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December 21, 2005

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

**Re: California Independent System Operator Corporation
Compliance Filing
Docket No. ER05-1502-___**

Dear Secretary Salas:

The California Independent System Operator Corporation ("CAISO")¹ submits an original and five copies of the instant filing in compliance with the Commission's November 21, 2005 order in the captioned docket, 113 FERC ¶ 61,187 ("Amendment No. 72 Order"), conditionally accepting Amendment No. 72 to the CAISO Tariff ("Amendment No. 72").

In the Amendment No. 72 Order, the Commission accepted most of the proposed Tariff revisions but rejected proposed Section 2.2.7.2.1.2 and required the deletion of that section from the CAISO Tariff, without prejudice to the CAISO making a future filing that explains why a list of resources is needed from Scheduling Coordinators whose Day-Ahead Schedules reflect less than 100 percent of forecasted daily peak-hour demand and further explains how the CAISO grid operations will benefit from such a list. Amendment No. 72 Order at PP 32, 34. The CAISO has deleted Section 2.2.7.2.1.2 from the attached Tariff sheets to comply with the Commission's directive.

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the CAISO Tariff.

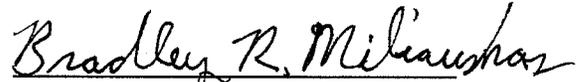
The Commission also directed the CAISO to delete proposed Section 2.2.12.3.3 from the CAISO Tariff. Amendment No. 72 Order at P 37. Accordingly, the CAISO has deleted that section from the attached Tariff sheets.

In the Amendment No. 72 Order, the Commission accepted the proposed change to Section 2.2.12.3.1 to revise the deadline for submitting Demand Forecasts from 6:00 a.m. on the day preceding the Trading Day to 10:00 a.m. on the day preceding the Trading Day. While preparing this compliance filing, the CAISO identified a conforming change that must be made to current Section 3.2.2 of the Scheduling Protocol ("SP"). Without this conforming change, there would be a mismatch, between the Commission-approved 10:00 a.m. deadline contained in Section 2.2.12.3.1 and the deadline for submitting Demand Forecasts contained in Section 3.2.2 of the SP – 6:00 a.m. The deadlines stated in those two CAISO Tariff sections are intended to be and should be the same. Due to an administrative oversight, the CAISO did not include in Amendment No. 72 a change to Section 3.2.2 of the SP that corresponds to the change to Section 2.2.12.3.1. The CAISO now proposes to modify the deadline stated in Section 3.2.2 of the SP to 10:00 a.m., so that it matches the change to Section 2.2.12.3.1 approved by the Commission in the Amendment No. 72 Order. Further, in order to maintain the chronology of the section headings contained under Section 3.2 of the SP, the CAISO proposes to move the text of current Section 3.2.2 of the SP to Section 3.2.6 of the SP, revise current Section 3.2.2 of the SP to state that it is "Not Used," and update the table of contents for the SP accordingly.

The tariff changes described above are incorporated into the revised sheets provided in Attachment A to the instant filing, and are shown in black-line format in Attachment B to the instant filing.

Two additional copies of this filing are enclosed to be date-stamped and returned to our messenger. If there are any questions concerning the filing, please contact the undersigned.

Respectfully submitted,



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ATTACHMENT A

2.2.7.2 Submitting Balanced Schedules. A Scheduling Coordinator shall submit to the ISO only Balanced Schedules in the Day-Ahead Market and the Hour-Ahead Market. A Schedule shall be treated as a Balanced Schedule when aggregate Generation, Inter-Scheduling Coordinator Energy Trades (whether purchases or sales), and imports or exports to or from external Control Areas adjusted for Transmission Losses as appropriate, equals aggregate forecast Demand with respect to all entities for which the Scheduling Coordinator schedules in each Zone. If a Scheduling Coordinator submits a Schedule that is not a Balanced Schedule, the ISO shall reject that Schedule provided that Scheduling Coordinators shall have an opportunity to validate their Schedules prior to the deadline for submission to the ISO by requesting such validation prior to the applicable deadline.

