California Independent
System Operator Corporation

August 26, 2008

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 Filings

Docket Nos. ER07-869-____, ER07-475-___, and ER06-615-008

Dear Secretary Bose:

The California Independent System Operator ("CAISO")[1] hereby submits an original and five copies of the instant filing in compliance with the following the Commission's Order "Order Conditionally Accepting Tariff Provisions, Subject to Modification" 124 FERC ¶ 61,095, issued on July 28, 2008 ("July 28 Order"). Two additional copies of this filing are enclosed to be date-stamped and returned to our messenger.

I. Background

On February 9, 2006, the CAISO 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 CAISO's market structure included in the MRTU proposal. An integral component of the MRTU Tariff is the structure for creating and releasing Congestion Revenue Rights ("CRRs"). These CRRs will replace the firm transmission rights ("FTRs") that are used under the CAISO's current market design. On September 21, 2006, the Commission issued an order that conditionally accepted the short-term CRRs Tariff provisions, subject to modification.[2] Subsequently, on April 20, 2007, the Commission issued an order on rehearing of the September 21, 2006 Order that

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[1] Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the CAISO Tariff (also known as the Market Redesign and Technology Upgrade or MRTU Tariff). Except where otherwise noted herein, references to sections are references to sections of the MRTU Tariff.

[2] *California Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,274 at P 704-873 (2006) ("September 21 Order").

directed additional modifications to the proposed short-term CRRs Tariff provisions.[3]

On July 20, 2006, the Commission issued a Final Rule which, consistent with the Energy Policy Act of 2005 ("EPAct 2005"),[4] required independent transmission organizations that oversee organized electricity markets to make long-term firm transmission rights ("LTTRs") available that satisfy seven guidelines.[5] On November 16, 2006, the Commission issued an order on rehearing of the Final Rule that required the CAISO to submit its LTTRs proposal to the Commission by the January 29, 2007, deadline established in the Final Rule.[6] The CAISO submitted its proposal, in Docket Nos. ER07-475-000 and ER07-475-001, to implement long-term CRRs under the MRTU Tariff on January 29, 2007 and amended this filing on February 2, 2007. On May 7, 2007, in Docket No. ER07-869-000, the CAISO amended its long-term CRRs proposal as well as several short-term CRRs Tariff provisions that had been conditionally accepted by the Commission.

In the July 6 Order, the Commission conditionally accepted, subject to modification, the CAISO's proposed MRTU Tariff revisions implementing long-term CRRs, which were to become effective on July 9, 2007. In the July 6 Order, the Commission also granted in part and denied in part the requests for rehearing on LTTR issues that were raised in the MRTU filing, Docket No. ER06-615-001.

On July 20, 2007, the CAISO filed the Amendments in Compliance with the Commission's July 6 Order in the instant Docket Nos. ER07-869-001, ER07-475-002, and ER06-615-008.[7]

II. Tariff Revisions Directed in the July 28 Order

A. Quantity of Long-Term CRRs Released to LSEs in Year 1: Clarification regarding the "Phase-in" Approach

In the July 28 Order, the Commission agreed with commenters that the CAISO's proposed tariff language does not adequately explain how the exception to the 20 percent limit for long-term sources will be implemented. The California

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[3] *California Indep. Sys. Operator Corp.*, order on reh'g, 119 FERC ¶ 61,076 at P 348-411 (2007) ("MRTU Rehearing Order").

[4] Pub. L. No. 109-58, § 1233, 119 Stat. 594, 958 (2005).

[5] Final Rule, FERC Stats. & Regs. ¶ 31,226 at P 108-428; Final Rule Rehearing Order, 117 FERC ¶ 61,201 at P 12-15.

[6] Final Rule Rehearing Order, 117 FERC ¶ 61,201 at P 116.

[7] See *California Indep. Sys. Operator Corp.*, order on reh'g and clarification, 124 FERC ¶ 61,094 (2008) ("Order Denying Rehearing").

Public Utilities Commission ("CPUC") had submitted four possible interpretations of the provisions submitted by the CAISO. The CAISO explained that under the CPUC's fourth interpretation, a Load Serving Entity ("LSE") cannot both exceed the 20 percent limit and freely nominate any of its Tier 1-2 short-term CRRs as long-term CRRs. The CAISO urged the Commission to accept the preferred fourth interpretation and proposed to add the following clarifying sentence to MRTU Tariff section 36.8.3.1.3.1:

> If an LSE's combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources is greater that twenty percent (20%) of its [load metric] and the LSE nominates more than twenty percent (20%) of its [load metric] as Long Term CRRs, then the CRR Sources for all of the LSE's Long Term CRR nominations must be sources associated with its demonstrated long-term procurement arrangements of ten (10) years or greater or its owned generation resources.[8]

