

# **Presentation to the Audit Committee**

**December 15, 2009**

# Background

- Each year an Operational Assessment is performed by an independent party in accordance with Tariff.
- Management has determined the scope of the 2009 Operational Assessment to be performed by PwC.
- The Audit Committee was briefed on the preliminary scope in a July 2009 presentation by Glen Perez (CAISO).
- Market Participants were surveyed for their input.
- Today's briefing is an update to that plan and an overview of project.

# Scope of Operational Assessment – Exceptional Dispatch

The primary objective of Operational Assessment is a comparison of:

- Actual operator actions/behaviors against
- Expected actions/behaviors (ISO guidelines)

For this purpose ISO guidelines are:

- Operating Procedures (publically available)
- Operational Nomograms or other internal guidelines

# Scope of Operational Assessment – Exceptional Dispatch

As described in the earlier briefing – assessment will be focused on Exceptional Dispatch.

Planned scope of Operational Assessment:

- Updated operating procedures are being used as the basis for assessment.
- Assess the processes around the day-ahead and real-time commitment of resources.
- Assess consistency of operator actions in connection with the Exceptional Dispatch decision process.
- Assess the Exceptional Dispatch tool used in dispatch decisions for validity of data contained in the tool.

# Report Framework

The report will be structured as agreed-upon procedures:

- Consistent with framework of prior year operational assessment reports
- Report is of findings; not an opinion
- Sampling of ED transactions to include most that occur during the one week observation period – this week

# Timing

## Activity

## Dates

Planning

Sept & Oct 2009

ISO modifications

Oct & Nov 2009

PwC assessment on site

Dec 2009

Report to Audit Committee

March 2010