



Briefing on the 2007 and 2008 Operations Review and the 2009 Review Scope

Glen Perez
Manager, Operations Support

ADR/Audit Committee of the ISO Board of Governors
General Session
July 20, 2009

In compliance with the Tariff, the Audit Committee:

- Appoints the independent party to perform the annual audit
- Approves scope including any material issue raised by Market Participants
- Reviews completed results

Based on the last audit, the ISO took two actions to address communication errors.

- Re-wrote the Existing Transmission Contract Calculator procedure consolidating:
 - Logging activities
 - Data entry
 - Market notification

- Implemented the technical upgrade that automates the market closure notification

Based on experience with the markets, tighter processes and controls are needed in these areas:

- Exceptional dispatch
- Transmission limit biasing
- Pre-market validation
- Constraint management

We will be identifying audit areas of focus over multiple years.

- Establish critical areas of focus
- Develop process revisions
- Conduct external walkthroughs to validate control adequacy
- Establish schedule for:
 - Self-reviews
 - Internal audits
 - External operations audits
 - Continuous monitoring

We are suggesting this year's audit focus to be exceptional dispatch information.

- Evaluate the identification and documentation of exceptional dispatches
- Review the process for interim capacity procurement mechanism designation and documentation

In our other critical focus areas develop our long term plan.