The Commission found that the CPUC's fourth interpretation, which is also the preferred interpretation by the CAISO, appropriately addresses the Commission's concerns explained in its July 6 Order that a significant portion of the transmission capacity may be "locked-up" in the first year of MRTU. Accordingly, the Commission accepted the CAISO's proposal in its answer, as provided above, that would add a clarifying sentence to MRTU Tariff Section 36.8.3.1.3.1 specifying how the exception to the 20 percent limit for long-term sources will be carried out. The Commission also found that the clarifying sentence adequately addresses the concerns raised by Southern California Edison ("SoCal Edison") with respect to which resources are eligible for allocation in excess of the default percentages.

For the reasons described above, the CAISO hereby submits its proposed modifications to Section 36.8.3.1.3.1 adding the proposed clarifying sentence as described above.

B. State Water Project Load Metric

In response to the Commission's directive in the April 20 MRTU Rehearing Order, the CAISO continued to work with the State Water Project ("SWP") to resolve any outstanding issues associated with allocating CRRs to pump load entities, including how to treat water pumping facilities' greater annual load shifts. The CAISO agreed to provide SWP with the option of using the five-year average historical load information and agreed to include this option in its Business Practice Manual for CRRs.

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[8] CAISO August 7, 2007 Answer at 19-20.

SoCal Edison sought clarification regarding the CAISO's inclusion of SWP's eligible load metric provisions in the Business Practice Manuals and the language allowing SWP to use either its five-year average historical load data or prior year's historical load for calculating its load metric. SoCal Edison also requested that the eligible load metric provisions for SWP should be included in the tariff. Additionally, SoCal Edison argued that that proposed language appears to allow SWP, on an annual basis, to select either its five-year average historical load or its prior year's historical load to determine its load metric. SoCal Edison argued that SWP should not be allowed an annual election of the best choice, but rather the option to use a five-year average should be a one time election prior to the first allocation of CRRs.

The CAISO agreed with SoCal Edison that for calculating CRR eligibility, SWP should not have the option each year to choose between using either its five-year average historical load or its prior year's historical load. Accordingly, the CAISO proposed to include clarifying language in its tariff that will implement the five-year historical average for determining SWP's load metric, which will apply in all years and will not provide SWP with an opportunity to elect on a year-to-year basis whether to use the five-year average or the most recent year.

The Commission agreed with SoCal Edison that the provisions governing SWP's eligible load metric should be included in the tariff and also accepted CAISO's proposal, subject to modification and direct the CAISO to file within 30 days of the issuance of the July 28 Order, tariff sheets that incorporate the clarifying language discussed above. The Commission found that without such a limitation, SWP could game the CRR allocation process by relying on the prior year's historical load when beneficial but switching to the five-year average when that produces a more favorable result.

Accordingly, the CAISO proposes to modify Section 36.8.2.1 to include the following two sentences:

> For load that is subject to variable and difficult-to-predict hydrological conditions, the LSE has the option to submit the load's five-year rolling average historical hourly load data and the CAISO will use the submitted five-year average data for constructing the load duration curves. Once the LSE has exercised this option, the LSE must continue to submit five-year rolling average historical hourly load data for the annual CRR Allocation process in subsequent years.

The CAISO submits that the proposed language permits SWP and all similarly situated entities that are subject to variable and difficult-to-predict hydrological conditions to elect to use their load's five-year rolling average historical hourly load data for the purposes of determining their load metric. In addition, as required by the Commission, the CAISO is proposing to include the

requirement that the five-year rolling average option continue to be used going forward once the LSE has elected this option. The CAISO submits that these proposed changes meet the Commission's directives.

C. Synchronizing the Need to Make Mid-Year Adjustment to CRR Holdings

In the July 6 Order, the Commission directed the CAISO to include details demonstrating how the timing of the resource adequacy load ratio share calculation will be synchronized with the need to make mid-year adjustments to CRR holdings. In its July 20, 2007, compliance filing the CAISO provided requested details regarding the consistency assessment proposed by the CAISO. In addition, the CAISO explained that for the CPUC-jurisdictional entities the California Energy Commission ("CEC") will also provide it with these 60-day ahead non-coincident peak forecasts. For non-CPUC jurisdictional LSEs, the CAISO explained its understanding that the CEC currently receives only the year-ahead monthly non-coincident peak load forecast values to support its annual supply adequacy report, and not the updated monthly forecasts. Therefore, the CAISO proposed to use, for consistency, the 60-day ahead forecasts from the CEC for CPUC-jurisdictional LSEs, and the year-ahead forecasts from the CEC for the non-CPUC jurisdictional LSEs.

