

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**California Independent System) Docket Nos. ER06-615-___ and
Operator Corporation) ER07-1257-___**

**MOTION OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO SUPPLEMENT ANSWER, AND SUPPLEMENT TO
ANSWER, TO MOTIONS TO INTERVENE AND COMMENTS**

On June 24, 2008, the California Independent System Operator Corporation (“CAISO”) filed in the above-referenced proceedings an answer (“Answer”) to the motions to intervene and comments submitted concerning the CAISO’s May 19, 2008 compliance filing (“May 19 Compliance Filing”) in these proceedings.¹ Pursuant to Rules 212 and 213 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. §§ 385.212, 385.213, the CAISO respectfully requests leave to file this supplement to its Answer. As explained below, the supplementary discussion contained herein is needed to reflect the CAISO’s further consideration of one issue addressed in the Answer – the definition of a Market Interruption.

I. Motion to Supplement the Answer

The CAISO respectfully requests waiver of Rule 213(a)(2), 18 C.F.R. § 385.213(a)(2), to permit it to file a supplement to the Answer. Good cause for this waiver exists here because supplementing the Answer will aid the

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the CAISO’s Market Redesign and Technology Upgrade (“MRTU”) Tariff (also called the CAISO Tariff), and in the May 19 Compliance Filing.

Commission in understanding the issues in these proceedings and will provide additional information to assist the Commission in the decision-making process.²

II. Supplement to the Answer

In its Answer in these proceedings, the CAISO noted that the proposed definition in the May 19 Compliance Filing of a Market Disruption is “[a]n action or event that causes a failure of the normal operation of any of the CAISO Markets,”³ and explained the following further on in the Answer:

In the course of preparing this Answer, the CAISO determined that it should explain an important distinction between the proposed definition of a Market Disruption and the very similar existing definition of the term *Market Interruption*, which means “[t]he disruption of the normal operations of a CAISO Market.” The Commission has already determined that this term is appropriately defined. Clearly the two concepts are very similar and do overlap. As provided in the proposed Section 7.7.15(g) of the MRTU Tariff, in the event the CAISO experiences a Market Disruption, the CAISO anticipates that it may be required to engage in Exceptional Dispatch. But it does not anticipate that it will be the case for all Market Disruptions. Therefore, it is important to keep these two definitions distinct. However, the CAISO proposes in this Answer to further clarify the definition of a Market Interruption to mean “a Market Disruption for which the CAISO is required to conduct Exceptional Dispatch,” and the CAISO is prepared to make this clarifying change in a compliance filing.⁴

The CAISO continues to believe, as stated in the Answer, that the definition of a Market Disruption should be kept distinct from the definition of a

² See, e.g., *Arizona Public Service Co.*, 101 FERC ¶ 61,033, at P 19 (2002); *California Independent System Operator Corp.*, 106 FERC ¶ 61,245, at P 13 (2004); *Midwest ISO Transmission Owners v. Midwest Independent Transmission System Operator, Inc.*, 120 FERC ¶ 61,184, at P 21 (2007); *El Paso Natural Gas Co.*, 121 FERC ¶ 61,265, at P 9 (2007).

³ Answer at 2 (citing May 19 Compliance Filing at Attachment B (definition of Market Disruption)).

⁴ Answer at 5-6 (internal citation omitted) (emphasis in original).

Market Interruption. However, upon further reflection after it filed the Answer, the CAISO determined that the discussion in the Answer did not sufficiently address the appropriate distinctions between those two defined terms as the CAISO intended to use the terms. Therefore, the CAISO decided to clarify the distinctions between the terms through proposed tariff changes that were included in an amendment to the provisions of the MRTU Tariff concerning Exceptional Dispatch, which the CAISO submitted on June 27, 2008 in Docket No. ER08-1178-000 (“June 27 Tariff Amendment”).

In the June 27 Tariff Amendment, the CAISO explained that, as a result of the tariff changes proposed therein, the term Market Interruption as currently defined in the MRTU Tariff was rendered largely redundant, unnecessary, and confusing.⁵ For this reason, the CAISO proposed to revise the definition of a Market Interruption to read as follows: “Actions taken by the CAISO outside of the normal market operations of any of the CAISO Markets in the event of a Market Disruption, to prevent a Market Disruption, or minimize the extent of a Market Disruption as provided in Sections 7.7.15 and 34.9.”⁶ As a result of this proposed change, the Commission should disregard the CAISO’s suggested clarification of the definition of a Market Interruption as set forth on page 6 of the Answer. Instead, the Commission should accept the revised definition of a Market Interruption contained in the June 27 Tariff Amendment for the reasons explained therein.

⁵ See Transmittal Letter for June 27 Tariff Amendment at 27 & n.67.

⁶ *Id.*; June 27 Tariff Amendment at Attachment B (revised definition of Market Interruption).

III. Conclusion

For the reasons explained above, the Commission should accept this supplement to the Answer. Moreover, for the reasons explained in the Answer, the Commission should accept the May 19 Compliance Filing without modification, except as described in the Answer.

Respectfully submitted,

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Dated: July 3, 2008

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced 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 Washington, D.C. this 3rd day of July, 2008.

/s/ Bradley R. Miliauskas
Bradley R. Miliauskas