



April 11, 2008

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: California Independent System Operator Corporation,
Docket Nos. ER08-____-000
Resource Adequacy Import Allocation Provisions

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C § 824d, and Section 35.15 of the regulations of the Federal Energy Regulatory Commission ("Commission"), 18 C.F.R. § 35.15, the California Independent System Operator Corporation ("CAISO") respectfully submits for filing an original and five copies of proposed amendments to Section 40.5.2.2.1 of the currently effective ISO Tariff.¹ Section 40.5.2.2.1, which addresses the CAISO's allocation of import capacity for resource adequacy compliance purposes, was submitted as part of the Interim Reliability Requirements Program ("IRRP"). The IRRP will be superseded by the resource adequacy related provisions of the CAISO's Market Redesign and Technology Upgrade ("MRTU"). It was anticipated that the substantively equivalent MRTU provisions would replace Section 40.5.2.2.1 for conducting the import capacity allocation process for the 2009 Resource Adequacy Compliance Year,² which commences in July 2008. However, because the "go live" date for MRTU has been rescheduled to fall 2008, the CAISO must revise date references in Section 40.5.2.2.1 to extend the CAISO's ability to allocate import capacity in July 2008 for the 2009 Resource Adequacy Compliance Year. Thus, the enclosed amendments do not represent any substantive changes to the import capacity allocation process.³

I. BACKGROUND

A. Procedural History

On May 12, 2006, the Commission issued an order accepting, with modifications, proposed tariff revisions filed by the CAISO to establish the IRRP.⁴ The IRRP included provisions regarding the

¹ The CAISO also tenders two additional copies of the amendments to be time and date stamped and returned to our courier.

² Capitalized terms have the meaning set forth in Appendix A, Master Definitions Supplement, to the ISO Tariff.

³ Two options exist to fill the gap addressed by the amendments: (1) revise existing Section 40.5.2.2.1 or (2) seek early effectiveness of Section 40.4.6.2.1 of the MRTU Tariff. The CAISO has elected the first option because Section 40.5.2.2.1 has already been accepted by the Commission and because it specifically sets forth CAISO deadlines, consistent with Commission preferences prior to the effective date of the MRTU Business Practice Manuals.

⁴ *California Independent System Operator Corporation*, 115 FERC ¶ 61,172 (May 12, 2006).

allocation of import capacity to facilitate the state's resource adequacy programs and was intended to remain in effect until superseded by the implementation of MRTU. The IRRP provisions on import capacity allocation built upon provisions filed earlier by the CAISO as part of its original February 9, 2006 MRTU Tariff filing. In its order conditionally accepting the CAISO's MRTU Tariff, the Commission, at the CAISO's request, directed that a technical conference be convened to further develop a process for assigning import capability as part of the MRTU's resource adequacy-related provisions.⁵

The CAISO utilized the technical conference and subsequent stakeholder process to further refine its import capacity allocation provisions. Although the technical conference was initiated in the MRTU docket, on March 22, 2007, the CAISO proposed revisions to modify the IRRP import capacity allocation provisions in order to ensure that the process improvements were also available for implementation by summer 2007 for the 2008 Resource Adequacy Compliance Year. These amendments were accepted, subject to minor modifications, by the Commission in its order dated May 18, 2007.⁶ The CAISO subsequently merged the Commission-approved revisions from the IRRP into the MRTU Tariff in its August 3, 2007 filing in Docket Nos. ER06-615-011 and ER07-1257-000, so that the import capacity allocation provisions are substantively equivalent.

B. Stakeholder Process

The CAISO issued a Market Notice on April 1, 2008, informing stakeholders that the proposed amendments were posted to the CAISO Website. The Market Notice requested that comments on the amendments be submitted by April 7, 2008. The CAISO received one set of comments from Southern California Edison Company supporting the proposed changes to Section 40.5.2.2.1. The CAISO held a brief stakeholder conference call on April 9, 2008 to discuss the amendments and respond to any questions.