2.2.7.2.1 Submission of Schedules Sufficient to Meet Forecasted Demand

2.2.7.2.1.1 Each Scheduling Coordinator shall submit to the ISO, for each hour of each Trading Day, a Day-Ahead Schedule that includes at least ninety-five percent (95%) of that Scheduling Coordinator's forecast Demand for each hour, for each UDC Service Area, with respect to all entities for which the Scheduling Coordinator schedules in the applicable UDC Service Areas.

2.2.7.3 Limitation on Trading. A Scheduling Coordinator, UDC or MSS that does not maintain an Approved Credit Rating, as defined with respect to either payment of the Grid Management Charge, or payment of other charges, shall maintain security in accordance with Section 2.2.3.2. For the avoidance of doubt, the ISO Security Amount is intended to cover the entity's outstanding and estimated liability for

2.2.12.3 Demand Information.

2.2.12.3.1 Daily Information. By 10:00 a.m. on the day preceding the Trading Day, each Scheduling Coordinator shall provide to the ISO a Demand Forecast specified by UDC Service Area for which it will schedule deliveries for each of the Settlement Periods of the following Trading Day. The ISO shall aggregate the Demand information by UDC Service Area and transmit the aggregate Demand information to each UDC serving such aggregate Demand.

2.2.12.3.2 Preliminary Weekly Information. Each Scheduling Coordinator shall provide to the ISO, no later than seven (7) days after the end of each week, which shall end at Sunday HE 24, data for the previous week (Monday through Sunday), in electronic format, comparing, for each hour of that week: (1) the Scheduling Coordinator's total Day-Ahead scheduled Demand by UDC Service Area, as submitted pursuant to Section 2.2.7.2, (2) the Scheduling Coordinator's total Day-Ahead Demand Forecast by UDC Service Area, as submitted pursuant to Section 2.2.12.3.1, and (3) an estimate of the Scheduling Coordinator's actual Demand by UDC Service Area.

2.2.12.4 The Preferred Schedule of each Scheduling Coordinator for the following Trading Day shall be submitted at or prior to 10:00 a.m. on the day preceding the Trading Day together with any Adjustment Bids and Ancillary Services bids.

2.2.12.5 In submitting its Preferred Schedule, each Scheduling Coordinator shall notify the ISO of any Dispatchable Loads which are not scheduled but have submitted Adjustment Bids and are available for Dispatch at those same Adjustment Bids to assist in relieving Congestion.

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SP 3.2.1.1 By 5:00 am, One Day Ahead

By no later than 5:00 am on the day before the Trading Day, the ISO will notify SCs of the Energy Requirements from any Reliability Must-Run Units which the ISO requires to run in the Trading Day, except in those instances where a Reliability Must-Run Unit requires more than one day's notice, in which case the ISO may notify the applicable SC more than one day in advance of the Trading Day;

SP 3.2.1.2 By 6:00 am, One Day Ahead

By no later than 6:00 am on the day before the Trading Day, SCs that have been notified that a Reliability Must-Run Unit is required to run in the Trading Day will inform the ISO, with regard to each hour for which the ISO has provided such notice, whether the RMR Owner will take payment from the market or under the RMR Contract.

SP 3.2.2 [Not Used]

SP 3.2.3 By 6:30 am, One Day Ahead

By 6:30 am on the day ahead of the Trading Day (for example, by 6:30 am on Tuesday for the Wednesday Trading Day) and for each Settlement Period of the Trading Day: the ISO will provide to UDCs, via WEnet, the sum of the SCs' Direct Access Demand Forecasts by UDC Service Area; and

SP 3.2.4 By 8:00 am, One Day Ahead

By 8:00 am on the day ahead of the Trading Day (for example, by 8:00 am on Tuesday for the Wednesday Trading Day), and for each Settlement Period of that Trading Day, Firm Transmission Rights owners will notify the ISO, via the Secondary Registration System or other means established by the ISO, of any transaction of Firm Transmission Rights and of any changes in SCs' rights to schedule the use of Firm Transmission Rights at particular Inter-Zonal Interfaces.

