

**California ISO
White Paper**

**Development of MRTU Tariff
Language: Issues, Objectives, and
Proposed Process**

April 2005

Development of MRTU Tariff Language: Issues, Objectives, and Proposed Process

I. Introduction.

An overarching objective in developing the proposed tariff language for the Market Redesign & Technology Upgrade ("MRTU") project is to have the proposed tariff language be as simple, straightforward and easy to understand as possible, while allowing easy access to CAISO Employees and Market Participants. In addition, a closely-related objective is to have the proposed provisions be presented in as organized, clear, and simple manner as possible.

The purpose of this White Paper is three-fold. First, it outlines certain issues involved in developing, and placing on file with the Federal Energy Regulatory Commission ("FERC" or "Commission"), the proposed MRTU tariff language and the need for a new platform. Second, the White Paper discusses the CAISO's proposal to address the stated issues. Third, the White Paper sets forth a proposed process and timeline for: (i) developing the draft MRTU tariff provisions, (ii) receiving stakeholder input on those provisions, and (iii) filing the tariff provisions with the FERC.

II. Underlying Facts and Issues.

The MRTU tariff language will replace or affect numerous sections of the existing tariff.¹ In addition, the discussion of any particular topic in the existing tariff can appear in several different sections of the current tariff. The complicated and dispersed format of the existing tariff is a vestige of the period prior to start-up of the CAISO in 1998 and the fact that all of the provisions in the Protocols and in the Tariff were placed on file with the FERC. Furthermore, the fact that the Protocols were drafted as stand-alone documents and not with the intent of being placed on file at the FERC means that there is substantial duplication in the existing tariff (*i.e.*, duplication between provisions in the Protocols and the provisions in the Tariff).

As a result of these facts, one of the first issues in meeting the objective of presenting the MRTU tariff language in an organized, clear, and simple manner, is the tension between wanting all the MRTU tariff provisions on any particular topic to be within a single section (or under a single heading) and the dispersed and redundant nature of the existing tariff. Keeping the existing format of the tariff could require that the MRTU tariff provisions on a given topic be dispersed throughout the current tariff with the need for substantial cross-referencing.

¹ In this White Paper, the term "tariff" or "current tariff" or "existing tariff" is a collective reference to the provisions in the "Protocols" and the provisions in the "Tariff". When discussing either the Protocols or the Tariff (or any provision thereof) individually, references to the Protocols and the Tariff will be capitalized.

A second issue with the proposed MRTU tariff language and the existing tariff involves the fact that there may be a substantial interval of time between the filing of the MRTU tariff language and its effectiveness. In the interim period, other, non-MRTU tariff changes may be required. The combination of these possibilities (*i.e.*, the interval of time between the filing and effectiveness of the MRTU tariff language and the need for other tariff changes during this interval of time) means that for any tariff changes proposed in the interim period, four sets of revised tariff language must be produced (*i.e.*, redline and clean tariff provisions against the proposed and pending MRTU tariff changes and redline and clean tariff provisions against the existing tariff). Tracking these dual sets of tariff changes will be complicated and expensive.

The underlying facts and issues outlined above present the following general question. In developing the MRTU tariff language and placing it on file with the FERC: (i) should the existing tariff be used as a platform to present the tariff changes, or (ii) would it be better to simplify and reorganize the existing tariff and propose the MRTU tariff provisions using the simplified and reorganized tariff? As discussed in more detail in the next section, the CAISO believes the issues outlined above are best addressed by simplifying and reorganizing the existing tariff and using the revised tariff as the platform for the MRTU tariff changes.

III. Proposal for a Revised Platform for MRTU Tariff Changes.

There are advantages in simplifying and reorganizing the existing tariff and using the revised tariff as the platform for the MRTU tariff. This approach supports the goal of presenting the proposed MRTU tariff changes in the most organized, clear, and simple manner as possible and will facilitate stakeholder review. The approach also supports the broader objective or end-state of having a revised tariff that is simpler, more straightforward and easier to understand.

A. Simplification and Reorganization of the Existing Tariff and Protocols

In creating a simplified and reorganized platform for the MRTU tariff changes, the intent would be to not make any changes in the substance of the current tariff provisions. The simplification effort would be limited to eliminating duplication and creating a tariff such that individual subjects or topics, to the greatest extent possible, would only appear in a single section or chapter of the tariff. Stated differently, any elimination or revision to the substance of the existing Protocols or the existing Tariff will take place as a result of proposing MRTU tariff language or other specific amendments relating to other subject areas (*e.g.* credit policies; SAMC; payment acceleration); such revisions will not take place as a result of creating a simplified and reorganized version of the existing tariff.

There are different aspects to the redundant nature of the existing tariff and protocols. Most of the circumstances fall into four general categories, *i.e.*, instances where: (1) there is literal word-for-word redundancy, (2) the text is not the same, but the two sections address the same subject matter or topic, (3) the text is not the same and the Protocol has provisions that are not found in the Tariff, or (4) the text is not the same but the Protocol provisions may not need to be on file at the FERC. For any particular topic, the amount of text that falls within any of the above categories can vary as well.

The CAISO would provide a mapping document that tracks: (i) which provisions of the Protocol are proposed for removal as redundant, and (ii) where the substance of those provisions can be found in the remaining tariff. The mapping document would also indicate any sections that are not redundant but where the CAISO nonetheless proposes that the provisions be removed from being on file at FERC. The following table sets forth how the simplification effort would deal with each one of the four general categories described above.

Category	Simplification effort
1. Literal word-for-word redundancy	1. Delete redundant text in Protocol
2. Text not literally the same, but the two sections address the same subject matter	2. Merge the two sections, keeping substance the same
3. Text is not the same & Protocol has provisions not found in the Tariff	3. Incorporate Protocol provisions into Tariff
4. Text is not the same & Protocol has provisions that do not need to be on file at the FERC	4. Mapping document will indicate proposed treatment to remove text from being on file FERC

The proposed simplified version of the existing tariff will be shared with stakeholders prior to circulating proposed MRTU tariff language. For the reorganized and simplified version of the tariff, the CAISO will produce: (i) redline-strikeout versions illustrating the elimination of redundant provisions and the reorganization of the provisions (with a mapping back to the existing tariff sections) and, (ii) a clean, combined version of the two sets of changes. Stakeholders will have an opportunity to provide comments on the proposed simplified tariff (*e.g.*, checking whether the CAISO changes were non-substantive and limited to reorganization and eliminating redundancy). The end result or goal is to have a simplified version of the existing tariff that is supported by all (or not opposed by any) stakeholders and that reduces the complexity of incorporating MRTU tariff changes into that tariff.

The CAISO propose to file the simplification effort at FERC and receive approval well before the MRTU tariff changes are filed at FERC. Once approved, the simplified and revised tariff will be the platform for the MRTU tariff changes. As noted at the outset, the MRTU tariff language will replace or affect several sections of the tariff - even in a simplified form. However, the simplification effort is an important first step that will significantly reduce the complexity of incorporating the MRTU tariff into the existing tariff.

Having a simplified tariff also will reduce the difficulty of producing dual sets of tariff changes for any tariff change proposed after the MRTU tariff language is filed at FERC but before the MRTU language is effective. In other words, simplified and revised tariff would mean that: (i) the MRTU tariff changes would be presented against the revised format, and (ii) any future tariff change proposed while the MRTU language was pending at FERC would be less complicated because it too could be presented against the backdrop of the revised tariff.