II. CONTENTS OF FILING

This filing comprises:

This Transmittal Letter

Attachment A Clean ISO Tariff sheets incorporating changes shown in Attachment B

Attachment B ISO Tariff Language Blacklined;

III. COMMUNICATIONS

Correspondence and other communications regarding this filing should be directed to:⁷

Sidney M. Davies

Assistant General Counsel

Grant Rosenblum*

Counsel

California Independent System

Operator Corporation

Sean A. Atkins

Michael Kunselman*

Alston & Bird, LLP

The Atlantic Building

950 F Street, N.W.

Washington, D.C., 20004

⁵ *California Independent System Operator Corp.*, 116 FERC ¶ 61,274 at P 12236 (September 21, 2006).

⁶ *California Independent System Operator Corp.*, 119 FERC ¶ 61,164 (May 18, 2007).

⁷ The CAISO respectfully requests waiver of Rule 203(b)(3), 18 C.F.R. § 385.203(b)(3), to permit each of the persons listed above to be included on the service list for this proceeding.

151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 608-7138
Fax: (916) 351-2350
grosenblum@caiso.com

Tel: (202) 756-3300
Fax: (202) 756-3333
sean.atkins@alston.com
michael.kunselman@alston.com

* Parties designated for service.

IV. DESCRIPTION OF AMENDMENTS

Since the implementation of state mandated resource adequacy programs, the CAISO has performed an allocation of import capacity in approximately July of each year to ensure that the procurement by Load Serving Entities to meet their resource adequacy requirements comports with the reliable operation of the CAISO Controlled Grid. Section 40.5.2.2.1 sets forth a multi-step process to allocate import capacity. In accordance with Commission directives, each step includes an express date by which the CAISO must perform the task. When submitted to the Commission for acceptance, the CAISO anticipated that Section 40.5.2.2.1 would be superseded by substantively identical provisions in the CAISO's MRTU Tariff by the dates the allocation process was to be performed for the 2009 Resource Adequacy Compliance Year. However, at the March 26, 2008 meeting of the CAISO Governing Board, the CAISO announced that the go live date for the MRTU would occur in fall 2008. Due to the postponement of MRTU until after July 2008, the CAISO must update the date references in Section 40.5.2.2.1 to extend the effectiveness of that section for purpose of the 2009 Resource Adequacy Compliance Year.

Consistent with the foregoing, there are two general revisions to Section 40.5.2.2.1 contained herein. First, the specific date actions are to be taken by the CAISO have been modified to refer to 2008, rather than 2007. The dates of the month in which the activities occur, however, remain the same. Second, references to the effective period of those actions as the 2008 Resource Adequacy Compliance Year have been changed to refer to the 2009 Resource Adequacy Compliance Year. Finally, the CAISO has also modified Section 40.5.2.2.1 to again ensure coordination between CAISO processes and the California Public Utilities Commission ("CPUC") should the CPUC elect to redefine the duration of its compliance year. That change, which is found in the first paragraph of Section 40.5.2.2.1, reflects prior Commission precedent.⁸

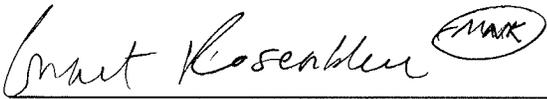
V. SERVICE

The CAISO has served copies of this filing on the Public Utilities Commission of the State of California, the California Energy Commission, the California Electricity Oversight Board, and all parties with Scheduling Coordinator Agreements under the CAISO Tariff. In addition, the CAISO has posted a copy of the filing on the CAISO Website and will provide courtesy copies of this filing to all parties in the MRTU proceeding, FERC Docket Nos. ER06—615-000 and ER07-1254, and the IRRP proceeding, FERC Docket No. ER06-723-000.

⁸ *California Independent System Operator Corp.*, 119 FERC ¶ 61,164 at P 54.

