



California Independent  
System Operator Corporation

October 29, 2010

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

**Re: California Independent System Operator Corporation  
Docket Nos. ER10-2056-000 & ER10-1360-000**

**Amendments to California ISO FERC Electric Tariff to Determine  
Appropriate Transition Costs for Use by Multi-Stage Generating  
Resources**

Dear Secretary Bose:

The California Independent System Operator Corporation (ISO) submits this filing<sup>1</sup> in compliance with the Federal Energy Regulatory Commission's September 30, 2010 order conditionally accepting tariff revisions in the above-referenced dockets.<sup>2</sup> In its *September 30 Order*, the Commission conditionally accepted the ISO's proposed tariff revisions and directed the ISO to submit a compliance filing within 30 days.

## **I. BACKGROUND**

On July 29, 2010, the ISO filed tariff amendments necessary to implement its proposed methodology for calculating, verifying, and mitigating Transition Costs. The tariff amendments had a requested effective date of October 1, 2010. Transition Costs are the costs that a Multi-Stage Generating Resource incurs when it moves from one configuration to another. Nine parties intervened in response to the ISO's July 29 filing. Two of the intervening parties, Southern California Edison Company (SCE) and San Diego Gas & Electric Company (SDG&E), filed comments on the ISO's Transition Costs proposal.<sup>3</sup> SCE and SDG&E both requested that the Commission condition its approval

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<sup>1</sup> The ISO is sometimes referred to as CAISO. Capitalized terms not otherwise defined herein have the meanings set forth in the Master Definitions Supplement, Appendix A to the currently effective ISO tariff. The ISO is submitting this filing in compliance with Order No. 714, *Electronic Tariff Filings*, FERC Stats. & Regs. ¶ 31,276 (2009).

<sup>2</sup> *California Indep. Sys. Operator Corp.*, 132 FERC ¶ 61,273 (2010) (*September 30 Order*).

<sup>3</sup> The other seven interveners included: Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (Six Cities); Pacific Gas and Electric Company; Modesto Irrigation District; The City of Santa Clara, California and the M-S-R Public Power Agency; Dynegy Morro Bay, LLC, Dynegy Moss

of the ISO's proposal on the ISO implementing a two-part Transition Cost methodology comprising separate fixed cost and fuel cost components within eight to 12 months of implementing the Multi-Stage Generating Resource functionality. SCE additionally requested that the Commission order the ISO to make two terminology clarifications on compliance. The first request was for the ISO to use the term "Minimum Load" rather than "Minimum Load amount" when referring to the operating level at which Transition Costs will be applied for a given settlement interval. The second request was for the ISO not to use the term "Transition Cost Index" and instead substitute a more descriptive term such as "Daily Transition Cost Multiplier."

On September 3, 2010, the ISO filed an answer to the comments filed by SCE and SDG&E. In its answer, the ISO explained that its Transition Cost proposal was just and reasonable as filed. The ISO also stated that it had no objection to the terminology clarifications requested by SCE and would make those clarifications in a compliance filing if the Commission so ordered. Finally, in its answer, the ISO informed the Commission that implementation of the Multi-Stage Generating Resource functionality would be delayed from October 1, 2010 to November 15, 2010. The ISO offered to submit revised tariff sheets with the new effective date in a subsequent compliance filing if the Commission so ordered.

On September 30, 2010, the Commission issued its *September 30 Order*. In the *September 30 Order*, the Commission approved the ISO's Transition Costs proposal, finding it a reasonable method for providing Multi-Stage Generating Resources an opportunity to recover the costs of transitioning from one configuration to another. The Commission ordered the ISO to submit a compliance filing within 30 days to: (1) make the terminology clarifications requested by SCE; and (2) revise the effective date of the Transition Costs tariff provisions to match the planned November 15 implementation date of the Multi-Stage Generating Resource functionality.

## II. PROPOSED TARIFF MODIFICATIONS ON COMPLIANCE

Pursuant to the Commission's *September 30 Order*, the ISO proposes the following tariff amendments:

- Amend sections 11.8.2.1.7.1 and 11.8.3.1.4.1 by striking the word "amount" after the term "Minimum Load."
- Amend section 30.4.2 by striking the term "Transition Costs index" and substituting the term "Transition Costs multiplier."
- Revise the effective dates of sections 11.8.2.1.7.1, 11.8.3.1.4.1, and 30.4 from October 1, 2010 to November 15, 2010.<sup>4</sup>

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Landing, LLC, Dynegy South Bay, LLC and Dynegy Oakland, LLC; California Department of Water Resources State Water Project; and the Northern California Power Agency.

<sup>4</sup> Section 11.8.4.1.7.1, which was covered in the ISO's July 29 filing, already has a November 15 effective date. On September 9, 2010, the ISO filed a request for a later effective date for the tariff

### III. MATERIALS PROVIDED IN THIS COMPLIANCE FILING

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

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| Attachment A | Clean sheets of the currently effective tariff showing revisions described in this filing.                    |
| Attachment B | Sheets showing, in black-line format, the changes to the currently effective tariff described in this filing. |

### IV. CONCLUSION

The ISO respectfully requests that the Commission accept this filing as complying with the directives of the Commission's *September 30 Order*. Please contact the undersigned if you have any questions concerning this matter.

Respectfully submitted,

**By: /s/ David Zlotlow**

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provisions governing the Multi-Stage Generator functionality. That request included Section 11.8.4.1.7.1. The request was granted on October 19, 2010. *California Indep. Sys. Operator Corp.*, Docket No. ER10-2577-000 (Oct. 19, 2010) (unpublished letter order).