



California Independent
System Operator Corporation

March 11, 2010

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

**Re: California Independent System Operator Corporation
Compliance Filing**

Docket Nos. ER10-479-001

Dear Secretary Bose:

The California Independent System Operator Corporation (CAISO or ISO)¹ hereby submits an original and five copies of the instant filing in compliance with the Federal Energy Regulatory Commission's (FERC or Commission) March 3, 2010, Letter Order on Tariff Revisions (March 3 Order). Please date-stamp the additional copy of this filing and return in the enclosed envelope.

I. Background

On December 22, 2009, the ISO submitted tariff revisions that will enable the ISO to procure incremental Ancillary Services from external Non-Dynamic System Resources in the Hour-Ahead Scheduling Process (HASP).

The approved amendments reinstate provisions, which due to implementation complications the ISO was experiencing at the time, were removed from the ISO Tariff before the start of the ISO's new market on April 1, 2009.² In addition, the amendments include new rules that (1) would apply in the Real-Time Market dispatch of energy bids associated with any Ancillary Services awarded in HASP to Non-Dynamic System Resources and (2) would limit the use of energy Bids associated with the Ancillary Services bids submitted for Non-

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO Tariff. Except where otherwise noted herein, references to sections are references to sections of the ISO Tariff.

² See *California Indep. Sys. Operator Corp.*, 126 FERC ¶ 61,081 (2009) (*Deferral Order*).

Dynamic System Resources in HASP to the extent such resources are not dispatched for Ancillary Services.

On March 3, 2010, the Commission accepted the proposed changes subject to further compliance requirements as discussed further below.

II. Discussion

In accepting the proposed tariff changes, the Commission required one modification to the ISO's proposed tariff sheets. In Section 30.5.2.6 the term "Non-Dynamic Hourly Resource" should be "Non-Dynamic System Resource", the term defined in the ISO Tariff. The Commission directed the ISO to correct this term in its tariff in a compliance filing, to be filed no later than 30 days after the date of the March 3 order.³ The ISO hereby submits proposed tariff sheets consistent with this directive.

III. Materials Provided in the Instant Compliance Filing

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

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|--------------|---|
| Attachment A | Clean ISO Tariff sheets incorporating the red-lined changes contained in Attachment B |
| Attachment B | Red-lined changes to the ISO Tariff to implement the revisions contained in this filing |

IV. Effective Date.

The ISO requests that the Commission approve this compliance filing as submitted to be effective April 1, 2010.

V. Conclusion

The ISO respectfully requests that the Commission accept the instant filing as complying with the directives of the March 3, 2010 Order. Please contact the undersigned with any questions concerning this filing.

³ See March 3 Order P 3.

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Respectfully submitted,



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Attachment A – Clean Sheets

HASP Procurement of Ancillary Services Compliance Filing

Fourth Replacement CAISO Tariff

March 11, 2010

As provided in Section 30.5.2.6.4, a Submission to Self-Provide an Ancillary Service shall contain all of the requirements of a Bid for Ancillary Services with the exception of Ancillary Service Bid price information. In addition, Scheduling Coordinators must comply with the Ancillary Services requirements of Section 8. Scheduling Coordinators submitting Ancillary Services Bids for System Resources in the HASP or Real-Time Market must also submit an Energy Bid for the associated Ancillary Services Bid under the same Resource ID, otherwise the bid validation rules in Section 30.7.6.1 will apply to cover any portion of the Ancillary Services Bid not accompanied by an Energy Bid. As described in Section 33.7, if the resource is a Non-Dynamic System Resource, the CAISO will only use the Ancillary Services Bid in the HASP optimization and will not use the associated Energy Bid for the same Resource ID to schedule Energy from the Non-Dynamic System Resource in the HASP. Scheduling Coordinators must also comply with the bidding rules associated with the must offer requirements for Ancillary Services specified in Section 40.6.

Attachment B – Blacklines

HASP Procurement of Ancillary Services Compliance Filing

Fourth Replacement CAISO Tariff

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30.5.2.6 Ancillary Services Bids.