VI. CONCLUSION

The CAISO respectfully requests that the Commission approve the revised ISO Tariff sheets attached hereto, without modification, suspension, or hearing, to go into effect on June 11, 2008.

<p></p> <hr/> <p>Sidney M. Davies Assistant General Counsel Grant Rosenblum Counsel California Independent System Operator Corporation 151 Blue Ravine Road Folsom, CA 95630 916-608-7138 – telephone 916-351-2350 – facsimile grosenblum@caiso.com</p> <p>Counsel for the California Independent System Operator Corporation</p>	
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Attachment A – Clean Sheets

Resource Adequacy Import Allocation Amendment Filing

Currently Effective ISO Tariff

April 11, 2008

40.5.2.2 Deliverability of Imports.

40.5.2.2.1 Available Import Capability Assignment Process.

For Resource Adequacy Plans covering any period after December 31, 2007, total Available Import Capability will be assigned on an annual basis for a one-year term to Load Serving Entities serving Load in the ISO Control Area and other Market Participants through their respective Scheduling Coordinators, as described by the following sequence of steps. However, should the CPUC modify by decision its compliance period from January to December of the calendar year to May through April of the calendar year, the CAISO shall extend the effectiveness of the assignment for 2009 Compliance Year through April 2010.

Step 1: Determination of Maximum Import Capability on Branch Groups into the ISO Control Area:

The ISO shall establish the Maximum Import Capability for each branch group into the ISO Control Area, and will post those values on the ISO website for RA Compliance Year 2009 by July 1, 2008, and for subsequent RA Compliance Years in accordance with the schedule and process set forth in the business practice manual.

Step 2: Determination of Available Import Capability by Accounting for Existing Contracts and

Transmission Ownership Rights Held by Out-of-ISO Control Area LSEs: For each branch group, the Available Import Capability will be determined by subtracting from the Maximum Import Capability established in Step 1 for each branch group the import capability on each branch group associated with (i) Existing Contracts and (ii) Transmission Ownership Rights held by load serving entities that do not serve Load within the ISO Control Area. The remaining sum of all branch group Available Import Capability is the Total Import Capability. Total Import Capability shall be used to determine the Load Share Quantity for each Load Serving Entity that serves Load within the ISO Control Area.

group, the remaining Available Import Capability on the over requested branch group will be assigned until fully exhausted based on the Import Capability Load Share Ratio of each Load Serving Entity whose submitted Pre-RA Import Commitment has not been fully satisfied by the previous Import Capability Load Share Ratio assignment iteration. The Available Import Capability assigned pursuant to this Step 4 is the Pre-RA Import Commitment Capability.

Step 5: Assignment of Remaining Import Capability Limited by Load Share Quantity: The Total Import Capability remaining after Step 4 will be assigned only to Load Serving Entities serving Load within the ISO Control Area that have not received Existing Contract Import Capability and Pre-RA Import Commitment Capability under Steps 3 and 4, that exceed the Load Serving Entity's Load Share Quantity. This Total Import Capability will be assigned until fully exhausted to those Load Serving Entities eligible to receive an assignment under this Step based on each Load Serving Entity's Import Capability Load Share Ratio up to, but not in excess of, its Load Share Quantity. The quantity of Total Import Capability assigned to the Load Serving Entity under this Step is the Load Serving Entity's Remaining Import Capability. This Step 5 does not assign Remaining Import Capability on a specific branch group.

Step 6: ISO Posting of Assigned and Unassigned Capability: Following the completion of Step 5, the ISO will post to its website for RA Compliance Year 2009 by July 9, 2008 and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual the following information:

- a. The Total Import Capability;
- b. The quantity in MW of Existing Contracts and Transmission Ownership Rights assigned to each branch group, distinguishing between Existing Contracts and Transmission Ownership Rights held by Load Serving Entities within the ISO Control Area and those held by load serving entities outside the ISO Control Area;

- c. The aggregate quantity in MW, and identify the holders, of Pre-RA Import Commitments assigned to each branch group; and
- d. The aggregate quantity in MW of Available Import Capability after Step 4, the identity of the branch groups with Available Import Capability, and the MW quantity of Available Import Capability on each such branch group.

