

April 24, 2009

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

Re: California Independent System Operator Corporation  
Compliance Filing  
Docket Nos. ER06-615-041 - ERRATA

Dear Secretary Bose:

On March 30, 2009, the California Independent System Operator Corporation (ISO) submitted a compliance filing with the Federal Energy Regulatory Commission's (Commission) "Order on Compliance Filing" 126 FERC ¶ 61,277, issued on March 26, 2009 (March 26 Order).<sup>1</sup> As noted by Southern California Edison in their comments submitted on April 7, 2009, the submitted tariff sheets contained a typographical error. The ISO is therefore submitting this errata filing, to include the correction to the typographical error in the proposed ISO Tariff sheets.

Enclosed is an additional copy of this filing to be date-stamped and returned and returned in the pre-addressed and pre-paid envelope enclosed.

## **I. Background**

On February 9, 2006, the ISO filed a proposed Market Redesign and Technology Upgrade (MRTU) Tariff that included modifications to the then-current ISO Tariff reflecting the numerous changes to the ISO's market structure included in the MRTU proposal. On September 21, 2006, the Commission issued an order conditionally accepting the MRTU Tariff for filing, subject to modifications.<sup>2</sup>

In the September 2006 MRTU Order, the Commission directed the ISO to develop and file interim measures to mitigate the potential economic incentives for Load Serving Entities (LSEs) to underschedule in the Day-Ahead Market. Such measures are

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<sup>1</sup> Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff. Except where otherwise noted herein, references to sections are references to sections of the ISO Tariff.

<sup>2</sup> *California Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,274 (2006) (September 21 Order).

further required to remain in effect until they are superseded by the implementation of an approved convergence bidding proposal.

On September 28, 2007, the ISO submitted a compliance filing that consisted of the following features: (1) a bright line test to define persistent underscheduling; (2) an interim scheduling charge for LSEs that persistently underschedule; and (3) confidential weekly reports to disclose scheduling performances.

On July 17, 2008, the Commission issued its Order Conditionally Accepting, Subject to Modification, MRTU Compliance Filings requiring further compliance filings.<sup>3</sup> In the July 2008 Order, the Commission conditionally accepted the September 28 compliance filing, subject to further compliance. On August 18, 2008, submitted proposed revisions to Section 11.24.2 that eliminate the five percent “free pass” provision that was originally proposed. On December 19, 2008, the Commission issued its order “Order Denying in Part and Granting in Part Rehearing and Conditionally Accepting Compliance Filing” as further discussed herein.<sup>4</sup>

On January 21, 2009, the ISO submitted a compliance filing that provided an exemption from the underscheduling penalty to scheduling coordinators for scheduled load in the day-ahead market. In response to the ISO’s January 21, 2009, compliance filing, Southern California Edison commented that the ISO’s proposed tariff language did not provide an exemption for load, other than self-scheduled load, that is bid in the Day-Ahead Market and administratively curtailed. In the ISO’s February 26, 2009, answer, the ISO indicated its agreement with Southern California Edison that under certain situations where a scheduling coordinator bids all or a portion of its load economically at the bid cap, and, due to the principles of supply and demand, not all of the megawatts are cleared, even though the resultant Locational Marginal Price is equal to the load bid, and the bid-in load may also be subject to administrative curtailment. The ISO proposed to revise the definition of “CAISO IFM Curtailed Quantity” as follows:

In each Trading Hour for each Scheduling Coordinator (a) the maximum of zero or the submitted Day-Ahead Self-Schedule for Demand minus the Day-Ahead Schedule for Demand in each applicable LAP, or (b) in the event a LAP price equals the maximum price for Energy Bids specified in Section 39.6.1.1, the maximum of zero or the submitted Day-Ahead Self-Schedule for Demand plus the quantity of Demand bid at the maximum price for Energy Bids specified in Section 39.6.1.1 minus the Day-Ahead Schedule for Demand in the relevant LAP.

On March 26, 2009, the Commission issued an order on compliance accepting the January 21, 2009, compliance filing also accepting the tariff language proposed by the ISO in response to Southern California Edison’s comment, requiring further compliance to include such language. On March 30, 2009, the ISO submitted its compliance filing.

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<sup>3</sup> *California Indep. Sys. Operator Corp.*, 124 FERC ¶ 61,043 (2008) (July 2008 Order).

<sup>4</sup> *California Indep. Sys. Operator Corp.*, 125 FERC ¶ 61,339 (2008) (December 2008 Rehearing and Compliance Order).

## **II. Errata**

On March 30, 2009, pursuant to the Commission's directive on March 26, the ISO submitted proposed revisions to the definition of "CAISO IFM Curtailed Quantity" to Appendix A of the MRTU Tariff to clarify the exemption from the underscheduling penalty for any day-ahead scheduled load that is administratively curtailed by the ISO under circumstances in which that load would otherwise have cleared the day-ahead market.

In the March 30, 2009, compliance filing, the ISO erroneously submitted the following language to revise the definition of "CAISO IFM Curtailed Quantity," consistent with the March 26 Order, which contains a typographical error as highlighted below.