SP 3.2.5 By 8:30 am, One Day Ahead

By 8:30 am on the day ahead of the Trading Day (for example, by 8:30 am on Tuesday for the Wednesday Trading Day), and for each Settlement Period of that Trading Day, Participating Transmission Owners will notify the ISO, via e-mail of an electronic spreadsheet or other means established by the ISO, of the amounts of transmission capacity to reserve for its transmission service customers under Existing Contracts at particular Inter-Zonal Interfaces. Upon receiving this information, the ISO will, by 9:00 am, calculate the Firm Transmission Rights available on each Inter-Zonal Interface after taking into account transfer capabilities and Existing Contract transmission capacity reservations, and then publish adjusted scheduling rights for SCs scheduling the use of Firm Transmission Rights and Existing Contract rights. After publishing the adjusted scheduling rights for Existing Contract rights and Firm Transmission Rights, SCs may submit contract usage templates (in accordance with the SBP) for validation by the ISO prior to the ISO's deadline for receiving Preferred Day-Ahead Schedules.

SP 3.2.6 By 10:00 am, One Day Ahead

By 10:00 am on the day ahead of the Trading Day (for example, by 10:00 am on Tuesday for the Wednesday Trading Day), the following information flows for each Settlement Period of the Trading Day will be required to take place:

- (a) SCs will provide, via WEnet, the ISO with forecasts of their Direct Access Demand by UDC Service Area;
- (b) the ISO will publish, via WEnet, an updated forecast of system Demands and of the Ancillary Services requirements; and
- (c) the ISO will validate (in accordance with the SBP) the information submitted above by SCs and UDCs.

SP 3.2.6.1 Actions by SCs and the ISO

By 10:00 am on the day ahead of the Trading Day (for example, by 10:00 am on Tuesday for the Wednesday Trading Day) and for each Settlement Period of that Trading Day (see SP 3.2.6.2 for information on the pre-validation performed at ten (10) minutes prior to the 10:00 am deadline):

- (a) SCs will submit their Preferred Day-Ahead Schedules to the ISO in accordance with the SBP;
- (b) SCs will submit, as part of their Preferred Day-Ahead Schedules, their Adjustment Bids, if any, to the ISO in accordance with the SBP;
- (c) SCs will submit their Ancillary Services bids, if any, to the ISO in accordance with the SBP and SP 9;
- (d) SCs will submit their schedules for self-provided Ancillary Services, if any, to the ISO in accordance with the SBP and SP 9;

- (e) the ISO will validate (in accordance with the SBP) all SC submitted Preferred Day-Ahead Schedules for Energy and Adjustment Bids and may assist SCs to resolve mismatches in scheduled quantities or locations for Inter-Scheduling Coordinator Energy Trades in accordance with the procedure described in SP 3.2.6.4;
- (f) the ISO will validate (in accordance with the SBP) all SC submitted schedules for self-provided Ancillary Services, Inter-

ATTACHMENT B

2.2.7.2.1 Submission of Schedules Sufficient to Meet Forecasted Demand

2.2.7.2.1.1 Each Scheduling Coordinator shall submit to the ISO, for each hour of each Trading Day, a Day-Ahead Schedule that includes at least ninety-five percent (95%) of that Scheduling Coordinator's forecast Demand for each hour, for each UDC Service Area, with respect to all entities for which the Scheduling Coordinator schedules in the applicable UDC Service Areas.

~~2.2.7.2.1.2 To the extent that a Scheduling Coordinator submits a Day-Ahead Schedule that reflects less than one hundred percent (100%) of its entire forecast Demand for the peak hour of that Trading Day in each applicable UDC Service Area, as set forth in Section 2.2.7.2.1.1, that Scheduling Coordinator must submit, along with its Day-Ahead Schedule, a list of the resources that the Scheduling Coordinator plans to rely upon during that Trading Day to meet its forecast peak Demand requirement.~~

* * *

2.2.12.3.2 Preliminary Weekly Information. Each Scheduling Coordinator shall provide to the ISO, no later than seven (7) days after the end of each week, which shall end at Sunday HE 24, data for the previous week (Monday through Sunday), in electronic format, comparing, for each hour of that week: (1) the Scheduling Coordinator's total Day-Ahead scheduled Demand by UDC Service Area, as submitted pursuant to Section 2.2.7.2, (2) the Scheduling Coordinator's total Day-Ahead Demand Forecast by UDC Service Area, as submitted pursuant to Section 2.2.12.3.1, and (3) an estimate of the Scheduling Coordinator's actual Demand by UDC Service Area.