Step 7: ISO Notification of LSE Assignment Information: Following the completion of Step 5, by July 9, 2008 for RA Compliance Year 2009 and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, the ISO will notify the Scheduling Coordinator for each Load Serving Entity of:

- a. The Load Serving Entity's Import Capability Load Share;
- b. The Load Serving Entity's Load Share Quantity; and
- c. The amount of, and branch group on which, the Load Serving Entity's Existing Contract Import Capability and Pre-RA Import Commitment Capability, as applicable, has been assigned; and
- d. The Load Serving Entity's Remaining Import Capability.

Step 8: Transfer of Import Capability: Up to and including July 17, 2008 for RA Compliance Year 2009 and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, a Load Serving Entity shall be allowed to transfer some or all of its Remaining Import Capability to any other Load Serving Entity or Market Participant. The ISO will accept transfers among

LSEs and Market Participants only to the extent such transfers are reported to the ISO by July 18, 2008 for RA Compliance Year 2009 and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual through the ISO's Import Capability Transfer Registration Process by the entity receiving the Remaining Import Capability that sets forth (1) the name of the counter-parties, (2) the MW quantity, (3) term of transfer, and (4) price on a per MW basis. The CAISO will post to its website by August 8, 2008 for RA Compliance Year 2009 and for subsequent RA Compliance Years in accordance with the schedule set forth in the Business Practice Manual the information on transfers of Remaining Import Capability Received under this Step 8.

Step 9: Initial Scheduling Coordinator Request to Assign Remaining Import Capability by Branch

Group: At any time up to and including July 19, 2008 for RA Compliance Year 2009 and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, the Scheduling Coordinator for each Load Serving Entity or Market Participant shall notify the ISO of its request to assign its post-trading Remaining Import Capability on a MW basis per available branch group. Total requests for assignment of Remaining Import Capability by a Scheduling Coordinator cannot exceed the sum of the post-traded Remaining Import Capability of its Load Serving Entities. The ISO will honor the requests to the extent a branch group has not been over requested. If a branch group is over requested, the requests for Remaining Import Capability on that branch group will be assigned based on each Load Serving Entity's Import Capability Load Share Ration in the same manner as set forth in Step 4. A Market Participant without an Import Capability Load Share will be assigned the Import Capability Load Share equal to the average Import Capability Load Share of those Load Serving Entities from which it received transfers of Remaining Import Capability.

Step 10: ISO Notification of Initial Remaining Import Capability Assignments and Unassigned

Capability: At any time up to and including July 27, 2008 for RA Compliance Year 2009 and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, the ISO will:

- a. Notify the Scheduling Coordinator for each Load Serving Entity or Market Participant of the Load Serving Entity or Market Participant's accepted request(s) for assigning Remaining Import Capability under Step 9; and

- b. Publish on its website aggregate unassigned Available Import Capability, if any, the identity of the branch groups with unassigned Available Import Capability, and the MW quantity of Available Import Capability, on each such branch group.

Step 11: Secondary Scheduling Coordinator Request to Assign Remaining Import Capability by Branch Group: To the extent Remaining Import Capability remains unassigned as disclosed by Step 10, at any time up to and including August 1, 2008 for RA Compliance Year 2009 and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, Scheduling Coordinators for Load Serving Entities or Market Participants shall notify the ISO of their requests to assign any remaining Remaining Import Capability on a MW per available branch group basis. The ISO will honor the requests to the extent a branch group has not been over requested. If a branch group is over requested, the requests on that branch group will be assigned based on each Load Serving Entity or Market Participant's Import Capability Load Share Ratio, as used in Steps 4 and 9.