SWP argued that the CAISO's proposal to allow only CPUC-jurisdictional LSEs to use the 60-day ahead forecast from the CEC to calculate adjustments to the LSE's monthly CRR forecasts is discriminatory to non-CPUC jurisdictional LSEs. SWP requested that the Commission direct the CAISO to use its 60-day ahead resource adequacy requirements monthly forecasts that it provides to the CEC for adjusting its monthly CRR forecasts that are used in determining its monthly eligible quantity. The CAISO does not object to using the updated 60-day ahead resource adequacy forecasts that SWP supplies to the CEC for the purposes of determining its eligibility for monthly CRRs, so long as the CEC actually receives and verifies SWP's submissions in a time frame compatible with the CAISO's monthly CRR process.

The Commission agreed with SWP that non-CPUC jurisdictional LSEs should not be precluded from using a 60-day ahead forecast that is verified by the CEC. The Commission found that if SWP can provide the CAISO with a more up-to-date CEC-approved load forecast, there is no reason before the Commission that indicates this forecast should not be used by the CAISO. The Commission accepted the CAISO's commitment to use a 60-day forecast from non-CPUC jurisdictional LSEs that is verified by the CEC, and directed the CAISO to file within 30 days of the issuance of the July 28 Order tariff language permitting the use of this forecast.

Accordingly, the CAISO is proposing to modify section 36.8.6 to make it clear that for the purposes of the consistency assessment, the CAISO will consider the most current available Load data and Load forecasts submitted by the LSE to the applicable state, Local Regulatory Authorities and agencies, which includes the CEC; provided that the CAISO is able to perform the consistency assessment and any necessary adjustments per Sections 36.8.2.1 and 36.8.2.2 within the CRR production time line as specified in the BPM for CRRs. The CAISO submits that this proposed language satisfies the Commission's directives.

III. Materials Provided in the Instant Compliance Filing

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

Attachment A	Clean ISO Tariff sheets incorporating the red-lined changes contained in Attachment B
Attachment B	Red-lined changes to the current ISO Tariff to implement the revisions contained in this filing
Attachment C	Clean MRTU Tariff sheets incorporating the red-lined changes contained in Attachment D
Attachment D	Red-lined changes to the MRTU Tariff to implement the revisions contained in this filing
Attachment E	Clean ISO Tariff sheets to reflect the interim effective tariff provisions
Attachment F	Red-lined changes to the current ISO Tariff reflecting changes to the interim effective tariff provisions

IV. Effective Date and Request for Waiver

The CAISO requests that the Commission approve this compliance filing as submitted to be effective upon implementation of MRTU. As discussed in the monthly status reports the CAISO has submitted in Docket No. ER06-615, the CAISO will not be able to announce a new proposed implementation date for MRTU until the CAISO is confident that the MRTU software is operating successfully. Accordingly, the CAISO is filing clean MRTU Tariff sheets without indicating a proposed effective date and therefore requests waiver of Order No. 614 and applicable provisions of Section 35.9 of the Commission's regulations.

V. Conclusion

The CAISO respectfully requests that the Commission accept the instant filing as complying with the directives of the July 17, 2008 Order. Please contact the undersigned with any questions concerning this filing.

Respectfully submitted,

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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, California this 26th day of August, 2008.

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/s/ Daniel Klein

Attachment A– Current Clean Sheets

Long-Term Congestion Revenue Rights Compliance Filing [Docket No. ER07-869]

Currently Effective CAISO Tariff

36.8.2.1 Seasonal CRR Eligible Quantity.

The CAISO constructs load duration curves by season and time of use periods for the annual CRR Allocation process for each LSE based on the LSE's submission to the CAISO of its historical hourly Load data for the prior year, for each LAP within which the LSE serves Load. For load that is subject to variable and difficult-to-predict hydrological conditions, the LSE has the option to submit the load's five-year rolling average historical hourly load data and the CAISO will use the submitted five-year average data for constructing the load duration curves. Once the LSE has exercised this option, the LSE must continue to submit five-year rolling average historical hourly load data for the annual CRR Allocation process in subsequent years. An LSE's Seasonal CRR Load Metric for each season and time of use period is the MW level of Load that is exceeded only in 0.5% of the hours based on the LSE's historical Load data. In the event that the LSE has lost or gained net Load through Load Migration during the course of the prior year, the historical Load data will be adjusted to reflect the loss or gain in accordance with the applicable BPM. The CAISO calculates an LSE's Seasonal CRR Eligible Quantity by first subtracting from that LSE's Seasonal CRR Load Metric the quantity of Load served by its TORs, ETCs, and Converted Rights to form the LSE's Adjusted Load Metric, and then multiplying the result by 0.75.