B. MRTU Tariff Language

The available drafting materials fall into two categories: (i) those MRTU issues on which FERC has provided conceptual approval² and (ii) those MRTU issues that still need conceptual approval or further definition (e.g., the proposed May 2005 filing on market power mitigation, the simplified hour-ahead scheduling procedure, and issues relating to the resource adequacy proceeding at the CPUC). Tariff language for both categories will be drafted and circulated to stakeholders, although final tariff language on the items in the second category will await conceptual approval or further definition by FERC.

By dividing the MRTU process into these two categories, drafting can commence immediately for those areas for which FERC has given conceptual approval and for which no further interaction with stakeholders is contemplated prior to the release of the draft tariff language for stakeholder review. As noted above, items in the second category may require conceptual development, approval, further definition, or some combination thereof, as well as stakeholder review.³ Depending on the timing of those developments, it will be challenging to: (i) draft and receive stakeholder review of tariff language, and (ii) file at FERC in November. Attached hereto is a proposal for further organizing the material into blocks. Each block is intended to include similar subjects with priority on those issues that have already been approved by the Commission. Items not yet approved by the Commission may be delayed for stakeholder review until they have Commission approval. The first block should be available for publication in May, 2005.

The MRTU tariff drafting will focus only on those issues needed to support the day-one, February 2007 design. Tariff language associated with market features that will be implemented after that date will be drafted at a later date.

² See, *California Indep. Sys. Operator, Inc.*, 105 FERC ¶ 61,140 (2003) ("October 28 Order"); *California Indep. Sys. Operator Corp.*, 107 FERC ¶ 61,274 (2004) ("June 17 Order"), *order on reh'g*, *California Indep. Sys. Operator Corp.*, 108 FERC ¶ 61,254 (2004) ("September 20 Order"), *order on reh'g*, *California Indep. Sys. Operator Corp.*, 110 FERC ¶ 61,041 (2005) ("January 24 Order"); and *California Indep. Sys. Operator Corp.*, 110 FERC ¶ 61,113 (2005) ("ETC Order").

³ For example, in addition to the issues noted above, there is work being done on: (i) the treatment of schedules using transmission ownership rights, (ii) the consideration of imports in RUC, and (iii) ETC cost responsibility. To the extent there are other filing issues, they need to be identified and a schedule developed for resolution that will support the filing

C. Additional Tariff Changes

In addition to the reorganization and simplification process and MRTU tariff revisions addressed in Section A, the CAISO previously has contemplated other changes that, for example, would improve current operations or make the tariff more consistent with those of other RTOs. However, given the scope of work associated with simplification and MRTU-related tariff revisions and the tight filing date, the CAISO proposes to minimize additional tariff changes. While the CAISO is not proposing an absolute freeze on other tariff filings, the proposal is to defer almost all tariff changes until the MRTU filing has been submitted to the FERC and file these additional changes in 2006 to allow sufficient time for FERC approval prior to the 2007 MRTU implementation. A number of these issues have been on lists for years to be fixed and typically address areas of the tariff outside of markets.

IV. Proposed Process and Timeline for Tariff Project.

Consistent with the discussion above, the CAISO is proposing the following schedule for establishing the revised tariff platform for the MRTU filing (*i.e.*, the reorganization and simplification process outlined above).

2005

- April 12-13: Announce the tariff reorganization and simplification effort and the proposed timelines. Announce MRTU Tariff project and obtain stakeholder comments and feedback for stakeholder review of MRTU-specific Tariff language.
- April 22: Publish the revised tariff platform. Continue drafting MRTU tariff language.
- Week of May 2: Stakeholder meeting to discuss revised platform
- May 16: Comments due from stakeholders.
- May 27: Incorporate Stakeholder comments regarding the reorganized and simplified tariff. Keep tracking document on all comments and outcome of such comments. Continue drafting MRTU tariff language using revised, simplified platform.
- June Release final reorganized and simplified tariff to stakeholder. File at FERC in July.

California ISO Responses to Stakeholders Comments on Tariff Simplification Posted April 29, 2005

<i>Requestor</i>	<i>Sheet Number</i>	<i>Change Requested</i>	<i>ISO RESPONSE</i>
SDG&E (04-29-05)	64	<p>The changes made to Sheet No. 64, Section 2.5.3.2 Spinning and Non-Spinning Reserves do not appear to include an important clarification regarding the treatment of firm purchases in determining Operating Reserve responsibility. This language remains unchanged in the tariff:</p> <p>When the level of Operating Reserve is determined by Demand, the ISO shall not maintain Operating Reserve with respect to Demand covered by firm purchases from outside the ISO Control Area.</p> <p>I would suggest language added to the above something like the following: . . . with the following exception. During periods of Zonal Procurement of Operating Reserves, the ISO shall maintain Operating Reserve with respect to Demand covered by firm purchases from outside the ISO Control Area when such firm purchases enter a zone other than the zone in which the purchaser's Demand is located.</p>	<p>The ISO's objective of this phase of the simplification is to collapse the Protocols into the CAISO Tariff thereby reducing the redundancy. The ISO is not attempting to make substantive changes to the tariff.</p> <p>The cited language "When the level of Operating Reserve is determined by Demand, the ISO shall not maintain Operating Reserve with respect to Demand covered by firm purchases from outside the ISO Control Area." is unchanged from the current tariff provision.</p>
Reliant (05-24-05)	1	Section 1.4 (a) – change "this" to "a", and delete second sentence.	The ISO agrees with the proposed changes
	1	Section 1.4 (c) – Should "with respect to Outage coordination" be deleted?	No. This appears to be a specific provision of the Outage Coordination protocol
	1	Section 1.4 (d) – delete redundant with Section 20.6	The ISO agrees with the proposed change
	24	2.2.11.2.6 – Delete if inoperable	This is unchanged from the existing tariff
	24	Section 2.2.11.3.16 – redundant with 2.2.11.3.5	The ISO agrees that 2.2.11.6.16 is redundant with 2.2.11.3.6 and notes that 2.2.11.6.15 is redundant with 2.2.11.3.5 and proposes to delete the provisions
	24	Section 2.2.11.3.15 – redundant with 2.2.11.3.6	The ISO agrees – see prior comment
	24	Move Section 2.2.12.2 – 2.2.12.2.4 to Section 5.2	The ISO is still considering the proposed change – these provisions were not

California ISO Responses to Stakeholders Comments on Tariff Simplification Posted April 29, 2005

Requestor	Sheet Number	Change Requested	ISO RESPONSE
	34	Section 2.3.1.1.7.8 – Is this or should it be part of an Operating Procedure?	The ISO is still considering the proposed change
	34	Section 2.3.1.1.8 – Move this entire Section out of the Tariff	The ISO is still considering the proposed change
	35A	Under Section 2.3.1.3.3 – Move first sentence currently residing under Section 2.3.1.3.3.1 to this Section. Delete 2.3.1.3.3.1 – 2.3.1.3.3.3; superfluous and not needed	The ISO agrees to move the first sentence currently residing under Section 2.3.1.3.3.1 to 2.3.1.3.3. The ISO is considering whether to move the remaining provisions into a manual.
	185	Section 6 – move entire section out of Tariff	The ISO is still considering removing part of Section 6 from the Tariff, but anticipates that certain provisions will have to remain in place
	215D	Section 8 – move entire GMC section to Appendix F – Rate Schedules	The ISO is still considering the proposed change – these provisions were not modified by the proposed simplified tariff, however the ISO recognizes that there may be a benefit in consolidating the GMC-related provisions
	286	Section 16 – Delete entire section, unnecessary	The ISO is still considering the removal of parts of Section 16. In particular the requirements regarding the amendments to protocols are on file with FERC as part of the ISO Tariff and the ISO's process for amend mending the tariff is discussed in section 19. Changes will have to be made to this section in light of the transfer of certain procedures to manuals.
	297P	Section 26 – Delete entire section, no longer accurate	The ISO is considering this change
	298A	Section 30 – Delete entire section, no longer needed (Y2K)	The ISO agrees that this section regarding Y2k compliance is no longer needed