Step 12: Notification of Secondary Remaining Import Capability Assignments and Unassigned Capability: At any time up to and including August 8, 2008 for RA Compliance Year 2009 and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, the ISO will:

- a. Notify the Scheduling Coordinator for each Load Serving Entity or Market Participant of the Load Serving Entity or Market Participant's accepted request(s) for assigning Remaining Import Capability under Step 11; and
- b. Publish on its website unassigned aggregate Available Import Capability, if any, the identity of the branch groups with Available Remaining Import Capability, and the MW quantity of Availability Import Capability on each such branch group.

Step 13: Requests for Balance of Year Unassigned Available Import Capability: To the extent total Available Import Capability remains unassigned as disclosed by Step 12, Scheduling Coordinators for Load Serving Entities or Market Participants shall notify the ISO at any time, except as limited herein, of a request for unassigned Available Import Capability on a specific branch group on a per MW basis. Each request must include the identity of Load Serving Entity or Market Participant on whose behalf the request is made. The ISO will accept only two (2) requests per calendar week from any Scheduling Coordinator on behalf of a single Load Serving Entity or other Market Participant. The ISO will honor requests in priority of the time requests from Scheduling Coordinators were received until the branch group is fully assigned and without regard to any Load Serving Entity's Load Share Quantity. Any honored request shall be for the remainder of the RA Compliance Year; however, any notification by the ISO of acceptance of the request in accordance with this Section after the 20th calendar day of any month shall not be permitted to be included in the Load Serving Entity's Resource Adequacy Plan submitted in the same month as the acceptance.

The ISO shall provide an electronic means, either through the Import Capability Transfer Registration Process or otherwise, of notifying the Scheduling Coordinator of the time the request was deemed received by the ISO and, within seven (7) days of receipt of the request, whether the request was honored. If honored, it shall be the responsibility of the Scheduling Coordinator and its Load Serving Entity to notify the CPUC or applicable Local Regulatory Authority of the acceptance of the request for unassigned import capability. If the request is not honored because the branch group requested was fully assigned, the request will be deemed rejected and the Scheduling Coordinator, if it still seeks to obtain unassigned Available Import Capability, will be required to submit a new request for unassigned import capability on a different branch group. For RA Compliance Year 2009, the ISO will update on its website the list of unassigned capability by branch group on or before the 5th calendar day of each month and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual.

This multi-step process for assignment of Total Import Capability does not guarantee or result in any actual transmission service being assigned and is only used for determining the import capability that can be

Attachment B – Blacklines

Resource Adequacy Import Allocation Amendment Filing

Currently Effective ISO Tariff

April 11, 2008

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40.5.2.2 Deliverability of Imports.

40.5.2.2.1 Available Import Capability Assignment Process.

For Resource Adequacy Plans covering any period after December 31, 2007, total Available Import Capability will be assigned on an annual basis for a one-year term to Load Serving Entities serving Load in the ISO Control Area and other Market Participants through their respective Scheduling Coordinators, as described by the following sequence of steps. However, should the CPUC modify by decision its compliance period from January to December of the calendar year to May through April of the calendar year, the CAISO shall extend the effectiveness of the assignment for 2009~~8~~ Compliance Year through April 2010~~9~~.

Step 1: Determination of Maximum Import Capability on Branch Groups into the ISO Control Area:

The ISO shall establish the Maximum Import Capability for each branch group into the ISO Control Area, and will post those values on the ISO website for RA Compliance Year 2009~~8~~ by July 1, 2008~~7~~, and for subsequent RA Compliance Years in accordance with the schedule and process set forth in the business practice manual.

Step 2: Determination of Available Import Capability by Accounting for Existing Contracts and Transmission Ownership Rights Held by Out-of-ISO Control Area LSEs: For each branch group, the Available Import Capability will be determined by subtracting from the Maximum Import Capability established in Step 1 for each branch group the import capability on each branch group associated with (i) Existing Contracts and (ii) Transmission Ownership Rights held by load serving entities that do not serve Load within the ISO Control Area. The remaining sum of all branch group Available Import Capability is the Total Import Capability. Total Import Capability shall be used to determine the Load Share Quantity for each Load Serving Entity that serves Load within the ISO Control Area.

