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California ISO Operational Assessment Results

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*Presentation to the
Board of Governors*

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Agenda

Background and Scope

Operational Assessment Results

PwC Observations

Operational Assessment

Background and Scope

Operational Assessments are performed each year:

- Tariff requirement
- Focus is on control room operations
- Management determines the scope of the assessment

This year's scope of control room functions covered:

- Transmission Conforming Processes
- Audit Committee was briefed on scope in May 2010

Transmission Conforming is a function performed by CAISO dispatchers to modify transmission component ratings in the CAISO's market system.

Operational Assessment

Background and Scope (Continued)

Transmission Conforming:

- Performed by CAISO dispatchers
- Modifies transmission component ratings in the CAISO's market system.

Assessment period – September 20 – 24 & 27, 2010.

Original assessment period was expanded to include September 27 due to an increase number of Transmission Conforming occurrences.

Agreed-Upon Procedures – report of findings; not an opinion.

Report issued December 6, 2010.

Operational Assessment

Operational Assessment Results

For Transmission Conforming occurrences during the period:

- Checked for existence in log and market application input – inconsistencies were found where one occurrence was not logged and the other was not input into the market application.
- Checked log for required content – no exceptions.
- Compared log and market application input for required content – inconsistencies were found where two required elements were inconsistent.

Logged operator confirmations of Continuing and Active Conforming occurrences – no exceptions.

Exception conditions agreed to by management.

Operational Assessment

Operational Assessment Results (continued)

Operating Day	Total Number of Transmission Conforming Occurrences	Number of Exception Conditions
Monday, September 20, 2010	2	0
Tuesday, September 21, 2010	6	0
Wednesday, September 22, 2010	10	0
Thursday, September 23, 2010	12	1
Friday, September 24, 2010	5	0
Monday, September 27, 2010	26	3
Total	61	4

Operational Assessment

PwC Observations

Most exception conditions occurred during period of high system stress.

Consider adopting a monitoring practice that compares market application Transmission Conforming occurrences with logged occurrences on a periodic basis to determine whether all occurrences are logged – review period should be short to allow follow-up with operators if inconsistencies are identified.

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