California ISO Responses to Stakeholders Comments on Tariff Simplification Posted April 29, 2005

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	303	Ancillary Service Provider – Is this a valid term, not a good definition, should use SC	This definition was not changed although “Serviced” should be “Services”
	303A	Applicant – Still valid or can it be deleted?	The term is an existing tariff provision not modified by the simplification. The ISO will verify whether the term “applicant” has any usage in the current tariff.
	309	Competition Transition Charge (CTC) – Is this a valid? If no, delete and applicable provisions	The term is an existing tariff provision not modified by the simplification. The ISO will verify whether the term “CTC” has any usage in the current tariff.
	358	ISO Tariff Appendix B – SC Agreement – take out of Tariff	The ISO is considering the comment; however, FERC has required the ISO to include all pro forma agreements in the tariff
	363	ISO Tariff Appendix C – ISO Scheduling Process – Delete: doesn’t reflect all parties, actions and is incomplete	The ISO agrees with the comment.
	367	ISO Tariff Appendix D – Black Start Units – Delete: already have an Operating Procedure	The ISO is considering the proposal
	369	ISO Tariff Appendix E – Verification of Submitted Data for A/S– Delete: Existing Tariff provision has more detail. This appendix is incomplete	The ISO is considering the proposal
Southern California Edison	8-9	SCAP 4.2.2 refers to 2.2.4.3 and 2.2.4.4 (now removed) and doesn’t contain the full text of the appeal	Agreed. The ISO will address this comment in its integration of the SCAP provisions into the Tariff.
	9	Section 2.2.4.3- This section should not be removed. SCAP 4.2.2 in the Draft version still refers back to Tariff § 2.2.4.3 (and § 2.2.4.4). No other remaining section address the SC Applicant appeal process.	Agreed. The ISO will address this comment in its integration of the SCAP provisions into the Tariff.
	9	See comment for Tariff § 2.2.4.3 above.	Agreed. The ISO will address this comment in its integration of the SCAP provisions into the Tariff.
	105	Renumbered as Section 2.5.22.10.2	Observation – SCE is correct that 2.5.22.10 has been renumbered as 2.5.22.10.2

California ISO Responses to Stakeholders Comments on Tariff Simplification Posted April 29, 2005

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	266	Section 11.2.4.5- Doesn't say has the "right" to dispute	The ISO does not understand the comment without a more detailed explanation
	254	Section 11.4.2- Doesn't say has the "right" to dispute. Modified §§ 11.7.2 and 11.7.3 limit format of any dispute.	The ISO does not understand the comment without a more detailed explanation
	261	Section 11.13 consolidated into 11.8.5.1- Where does second half come from?	It comes from SABP 6.3
	261	Section 11.14 consolidated into 11.8.5.2- Where does extra language come from?	It comes from SABP 6.4
	265	Section 11.22 deleted and incorporated into revised 20.3- Says 20.3.5.b doesn't exist!	The ISO agrees with the comment to correct it. Section 11.22 will be moved into new 20.3.5.
	61, 68A, 110M	Sections 2.5.2.1 (1.1(a)); 2.5.5.1 (1.1(c)) to 2.5.5.3 (1.1(b)); 2.5.24 (1.1(d))- While ASRP 1.1 does seem to be incorporated in the several Draft ISO tariff provisions listed, they are no longer organized under an "Objectives" heading.	Observation noted - no ISO response needed.
	405	ASRP 1.3.1 (deleted as unnecessary)- Deleted "Scope of Application to Parties" section.	The ancillary service requirements incorporated into the Tariff apply to any entity seeking to supply ancillary services to the CAISO and the entities listed in ASRP 1.3.1 are among the entities that may supply ancillary services if they meet the CAISO's requirements.
	62	ASRP 2.2.1/2.5.2.2- Under Draft ISO tariff the ISO Technical Advisory Committee (rather than the ISO Grid Operations Committee) shall conduct reviews to accommodate revisions to WECC & NERC standards.	The existing Tariff section (2.5.2.2) and the existing Protocol section (ASRP 2.2.1) were substantively similar except that each section used "ISO Grid Operations Committee" where the other section used "ISO Technical Advisory Committee". For tariff simplification purposes, the second sentence of 2.5.2.2 will be revised to be consistent with the proposed change to the first sentence and will read as follows: "At a

California ISO Responses to Stakeholders Comments on Tariff Simplification Posted April 29, 2005

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			minimum the ISO Grid Operations Committee and the ISO Technical Advisory Committee shall conduct such reviews to accommodate revisions to WECC and NERC standards."
	93-94	ASRP 3.1/Section 2.5.20.1- Draft version has more detailed provisions for calculating each Scheduling Coordinator's "obligation".	Observation noted - no ISO response needed.
	94-95	ASRP 3.2/Section 2.5.20.3- Adds more detailed provisions.	Observation noted - no ISO response needed.
	64	ASRP 4.1.1 merged with 2.5.3.1- Slightly reworded, but no apparent substantive changes	Observation noted - no ISO response needed.
	70	ASRP 4.2.1 added as new subsection to 2.5.6.1- Heading changed from "Operating Characteristics of a Generating Unit" to "Regulation".	Observation noted - no ISO response needed.
	93-94	ASRP 4.3/Section 2.5.20.1- Appears to be substantive change in Scheduling Coordinator's Obligations for Regulation.	The ISO did not intend any substantive change and would need additional information in support of the comment that a substantive change has been proposed
	70	ASRP 4.4 added as new subsection to 2.5.6.1- "use of dynamic schedules" changed to "must comply with the Dynamic Scheduling Protocol" in § 2.5.5.3, but "Dynamic Scheduling Protocol" is not defined in this section.	Observation noted - no ISO response needed
	73-74; 68A-69	ASRP 4.4.1 merged with Section 2.5.7.4.3 and 2.5.5.2- Adds requirement for ISO certification of dynamic scheduling (2.5.7.4.3) and reference to Dynamic Scheduling Protocol (2.5.5.2).	Observation noted - no ISO response needed.
	68A-69	ASRP 4.5.1 added to 2.5.5.1- slightly reworded, but no apparent substantive changes	Observation noted - no ISO response needed.
	68A-69	ASRP 4.5.2 added to 2.5.5.3- slightly reworded, but no apparent substantive changes	Observation noted - no ISO response needed.
	64	ASRP 5/Section 2.5.3.2- Dropped last sentence on Operating Reserve required to cover the Generator or services.	The ISO disagrees with the comment. The last section of ASRP 5 refers to ASRP 5.2. The subject of ASRP 5.2 has been included in the existing and additional language in 2.5.3.2

California ISO Responses to Stakeholders Comments on Tariff Simplification Posted April 29, 2005