36.8.2.2 Monthly CRR Eligible Quantity.

36.8.2.2.1 Based on Load Forecast.

Each month, LSEs whose load forecasts are verifiable in accordance with Section 36.8.6 of this Appendix will submit hourly load forecast data for the relevant month. Each month the CAISO will use the LSE's submitted hourly load forecast data for the relevant month to calculate two load duration curves (one on-peak and one off-peak load duration curve for the applicable month) to form the basis for monthly allocations for each CRR Sink in which the LSE serves Load. Each LSE's submitted hourly forecast data should reflect any Load growth that is not due to Load Migration as well as the effect of net Load Migration for that LSE. The Monthly CRR Load Metric for such Load is the MW level of Load that is exceeded only in 0.5% of the hours based on the LSE's submitted load forecast. The CAISO will calculate an LSE's Monthly CRR Eligible Quantity by subtracting from that LSE's Monthly CRR Load Metric the quantity of Load served by its TORs, ETCs, and Converted Rights. In addition, the CAISO will adjust the LSE's Monthly CRR Eligible Quantity, if such an adjustment is determined to be necessary pursuant to Section 36.8.6 of this Appendix.

long-term procurement arrangements of ten (10) years or more and (ii) fifty percent (50%) of the LSE's Adjusted Load Metric. If an LSE's combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources is greater than twenty percent (20%) of its Adjusted Load Metric as Long Term CRRs, then the CRR Sources for all of the LSE's Long Term CRR nominations must be sources associated with its demonstrated long-term procurement arrangements of ten (10) years or greater or its owned generation resources. Subject to the maximum quantities described above in this Section 36.8.3.1.3.1, an LSE can nominate CRRs sourced at a Trading Hub in Tier LT up to the total MW amount of the Point-to-Point CRRs the LSE was allocated in tiers 1 and 2 as a result of its disaggregated tier 1 and 2 nominations of CRRs sourced at that Trading Hub.

36.8.3.1.3.2 Tier LT for Qualified OCALSEs.

A Qualified OCALSE may submit nominations for Long Term CRRs up to fifty percent (50%) of its Adjusted Load Metric for each season, time of use period and Scheduling Point. The Qualified OCALSE must demonstrate that all of its nominated Long Term CRRs are supported by a combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources. Such demonstrations shall be provided by the requesting Qualified OCALSE to the CAISO through the submission of a written sworn declaration by an executive employee authorized to represent the Qualified OCALSE attesting to the accuracy of the data demonstration. As necessary, the CAISO may request, and such Qualified OCALSE must produce in a timely manner, documents in support of such declaration.

36.8.6 Load Forecasts Used to Calculate CRR MW Eligibility.

The CAISO will work closely with appropriate state and Local Regulatory Authorities and agencies to ensure that historical Load data and load forecasts used to establish Seasonal and Monthly CRR Eligible Quantities as provided in Section 36.8.2 of this Appendix are consistent with the Load data and load forecasts used to establish resource adequacy requirements. For the purpose of this consistency assessment, the CAISO will consider the most current available Load data and Load forecasts submitted by the LSE to the applicable state, Local Regulatory Authorities and agencies, subject to the CAISO's ability to perform the consistency assessment and any necessary adjustments pursuant to Sections 36.8.2.1 and 36.8.2.2 of this Appendix within the CRR production time line as specified in the applicable Business Practice Manual.

Attachment B – Current Blacklines

Long-Term Congestion Revenue Rights Compliance Filing [Docket No. ER07-869]

Currently Effective CAISO Tariff

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ISO TARIFF APPENDIX BB

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36.8.2.1 Seasonal CRR Eligible Quantity.

The CAISO constructs load duration curves by season and time of use periods for the annual CRR Allocation process for each LSE based on the LSE's submission to the CAISO of its historical hourly Load data for the prior year, for each LAP within which the LSE serves Load. For load that is subject to variable and difficult-to-predict hydrological conditions, the LSE has the option to submit the load's five-year rolling average historical hourly load data and the CAISO will use the submitted five-year average data for constructing the load duration curves. Once the LSE has exercised this option, the LSE must continue to submit five-year rolling average historical hourly load data for the annual CRR Allocation process in subsequent years. An LSE's Seasonal CRR Load Metric for each season and time of use period is the MW level of Load that is exceeded only in 0.5% of the hours based on the LSE's historical Load data. In the event that the LSE has lost or gained net Load through Load Migration during the course of the prior year, the historical Load data will be adjusted to reflect the loss or gain in accordance with the applicable BPM. The CAISO calculates an LSE's Seasonal CRR Eligible Quantity by first subtracting from that LSE's Seasonal CRR Load Metric the quantity of Load served by its TORs, ETCs, and Converted Rights to form the LSE's Adjusted Load Metric, and then multiplying the result by 0.75.