In each Trading Hour for each Scheduling Coordinator (a) the maximum of zero or the submitted Day-Ahead Self-Schedule for Demand minus the Day-Ahead Schedule for Demand in each applicable LAP, or (b) in the event a LAP price equals the maximum price for Energy Bids specified in Section 39.6.1.1, the maximum of zero *of* the submitted Day-Ahead Self-Schedule for Demand plus the quantity of Demand bid at the maximum price for Energy Bids specified in Section 39.6.1.1 minus the Day-Ahead Schedule for Demand in the relevant LAP.

The term "of" as highlighted above should have been "or" and not "of" as reflected in the ISO's answer filed on February 26, 2009. The ISO now proposes to submit the following language to correct the typographical error, as reflected:

In each Trading Hour for each Scheduling Coordinator (a) the maximum of zero or the submitted Day-Ahead Self-Schedule for Demand minus the Day-Ahead Schedule for Demand in each applicable LAP, or (b) in the event a LAP price equals the maximum price for Energy Bids specified in Section 39.6.1.1, the maximum of zero *or* the submitted Day-Ahead Self-Schedule for Demand plus the quantity of Demand bid at the maximum price for Energy Bids specified in Section 39.6.1.1 minus the Day-Ahead Schedule for Demand in the relevant LAP.

The ISO now resubmits the tariff sheets with the language as reflected above and in the in the February 26, 2009 ISO answer.

## **III. Materials Provided in the Instant Compliance Filing**

In addition to this transmittal letter, the instant compliance filing includes Attachments A and B. Attachment A contains clean ISO Tariff errata sheets reflecting the tariff modifications described in Section II, above. Attachment B shows these modifications in red-line format.

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**IV. Effective Date**

The ISO requests that the Commission approve this compliance filing as submitted in the March 30, 2009, and further amended herein, to be effective on March 31, 2009.

**V. Conclusion**

The ISO respectfully requests that the Commission accept the March 30, 2009, compliance filing as further corrected herein as complying with the directives of the March 26 Order. Please contact the undersigned with any questions concerning this filing.

April 24, 2009

Respectfully submitted,



Anna A. McKenna  
Senior Counsel

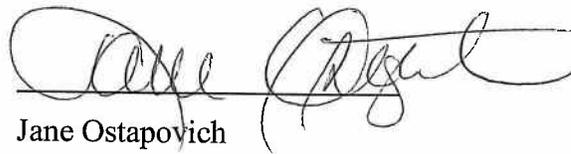
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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service list in the captioned 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 Folsom, CA this 24<sup>th</sup> of April 2009.



Jane Ostapovich

**Attachment A – Clean Sheets**

**Interim Measures for Underscheduling in the Day-Ahead Market Errata Filing**

**Docket No. ER06-615-\_\_\_**

**4<sup>th</sup> Replacement CAISO Tariff**

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<b>CAISO IFM Commitment Period</b>	The portion of a Commitment Period in the IFM that is not a Self-Commitment Period.
<b>CAISO IFM Curtailed Quantity</b>	In each Trading Hour for each Scheduling Coordinator (a) the maximum of zero or the submitted Day-Ahead Self-Schedule for Demand minus the Day-Ahead Schedule for Demand in each applicable LAP, or (b) in the event a LAP price equals the maximum price for Energy Bids specified in Section 39.6.1.1, the maximum of zero or the submitted Day-Ahead Self-Schedule for Demand plus the quantity of Demand bid at the maximum price for Energy Bids specified in Section 39.6.1.1 minus the Day-Ahead Schedule for Demand in the relevant LAP.
<b>CAISO Invoice</b>	The invoices issued by the CAISO to the Responsible Utilities or RMR Owners based on the Revised Estimated RMR Invoice and the Revised Adjusted RMR Invoice.
<b>CAISO Markets</b>	Any of the markets administered by the CAISO under the CAISO Tariff, including, without limitation, the DAM, HASP, RTM, transmission, and Congestion Revenue Rights.
<b>CAISO Markets Processes</b>	The MPM-RRD, IFM, RUC, STUC, RTUC, and RTD. HASP is an hourly run of the RTUC.
<b>CAISO Memorandum Account</b>	The memorandum account established by each California IOU pursuant to California Public Utilities Commission Order D. 96-08-038 date August 2, 1996 which records all CAISO start up and development costs incurred by that California IOU.

**Attachment B – Blacklines**

**Interim Measures for Underscheduling in the Day-Ahead Market Errata Filing**

**Docket No. ER06-615-\_\_\_**

**4<sup>th</sup> Replacement CAISO Tariff**

**April 27, 2009**

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## CAISO Tariff Appendix A

### Master Definitions Supplement

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#### CAISO IFM Curtailed Quantity

In each Trading Hour for each Scheduling Coordinator (a) the maximum of zero or the submitted Day-Ahead Self-Schedule for Demand minus the Day-Ahead Schedule for Demand in each applicable LAP, or (b) in the event a LAP price equals the maximum price for Energy Bids specified in Section 39.6.1.1, the maximum of zero or the submitted Day-Ahead Self-Schedule for Demand plus the quantity of Demand bid at the maximum price for Energy Bids specified in Section 39.6.1.1 minus the Day-Ahead Schedule for Demand in the relevant LAP.

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