<i>Requestor</i>	<i>Sheet Number</i>	<i>Change Requested</i>	<i>ISO RESPONSE</i>
	67	ASRP 5.1.2 added to section 2.5.3.6(c)- Does not appear to say the same thing.	The substance of ASRP 5.1.2 was incorrectly added to § 2.5.3.5(c); it should have been added to § 2.5.3.6(c) as stated in the mapping document.
	446	DFP 1.1- Not deleted from tariff	The ISO agrees with the comment and will strike through the text.
	1	DFP 1.2.3 merged into section1- DFP § 1.2.3(a) became § 1.4(a), DFP § 1.2.3(b) became § 1.4(b), DFP § 1.2.3(c) became § 1.4(d) and DFP § 1.2.3(d) was deleted.	The ISO agrees with the comment and will add this description to revised mapping table.
		"Participant" is NEVER defined. Master Definition Supplement refers back to deleted sections.	Agreed. The definition of "Participant" will be added to Master Definition Supplement or the ISO will change all "Participants" to "Market Participants"
	300-357A	MMIP 1.2.1/Master Definition Supplement- Removed	Observation- no ISO response needed.
	1	MMIP 1.2.3 merged into section 1- 1.4	Observation- no ISO response needed.
	1	MMIP 1.2.3.1 merged into section 1- 1.4 (a) dropped EP	Observation- no ISO response needed.
	1	MMIP 1.2.3.2 merged into section 1- 1.4 (b) OK	Observation- no ISO response needed.
	1	MMIP 1.2.3.3 merged into section 1- 1.4 (d) OK	Observation- no ISO response needed.
	1	MMIP 1.2.3.4 merged into section1- Dropped completely	Observation- no ISO response needed.
	872	MMIP 7.3/EP 9- Added Enforcement Protocol reference.	Observation- no ISO response needed.
	514	OCP 1.1- Query: Is "Objectives" section unnecessary?	The ISO agrees that OCP 1.1 is unnecessary.
	40	OCP 1.1.1/Section 2.3.3.1- There is no Section 2.3.3.12	The ISO disagrees with the comment. There is a section 2.3.3.12
	516	OCP 2.1- Where are OCP 4.1 and 7.1?	Please refer to Section 2.3.3.4
	529	OCP 2.2/OCP 7- Questioning rational for deleting OCP 2.2	OCP 7 contains requirements for communications for scheduled maintenance requests, and OCP 2.2 was proposed for deletion because it is somewhat repetitious, requiring that information submitted in relation to planned Generating Unit Outages be submitted in accordance with OCP 7.
	41A	OCP 2.2.1.1/Section 2.3.3.5- correct mapping document to read "41A" and not "41 and 41A"	The ISO agrees with the comment
	41A	OCP 2.2.5 moved to 2.3.3.5.1 and merged with 3.1.5-	The ISO disagrees with the comment. The

California ISO Responses to Stakeholders Comments on Tariff Simplification Posted April 29, 2005

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		Doesn't address "conflicting requests for outages" - language focuses on "detrimental effects"	last sentence in Section 2.3.5.1 states "This information may be used to assist the ISO in prioritizing conflicting requests for outages" (emphasis added)
41		OCF 2.3.3 merged with OCF 3.1.4 and moved to 2.3.3.2-Tariff Provision 2.3.3.2 references OCF, which no longer seem to be appropriate because the OCF as a separate document will no longer exist	The ISO agrees with the comment and will update the reference.
529		OCF 3.1/OCF 7- Questioning rational for deleting OCF 3.1	OCF 7 contains requirements for communications for scheduled maintenance requests, and OCF 3.1 was proposed for deletion because it is somewhat repetitious, requiring that all information submitted in relation to planned Outages of ISO Controlled Grid facilities must be submitted in accordance with OCF 7.
41A		OCF 3.1.1/Section 2.3.3.5- § 2.3.3.5c references §§ 2.3.3.5.1, 2.3.3.5.2 and 2.3.3.5.3 with more detailed conditions	Observation noted - no ISO response needed
519		OCF 3.1.4 has been incorporated into Draft § 2.3.3.2. There is no § 2.3.3. Draft § 2.3.3.2 references no longer existing section 3.1.4. Updated references.	There is an OCF 2.3.3, to which the mapping table refers. Section 2.3.3 of the tariff is just an introductory heading. The ISO will update the OCF reference.
46A		OCF 3.1.6/Section 2.3.3.10- Changes "will coordinate" to "shall make all reasonable efforts to coordinate..." Drops "with operators of Adjacent Control Areas."	Observation - the substance of OCF 3.1.6 is captured in existing Tariff § 2.3.3.10; there are no proposed additions to § 2.3.3.10.
41		OCF 3.2.1 moved to Sections 2.3.3.5.2 and 2.3.3.5.3-Reliability Criteria" reference dropped. Tariff Provision 2.3.3.5.2 references OCF which no longer seem to be appropriate because the OCF as a separate document will no longer exist Updated references.	Comment 1: first part is in 2.3.3.5.2. Comment 2: "Applicable Reliability Criteria" is also in 2.3.3.5.3. Comment 3: the ISO will update the references.
41		OCF 4.1 integrated with OCF 7.1 and 2.1 into Section 2.3.3.4- Deleted sentence on Participating TO or UDC requirement to advise the ISO of outages providing Must-Take Generation pursuant to existing contracts. OCF §	See the prior comment - the ISO will update the references.

California ISO Responses to Stakeholders Comments on Tariff Simplification Posted April 29, 2005

<i>Requestor</i>	<i>Sheet Number</i>	<i>Change Requested</i>	<i>ISO RESPONSE</i>
		7.1 is reworded with less detail (e.g. Single Point of Contact identification no longer expressly required to be confirmed in all communication with the ISO). Tariff Provision 2.3.3.4 references OCP , which no longer seem to be appropriate because the OCP as a separate document will no longer exist Updated references.	
	45	OCP 4.2- part deleted, part integrated into 2.3.3.5.2- Does § 2.3.3.5.2 on "Sub. Originald (sic) Sheet No. 41A" supersede the § 2.3.3.5.2 on "First Revised Sheet No. 42"? "Applicable Reliability Criteria" reference dropped. Tariff Provision 2.3.3.5.2 references OCP, which no longer seem to be appropriate because the OCP as a separate document will no longer exist	Comment 1: The first 2.3.3.5.2 does not "supercede" the second 2.3.3.5.2] The first § 2.3.3.5.2 will be renumbered as § 2.3.3.5.2.1 and the second § 2.3.3.5.2 will be renumbered as § 2.3.3.5.2.2 . Comment 2: the ISO will update the reference.
	45	OCP 4.3.1 moved to new Section 2.3.3.7a- Also adds transmission system identification & restoration (following outages) provisions. Tariff Provision 2.3.3.7a references OCP, which no longer seem to be appropriate because the OCP as a separate document will no longer exist	The ISO will update the reference.
	42 & 41A	OCP 4.3.3 redundant with Sections 2.3.3.5.2 and 2.3.3.5.3- Dropped requirement that ISO Outage Coordination Office acknowledge receipt of each request to confirm or approve a Maintenance Outage. Also drops reference to ISO home page. Note: There are two § 2.3.3.5.2 in the Draft version. One is on Sub. Original Sheet No. 41A and the other is on First Revised Sheet No. 42. Tariff Provision 2.3.3.5.2 references OCP, which no longer seem to be appropriate because the OCP as a separate document will no longer exist Updated references.	The first § 2.3.3.5.2 will be renumbered as § 2.3.3.5.2.1 and the second § 2.3.3.5.2 will be renumbered as § 2.3.3.5.2.2 . The CAISO will add an initial sentence to § 2.3.3.5.2.2 regarding acknowledgement of the receipt of a request to approve or confirm a maintenance outage.
	41A	OCP 4.3.4 moved to new Section 2.3.3.5.1a- Tariff Provision 2.3.3.5.1a references OCP, which no longer seem to be appropriate because the OCP as a separate document will no longer exist	The ISO will update the reference.
	45	OCP 4.3.6/Section 2.3.3.8- (slightly reworded, but no apparent substantive changes)	Observation noted - no ISO response needed.