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PART H. CONGESTION REVENUE RIGHTS

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36.8.3.1.3.1 Tier LT for LSEs.

The quantity of Seasonal CRRs that an LSE can nominate as Long Term CRRs is limited to twenty percent (20%) of the LSE's Adjusted Load Metric, except that an LSE that can demonstrate that more than twenty percent (20%) of its Adjusted Load Metric is covered by a combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources is able to submit nominations for a greater amount as provided in this section. Such demonstrations shall be provided by the requesting LSE to the CAISO through the submission of a written sworn declaration by an

executive employee authorized to represent the LSE and attest to the accuracy of the data demonstration. As necessary, the CAISO may request, and such LSE must produce in a timely manner, documents in support of such declaration. If the LSE has demonstrated that more than twenty percent (20%) of its Adjusted Load Metric is covered by a combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources, the amount of Long Term CRRs that it may nominate is equal to the minimum of: (i) the sum of the owned resources and long-term procurement arrangements of ten (10) years or more and (ii) fifty percent (50%) of the LSE's Adjusted Load Metric. If an LSE's combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources is greater than twenty percent (20%) of its Adjusted Load Metric as Long Term CRRs, then the CRR Sources for all of the LSE's Long Term CRR nominations must be sources associated with its demonstrated long-term procurement arrangements of ten (10) years or greater or its owned generation resources. Subject to the maximum quantities described above in this Section 36.8.3.1.3.1, an LSE can nominate CRRs sourced at a Trading Hub in Tier LT up to the total MW amount of the Point-to-Point CRRs the LSE was allocated in tiers 1 and 2 as a result of its disaggregated tier 1 and 2 nominations of CRRs sourced at that Trading Hub.

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36.8.6 Load Forecasts Used to Calculate CRR MW Eligibility.

The CAISO will work closely with appropriate state and Local Regulatory Authorities and agencies to ensure that historical Load data and load forecasts used to establish Seasonal and Monthly CRR Eligible Quantities as provided in Section 36.8.2 of this Appendix are consistent with the Load data and load forecasts used to establish resource adequacy requirements. For the purpose of this consistency assessment, the CAISO will consider the most current available Load data and Load forecasts submitted by the LSE to the applicable state, Local Regulatory Authorities and agencies, subject to the CAISO's ability to perform the consistency assessment and any necessary adjustments pursuant to Sections 36.8.2.1 and 36.8.2.2 of this Appendix within the CRR production time line as specified in the applicable Business Practice Manual.

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Attachment C – Clean Sheets

Long-Term Congestion Revenue Rights Compliance Filing [Docket No. ER07-869]

4th Replacement MRTU Tariff

36.8.2.1 Seasonal CRR Eligible Quantity.

The CAISO constructs Load duration curves by season and time of use periods for the annual CRR Allocation process for each LSE based on the LSE's submission to the CAISO of its historical hourly Load data for the prior year, for each LAP within which the LSE serves Load. For load that is subject to variable and difficult-to-predict hydrological conditions, the LSE has the option to submit the load's five-year rolling average historical hourly load data and the CAISO will use the submitted five-year average data for constructing the load duration curves. Once the LSE has exercised this option, the LSE must continue to submit five-year rolling average historical hourly load data for the annual CRR Allocation process in subsequent years. An LSE's Seasonal CRR Load Metric for each season and time of use period is the MW level of Load that is exceeded only in 0.5% of the hours based on the LSE's historical Load data. In the event that the LSE has lost or gained net Load through Load Migration during the course of the prior year, the historical Load data will be adjusted to reflect the loss or gain in accordance with the applicable BPM. The CAISO calculates an LSE's Seasonal CRR Eligible Quantity by first subtracting from that LSE's Seasonal CRR Load Metric the quantity of Load served by its TORs, ETCs, and Converted Rights to form the LSE's Adjusted Load Metric, and then multiplying the result by 0.75.

