

Memorandum

To: ISO Board of Governors
From: Yakout Mansour, President and Chief Executive Officer
CC: ISO Officers
Date: April 12, 2007
Re: *Decision on California ISO Five-Year Business Plan, 2007 - 2011*

This memorandum requires Board action.

The documents attached represent the California ISO's Five-Year Business Plan. Our business planning process began with extensive consultation with policy makers and leaders of the electricity industry in California and the West. In addition, the process included extensive internal deliberations and analysis to develop consensus and plans around our key priorities.

The California ISO Five-Year Business Plan describes the planning process and the corporate objectives and initiatives covering the period 2007 to 2011. The goal of the effort is to develop corporate strategic objectives and initiatives that address the identified needs and are sufficiently robust to ensure the California ISO's success, regardless of how these structural and policy uncertainties are resolved.

MANAGEMENT RECOMMENDATION

Management recommends that the Board of Governors approve the Five-Year Business Plan for the 2007 – 2011, as outlined in the attached materials.

MOVED:

Whereas, Management and employees of the Company have conducted a comprehensive assessment of external drivers and internal capabilities, objectives, opportunities and challenges in the next five years;

Whereas the ISO Board of Governors has received periodic updates concerning the nature and scope of this planning effort, and the Company's progress on that effort;

Whereas the ISO Board of Governors participated in a preliminary review of the Company's plans with regard to corporate strategic objectives and initiatives, including the recruitment, retention

and training of personnel, technology gaps and vendor relationships, legal and regulatory objectives, and other issues; and

Whereas Management, based on this planning effort, has developed a comprehensive strategy to guide its operations and functions in the next five years

Now, therefore, it is Moved,

That the ISO Board of Governors approve the California ISO Five-Year Business Plan, 2007 – 2011, dated April 12, 2007, and directs Management to proceed with implementation of the Plan.