Step 3: Determination of Existing Contract Import Capability by Accounting for Existing Contracts and Transmission Ownership Rights Held by In-ISO Control Area LSEs: From the Available Import

Capability remaining on each branch group after Step 2 above, Existing Contracts and Transmission Ownership Rights held by Load Serving Entities that serve Load within the ISO Control Area shall be reserved for the holders of such commitments and will not be subject to reduction under any subsequent steps in this Section. The import capability reserved pursuant to this Step 3 is the Existing Contract Import Capability.

Step 4: Assignment of Pre-RA Import Commitments: From the Available Import Capability remaining on each branch group after reserving Existing Contract Import Capability under Step 3 above, the ISO will assign to Load Serving Entities serving Load within the ISO Control Area Pre-RA Import Commitment Capability on a particular branch group based on Pre-RA Import Commitments in effect (where a supplier has an obligation to deliver the Energy or make the capacity available) at any time during the RA Compliance Year for which the Available Import Capability assignment is being performed. The Pre-RA Import Commitment will be assigned to the branch group selected by the Load Serving Entity during the RA Compliance Year 2007 import capability assignment process, which was required to be based on the branch group upon which the Energy or capacity from the Pre-RA Import Commitment had been primarily scheduled or, for a Pre-RA Import Commitment without a scheduling history at the time of the RA Compliance Year 2007 import capability assignment process, the primary branch group upon which the Energy or capacity was anticipated to be scheduled. To the extent a Pre-RA Import Commitment was not presented during the RA Compliance Year 2007 import capability assignment process, the Load Serving Entity shall select the branch group upon which the Pre-RA Import Commitment is primarily anticipated to be scheduled during the term of the Pre-RA Import Commitment and that selection shall be utilized in future annual Available Import Capability assignment processes.

To the extent a particular branch group becomes over requested with Pre-RA Import Commitments due to either Pre-RA Import Commitments not included in the RA Compliance Year 2007 import capability assignment process or changes in system conditions that decrease the Maximum Import

Capability of the branch group, such that the MW represented in all Pre-RA Import Commitments utilizing the branch group exceed the branch group's Available Import Capability in excess of that reserved for Existing Contracts and Transmission Ownership Rights under Steps 2 and 3, the Pre-RA Import Commitments will be assigned Pre-RA Import Commitment Capability, based on the Import Capability Load Share Ratio of each Load Serving Entity submitting Pre-RA Import Commitments on the particular branch group. To the extent this initial assignment of Pre-RA Import Commitment Capability has not fully assigned the Available Import Capability of the particular over requested branch group, the remaining Available Import Capability on the over requested branch group will be assigned until fully exhausted based on the Import Capability Load Share Ratio of each Load Serving Entity whose submitted Pre-RA Import Commitment has not been fully satisfied by the previous Import Capability Load Share Ratio assignment iteration. The Available Import Capability assigned pursuant to this Step 4 is the Pre-RA Import Commitment Capability.

Step 5: Assignment of Remaining Import Capability Limited by Load Share Quantity: The Total Import Capability remaining after Step 4 will be assigned only to Load Serving Entities serving Load within the ISO Control Area that have not received Existing Contract Import Capability and Pre-RA Import Commitment Capability under Steps 3 and 4, that exceed the Load Serving Entity's Load Share Quantity. This Total Import Capability will be assigned until fully exhausted to those Load Serving Entities eligible to receive an assignment under this Step based on each Load Serving Entity's Import Capability Load Share Ratio up to, but not in excess of, its Load Share Quantity. The quantity of Total Import Capability assigned to the Load Serving Entity under this Step is the Load Serving Entity's Remaining Import Capability. This Step 5 does not assign Remaining Import Capability on a specific branch group.

