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June 1, 2006

VIA COURIER

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

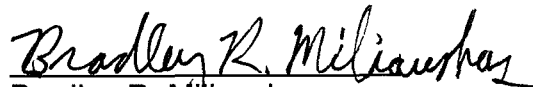
Re: California Independent System Operator Corporation
Docket No. EL06-____-____

Dear Secretary Salas:

Pursuant to Rule 207 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.207 (2005), and Order No. 676, *Standards for Business Practices and Communication Protocols for Public Utilities*, 115 FERC ¶ 61,102 (April 25, 2006), Docket No. RM05-5-000, the California Independent System Operator Corporation respectfully submits an original and fourteen copies of its Petition for Renewal of Waiver of Certain OASIS Business Procedures.

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

Respectfully submitted,



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Counsel for the California Independent
System Operator Corporation

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

**California Independent System) Docket No. EL06-____-____
Operator Corporation)**

**PETITION OF
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
FOR RENEWAL OF WAIVER
OF CERTAIN OASIS BUSINESS PROCEDURES**

The California Independent System Operator Corporation (“CAISO”) respectfully submits this Petition pursuant to Rule 207 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.207 (2005), and Order No. 676, *Standards for Business Practices and Communication Protocols for Public Utilities*, 115 FERC ¶ 61,102 (April 25, 2006), Docket No. RM05-5-000, for the renewal of certain waivers the Commission previously granted with respect to the CAISO’s Open Access Same-Time Information System (“OASIS”) and waiver of the standards relating to redirects and multiple requests. As explained below, the CAISO meets the requirements for renewal of the waivers previously granted, and has provided a sound basis for the additional waivers requested. The Commission should accordingly grant this Petition.

I. Background

The CAISO is a non-profit public benefit corporation organized under the laws of the State of California and is responsible for the reliable operation of a transmission grid comprised of transmission facilities owned by Pacific Gas and

Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, Trans-Elect NTD Path 15 LLC, and the Cities of Vernon, Anaheim, Azusa, Banning, Riverside and Pasadena, California. Although the CAISO shares similarities with electric utilities that are required to abide by all OASIS requirements, its status as an Independent System Operator and the nature of the markets that the CAISO operates necessitate waivers of OASIS standards.

The Commission previously recognized this necessity when it granted the CAISO an interim waiver of OASIS requirements of Order No. 889 at the time it approved the CAISO's operations as an independent transmission system operator. It noted as relevant factors the lack of reserved firm and non-firm point to point transmission service under the ISO Tariff and the incompatibility of the CAISO computer communication system with OASIS standards and protocols. It concluded that the CAISO's communication system "meets the current needs of . . . Market Participants, including the [CAISO's] transmission customers." *Pacific Gas & Electric Co., et al.*, 81 FERC ¶ 61,122 at 61,460 (1997). Initially, the Commission limited the waiver to the period prior to the implementation of the CAISO's transmission rights proposal. At the time the Commission approved the CAISO Firm Transmission Rights proposal, however, it extended the waiver. *California Indep. Sys. Operator Corp.*, 89 FERC ¶ 61,153 at 61,437-38 (1999).

The waiver remains in effect today. Since 2000, the CAISO has made significant progress toward making its systems compliant with ISO-relevant OASIS requirements. That effort is proceeding in coordination with the CAISO's

Market Redesign and Technology Upgrade (“MRTU”) initiative, which is scheduled to be implemented in November 2007. The need to coordinate OASIS upgrades with MRTU development and implementation necessarily will impact the CAISO’s implementation of OASIS and its timetable for compliance with relevant portions of Order 676 and to request specific waivers necessitated by MRTU. Nevertheless, there are portions of Order No. 676 that will never apply to the CAISO (e.g., standards pertaining to the reservation of transmission capacity) because such standards are incompatible with both the CAISO’s current and future MRTU market and transmission service structures. Accordingly, the CAISO requests that the Commission once again grant the CAISO a complete waiver of OASIS requirements, at least until the MRTU initiative has been approved and implemented.¹

II. Request for Waiver

In adopting certain Business Procedures for OASIS in Order 676, the Commission specifically authorized OASIS providers that had been granted waiver of certain OASIS requirements to apply for renewal of those waivers using a simplified process, which required only (1) specification of the standards for which waiver was sought; (2) citation to the docket in which the waivers were previously granted; and (3) a certification that the circumstances warranting the waiver had not changed.

¹ The CAISO notes that it intends to participate in future WEQ standards development processes to resolve differences between the CAISO’s market structure and OASIS standards.

The CAISO seeks a renewed waiver of the following standards in accordance with the simplified process set forth by the Commission in Order No. 676:

- Business Practices for Open Access Same-Time Information Systems (OASIS) (WEQ-001, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Standards 001-0.2 through 001-0.8, 001-2.0 through 001-9.6.2, 001-9.8 through 001-10.8.6, and Examples 001-8.3-A, 001-9.2-A, 001-10.2-A, 001-9.3-A, 001-10.3-A, 001-9.4.1-A, 001-10.4.1-A, 001-9.4.2-A, 001-10.4.2-A, 001-9.5-A, 001-10.5-A, 001-9.5.1-A, and 001-10.5.1-A;
- Business Practices for Open Access Same-Time Information Systems (OASIS) Standards & Communication Protocols (WEQ-002, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Standards 002-1 through 002-5.10;
- Open Access Same-Time Information Systems (OASIS) Data Dictionary (WEQ-003, Version 000, January 15, 2005, with minor corrections applied on March 25, 2005, and additional numbering added October 3, 2005) including Standard 003-0.

