

# Memorandum

**To:** ADR/Audit Committee of the ISO Board of Governors  
**From:** Jim Detmers, Vice President of Operations  
**Date:** February 3, 2009  
**Re:** **Acceptance of Operations Review for 2007 and 2008**

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*This memorandum requires Board action.*

## EXECUTIVE SUMMARY

To meet operational assessment guidelines, the California Independent System Operator Corporation (the ISO) engaged PricewaterhouseCoopers, LLC (PwC) to assess ISO compliance with specific control room operational processes. PwC performed this assessment and issued a final report January 29, 2009. Management requests that the ADR/Audit Committee recommend that the Board of Governors (the Board) accept the report as submitted and proposes the following motion:

***MOVED, that the ADR/Audit Committee recommends that the ISO Board of Governors accept the “Report on Compliance Assessment Relating to Specified Control Room Operational Processes” for 2007 and 2008 issued by PricewaterhouseCoopers on January 29, 2009.***

## BACKGROUND

In accordance with tariff section 22.1.2.2, an independent accounting firm conducts the annual operations assessment. Since startup, Management has engaged PwC to do so.

Management and stakeholders have gained valuable feedback from these assessments. Management has used the results and PwC recommendations to improve ISO processes and procedures, and develop targeted training.

For 2007-2008, the scope of the assessment includes:

- Publishing of final day-ahead schedules to market systems; and
- Communication and publishing of transmission de-rate/re-rate information.

## **ISSUES IDENTIFIED**

### ***Publishing of final day-ahead schedules to market systems***

PwC found that the ISO did not notify market participants concerning the final day-ahead market schedules in a timely manner.

Management has responded that:

- In all 60 samples, final day-ahead schedules were published and market notices were posted on Open Access Same Time Information System (OASIS);
- Seventy-five percent of the time, Management achieved its goal to make notification within 10 minutes; and
- Final day-ahead schedules are available to market participants immediately after publication without notification.

Management recognizes that schedules were posted 100% of the time and will assess posting times of the new MRTU OASIS information post-MRTU start.

### ***Communication and publishing of transmission de-rate/re-rate information***

PwC found that:

- Some scheduling and logging transmission logs, known as “SLIC” logs, were not created; and
- Some SLIC logs were inconsistent with relevant corresponding data in associated SLIC logs and market notices posted to OASIS.

Management has responded that:

- The database of existing transmission contracts contains required data from transmission path capability changes, with no exceptions;
- Grid resource coordinator (GRC) SLIC log entries are created and market notices are posted to OASIS without exception; and
- SLIC architecture allows multiple transmission log entries for the same path. Also, a second, redundant GRC log is required, resulting in inconsistencies.

Management plans to take the following actions:

- Review and revise existing procedures to eliminate duplication of SLIC logs; and
- Review SLIC logging system and implement modifications necessary to improve consistency of records and align with generation outage tracking methodology.

#### **NEXT STEPS**

Complete the action items described above, and report back to the ADR/Audit Committee at the next regularly scheduled Board meeting.