

September 3, 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 No. ER10-1692-____
Compliance Filing**

Dear Secretary Bose:

The California Independent System Operator Corporation (“ISO”) submits this filing in compliance with the Commission’s “Order Accepting Tariff Revisions, In Part, and Accepting and Suspending, Subject to a Commission Order, Tariff Revision,” 132 FERC ¶ 61,195, issued on August 31, 2010 (“August 31 Order”), and the requirements of the Commission’s Order No. 714, *Electronic Tariff Filings*, FERC Stats. & Regs. ¶ 31,276 (2009).¹

In the August 31 Order, the Commission accepted, effective September 1, 2010, all of the revisions contained in the tariff amendment the ISO filed in this proceeding on July 2, 2010, except for the ISO’s proposed deletion from Section 12.6.2 of ISO tariff of the sentence that reads, “The amount of credit available for a CRR Auction is calculated by subtracting the entity’s Estimated Aggregate Liability from its Aggregate Credit Limit and then multiplying the resulting amount by ninety (90) percent.” The Commission accepted the deletion of that sentence, suspended it to become effective November 1, 2010, and made it subject to the outcome of the proceeding pending in Docket No. ER10-2297-000.²

In order to satisfy the requirements of Order No. 714, the ISO must submit a compliance filing to restore the deleted sentence until the deletion becomes effective on November 1, 2010 subject to the outcome of the pending proceeding

¹ Capitalized terms not otherwise defined herein have the meanings set forth in Appendix A of the ISO tariff.

² August 31 Order at Ordering Paragraphs (A) and (B).

The Honorable Kimberly D. Bose
September 3, 2010
Page 2

in ER10-2297. The ISO requests that the Commission accept this filing effective September 1, 2010.

In addition to this transmittal letter, this compliance filing includes Attachments A and B. Attachment A contains a clean ISO tariff sheet reflecting the compliance filing change discussed above. Attachment B shows the compliance filing change in black-line format.

Please contact the undersigned with any questions concerning this filing.

Respectfully submitted,

/s/ Sidney M. Davies

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Attachment A – Clean Tariff
Credit Policy Enhancement Compliance Filing
California Independent System Operator Corporation
Fifth Replacement FERC Electric Tariff
ER10-1692-____

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12.6.2 Credit Requirements For CRR Auctions

To establish available credit for participating in any CRR Auction, each CRR Holder or Candidate CRR Holder must have an Unsecured Credit Limit or have provided Financial Security in a form consistent with Section 12.1.2. Each CRR Holder or Candidate CRR Holder may choose to designate a portion of its Unsecured Credit Limit and/or posted Financial Security specifically for the CRR Auction by notifying the CAISO of the CRR Holder's or Candidate CRR Holder's intent. Alternatively, the CRR Holder or Candidate CRR Holder may choose to post additional Financial Security to cover its participation in the CRR Auction, and shall by notify the CAISO of the portion of its total Financial Security to be assigned as its CRR Auction bidding limit. In order to participate in an annual CRR Auction, the CRR Holder or Candidate CRR Holder must have an Aggregate Credit Limit that exceeds its Estimated Aggregate Liability by the greater of \$500,000 or the sum of the maximum credit exposures of all of the CRR Holder's or Candidate CRR Holder's bids for CRRs submitted in the annual CRR Auction plus the sum of the Credit Margins for all the CRRs for which the Candidate CRR Holder submits bids in the relevant CRR Auction. In order to participate in a monthly CRR Auction, the CRR Holder or Candidate CRR Holder must have an Aggregate Credit Limit that exceeds its Estimated Aggregate Liability by the greater of \$100,000 or the sum of the maximum credit exposures of all of the CRR Holder's or Candidate CRR Holder's bids for CRRs submitted in the monthly CRR Auction. The amount of credit available for a CRR Auction is calculated by subtracting the entity's Estimated Aggregate Liability from its Aggregate Credit Limit and then multiplying the resulting amount by ninety (90) percent. A CRR Holder or Candidate CRR Holder that fails to satisfy this requirement shall not be permitted to participate in the relevant CRR Auction, or shall have bids exceeding its available Aggregate Credit Limit for participation in the CRR Auction, in accordance with the above formula, rejected by the CAISO on a last-in, first-out basis.

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Attachment B – Marked Tariff
Credit Policy Enhancement Compliance Filing
California Independent System Operator Corporation
Fifth Replacement FERC Electric Tariff
ER10-1692-____

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12.6.2 Credit Requirements For CRR Auctions

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