Step 6: ISO Posting of Assigned and Unassigned Capability: Following the completion of Step 5, the ISO will post to its website for RA Compliance Year 2009~~8~~ by July 9, 2008~~7~~ and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual the following information:

- a. The Total Import Capability;

- b. The quantity in MW of Existing Contracts and Transmission Ownership Rights assigned to each branch group, distinguishing between Existing Contracts and Transmission Ownership Rights held by Load Serving Entities within the ISO Control Area and those held by load serving entities outside the ISO Control Area;
- c. The aggregate quantity in MW, and identify the holders, of Pre-RA Import Commitments assigned to each branch group; and
- d. The aggregate quantity in MW of Available Import Capability after Step 4, the identity of the branch groups with Available Import Capability, and the MW quantity of Available Import Capability on each such branch group.

Step 7: ISO Notification of LSE Assignment Information: Following the completion of Step 5, by July 9, 2008~~7~~ for RA Compliance Year 2009~~8~~ and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, the ISO will notify the Scheduling Coordinator for each Load Serving Entity of:

- a. The Load Serving Entity's Import Capability Load Share;
- b. The Load Serving Entity's Load Share Quantity; and
- c. The amount of, and branch group on which, the Load Serving Entity's Existing Contract Import Capability and Pre-RA Import Commitment Capability, as applicable, has been assigned; and
- d. The Load Serving Entity's Remaining Import Capability.

Step 8: Transfer of Import Capability: Up to and including July 17, 2008~~7~~ for RA Compliance Year 2009~~8~~ and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, a Load Serving Entity shall be allowed to transfer some or all of its Remaining Import Capability to any other Load Serving Entity or Market Participant. The ISO will accept transfers among LSEs and Market Participants only to the extent such transfers are reported to the ISO by July 18, 2008~~7~~ for RA Compliance Year 2009~~8~~ and for subsequent RA Compliance

Years in accordance with the schedule set forth in the business practice manual through the ISO's Import Capability Transfer Registration Process by the entity receiving the Remaining Import Capability that sets forth (1) the name of the counter-parties, (2) the MW quantity, (3) term of transfer, and (4) price on a per MW basis. The CAISO will post to its website by August 8, 2008~~7~~ for RA Compliance Year 2009~~8~~ and for subsequent RA Compliance Years in accordance with the schedule set forth in the Business Practice Manual the information on transfers of Remaining Import Capability Received under this Step 8.

Step 9: Initial Scheduling Coordinator Request to Assign Remaining Import Capability by Branch

Group: At any time up to and including July 19, 2008~~7~~ for RA Compliance Year 2009~~8~~ and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, the Scheduling Coordinator for each Load Serving Entity or Market Participant shall notify the ISO of its request to assign its post-trading Remaining Import Capability on a MW basis per available branch group. Total requests for assignment of Remaining Import Capability by a Scheduling Coordinator cannot exceed the sum of the post-traded Remaining Import Capability of its Load Serving Entities. The ISO will honor the requests to the extent a branch group has not been over requested. If a branch group is over requested, the requests for Remaining Import Capability on that branch group will be assigned based on each Load Serving Entity's Import Capability Load Share Ration in the same manner as set forth in Step 4. A Market Participant without an Import Capability Load Share will be assigned the Import Capability Load Share equal to the average Import Capability Load Share of those Load Serving Entities from which it received transfers of Remaining Import Capability.

Step 10: ISO Notification of Initial Remaining Import Capability Assignments and Unassigned

Capability: At any time up to and including July 27, 2008~~7~~ for RA Compliance Year 2009~~8~~ and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, the ISO will:

- a. Notify the Scheduling Coordinator for each Load Serving Entity or Market Participant of the Load Serving Entity or Market Participant's accepted request(s) for assigning Remaining Import Capability under Step 9; and

- b. Publish on its website aggregate unassigned Available Import Capability, if any, the identity of the branch groups with unassigned Available Import Capability, and the MW quantity of Available Import Capability, on each such branch group.