California ISO Responses to Stakeholders Comments on Tariff Simplification Posted April 29, 2005

<i>Requestor</i>	<i>Sheet Number</i>	<i>Change Requested</i>	<i>ISO RESPONSE</i>
	45	OCP 4.3.8/Section 2.3.3.8- (slightly reworded, but no apparent substantive changes)	Observation noted - no ISO response needed.
	45	OCP 4.3.9 moved to Section 2.3.3.8- Extends ISO's authority to include approvals for outages for "security or system status of the ISO Controlled Grid or market impact."	As noted in the ISO's document the language regarding "security or system status of the ISO Controlled Grid or market impact" comes from the existing authority in OCP 5.9.
	45	OCP 5.1 part redundant with 2.3.3.8, first paragraph moved to 2.3.3.5.2- Changes "may delay its approval..." to "authority to withhold a Final Approval..." Tariff Provision 2.3.3.5.2 references OCP, which no longer seem to be appropriate because the OCP as a separate document will no longer exist	The ISO will update the reference
	46A	OCP 5.2/Section 2.3.3.10- Changed "ISO will coordinate the scheduling..." (i.e. of ISO Controlled areas and adjacent Control Areas) to "The ISO Outage Coordination Office shall make all reasonable efforts to coordinate Outages involving other Control Areas".	The ISO did not change the existing language in 2.3.3.10.
	45	OCP 5.3 moved to new Section 2.3.3.7a- (slightly reworded, but no apparent substantive changes) Tariff Provision 2.3.3.7a references OCP, which no longer seem to be appropriate because the OCP as a separate document will no longer exist	The ISO will update the reference
	45	OCP 5.3.1 moved to new Section 2.3.3.7a.1- Tariff Provision 2.3.3.7a.1 references OCP, which no longer seem to be appropriate because the OCP as a separate document will no longer exist	The ISO will update the reference
	45	OCP 5.3.3 moved to new Section 2.3.3.7.1- Adds "...and approved by the ISO..."	The ISO combined the substance of OCP §§ 4.3.7 and 5.3.3: Section 4.3.7 contains the language "schedules submitted to <i>and approved by</i> . . ." whereas the language of § 5.3.3 uses the phrase "schedule submitted to"
	45	OCP 5.3.4 moved to new Section 2.3.3.7.2- Tariff Provision 2.3.3.7.2 references OCP, which no longer seem to be appropriate because the OCP as a separate	The ISO will update the reference

California ISO Responses to Stakeholders Comments on Tariff Simplification Posted April 29, 2005

<i>Requestor</i>	<i>Sheet Number</i>	<i>Change Requested</i>	<i>ISO RESPONSE</i>
		document will no longer exist	
	42 & 41A	OCP 5.4 redundant with Sections 2.3.3.5.2 and 2.3.3.5.2- Dropped requirement that ISO Outage Coordination Office acknowledge receipt of each request to confirm or approve a Maintenance Outage. Also drops reference to ISO home page. Note: There are two § 2.3.3.5.2 in the Draft version. One is on Sub. Original Sheet No. 41A and the other is on First Revised Sheet No. 42.	The first § 2.3.3.5.2 will be renumbered as § 2.3.3.5.2.1 and the second § 2.3.3.5.2 will be renumbered as § 2.3.3.5.2.2. The CAISO will add an initial sentence to § 2.3.3.5.2.2 regarding acknowledgement of the receipt of a request to approve or confirm a maintenance outage.
	41A	OCP 5.5 moved to new Section 2.3.3.5.1a- Adds new reasons whereby ISO Outage Coordination Office shall have the right to reject a modified request (adds reasons of System Reliability, system security or market impact). Tariff Provision 2.3.3.5.1a references OCP, which no longer seem to be appropriate because the OCP as a separate document will no longer exist	The ISO combined the substance of OCP §§ 4.3.4 and 5.5. OCP § 4.34 contains the language referred to in the comment. The ISO will update the references to the OCP
	42	OCP 5.6.1 moved to new Section 2.3.3.5.3a- Tariff Provision 2.3.3.5.3a references OCP, which no longer seem to be appropriate because the OCP as a separate document will no longer exist	The ISO will update the reference to the OCP
	45	OCP 5.7/Section 2.3.3.8- No longer explicitly says that "under no circumstances shall any outage be initiated for which an approval is required..."	Section 2.3.3.8 states "No Maintenance Outage shall commence without such final approval."
	45	OCP 5.8/Section 2.3.3.8- Changes "starting time and return time" to "time of release".	The substance of OCP § 5.8 is captured in existing Tariff § 2.3.3.8.
	45	OCP 5.9 moved to Section 2.3.3.8- Tariff Provision 2.3.3.8 references OCP, which no longer seem to be appropriate because the OCP as a separate document will no longer exist. It also references the Dispatch Protocols (DP).	The ISO will update the references to the OCP
	45	OCP 6.1 and 6.2 moved to 2.3.3.9- Retains reference to OCP 4 and OCP 5, which apparently are being eliminated in the Draft version.	The ISO will update the references to the OCP
	41	OCP 7.1 redundant in part and merged in part with Section 2.3.3.4- Under the Draft version the Single Point of Contact will be with the ISO Outage Coordination Office rather than just the ISO. Also, under the Draft	The language from time-to-time already existed in section 2.3.3.4. The ISO does not believe it has changed the substance in merging these provisions.

California ISO Responses to Stakeholders Comments on Tariff Simplification Posted April 29, 2005

<i>Requestor</i>	<i>Sheet Number</i>	<i>Change Requested</i>	<i>ISO RESPONSE</i>
		version Operators must "specify from time to time" the identity of a single point of contact along with primary and alternate means of communication. This replaces a more specific provision in the Current ISO tariff.	
	41	OCP 7.2 moved to new Section 2.3.3.4a- Retains reference to OCP 7.2, which apparently is being eliminated in the Draft version (i.e. reference should be to Draft version section 2.3.3.4a).	The ISO will update the reference to the OCP
	46A	OCP 8.2 moved to Section 2.3.3.10a.2- Retains reference to OCP 8, which apparently is being eliminated in the Draft version.	The ISO will update the reference to the OCP
	46A	OCP 8.3 moved to 2.3.3.10a.3- Retains reference to OCP 5, which apparently is being eliminated in the Draft version.	The ISO will update the reference to the OCP
	46A	OCP 8.4.1 moved to 2.3.3.10.a.4a- Retains reference to OCP 8.3, which apparently is being eliminated in the Draft version.	The ISO will update the reference to the OCP
	46A	OCP 8.4.3 moved to 2.3.3.10a.4c- Retains reference to OCP 8.4.2, which apparently is being eliminated in the Draft version.	The ISO will update the reference to the OCP
	46A	OCP 8.4.4 moved to 2.3.3.10a.4d- Retains reference to OCP 8.4.2 and 8.4.3, which apparently are being eliminated in the Draft version.	The ISO will update the reference to the OCP
	46A	OCP 8.4.5 moved to 2.3.3.10a.4e- Retains reference to OCP 4 and 5, which apparently are being eliminated in the Draft version.	The ISO will update the reference to the OCP
	46A	OCP 9.1 redundant in part with 2.3.3.11 and moved in part to 2.3.3.11- Changes heading from "Records of Approved Maintenance Outages" to simply "Records". Also, changes "...will maintain a record..." to "...shall develop procedures to keep a record..."	Observation noted - no ISO response needed
	532/286	Query: If OCP 10 is deleted will the OCP Protocols (i.e. newly incorporated into the Draft ISO tariff) still be amendable under the Draft ISO tariff?	Yes, the OCP provisions will be in the tariff which can be amended in accordance with Section 19.
	574	SCAP 2.4/2.2.4.1- Draft adds application fee <u>set by CAISO Governing Board</u> [from Tariff 2.2.4.1]	Observation noted - no ISO response needed

