

March 12, 2009

VIA OVERNIGHT DELIVERY

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. ER06-615-026 and ER07-1257-008**

Dear Secretary Bose:

The California Independent System Operator Corporation (the ISO or CAISO)¹ hereby submits an original and five copies of the instant filing in compliance with the Federal Energy Regulatory Commission's (Commission) "Order Conditionally Accepting Tariff Modifications" 126 FERC ¶ 61,148, issued on February 19, 2009 (February 19 Order). Two additional copies of this filing are enclosed to be date-stamped and returned in the enclosed prepaid Federal Express envelope.

I. Background

On February 9, 2006, the ISO filed its MRTU Tariff for Commission approval. On September 21, 2006, the Commission issued an order conditionally accepting the MRTU Tariff.² The ISO submitted compliance filings in response to the MRTU Order's directives on November 20, 2006, December 20, 2006, and March 20, 2007. On April 20, 2007, the Commission issued an order responding to requests for clarification and rehearing of the MRTU Order.³ On June 25, 2007, the Commission accepted for filing, subject to further modifications, the November 20, 2006 and December 20, 2006 compliance filings submitted by the CAISO and directed another compliance filing.⁴ On August 3, 2007, as supplemented on August 10, 2007, the CAISO filed proposed further revisions to

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the CAISO Tariff (also known as the Market Redesign and Technology Upgrade or MRTU Tariff). Except where otherwise noted herein, references to sections are references to sections of the MRTU Tariff.

² *California Indep. Sys. Operator Corp.*, 116 FERC ¶ 61,274 (2006) (MRTU Order).

³ *California Indep. Sys. Operator Corp.*, 119 FERC ¶ 61,076 (2007).

⁴ *California Indep. Sys. Operator Corp.*, 119 FERC ¶ 61,313 (2007) (Compliance Filing Order).

its MRTU Tariff in compliance with the Compliance Filing Order's directives, as well as a number of changes separate from compliance obligations.⁵ The August 2007 Filing was conditionally accepted for filing by the Commission in January 2008.⁶ Issues pertaining to the Business Practice Manuals were addressed in a separate order issued in March 2008.⁷

On June 20, 2008, Commission conditionally accepted, subject to modifications, the ISO's filing submitted on March 20, 2008 in these proceedings and the proposals in the August 3 Filing it had not previously addressed and directed modifications to be included in the CAISO's compliance filing made on July 21, 2008.⁸ In the February 19 Order, the Commission conditionally accepted, subject to modifications, the CAISO's filing submitted on July 21, 2008. The CAISO submits the instant filing to comply with the directives in the February 19 Order.

II. DISCUSSION

The February 19 Order directed the CAISO to make modifications to the MRTU Tariff to address two matters.

First, the Commission directed the ISO to submit tariff changes to implement the ISO's commitments made in its August 28, 2008 Answer to Comments in these proceedings regarding language inadvertently omitted from MRTU Tariff Sections 11.10.2.1.3 and 11.10.2.2.2. The ISO now submits the tariff sheets including the previously omitted language to these sections.

Second, the Commission directed the ISO to include a clarification in Appendix C, Section A, of the MRTU Tariff. The ISO has already submitted this clarification in its January 15, 2009 filing of its "Miscellaneous Tariff Clarifications Amendment" in Docket Nos. ER09-556-000. The CAISO anticipates that the Commission will accept that clarification in its order on that filing and therefore has not resubmitted sheets with the required clarification in this filing.

III. ATTACHMENTS

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

Attachment A	Revised MRTU Tariff sheets that incorporate the changes proposed in this filing
--------------	---

⁵ CAISO August 3, 2007 Modifications to MRTU Tariff and August 10, 2007 Supplemental Information, Docket Nos. ER06-615-011 and ER07-1257-000 (August 2007 Filing).

⁶ *California Indep. Sys. Operator Corp.*, 122 FERC ¶ 61,017 (2008).

⁷ *California Indep. Sys. Operator Corp.*, 122 FERC ¶ 61,271 (2008).

⁸ *California Indep. Sys. Operator Corp.*, 123 FERC ¶ 61,285 (2008) (June 2008 Order).

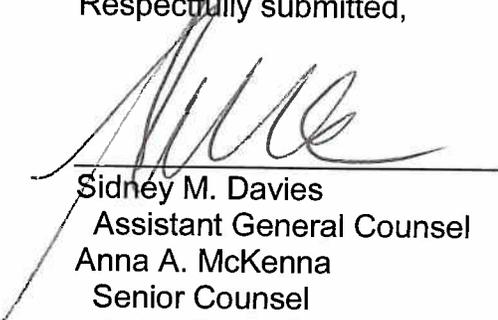
Attachment B The MRTU Tariff changes described in Attachment A,
shown in black-line format

IV. Conclusion

For the foregoing reasons, the CAISO respectfully requests that the Commission accept the instant filing as complying with the directives of the February 19 Order. Please contact the undersigned with any questions concerning this filing.

March 12, 2009

Respectfully submitted,



Sidney M. Davies
Assistant General Counsel
Anna A. McKenna
Senior Counsel
Michael D. Dozier
Senior Counsel
California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 351-4400
Fax: (916) 608-7246
E-mail: sdavies@caiso.com
amckenna@caiso.com
mdozier@caiso.com

Attorneys for the California Independent
System Operator Corporation

CERTIFICATE OF SERVICE

I hereby certify that I have, this 12th day of March 2009, caused to be served a copy of the forgoing document upon all parties listed on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.


Jane Ostapovich

Attachment A – Clean Sheets
BPM Compliance Filing
4th Replacement CAISO Tariff (MRTU)
ER06-615-026 and ER07-1257-008
March 13, 2009

11.10.2.1.3 Hourly Net Obligation for Regulation Down Reserve.

Each Scheduling Coordinator's hourly net obligation for Regulation Down is determined as follows: (a) the Scheduling Coordinator's metered CAISO Demand multiplied by the Scheduling Coordinator's Ancillary Services Obligation percentage for Regulation Down, reduced by accepted Self-Provided Ancillary Services specified as Regulation Down, plus or minus any Regulation Down Reserve obligations for the hour acquired or sold through Inter-SC Trades of Ancillary Services. Each Scheduling Coordinator's Ancillary Services Obligation percentage for Regulation Down in that hour is equal to the total requirement for Regulation Down in that hour divided by the hourly metered CAISO Demand for that hour.

11.10.2.1.4 Regulation Down Neutrality Adjustment.

For each Settlement Period, the difference between the Regulation Down Reserve Cost determined in Section 11.10.2.1.2 and the total revenue collected from all Scheduling Coordinators in the Regulation Down charge pursuant to Section 11.10.2.1.3 shall be allocated to all Scheduling Coordinators in proportion to their Regulation Down obligation quantity.

11.10.2.2 Regulation Up.

The charges a Scheduling Coordinator must pay for Regulation Up for each Settlement Period of the Trading Day are based upon the product of the Scheduling Coordinator's hourly obligation for Regulation Up (MW) and the hourly user rate for Regulation Up (\$/MW).

11.10.2.2.1 Hourly User Rate for Regulation Up.

The hourly user rate for Regulation Up is the total Regulation Up cost (\$) for each Settlement Period divided by the total Net Procurement of Regulation Up by the CAISO (MW) for each Settlement Period.

The CAISO's Regulation Up cost is equal to: (i) the revenues paid to the suppliers of the total awarded Regulation Up capacity in the Day-Ahead Market, HASP, and Real-Time Market for the Settlement Period, minus, (ii) the payments rescinded in the Settlement Period due to the unavailability of the Regulation Up under any of the provisions of Section 8.10.8. The Net Procurement of Regulation Up is equal to: (i) the amount (MWs) of total awarded Regulation Up capacity in the Day-Ahead Market, HASP, and Real-Time Market for the Settlement Period, minus, (ii) the Regulation Up capacity associated with payments rescinded for the Settlement Period, pursuant to any of the provisions of Section 8.10.8.

11.10.2.2.2 Hourly Net Obligation for Regulation Up.

Each Scheduling Coordinator's hourly net obligation for Regulation Up is determined as follows: (a) the Scheduling Coordinator's metered CAISO Demand multiplied by the Scheduling Coordinator's Ancillary Services Obligation percentage for Regulation Up, reduced by accepted Self-Provided Ancillary Services specified as Regulation Up, plus or minus any Regulation Up Reserve obligations for the hour acquired or sold through Inter-SC Trades of Ancillary Services. Each Scheduling Coordinator's Ancillary Services Obligation percentage for Regulation Up in that hour is equal to the total requirement for Regulation Up in that hour divided by the hourly metered CAISO Demand for that hour.

11.10.2.2.3 Regulation Up Neutrality Adjustment.

For each Settlement Period, the difference between the Regulation Up net requirement at the hourly Regulation Up user rate determined in Section 11.10.2.2.2 and the total revenue collected from all Scheduling Coordinators in the Regulation Up charge pursuant to Section 11.10.2.2.1 shall be allocated to all Scheduling Coordinators in proportion to their Regulation Up Reserve Obligation quantity. The Regulation Up net requirement is the Real-Time Regulation Up requirement net of the sum of effective qualified Regulation Up self-provision over all resources.

Attachment B – Blacklines

BPM Compliance Filing

4th Replacement CAISO Tariff (MRTU)

ER06-615-026 and ER07-1257-008

March 13, 2009

* * *

11.10.2.1.3 Hourly Net Obligation for Regulation Down Reserve.

Each Scheduling Coordinator's hourly net obligation for Regulation Down is determined as follows: (a) the Scheduling Coordinator's metered CAISO Demand multiplied by the Scheduling Coordinator's Ancillary Services Obligation percentage for Regulation Down, reduced by accepted Self-Provided Ancillary Services specified as Regulation Down, plus or minus any Regulation Down Reserve obligations for the hour acquired or sold through Inter-SC Trades of Ancillary Services. Each Scheduling Coordinator's Ancillary Services Obligation percentage for Regulation Down in that hour is equal to the total requirement for Regulation Down in that hour divided by the hourly metered CAISO Demand for that hour.

* * *

11.10.2.2.2 Hourly Net Obligation for Regulation Up.

Each Scheduling Coordinator's hourly net obligation for Regulation Up is determined as follows: (a) the Scheduling Coordinator's metered CAISO Demand multiplied by the Scheduling Coordinator's Ancillary Services Obligation percentage for Regulation Up, reduced by accepted Self-Provided Ancillary Services specified as Regulation Up, plus or minus any Regulation Up Reserve Obligations for the hour acquired or sold through Inter-SC Trades of Ancillary Services. Each Scheduling Coordinator's Ancillary Services Obligation percentage for Regulation Up in that hour is equal to the total requirement for Regulation Up in that hour divided by the hourly metered CAISO Demand for that hour.

* * *