~~2.2.12.3.3 Final Weekly Information.~~ Each Scheduling Coordinator shall provide to the ISO, no later than 60 days after the date for the submission of preliminary weekly data pursuant to Section 2.2.12.3.2, updated data in the exact same format as required in Section 2.2.12.3.2, reflecting the Scheduling Coordinator's total actual Demand by UDC Service Area for the applicable period.

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SCHEDULING PROTOCOL (SP)

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SP 3.2.1.2 By 6:00 am, One Day Ahead

By no later than 6:00 am on the day before the Trading Day, SCs that have been notified that a Reliability Must-Run Unit is required to run in the Trading Day will inform the ISO, with regard to each hour for which the ISO has provided such notice, whether the RMR Owner will take payment from the market or under the RMR Contract.

SP 3.2.2 By 6:00 am, One Day Ahead~~[Not Used]~~

~~By 6:00 am on the day ahead of the Trading Day (for example, by 6:00 am on Tuesday for the Wednesday Trading Day), the following information flows for each Settlement Period of the Trading Day will be required to take place:~~

- ~~(a) — SCs will provide, via WEnet, the ISO with forecasts of their Direct Access Demand by UDC Service Area;~~
- ~~(b) — the ISO will publish, via WEnet, an updated forecast of system Demands and of the Ancillary Services requirements; and~~
- ~~(c) — the ISO will validate (in accordance with the SBP) the information submitted above by SCs and UDCs.~~

SP 3.2.3 By 6:30 am, One Day Ahead

By 6:30 am on the day ahead of the Trading Day (for example, by 6:30 am on Tuesday for the Wednesday Trading Day) and for each Settlement Period of the Trading Day: the ISO will provide to UDCs, via WEnet, the sum of the SCs' Direct Access Demand Forecasts by UDC Service Area; and

SP 3.2.4 By 8:00 am, One Day Ahead

By 8:00 am on the day ahead of the Trading Day (for example, by 8:00 am on Tuesday for the Wednesday Trading Day), and for each Settlement Period of that Trading Day, Firm Transmission Rights owners will notify the ISO, via the Secondary Registration System or other means established by the ISO, of any transaction of Firm Transmission Rights and of any changes in SCs' rights to schedule the use of Firm Transmission Rights at particular Inter-Zonal Interfaces.

SP 3.2.5 By 8:30 am, One Day Ahead

By 8:30 am on the day ahead of the Trading Day (for example, by 8:30 am on Tuesday for the Wednesday Trading Day), and for each Settlement Period of that Trading Day, Participating Transmission Owners will notify the ISO, via e-mail of an electronic spreadsheet or other means established by the ISO, of the amounts of transmission capacity to reserve for its transmission service customers under Existing Contracts at particular Inter-Zonal Interfaces. Upon receiving

this information, the ISO will, by 9:00 am, calculate the Firm Transmission Rights available on each Inter-Zonal Interface after taking into account transfer capabilities and Existing Contract transmission capacity reservations, and then publish adjusted scheduling rights for SCs scheduling the use of Firm Transmission Rights and Existing Contract rights. After publishing the adjusted scheduling rights for Existing Contract rights and Firm Transmission Rights, SCs may submit contract usage templates (in accordance with the SBP) for validation by the ISO prior to the ISO's deadline for receiving Preferred Day-Ahead Schedules.

SP 3.2.6

By 10:00 am, One Day Ahead

By 10:00 am on the day ahead of the Trading Day (for example, by 10:00 am on Tuesday for the Wednesday Trading Day), the following information flows for each Settlement Period of the Trading Day will be required to take place:

- (a) SCs will provide, via WEnet, the ISO with forecasts of their Direct Access Demand by UDC Service Area;
- (b) the ISO will publish, via WEnet, an updated forecast of system Demands and of the Ancillary Services requirements; and
- (c) the ISO will validate (in accordance with the SBP) the information submitted above by SCs and UDCs.

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all parties on the official service list for the above-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 on this 21st day of December, 2005.

Anthony Ivanovich ^{BKM}
Anthony Ivanovich