

February 13, 2013

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

**Re: California Independent System Operator Corporation
Docket No. ER13-449-000**

Compliance Filing

Dear Secretary Bose:

The California Independent System Operator Corporation (“ISO”) submits this filing in compliance with the Commission’s “Order on Proposed Tariff Revisions,” issued in the above-referenced docket on January 29, 2013.¹

I. Compliance with the January 29 Order

On November 21, 2012, the ISO filed amendments to its tariff to create new settlement rules that would allow the ISO to recapture revenue derived from one category of intertie scheduling practices that could be considered circular scheduling. The ISO requested that the tariff changes be made effective as of February 1, 2013. In the January 29 order, the Commission accepted the ISO’s proposed tariff amendments, subject to one exception.

In the ISO’s answer to protests and comments, filed on December 27, 2012 in the instant docket, the ISO highlighted that a parenthetical statement in proposed tariff section 11.2.4.7 was inconsistent with the ISO’s policy intent. Specifically, the ISO’s intent was not to apply the CRR clawback rule to affiliates but the proposed tariff language stated that the rule would apply to a CRR Holder “(or any affiliate of that CRR Holder).” The ISO stated that, if so ordered, it was prepared to submit a compliance filing removing that parenthetical statement. The January 29 order requires the ISO to make such a compliance filing and correct the error,² which it does through the instant filing.

¹ *Cal. Indep. Sys. Operator Corp.*, 142 FERC ¶ 61,072 (2013) (January 29 order).

² *Id.* at P47.

II. Attachments

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

Attachment A Revised ISO Tariff Sheets – Clean

Attachment B Revised ISO Tariff Sheets – Blackline

III. Conclusion

The ISO requests that the Commission accept this filing as complying with the directives of the Commission's January 29 order. Please contact the undersigned if you have any questions concerning this matter.

Respectfully submitted,

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Dated: February 13, 2013

Attachment A – Clean Tariff

Circular Scheduling Compliance

California Independent System Operator Corporation

February 13, 2013

11.2.4.7 Adjustment of CRR Revenue Related to Schedules that Source and Sink in the Same Balancing Authority Area

The CAISO will adjust the revenue from the CRRs of a CRR Holder where the Scheduling Coordinator representing that CRR Holder has submitted Bids (including Self-Schedules), in violation of Section 30.5.5 and the resulting Schedule(s) impacts the value of the CRRs in the DAM held by that CRR Holder. Such adjustment will occur if the following circumstances are all met:

- (a) A portion of the E-Tag that uses the CAISO Controlled Grid relates to a Schedule in the Day-Ahead Market;
- (b) The scheduled MW on the portion of the E-Tag using the CAISO Controlled Grid has a positive PTDF on a congested transmission element, where that congestion is measured in the direction of the CRR;
and
- (c) The CRR Holder would receive payments from CRRs on the congested transmission element.

If such circumstances occur, the revenue adjustment will be a reduction in payments, or increase in charges, to the CRR Holder equal to the additional net CRR revenue that otherwise would be earned from the congestion created by the Schedule that results from the Bids submitted in violation of Section 30.5.5.

Attachment B – Marked Tariff

Circular Scheduling Compliance

California Independent System Operator Corporation

February 13, 2013

11.2.4.7 Adjustment of CRR Revenue Related to Schedules that Source and Sink in the Same Balancing Authority Area

The CAISO will adjust the revenue from the CRRs of a CRR Holder where the Scheduling Coordinator representing that CRR Holder has submitted Bids (including Self-Schedules), in violation of Section 30.5.5 and the resulting Schedule(s) impacts the value of the CRRs in the DAM held by that CRR Holder ~~(or any affiliate of that CRR Holder)~~. Such adjustment will occur if the following circumstances are all met:

- (a) A portion of the E-Tag that uses the CAISO Controlled Grid relates to a Schedule in the Day-Ahead Market;
- (b) The scheduled MW on the portion of the E-Tag using the CAISO Controlled Grid has a positive PTDF on a congested transmission element, where that congestion is measured in the direction of the CRR; and
- (c) The CRR Holder ~~(or an affiliate of the CRR Holder)~~ would receive payments from CRRs on the congested transmission element.

If such circumstances occur, the revenue adjustment will be a reduction in payments, or increase in charges, to the CRR Holder equal to the additional net CRR revenue that otherwise would be earned from the congestion created by the Schedule that results from the Bids submitted in violation of Section 30.5.5.

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all parties listed on the official service list in the captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, CA, this 13th day of February, 2013.

/s/ Sarah Garcia
Sarah Garcia