanctions and permitted confidential treatment of the information by directing its inclusion in quarterly reports filed under 18 C.F.R. § 388.112.¹ The CAISO originally included the requirement in 39.9.4 that FERC approve the allocations in case there was a dispute regarding “eligible Market Participants” because CAISO does not necessarily have a contractual arrangement with

¹ New England Power Pool, 85 FERC ¶61,379 at 62,471 (1998).

“Market Participants,” only Scheduling Coordinators. There is no such dispute in the allocation of these year’s amounts.

II. CORRESPONDENCE AND MARKET NOTICE

The CAISO requests that all correspondence, pleadings and other communications concerning this filing be served upon the following:

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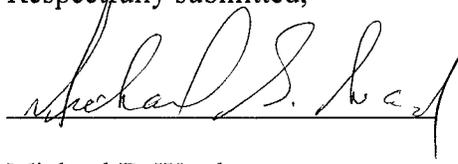
*Individuals designated for service pursuant to 18 C.F.R. § 203(b)(3).

Because this matter may be of interest to all Scheduling Coordinators, the CAISO will issue a market notice of this filing.

III. CONCLUSION

Accordingly, the CAISO requests that the Commission approve the disposition of proceeds described in Attachment 1 and provide confidential treatment of Attachment 1 under 18 C.F.R. § 388.112.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael E. Ward", written over a horizontal line.

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**ATTORNEYS FOR
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Attachment 1

**[ATTACHMENT CONSISTS OF PRIVILEGED MATERIAL REDACTED
PURSUANT TO 18 C.F.R. 388.112]**