There are four distinct Ancillary Services: Regulation Up, Regulation Down, Spinning Reserve and Non-Spinning Reserve. Participating Generators are eligible to provide all Ancillary Services. Dynamic System Resources are eligible to provide Operating Reserves and Regulation. Non-Dynamic System Resources are eligible to provide Operating Reserves only. Scheduling Coordinators may use Dynamic System Resources to Self-Provide Ancillary Services as specified in Section 8. Scheduling Coordinators may not use Non-Dynamic System Resources to Self-Provide Ancillary Services. All System Resources, including Dynamic System Resources and Non-Dynamic System Resources, will be charged the Shadow Price as prescribed in Section 11.10, for any awarded Ancillary Services. Participating Loads are eligible to provide Non-Spinning Reserve only. A Scheduling Coordinator may submit Ancillary Services Bids for Regulation Up, Regulation Down, Spinning Reserve, and Non-Spinning Reserve for the same capacity by providing a separate price in \$/MW per hour as desired for each Ancillary Service. The Bid for each Ancillary Services is a single Bid segment. Only resources certified by the CAISO as capable of providing Ancillary Services are eligible to provide Ancillary Services and submit Ancillary Services Bids. In addition to the common elements listed in Section 30.5.2.1, all Ancillary Services Bid components of a Supply Bid must contain the following: (1) the type of Ancillary Service for which a Bid is being submitted; (2) Ramp Rate (Operating Reserve Ramp Rate and Regulation Ramp Rate, if applicable); and (3) Distribution Curve for Physical Scheduling Plant or System Unit. An Ancillary Services Bid submitted to the Day-Ahead Market when submitted to the Day-Ahead Market may be, but is not required to be, accompanied by an Energy Bid that covers the capacity offered for the Ancillary Service. Submissions to Self-Provide an Ancillary Services submitted to the Day-Ahead Market when submitted to the Day-Ahead Market may be, but are not required to be, accompanied by an Energy Bid that covers the capacity to be self-provided. If a Scheduling Coordinator's Submission to Self-Provide an Ancillary Service is qualified as specified in Section 8.6, the Scheduling Coordinator must submit an Energy Bid that covers the self-provided capacity prior to the close of the Real-Time Market for

the day immediately following the Day-Ahead Market in which the Ancillary Service Bid was submitted. Except as provided below, the Self-Schedule for Energy need not include a Self-Schedule for Energy from the resource that will be self-providing the Ancillary Service. If a Scheduling Coordinator is self-providing an Ancillary Service from a Fast Start Unit, no Self-Schedule for Energy for that resource is required. If a Scheduling Coordinator proposes to self-provide Spinning Reserve, the Scheduling Coordinator is obligated to submit a Self-Schedule for Energy for that particular resource, unless as discussed above the particular resource is a Fast Start Unit. When submitting Ancillary Service Bids in the HASP and Real-Time Market, Scheduling Coordinators for resources that either have been awarded or self-provide Spinning Reserve or Non-Spinning Reserve capacity in the Day-Ahead Market must submit an Energy Bid for at least the awarded or self-provided Spinning Reserve or Non-Spinning Reserve capacity, otherwise the CAISO will apply the Bid validation rules described in Section 30.7.6.1.

As provided in Section 30.5.2.6.4, a Submission to Self-Provide an Ancillary Service shall contain all of the requirements of a Bid for Ancillary Services with the exception of Ancillary Service Bid price information. In addition, Scheduling Coordinators must comply with the Ancillary Services requirements of Section 8. Scheduling Coordinators submitting Ancillary Services Bids for System Resources in the HASP or Real-Time Market must also submit an Energy Bid for the associated Ancillary Services Bid under the same Resource ID, otherwise the bid validation rules in Section 30.7.6.1 will apply to cover any portion of the Ancillary Services Bid not accompanied by an Energy Bid. As described in Section 33.7, if the resource is a Non-Dynamic System Resource, the CAISO will only use the Ancillary Services Bid in the HASP optimization and will not use the associated Energy Bid for the same Resource ID to schedule Energy from the Non-Dynamic ~~Hourly System~~ Resource in the HASP. Scheduling Coordinators must also comply with the bidding rules associated with the must offer requirements for Ancillary Services specified in Section 40.6.

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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the 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, California this 10th day of March, 2010.



Jane Ostapovich