As described above, the Commission previously granted the CAISO a waiver of all OASIS requirements in Docket Nos. EC96-19-001, *et al.*, *Pacific Gas & Electric Co., et al.*, 81 FERC ¶ 61,122 at 61,460 (1997) and extended the waiver in Docket No. ER98-3594-000, *California Indep. Sys. Operator Corp.*, 89 FERC ¶ 61,153 at 61,437-38 (1999).

The CAISO certifies that the circumstances warranting the prior waiver remain valid. Although the simplified procedures do not require an explanation of the reasons that a waiver is appropriate, the CAISO notes that a waiver would be appropriate even if this were the CAISO's first request for waiver. A significant number of the OASIS Business Practices implemented by the Commission in Order 676 do not apply to the CAISO's operations or to the transmission services

provided by the CAISO and therefore would constitute an unnecessary and impractical burden.² Additionally, because the current functioning of OASIS meets the needs of the Market Participants,³ neither CAISO's members nor any California entity would be adversely affected by the granting of the waiver. Furthermore, the current focus on the MRTU initiative makes any effort at further OASIS compliance premature at best and an unnecessary expenditure of resources at worst, given that the CAISO's MRTU will have an impact on its current OASIS procedures.

Finally, the CAISO requests a waiver of the standards relating to redirects and multiple requests, *i.e.*, Redirect Standard 001-9.7 and Standard 001-10.6, which the Commission stated would not be subject to the simplified procedures. 115 FERC ¶ 61,102 at P 80. These provisions are incompatible with the nature of transmission service provided under the CAISO's tariff. In that regard, the CAISO does not offer point-to-point transmission service (or Order No. 888 network service), does not have separate firm and non-firm transmission services and does not offer long-term firm transmission service. Rather, the CAISO offers only a single "daily" transmission reservation service that is available to all eligible customers. The open access transmission service provided by the CAISO is essentially a network type service, but with more flexibility than network service. All Energy transmitted under the CAISO tariff is treated as "new firm use" on a day-to-day basis. Under the CAISO's transmission service model, Scheduling Coordinators ("SCs") submit Day-Ahead and Hour-Ahead

² As discussed in greater detail *infra*, the transmission services provided by the CAISO are significantly different than the transmission services contemplated under the *pro forma* OATT.

³ Capitalized terms not otherwise defined have the meaning given them in the ISO Tariff.

transmission schedules to the CAISO. SCs have equal access to all available capacity every day and can make schedule changes, including receipt and Delivery Point changes, on an hourly basis. All users of the CAISO Controlled Grid must schedule their use each day and cannot reserve available transmission capacity beyond the Day-Ahead timeframe.⁴ Thus, under the CAISO's transmission service model there are no long-term transmission reservations, redirects or rollover rights. Accordingly, the new standards cannot be applied to the CAISO's transmission service model. Similarly, the new standards cannot be applied to the CAISO's system of financial Firm Transmission Rights, which operates by auction, does not operate by "queue," and does not contemplate "redirects" of rights from one path to another.

The Commission already has recognized the need to exempt the CAISO from requirements that pertain to point-to-point transmission service when it concluded that there is no Right of First Refusal roll-over under the CAISO's Tariff. See *Sacramento Mun. Util. Dist. v. Pacific Gas & Electric Co.*, 105 FERC ¶ 61,358 (2003), *reh'g denied*, 107 FERC ¶ 61,237 (2004), *aff'd sub. nom. Sacramento Mun. Util. Dist. v. FERC*, 428 F.3d 294, 297 (D.C. Cir. 2005). Likewise, there is good reason for the Commission to grant the CAISO's request for waiver of the redirect and multiple request standards.

⁴ In contrast, the *pro forma* OATT permits reservation of transmission capacity on a long-term basis.

III. Communications

Please address communications concerning this filing to the following person:

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IV. Service

The CAISO has served copies of this filing on the Public Utilities Commission of the State of California, the California Energy Commission, the California Electricity Oversight Board, all parties with effective Scheduling Coordinator Agreements under the CAISO Tariff, and all parties on the official service list for Docket No. RM05-5. In addition, the CAISO has posted a copy of this filing on the CAISO Website.

V. Conclusion

For the reasons stated above, the CAISO respectfully requests that the Commission grant this application for waiver.

Respectfully submitted,

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Counsel for The California Independent
System Operator Corporation

Dated: June 1, 2006

Certificate of Service

I hereby certify that I have this day served a copy of the foregoing document upon all parties indicated in the document, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated this 1st day of June, 2006 at Folsom in the State of California.

Charity Wilson ^{BH1}

Charity Wilson