



December 15, 2006

VIA FEDERAL EXPRESS - PUBLIC VERSION

The Honorable Magalie Roman Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: California Independent System Operator Corporation
Docket No. ER07-____-000**

Dear Secretary Salas:

The California Independent System Operator Corporation ("CAISO") hereby submits an original and 14 copies of this informational filing pursuant to Article IX, Section B of the Stipulation and Agreement approved by the Commission on May 28, 1999, *California Independent System Operator Corp.*, 87 FERC ¶ 61,250 (1999). These copies contain a redacted version of Attachment A. The CAISO is also submitting one copy marked **CONFIDENTIAL**, which has a non-redacted version of Attachment A. Article IX Section B of the Stipulation and Agreement requires the CAISO to provide on a confidential basis to the Commission (i) information regarding any notice from an Reliability Must Run ("RMR") Unit¹ requesting a change of Condition; (ii) the date the chosen Condition will begin; and (iii) if the change is from Condition 1, the applicable level of the Fixed Option Payment. Two additional copies of this filing are enclosed. Please date-stamp them and return them in the self-addressed prepaid Federal Express envelope.

COMMUNICATIONS

Correspondence regarding this filing should be directed to:

¹ Capitalized terms that are not defined in this letter have the same meaning set forth in the Master Definitions Supplement, Appendix A to the CAISO Tariff.

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CONTENTS OF FILING

The following documents are included in this filing:

- (1) Transmittal Letter;
- (2) Attachment A – Information Regarding Changes of Condition; and
- (3) A Notice of Filing, suitable for publication in the Federal Register, together with a computer disk with a copy of the Notice in electronic format.

PROCEDURAL BACKGROUND

Since April 1, 1998, when the CAISO began operations, certain Generating Units have been designated by the CAISO as necessary for local reliability needs and thus have been operating pursuant to an RMR Contract between the CAISO and RMR Unit Owner. Broadly speaking, the RMR Contracts authorize the CAISO to call on RMR Units to provide specified levels of energy and ancillary services, and require the CAISO to make specified fixed and variable cost payments to RMR Unit Owners for these services. Under Section 5.2.8 of the CAISO tariff, costs payable by the CAISO under the RMR Contracts are passed through to the relevant Responsible Utility.²

By order issued December 17, 1997 in Docket Nos. ER98-441-000, *et al.*, the Commission placed the initial RMR Contracts for RMR Units in California into

² Section 5.2.8 provides that costs incurred by the CAISO under an RMR Contract for a generating plant are to be borne by the utility in whose service territory the generating plant is located.

effect, subject to refund, as of the date the CAISO began operations.³ On April 2, 1999, the CAISO, the owners of all of the RMR Units in California, the three Responsible Utilities, and other parties to Docket Nos. ER98-441-000, *et al.*, filed an offer of settlement in those dockets (the "First Stipulation") substantially revising the standard terms of the RMR Contract, but leaving a number of issues subject to litigation or further settlement efforts. The First Stipulation was approved by the Commission in May 1999.⁴

Article IX, Section B of the First Stipulation provides:

The CAISO shall provide on a confidential basis to the Commission pursuant to Section 388.112 of the Commission's Regulations, 18 C.F.R. §388.112 (1998), and to the California Agency and the affected Responsible Utility pursuant to the applicable Non-Disclosure and Confidentiality Agreement in the RMR Contract . . . :
(i) information regarding any notice from an RMR Unit requesting a change of Condition; (ii) the date the chosen Condition will begin; and (iii) if the change is from Condition 1, the applicable level of the Fixed Option Payment. Such information will be provided within ten (10) business days of the receipt of such notice by the CAISO. The CAISO shall provide a copy of all information provided to the Commission to the RMR Owner.

On December 1, 2006, the CAISO received a notice from an RMR Owner transferring the condition of one or more of its RMR Units during the 2007 Contract Year.

INFORMATION PROVIDED

Attachment A to this filing sets forth the information required to be provided under Article IX, Section B of the First Stipulation as to the notice received by the CAISO on December 1, 2006.

REQUEST FOR CONFIDENTIAL TREATMENT

Article IX, Section B of the First Stipulation provides that the CAISO is to submit the requisite information to the Commission on a confidential basis

³ *Pacific Gas and Electric Company, San Diego Gas & Electric Company and Southern California Edison Company*, 81 FERC ¶ 61,322 (1997).

⁴ *California Independent System Operator Corp.*, 87 FERC ¶ 61,250 (1999). A subsequent settlement (the "Second Stipulation"), covering some of the issues not resolved in the First Stipulation, was filed on August 14, 2000 in Docket Nos. ER98-441-000, *et al.*, and approved in *California Independent System Operator Corp.*, 93 FERC ¶ 61,089 (2000).

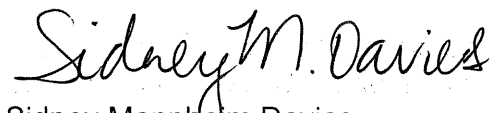
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pursuant to Section 388.112 of the Commission's Regulations. Consistent with this requirement, the CAISO seeks confidential treatment for Attachment A to this filing. The person to be contacted regarding the request for privileged treatment of the confidential document attached is Sidney Mannheim Davies, Assistant General Counsel, California Independent System Operator, 151 Blue Ravine Road, Folsom, CA 95630, telephone: (916) 608-7144, facsimile (916) 608-7222. Consistent with Section 388.112 of the Commission's Regulations, this filing includes a copy of this letter with a confidential version of Attachment A and fourteen copies of this letter with the redacted version of Attachment A.

SERVICE

As required by Article IX, Section B of the Stipulation and Agreement, the CAISO has provided notice of the change of condition described above (subject to the applicable Non-Disclosure and Confidentiality Agreement in the RMR Contract) to the designated RMR contact persons at the California Public Utilities Commission, California Electricity Oversight Board, the applicable Responsible Utility, and the relevant RMR Owner.

Respectfully submitted,

Handwritten signature of Sidney Mannheim Davies in cursive script.

Sidney Mannheim Davies
Counsel for the California Independent
System Operator Corporation

Handwritten initials 'CNU' enclosed in a circle.

ATTACHMENT A

ATTACHMENT A

Public [redacted] version

Notice was received from [redacted] on December 1, 2006 to transfer [redacted] from [redacted] to [redacted]. [Redacted.]

ATTACHMENT B

and the instructions on the Commission's web site under the "e-Filing" link. The Commission strongly encourages electronic filings.

Comment Date: