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March 31, 2009

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

**Re: California Independent System Operator Corporation
Docket No. ER08-585-_____**

Dear Secretary Bose:

The California Independent System Operator Corporation ("ISO")¹ hereby submits this filing to comply with the Commission's March 30, 2009 letter order conditionally accepting the ISO's January 21, 2009 compliance filing in this docket regarding the ISO's modifications to its Grid Management Charge ("GMC").² This submission sets forth a revision to the ISO tariff as directed by the Commission in that order.

I. Introduction and Background

On February 20, 2008, the ISO submitted proposed revisions to the ISO tariff to reflect modifications to its GMC that will become effective upon MRTU implementation. In an order dated December 19, 2008, the Commission accepted all of the ISO's proposed GMC tariff language with the exception of two modifications that had been the subject of protests or comments filed by the Northern California Power Agency ("NCPA").³ On January 21, 2009, the ISO submitted a compliance filing that addressed the two NCPA issues. Specifically,

¹ Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the ISO tariff, and in this compliance filing. The relevant version of the ISO tariff, which has been known as the Market Redesign and Technology Update ("MRTU") Tariff, became effective today for the Day-Ahead Market for the April 1, 2009 Trading Day.

² *Cal. Indep. Sys. Operator Corporation*, 126 FERC ¶ 61,289 (2009) ("March 30 Order").

³ *Cal. Indep. Sys. Operator Corporation*, 125 FERC ¶ 61,338 (2008).

the ISO restored language to Section 11.22.2.5.7 that had been inadvertently omitted from the February 20, 2008 filing. The ISO also proposed a revision to Appendix F, Schedule 1, Part A, Paragraph 7, clarifying that the GMC Market Usage-Forward Energy charge would be based on energy sales in the Day-Ahead Market, netted against physical (but not financial) Inter-SC Trades.

In its February 11, 2009 comments, NCPA stated that its concerns about Section 11.22.2.5.7 had been satisfied, but that the ISO had not sufficiently explained its rationale for excluding financial Inter-SC Trades from the calculation of the Market Usage-Forward Energy charge. The ISO filed an answer on February 26, 2009 explaining that, upon further consideration, it had concluded that physical and financial types of Inter-SC Trades should be treated in the same manner upon MRTU *go live*. The ISO noted that, following MRTU *go live*, it might re-assess the Market Usage-Forward Energy charge, and the recovery of administrative costs associated with Inter-SC Trades, in a stakeholder process.

The Commission's March 30 Order directed the ISO to submit revised tariff language reflecting its answer to NCPA and its intention to treat both physical and financial Inter-SC Trades similarly when calculating the applicable GMC charge.

II. Compliance Tariff Revision

In compliance with paragraph 7 of the March 30 Order, the attached revision to Appendix F, Schedule 1, Part A, Paragraph 7 contains the language proposed by NCPA in its February 11 comments. The revision provides that all Inter-SC Trades will be netted against energy sales in the Day-Ahead Market for purposes of calculation of the GMC Market Usage-Forward Energy charge.

III. Attachments

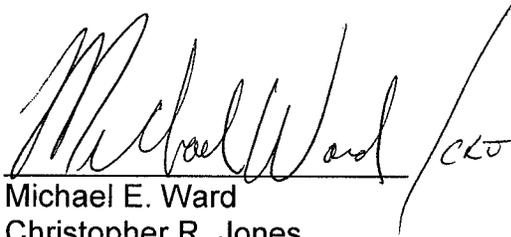
Attachment A- Clean Tariff Sheets

Attachment B- Blacklined Tariff Sheets

IV. Conclusion

The ISO respectfully asks the Commission to find that this filing satisfies the Commission's direction in the March 30 Order. Please feel free to contact the undersigned with questions concerning this filing.

Respectfully submitted,

A handwritten signature in black ink that reads "Michael E. Ward" followed by a large, stylized flourish that extends to the right and slightly upwards.

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Counsel for the California ISO

Attachment A – Clean Sheets
Grid Management Charge Compliance Filing
4th Replacement CAISO Tariff
March 31, 2009

5. The rate in \$/MWh for the Core Reliability Services/Energy Transmission Services – Transmission Ownership Rights Charge will be calculated by dividing the GMC costs, as determined in accordance with Part C of this Schedule 1, allocated to this service category in accordance with Part E of this Schedule 1, by the total annual forecasted Metered Balancing Authority Area Load associated with Transmission Ownership Rights.
6. The rate in \$ per Schedule or \$ per Inter-SC Trade for the Forward Scheduling Charge will be calculated by dividing the GMC costs, as determined in accordance with Part C of this Schedule 1, allocated to this service category in accordance with Part E of this Schedule 1, by the annual forecasted number of non-zero MW Day-Ahead and HASP Schedules, as may be modified in accordance with Part F of this Schedule 1, including all awarded Ancillary Service and Residual Unit Commitment Bids and all Inter-SC Trades, including Inter-SC Trades of IFM Load Uplift Obligations. This charge will be assessed separately with respect to Schedules and Inter-SC Trades.
7. The rate in \$/MWh for the Market Usage Charge will be calculated by dividing the GMC costs, as determined in accordance with Part C of this Schedule 1, allocated to this service category in accordance with Part E of this Schedule 1, by the annual forecasted total purchases and sales (including out-of-market transactions) of Ancillary Services, Energy, Instructed Imbalance Energy, and net Uninstructed Imbalance Energy (with Uninstructed Imbalance Energy for Participating Intermittent Resources netted over the Trading Month and all other Uninstructed Imbalance Energy being netted within a Settlement Interval) in MWh. A Market Usage Charge rate will be calculated separately for two sets of CAISO Markets: (i) the Ancillary Services and RTM rate will be based on MWh of purchases and sales of Ancillary Services in the DAM, the HASP, and the RTM, MWh of Instructed Imbalance Energy, and MWh of Uninstructed Imbalance Energy netted over the Settlement Interval; and (ii) the rate for the Day-Ahead Market for Energy will be based on MWh of net Energy purchases or sales in the DAM, offset by MWh of net Energy associated with Inter-SC Trades of Energy in the DAM.
8. The rate for the Settlements, Metering, and Client Relations Charge will be fixed at \$1000.00 per month, per Scheduling Coordinator ID Code (SCID) with an invoice value other than \$0.00 in the current Trading Month.

For a Scheduling Coordinator for a Load following MSS, the GMC service charges set forth in above shall be applied as set forth in Section 11.22.3 of the CAISO Tariff.

The rates for the foregoing charges shall be adjusted automatically each year, effective January 1 for the following twelve months, in the manner set forth in Part D of this Schedule.

Part B – Quarterly Adjustment, If Required

Each component rate of the Grid Management Charge will be adjusted automatically on a quarterly basis, up or down, so that rates reflect the annual revenue requirement as stated in the CAISO's filing or posting on the CAISO Website, as applicable, if the estimated revenue collections for that component, on an annual basis, change by more than five percent (5%) or \$1 million, whichever is greater, during the year. Such adjustment may be implemented not more than once per calendar quarter, and will be effective the first day of the next calendar month.

The rates will be adjusted according to the formulae listed in Appendix F, Schedule 1, Part A with the billing determinant(s) readjusted on a going-forward basis to reflect the change of more than five percent (5%) or \$1 million, whichever is greater, from the estimated revenue collections provided in the annual informational filing.

Attachment B – Blacklines
Grid Management Charge Compliance Filing
4th Replacement CAISO Tariff
March 31, 2009

CAISO TARIFF APPENDIX F
Schedule 1

Grid Management Charge

* * *

7. The rate in \$/MWh for the Market Usage Charge will be calculated by dividing the GMC costs, as determined in accordance with Part C of this Schedule 1, allocated to this service category in accordance with Part E of this Schedule 1, by the annual forecasted total purchases and sales (including out-of-market transactions) of Ancillary Services, Energy, Instructed Imbalance Energy, and net Uninstructed Imbalance Energy (with Uninstructed Imbalance Energy for Participating Intermittent Resources netted over the Trading Month and all other Uninstructed Imbalance Energy being netted within a Settlement Interval) in MWh. A Market Usage Charge rate will be calculated separately for two sets of CAISO Markets: (i) the Ancillary Services and RTM rate will be based on MWh of purchases and sales of Ancillary Services in the DAM, the HASP, and the RTM, MWh of Instructed Imbalance Energy, and MWh of Uninstructed Imbalance Energy netted over the Settlement Interval; and (ii) the rate for the Day-Ahead Market for Energy will be based on MWh of net Energy purchases or sales in the DAM, offset by MWh of net Energy associated with Inter-SC Physical Trades of Energy in the DAM.

* * *

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service list in the above-referenced proceeding, 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 31st day of March, 2009.


Daniel Klein