36.8.2.2 Monthly CRR Eligible Quantity.

36.8.2.2.1 Based on Load Forecast.

Each month, LSEs whose Load forecasts are verifiable in accordance with Section 36.8.6 will submit hourly Load forecast data for the relevant month. Each month the CAISO will use the LSE's submitted hourly Load forecast data for the relevant month to calculate two Load duration curves (one on-peak and one off-peak Load duration curve for the applicable month) to form the basis for monthly allocations for each CRR Sink in which the LSE serves Load. Each LSE's submitted hourly forecast data should reflect any Load growth that is not due to Load Migration as well as the effect of net Load Migration for that LSE. The Monthly CRR Load Metric for such Load is the MW level of Load that is exceeded only in 0.5% of the hours based on the LSE's submitted Load forecast. The CAISO will calculate an LSE's Monthly CRR Eligible Quantity by subtracting from that LSE's Monthly CRR Load Metric the quantity of Load served by its TORs, ETCs, and Converted Rights. In addition the CAISO will adjust the LSE's Monthly CRR Eligible Quantity, if such an adjustment is determined to be necessary pursuant to Section 36.8.6.

If an LSE's combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources is greater than twenty percent (20%) of its Adjusted Load Metric as Long Term CRRs, then the CRR Sources for all of the LSE's Long Term CRR nominations must be sources associated with its demonstrated long-term procurement arrangements of ten (10) years or greater or its owned generation resources. Subject to the maximum quantities described above in this Section 36.8.3.1.3.1, an LSE can nominate CRRs sourced at a Trading Hub in Tier LT up to the total MW amount of the Point-to-Point CRRs the LSE was allocated in tiers 1 and 2 as a result of its disaggregated tier 1 and 2 nominations of CRRs sourced at that Trading Hub.

36.8.3.1.3.2 Tier LT for Qualified OBAALSEs.

A Qualified OBAALSE may submit nominations for Long Term CRRs up to fifty percent (50%) of its Adjusted Load Metric for each season, time of use period and Scheduling Point. The Qualified OBAALSE must demonstrate that all of its nominated Long Term CRRs are supported by a combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources. Such demonstrations shall be provided by the requesting Qualified OBAALSE to the CAISO through the submission of a written sworn declaration by an executive employee authorized to represent the Qualified OBAALSE attesting to the accuracy of the data demonstration. As necessary, the CAISO may request, and such Qualified OBAALSE must produce in a timely manner, documents in support of such declaration.

36.8.3.1.3.3 Tier LT SFT.

After receiving nominations for Long Term CRRs from LSEs and Qualified OBAALSEs, the CAISO will run SFTs to ensure the feasibility of the nominated Long Term CRRs for the remaining nine years of the ten-year term of the Long Term CRR. The SFT runs in Tier LT will test the feasibility of only the Long Term CRR nominations and will not include in the analysis those Seasonal CRRs allocated in tiers 1 and 2 that are not nominated as Long Term CRRs. The quantity of Long Term CRRs that can be allocated for any season and time of use period must be feasible for the entire ten-year term of the Long Term CRR.

36.8.6 Load Forecasts Used to Calculate CRR MW Eligibility.

The CAISO will work closely with appropriate state and Local Regulatory Authorities and agencies to ensure that historical Load data and Load forecasts used to establish Seasonal CRR Eligible Quantities and Monthly CRR Eligible Quantities as provided in Section 36.8.2 are consistent with the Load data and Load forecasts used to establish resource adequacy requirements. For the purpose of this consistency assessment, the CAISO will consider the most current available Load data and Load forecasts submitted by the LSE to the applicable state, Local Regulatory Authorities and agencies, subject to the CAISO's ability to perform the consistency assessment and any necessary adjustments pursuant to Sections 36.8.2.1 and 36.8.2.2 within the CRR production time line as specified in the applicable Business Practice Manual.

36.8.7 Long Term CRRs and Participating TO Withdrawals from the CAISO Controlled Grid.

In the event a Participating TO gives the required notice and withdraws facilities or Entitlements from the CAISO Controlled Grid, the CAISO will reconfigure Long Term CRRs as necessary to reflect the CAISO Controlled Grid after the withdrawal. After reconfiguration, the CAISO will run SFTs on the reconfigured Long Term CRRs and, if necessary, reduce some of the reconfigured Long Term CRRs to ensure their feasibility. If the CRR Source and CRR Sink for an allocated Long Term CRR both are located within a departing Participating TO Service Territory, the Long Term CRR would expire on the effective date of the Participating TO's withdrawal.

36.9 CRR Allocation to OBAALSEs.

OBAALSEs who wish to nominate and be allocated CRR Obligations in the same annual and monthly CRR Allocation processes described in Section 36.8 may do so subject to the provisions of this Section 36.9 and if such OBAALSEs are qualified and registered as Candidate CRR Holders or CRR Holders. An OBAALSE may participate in the CRR Allocation processes and be allocated CRRs to the extent that: (1) such OBAALSE makes a showing of legitimate need for the CRRs nominated as provided by Section 36.9.1;

Attachment D – Blacklines

Long-Term Congestion Revenue Rights Compliance Filing [Docket No. ER07-869]

4th Replacement MRTU Tariff

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36.8.2.1 Seasonal CRR Eligible Quantity.