Step 11: Secondary Scheduling Coordinator Request to Assign Remaining Import Capability by Branch Group: To the extent Remaining Import Capability remains unassigned as disclosed by Step 10, at any time up to and including August 1, 2008~~7~~ for RA Compliance Year 2009~~8~~ and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, Scheduling Coordinators for Load Serving Entities or Market Participants shall notify the ISO of their requests to assign any remaining Remaining Import Capability on a MW per available branch group basis. The ISO will honor the requests to the extent a branch group has not been over requested. If a branch group is over requested, the requests on that branch group will be assigned based on each Load Serving Entity or Market Participant's Import Capability Load Share Ratio, as used in Steps 4 and 9.

Step 12: Notification of Secondary Remaining Import Capability Assignments and Unassigned Capability: At any time up to and including August 8, 2008~~7~~ for RA Compliance Year 2009~~8~~ and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual, the ISO will:

- a. Notify the Scheduling Coordinator for each Load Serving Entity or Market Participant of the Load Serving Entity or Market Participant's accepted request(s) for assigning Remaining Import Capability under Step 11; and
- b. Publish on its website unassigned aggregate Available Import Capability, if any, the identity of the branch groups with Available Remaining Import Capability, and the MW quantity of Availability Import Capability on each such branch group.

Step 13: Requests for Balance of Year Unassigned Available Import Capability: To the extent total Available Import Capability remains unassigned as disclosed by Step 12, Scheduling Coordinators for Load Serving Entities or Market Participants shall notify the ISO at any time, except as limited herein, of a request for unassigned Available Import Capability on a specific branch group on a per MW basis. Each request must include the identity of Load Serving Entity or Market Participant on whose behalf the request is made. The ISO will accept only two (2) requests per calendar week from any Scheduling Coordinator on behalf of a single Load Serving Entity or other Market Participant. The ISO will honor requests in priority of the time requests from Scheduling Coordinators were received until the branch group is fully assigned and without regard to any Load Serving Entity's Load Share Quantity. Any honored request shall be for the remainder of the RA Compliance Year; however, any notification by the ISO of acceptance of the request in accordance with this Section after the 20th calendar day of any month shall not be permitted to be included in the Load Serving Entity's Resource Adequacy Plan submitted in the same month as the acceptance.

The ISO shall provide an electronic means, either through the Import Capability Transfer Registration Process or otherwise, of notifying the Scheduling Coordinator of the time the request was deemed received by the ISO and, within seven (7) days of receipt of the request, whether the request was honored. If honored, it shall be the responsibility of the Scheduling Coordinator and its Load Serving Entity to notify the CPUC or applicable Local Regulatory Authority of the acceptance of the request for unassigned import capability. If the request is not honored because the branch group requested was fully assigned, the request will be deemed rejected and the Scheduling Coordinator, if it still seeks to obtain unassigned Available Import Capability, will be required to submit a new request for unassigned import capability on a different branch group. For RA Compliance Year 2009~~8~~, the ISO will update on its website the list of unassigned capability by branch group on or before the 5th calendar day of each month and for subsequent RA Compliance Years in accordance with the schedule set forth in the business practice manual.

This multi-step process for assignment of Total Import Capability does not guarantee or result in any actual transmission service being assigned and is only used for determining the import capability that can

be credited towards satisfying the Planning Reserve Margin of a Load Serving Entity under this Section 40. Upon the request of the ISO, Scheduling Coordinators must provide the ISO with information on Pre-RA Import Commitments and any transfers or sales of assigned Total Import Capability. To the extent that the ISO's review of Resource Adequacy Plans identifies reliance upon Total Import Capability that exceeds the Total Import Capability assigned to the Load Serving Entity under this section, the ISO will inform the CPUC or appropriate Local Regulatory Authority, as appropriate.

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