California ISO Responses to Stakeholders Comments on Tariff Simplification Posted April 29, 2005

Requestor	Sheet Number	Change Requested	ISO RESPONSE
		Delete from section 10 all references to "metering protocol" and associated appendices.	The ISO agrees with the comment
	733-735	The definition of "SC Meter Service Agreements" is not redundant with the definition of "SC Agreement". Each agreement is distinct and has its own purpose. If the term "SC Meter Service Agreements" is used in the reformatted tariff, it should be a defined term.	The ISO will review Section 10 and will ensure clarity between Meter Service Agreements with ISO Metered Entities and Metered Service Agreements with Scheduling Coordinators
	751 through 752	MP 9 moved to new sections 10.3.2.1 through 10.3.2.3- New Section 10.3 is non-coherent: the title of the section is " 10.3 Meter Service Agreements for ISO Metered Entities. " However, many subsections have nothing to do with MSAs or even with ISO Metered Entities. In addition, change the following section in 10.3.1 to read: "...The meter service agreement and the ISO Tariff metering protocols shall specify the format of Meter Data to be submitted, which shall be identified..."	The ISO agrees in part with the comment and proposes to (i) move §§ 10.3.2.1 through 10.3.2.3 to new §§ 10.2.7 to 10.2.9 and (ii) change the title of 10.3.2.1 to Security of Meter Data for ISO Metered Entities. The ISO also agrees that the reference to the metering protocol should be stricken.
		MP 11-13- These sections have not been addressed in the reformatted tariff.	Agreed. These should be incorporated into the tariff
		MP Appendices A-G- These sections have not been addressed in the reformatted tariff.	The ISO is proposing to remove these from the tariff to be incorporated into a manual or other such document
Don Wolfe-PTT (06/02/05)		It is not possible to determine how the revised tariff will be structured or to evaluate the logic of the new structure or the CALISO's concept for the revision. Requesting a narrative explanation or visual aid that shows the subject areas in the tariff, where they are in the existing tariff and protocol structure, and where they would be placed in the revised structure, and why. The mapping table is not a meaningful reference because it does not identify the subjects of most of the sections listed.	The CAISO is releasing a revised Table of Contents of the Reorganized and Simplified Tariff to aid in this process.
DWR (05/31/05)		Substantive comments cannot be made until further information and details are provided, as it is difficult to determine exactly what will be moved out of the Tariff and Protocols. Suggests criteria to use for reorganization or removal of language: (1) any provision describing or	The ISO appreciates the comment and will be working with stakeholders to review any proposal to move sections from the tariff to manuals or procedures

California ISO Responses to Stakeholders Comments on Tariff Simplification Posted April 29, 2005

Requestor	Sheet Number	Change Requested	ISO RESPONSE
		affecting how CALISO costs are incurred and/or CALISO cost allocation methodologies should be moved to or retained in the Tariff; (2) any provisions describing operating procedures that affect reliability should be moved to or retained in the Tariff. Cites <i>ANP Funding I. LLC v. ISO New England, et al.</i> , 110 FERC 61,040 (2005) and <i>California Indep. Sys. Operator Corp.</i> , 101 FERC 61,061 (2002).	
Cogeneration Association of California		<p>MP 2.2.3.4 and 2.3.5: the descriptions of permitting netting and of prohibited netting should be revised to reflect the permitted netting of behind-the-meter load. The "Permitted Netting" subsections should be revised to add:</p> <p>net values for Generating Unit output and auxiliary load equipment electrically connected to that Generating Unit at the same point, and for other load behind the Point of Demarcation as permitted in a QF PGA.</p> <p>The "Prohibited Netting" subsections should be revised to add:</p> <p>SCs may not net values for Generating Unit output and Load, except as permitted under a QF PGA.</p>	The ISO's objective of this phase of the simplification is to collapse the Protocols into the CAISO Tariff thereby reducing the redundancy. The ISO is not attempting to make substantive changes to the tariff. The ISO notes that the proceeding on the QF PGA is final and that the Commission has accepted the ISO's compliance filing. The ISO also further notes that the issue of permitted netting for QFs is being addressed with regard to Amendment No. 68. Any changes to the tariff as a result of Amendment No. 68 will be incorporated into the simplified tariff
		<p>The definition of Control Area Gross Load should be revised to add as a third exclusion:</p> <p>(c) Self-provided Load</p>	See prior response to CAC comment
		The definition of Load should also exclude any Self-provided Load.	See prior response to CAC comment
		<p>The definition of Participating Generator should be revised as follows:</p> <p>A Generator or other seller of Energy or Ancillary Services, other than sales of Energy pursuant to PURPA, through a Scheduling Coordinator over the ISO</p>	See prior response to CAC comment

California ISO Responses to Stakeholders Comments on Tariff Simplification Posted April 29, 2005

Requestor	Sheet Number	Change Requested	ISO RESPONSE
		Controlled Grid from a Generating Unit with a rated capacity of 1 MW or greater, or from a Generating Unit providing Ancillary Services and/or submitting Supplemental Energy bids through an aggregation arrangement approved by the ISO, which has undertaken to be bound by the terms of the ISO Tariff, in the case of a Generator through a Participating Generator Agreement.	
		The definition of Standby Rate should add: which compensates the Participating TO, among other things, for costs of High Voltage Transmission Facilities and the ISO's Grid Management Charge.	See prior response to CAC comment
		Add to the Master Definitions Supplement the definitions from the QF PGA of Self-provided Load, Point of Demarcation and Net Scheduling QF.	See prior response to CAC comment
CMUA (05/31/05)		CMUA generally supports efforts to simplify the Tariff and make it more user-friendly, taking into account some of the competing factors below	Observation noted - no ISO response needed.
		CMUA believes the timing of the simplification effort is critical as to whether the effort will be a success, or whether it is worth doing. It is our understanding that the simplified tariff is both (a) intended to serve as a platform for the MRTU-based tariff and (b) is scheduled to be filed in September. Yet, the MRTU tariff drafting must necessarily begin before that, if it has not begun already. CMUA requests clarification as to how these deliverables co-exist, and why the processes must be done in parallel. If the MRTU Tariff drafting will so begin, are we not running the risk of "getting the cart before the horse."	The ISO does intend the simplified tariff to be a platform for the MRTU Tariff. The ISO will continue to work with stakeholders concerning the timing of both the Simplified and Reorganized tariff and the MRTU Tariff. The ISO does not believe that we are getting the cart before the horse as the goal is to fix many of the structural problems in the existing tariff and provide a baseline that best illustrates the substantive changes that are part of MRTU [
		One goal of the Simplified Tariff initiative should be to support easy identification of substantive changes when making MRTU filing. If it does not accomplish this goal, it is probably not worth doing.	The ISO agrees with the comment
		The Simplified Tariff may be in effect for a substantial period of time. As such, the ISO must approach it with	The ISO agrees with the comment