The CAISO constructs Load duration curves by season and time of use periods for the annual CRR Allocation process for each LSE based on the LSE's submission to the CAISO of its historical hourly Load data for the prior year, for each LAP within which the LSE serves Load. For load that is subject to variable and difficult-to-predict hydrological conditions, the LSE has the option to submit the load's five-year rolling average historical hourly load data and the CAISO will use the submitted five-year average data for constructing the load duration curves. Once the LSE has exercised this option, the LSE must continue to submit five-year rolling average historical hourly load data for the annual CRR Allocation process in subsequent years. An LSE's Seasonal CRR Load Metric for each season and time of use period is the MW level of Load that is exceeded only in 0.5% of the hours based on the LSE's historical Load data. In the event that the LSE has lost or gained net Load through Load Migration during the course of the prior year, the historical Load data will be adjusted to reflect the loss or gain in accordance with the applicable BPM. The CAISO calculates an LSE's Seasonal CRR Eligible Quantity by first subtracting from that LSE's Seasonal CRR Load Metric the quantity of Load served by its TORs, ETCs, and Converted Rights to form the LSE's Adjusted Load Metric, and then multiplying the result by 0.75.

* * *

36.8.3.1.3.1 Tier LT for LSEs.

The quantity of Seasonal CRRs that an LSE can nominate as Long Term CRRs is limited to twenty percent (20%) of the LSE's Adjusted Load Metric, except that an LSE that can demonstrate that more than twenty percent (20%) of its Adjusted Load Metric is covered by a combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources is able to submit nominations for a greater amount as provided in this section. Such demonstrations shall be provided by the requesting LSE to the CAISO through the submission of a written sworn declaration by an executive employee authorized to represent the LSE and attest to the accuracy of the data demonstration. As necessary, the CAISO may request, and such LSE must produce in a timely manner, documents in support of such declaration. If the LSE has demonstrated that more than twenty percent

(20%) of its Adjusted Load Metric is covered by a combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources, the amount of Long Term CRRs that it may nominate is equal to the minimum of: (i) the sum of the owned resources and long-term procurement arrangements of ten (10) years or more and (ii) fifty percent (50%) of the LSE's Adjusted Load Metric. If an LSE's combination of long-term procurement arrangements of ten (10) years or greater and ownership of generation resources is greater than twenty percent (20%) of its Adjusted Load Metric as Long Term CRRs, then the CRR Sources for all of the LSE's Long Term CRR nominations must be sources associated with its demonstrated long-term procurement arrangements of ten (10) years or greater or its owned generation resources. Subject to the maximum quantities described above in this Section 36.8.3.1.3.1, an LSE can nominate CRRs sourced at a Trading Hub in Tier LT up to the total MW amount of the Point-to-Point CRRs the LSE was allocated in tiers 1 and 2 as a result of its disaggregated tier 1 and 2 nominations of CRRs sourced at that Trading Hub.

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36.8.6 Load Forecasts Used to Calculate CRR MW Eligibility.

The CAISO will work closely with appropriate state and Local Regulatory Authorities and agencies to ensure that historical Load data and Load forecasts used to establish Seasonal CRR Eligible Quantities and Monthly CRR Eligible Quantities as provided in Section 36.8.2 are consistent with the Load data and Load forecasts used to establish resource adequacy requirements. For the purpose of this consistency assessment, the CAISO will consider the most current available Load data and Load forecasts submitted by the LSE to the applicable state, Local Regulatory Authorities and agencies, subject to the CAISO's ability to perform the consistency assessment and any necessary adjustments pursuant to Sections 36.8.2.1 and 36.8.2.2 within the CRR production time line as specified in the applicable Business Practice Manual.