California ISO Responses to Stakeholders Comments on Tariff Simplification Posted April 29, 2005

<i>Requestor</i>	<i>Sheet Number</i>	<i>Change Requested</i>	<i>ISO RESPONSE</i>
		caution. CMUA urges the ISO to take a conservative approach to making substantive changes that may be the cause of unnecessary disputes.	
		CMUA urges the ISO to be conservative when considering whether to move substantive provisions "off Tariff." At a minimum, a basic rule should be that if a provision affects a rate (charge type) incurred by a Scheduling Coordinator, it should be in the Tariff, i.e. changes to it will require a Section 205 filing by the ISO. This includes formulas or other information that affect prices. Also, given past history with certain operating instructions that served as the basis for ISO dispatch, such operating protocols should still be part of the tariff as they affect rates.	The ISO generally agrees with the comment. Certainly sufficient detail needs to remain in the tariff regarding rates terms and conditions. The ISO does not necessarily believe that it is necessary to retain formulas in the Tariff - such formulas for charges and cost allocations can be specified in narrative form with sufficient detail and clarity.
MWD (06/01/05)		First, and foremost, we very much support the comments of CMUA and others for maintaining all text or formula that identifies or describes Tariff rates in the main body of ISO Tariff. Indeed, we believe FERC precedent requires that all information sufficient to permit market participants to determine how ISO charges are assessed must remain in the Tariff proper, and not be shuttled into an ancillary document that does not receive FERC review.	See response to CMUA
		Second, with so many demands on stakeholder time, from participation in on-going proceedings at FERC to preparation and attendance at ISO MRTU stakeholder meetings, in addition to other pending matters at each agency or company, we are concerned that there is insufficient time available to stakeholders to provide detailed review of the simplified and reorganized tariff in its various stages of development. Metropolitan has not had the time to do a "page-turn" review of the tariff, and is not aware of any other stakeholder that has had the requisite time to devote to that extensive effort. The ISO should not rely on detailed feedback from market participants to correct inadvertent errors and glitches in the tariff as it's being developed.	The ISO appreciates the competing demands on stakeholders and that all entities may not have sufficient time or resources to review all aspects of the filing. While the ISO is not relying on stakeholders to correct inadvertent errors, we very much appreciate the feedback reflected in the comments received to-date.

California ISO Responses to Stakeholders Comments on Tariff Simplification Posted April 29, 2005

<i>Requestor</i>	<i>Sheet Number</i>	<i>Change Requested</i>	<i>ISO RESPONSE</i>
		<p>Third, if the simplified and reorganized tariff is to serve as the basis for a redline to the new Tariff text to be developed for MRTU implementation, timing is everything. The simplified tariff has to be "put to bed" sufficiently early relative to the development of MRTU text so that the latter can be compared to the former. If the simplified tariff isn't finalized until relatively late in the development of MRTU Tariff text, the effort consumed in its preparation will fall short of the benefit derived. Metropolitan recommends that the ISO avoid "word-smith" changes to the simplified Tariff to expedite its preparation and avoid controversy and inadvertent error. To serve its intended purpose, the simplified tariff should be finalized no later than the initial roll-out of MRTU text.</p>	<p>The ISO agrees with the comment</p>
		<p>Finally, Metropolitan questions the perceived necessity to file the simplified Tariff under Section 205 with FERC. Such an effort will unquestionably delay its preparation, which will compromise the primary benefit of the Tariff, to serve as a redline from which to show MRTU Tariff changes.</p>	<p>The ISO appreciates the comment and is evaluating its filing options</p>

C.3



Memorandum

To: ISO Board of Governors
From: Sidney M. Davies, Assistant General Counsel
cc: ISO Officers
Date: September 2, 2005
Re: *Authorization to File Simplified and Reorganized Tariff*

This memorandum requires Board Action.

EXECUTIVE SUMMARY

An overarching objective in implementing the Market Redesign & Technology Upgrade (MRTU) project is to have the implementing tariff language be clear, comprehensible and organized, with single subjects being addressed in the same place in the tariff to the extent possible. The goal is to have a document that is as straightforward and as easy to understand as possible, allowing for easy implementation by CAISO Employees and Market Participants.

The MRTU tariff language (MRTU Tariff), to be filed with the Federal Energy Regulatory Commission (FERC) on November 30, 2005, will replace or affect numerous sections of the existing Tariff. The discussion of any particular topic in the existing Tariff, however, can appear in several different sections. The complicated and dispersed format of the existing Tariff is a vestige of the period prior to start-up of the CAISO in 1998 and the fact that the Protocols, which were contemplated to be stand-alone, non-filed supporting materials, were placed on file with FERC. This means that there is substantial duplication and complication in the existing Tariff (*i.e.*, duplication between provisions in the Protocols and the provisions in the Tariff).

Accordingly, in order to realize a well-organized MRTU Tariff, and to display the MRTU Tariff changes in a transparent and readily accessible format, it is necessary to prepare a simplified and reorganized tariff (S&R Tariff) of the existing CAISO Tariff in order to create a platform for the MRTU Tariff. The S&R Tariff simplifies and reorganizes the existing CAISO Tariff by: (1) merging the Protocols into the Tariff where similar issues are addressed; (2) deleting duplicative provisions; and (3) retaining certain separate, on-file Protocols that cover specific issues not addressed elsewhere (*e.g.* the Dynamic Scheduling Protocol). A fourth category of changes - moving certain detailed implementing rules from the tariff to Business Practices Manuals (BPMs) or posted as templates, as appropriate - will be addressed following the filing of the MRTU Tariff to allow more time for these documents to be developed.

MOVED,

That the ISO Board of Governors authorizes the filing of the Simplified and Reorganized Tariff with FERC, as described in the Memorandum to the Board dated September 2, 2005.

BACKGROUND

The MRTU Tariff language will replace or affect numerous sections of the existing Tariff. In addition, the discussion of any particular topic in the existing Tariff can appear in several different sections of the current Tariff. The complicated and dispersed format of the existing tariff is a vestige of the period prior to start-up of the CAISO in 1998 and the fact that all of the provisions in the Protocols and in the Tariff were placed on file with the FERC. Furthermore, the fact that the Protocols were drafted as stand-alone documents and not with the intent of being placed on file at the FERC means that there is substantial duplication in the existing Tariff (*i.e.*, duplication between provisions in the Protocols and the provisions in the Tariff).

As a result of these facts, one of the first issues in meeting the objective of presenting the MRTU Tariff language in an organized, clear, and simple manner, is the tension between wanting all the MRTU tariff provisions on any particular topic to be within a single section (or under a single heading) and the dispersed and redundant nature of the existing Tariff. Keeping the existing format of the Tariff could require that the MRTU Tariff provisions on a given topic be dispersed throughout the current Tariff with the need for substantial cross-referencing.

A second issue with the proposed MRTU Tariff language and the existing Tariff involves the fact that there may be a substantial interval of time between the filing of the MRTU Tariff language and its effectiveness. In the interim period, other non-MRTU Tariff changes may be required. The CAISO believes that simplifying and reorganizing the existing Tariff is the best way to address these issues, as it will enable changes to be made to a document that reflects the organization and many of the provisions of the final MRTU Tariff. CAISO management proposes to file the S&R Tariff on or about September 15, 2005.

The S&R Tariff as the Platform for the MRTU Tariff Changes

There are advantages in simplifying and reorganizing the existing Tariff and using the S&R Tariff as the platform for the MRTU Tariff. This approach supports the goal of presenting the proposed tariff changes in the most organized, clear, and simple manner as possible and will facilitate stakeholder review. The approach also supports the broader objective or end-state of having a Tariff that is simpler, more straightforward and easier to understand and implement.

Filing the S&R Tariff in advance of the MRTU changes will allow the CAISO to present stakeholders and the Commission with an MRTU Tariff that focuses on the substance of the MRTU-related modifications. In essence the ISO is proceeding in a two-step process: first, reordering the Tariff, but not making substantive changes, and second, making the detailed MRTU filing. This should help focus stakeholder interventions and CAISO explanation on the new design elements and not tariff reorganization. Accordingly, the effective date requested for the reorganized Tariff would be sooner (*i.e.* 60-days from the date of filing, or November 15, 2005) than the requested effective date for the MRTU Tariff (February 2007). If accepted, this would mean that: (i) the MRTU Tariff changes would be presented against the S&R Tariff format, and (ii) any future tariff change proposed while the MRTU language was pending at FERC would be less complicated because it too could be presented against the backdrop of the S&R Tariff.

The S&R Tariff is the first of four phases of the MRTU Tariff project. The second phase is the November 30, 2005 MRTU Tariff filing. The third phase is the consideration of further Tariff amendments necessary or appropriate prior to MRTU. The fourth phase is to update the MRTU Tariff to reflect amendments filed in late 2005 and 2006, such as SAMC.

The S&R Tariff

The intent of the S&R Tariff is not to make any changes in the substance of the current Tariff provisions. In other words, the current Tariff would be reorganized such that individual subjects or topics, to the greatest extent possible, would only appear in a single section or chapter of the Tariff. There would be no changes in the substance of the existing Tariff provisions.

Similarly, the simplification effort would be limited solely to eliminating redundant or outdated provisions. Stated differently, any elimination or revision to the substance of the existing Protocols or the existing Tariff provisions will take place as a result of proposing MRTU Tariff language or other specific amendments relating to other subject areas, (e.g. credit policies, SAMC, payment acceleration); such elimination or revision will not take place as a result of creating a simplified and reorganized version of the existing tariff. This means that Appendices to Protocols and certain specific Protocol provisions not merged into the Tariff and targeted for inclusion into Business Practices Manuals (BPMs) remain on file with FERC. The development of BPMs will occur in the context of the MRTU Tariff.

STAKEHOLDER PROCESS

April 2005

- CAISO posted whitepaper on MRTU Tariff process, including an explanation of the development of the S&R Tariff as a step in that process.
- Presentation to stakeholders regarding MRTU Tariff process at the April 12-13 stakeholder meetings.
- Posted draft S&R Tariff and supporting documents on April 29, 2005. Supporting documents include: an overview and a mapping table.

May 2005

- Presentation to stakeholders updating MRTU Tariff process at the May 18-19 stakeholder meetings.

June 2005

- Presentation to stakeholders updating MRTU Tariff process at the June 21-23 stakeholder meetings.
- Posted stakeholder comments on the April 29 drafts of the S&R Tariff and CAISO responses on June 30.
- Posted table of contents of the S&R Tariff on June 30.
- Posted document describing how Protocols treated, *i.e.* whether merged into Tariff, whether to remain as a stand-alone Protocol on file with FERC, or whether to republish materials as BPMs or templates not on file with FERC.

July 2005

- Presentation to stakeholders updating MRTU Tariff process at the July 13-14 stakeholder meetings.

August 2005

- Presentation to stakeholders updating MRTU Tariff process at the August 16-18 stakeholder meetings.
- Presentation to stakeholders walking through S&R Tariff proposal with focus on June 30 document discussing Protocols.

September 2005 (proposed)

- Post updated draft S&R Tariff and supporting documents to reflect June 27, 2005 conformed Tariff and subsequent Tariff amendments.
- File S&R Tariff and supporting documents with FERC on September 15, 2005.

STAKEHOLDER COMMENTS

There are two areas of general stakeholder concern.¹ First, although stakeholders generally agree that the CAISO Tariff is not a well-organized document and most stakeholders support the effort to create an S&R Tariff, a few stakeholders have questioned whether the S&R Tariff process should be undertaken now, in light of the resources that both CAISO staff and stakeholders must devote to the MRTU process, including the MRTU Tariff. Indeed, one stakeholder suggested that the CAISO should devote its resources to developing a well-organized MRTU Tariff without the interim step of an S&R Tariff. The response to that concern is that the S&R Tariff, as described in this memorandum, is an important step in the development of the MRTU Tariff, which will allow stakeholders to focus on the MRTU-specific language without the distraction of also having to focus on major reorganization (in order to achieve a well-organized document) or have the MRTU-specific language dispersed throughout the Tariff (if the existing Tariff is used as the baseline). The S&R Tariff will reduce the burden on stakeholders in the longer term.

The second area of stakeholder concern relates to the proposal, as discussed in the June 30, 2005 document, for (1) removing materials from the Protocols that were not merged into the Tariff, or retained as stand-alone Protocols on file with FERC, and (2) republishing the materials in the form of BPMs or templates that would not be on file with FERC. The basis for the CAISO's proposal is sound. Much of the material (e.g. the Appendices to the Metering Protocol) does not relate to rates, terms and conditions, and therefore, need not be on file with FERC. Other material, such as the settlements formulae in the Appendices to the Settlements and Billing Protocol, need not be included in the Tariff provided that suitable enabling language describing the rates, terms and conditions is in the Tariff. Many stakeholders agree in concept with the CAISO proposal, but nevertheless have expressed concern that there may not be adequate enabling language in the Tariff or Protocol language merged in the Tariff for all of the settlements material in the Appendices proposed for publication in the form of BPMs.

On further consideration, CAISO management has come to the conclusion that it would be a distraction from the MRTU project and the overall goal of achieving a well-organized MRTU Tariff to remove these materials left over from the merger of the Protocols into the Tariff that is on file with FERC at this time. Instead, CAISO management proposes to retain these materials as Appendices to the Tariff and defer the development of BPMs until after the MRTU Tariff is filed on November 30, 2005. Since, for example, many of the settlements formulae are likely to change or may no longer be relevant under MRTU, it will be a more efficient use of CAISO and stakeholder resources to defer this exercise until that time. In the meantime, the S&R Tariff can be filed with the assurance to stakeholders and FERC that nothing is inadvertently dropped from the Tariff, consistent with the CAISO's intent not to include any substantive changes in the CAISO Tariff in the S&R Tariff.

Other stakeholder comments fell into three categories: (1) non-substantive detail level comments and questions; (2) suggestions for deleting additional material as outdated or unnecessary; (3) suggestions for substantive changes to the Tariff. As to the first category, the CAISO has responded in writing to each and every question. As to the second and third categories, these suggestions will be looked at more closely in Phase 3 of the MRTU Tariff project.

¹ Specific stakeholder comments on the April 29, 2005 draft S&R Tariff are generally not substantive in nature and are captured in a spreadsheet posted on June 30, 2005 along with the CAISO's responses.

CONCLUSION

The S&R Tariff is an important step in the creation of a well-organized and user-friendly CAISO Tariff, which can then serve as the platform for the MRTU Tariff. CAISO management requests authorization to proceed with the filing of the S&R Tariff.