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Attachment E– Superseded Clean Sheets

Long-Term Congestion Revenue Rights Compliance Filing [Docket No. ER07-869]

Currently Effective CAISO Tariff

36.8.2.1 Seasonal CRR Eligible Quantity.

The CAISO constructs load duration curves by season and time of use periods for the annual CRR Allocation process for each LSE based on the LSE's submission to the CAISO of its historical hourly Load data for the prior year, for each LAP within which the LSE serves Load. For load that is subject to variable and difficult-to-predict hydrological conditions, the LSE has the option to submit the load's five-year rolling average historical hourly load data and the CAISO will use the submitted five-year average data for constructing the load duration curves. Once the LSE has exercised this option, the LSE must continue to submit five-year rolling average historical hourly load data for the annual CRR Allocation process in subsequent years. An LSE's Seasonal CRR Load Metric for each season and time of use period is the MW level of Load that is exceeded only in 0.5% of the hours based on the LSE's historical Load data. In the event that the LSE has lost or gained net Load through Load Migration during the course of the prior year, the historical Load data will be adjusted to reflect the loss or gain in accordance with the applicable BPM. The CAISO calculates an LSE's Seasonal CRR Eligible Quantity by first subtracting from that LSE's Seasonal CRR Load Metric the quantity of Load served by its TORs, ETCs, and Converted Rights to form the LSE's Adjusted Load Metric, and then multiplying the result by 0.75.

36.8.2.2 Monthly CRR Eligible Quantity.

Each month the CAISO uses the LSE's submitted hourly load forecast data for the relevant month to calculate two load duration curves (one on-peak and one off-peak load duration curve for the applicable month) to form the basis for monthly allocations for each CRR Sink in which the LSE serves Load. Each LSEs submitted hourly forecast data should reflect any Load growth that is not due to Load Migration as well as the effect of net Load Migration for that LSE. The Monthly CRR Load Metric is the MW level of Load that is exceeded only in 0.5% of the hours based on the LSE's submitted load forecast. The CAISO will calculate an LSE's Monthly CRR Eligible Quantity by subtracting from that LSE's Monthly CRR Load Metric the quantity of Load served by its TORs, ETCs, and Converted Rights. In addition the CAISO will adjust the LSE's Monthly CRR Eligible Quantity, if such an adjustment is determined to be necessary pursuant to Section 36.8.6 of this Appendix.

36.8.6 Load Forecasts Used to Calculate CRR MW Eligibility.

The CAISO will work closely with appropriate state and Local Regulatory Authorities and agencies to ensure that historical Load data and load forecasts used to establish Seasonal and Monthly CRR Eligible Quantities are consistent with the data and forecasts used to establish resource adequacy requirements. For the purpose of this consistency assessment, the CAISO will consider the most current available Load data and Load forecasts submitted by the LSE to the applicable state, Local Regulatory Authorities and agencies, subject to the CAISO's ability to perform the consistency assessment and any necessary adjustments pursuant to Sections 36.8.2.1 and 36.8.2.2 of this Appendix within the CRR production time line as specified in the applicable Business Practice Manual.

Attachment F– Superseded Blacklines

Long-Term Congestion Revenue Rights Compliance Filing [Docket No. ER07-869]

Currently Effective CAISO Tariff

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36.8.2.1 Seasonal CRR Eligible Quantity.

The CAISO constructs load duration curves by season and time of use periods for the annual CRR Allocation process for each LSE based on the LSE's submission to the CAISO of its historical hourly Load data for the prior year, for each LAP within which the LSE serves Load. For load that is subject to variable and difficult-to-predict hydrological conditions, the LSE has the option to submit the load's five-year rolling average historical hourly load data and the CAISO will use the submitted five-year average data for constructing the load duration curves. Once the LSE has exercised this option, the LSE must continue to submit five-year rolling average historical hourly load data for the annual CRR Allocation process in subsequent years. An LSE's Seasonal CRR Load Metric for each season and time of use period is the MW level of Load that is exceeded only in 0.5% of the hours based on the LSE's historical Load data. In the event that the LSE has lost or gained net Load through Load Migration during the course of the prior year, the historical Load data will be adjusted to reflect the loss or gain in accordance with the applicable BPM. The CAISO calculates an LSE's Seasonal CRR Eligible Quantity by first subtracting from that LSE's Seasonal CRR Load Metric the quantity of Load served by its TORs, ETCs, and Converted Rights to form the LSE's Adjusted Load Metric, and then multiplying the result by 0.75.

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36.8.6 Load Forecasts Used to Calculate CRR MW Eligibility.

The CAISO will work closely with appropriate state and Local Regulatory Authorities and agencies to ensure that historical Load data and load forecasts used to establish Seasonal and Monthly CRR Eligible Quantities are consistent with the data and forecasts used to establish resource adequacy requirements. For the purpose of this consistency assessment, the CAISO will consider the most current available Load data and Load forecasts submitted by the LSE to the applicable state, Local Regulatory Authorities and agencies, subject to the CAISO's ability to perform the consistency assessment and any necessary adjustments pursuant to Sections 36.8.2.1 and 36.8.2.2 of this Appendix within the CRR production time line as specified in the applicable Business Practice Manual.

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