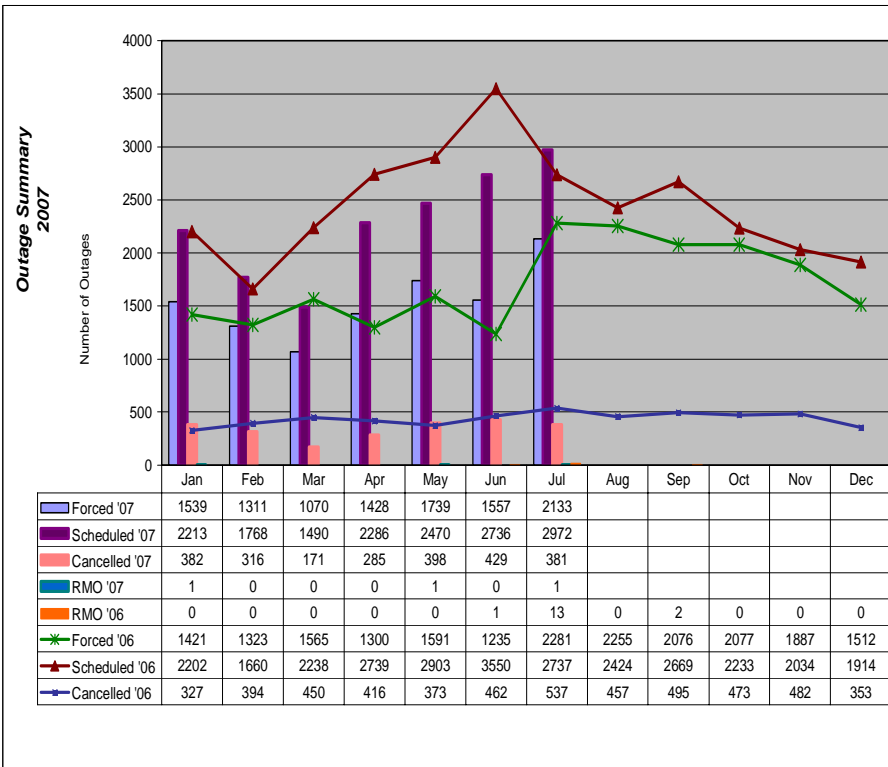


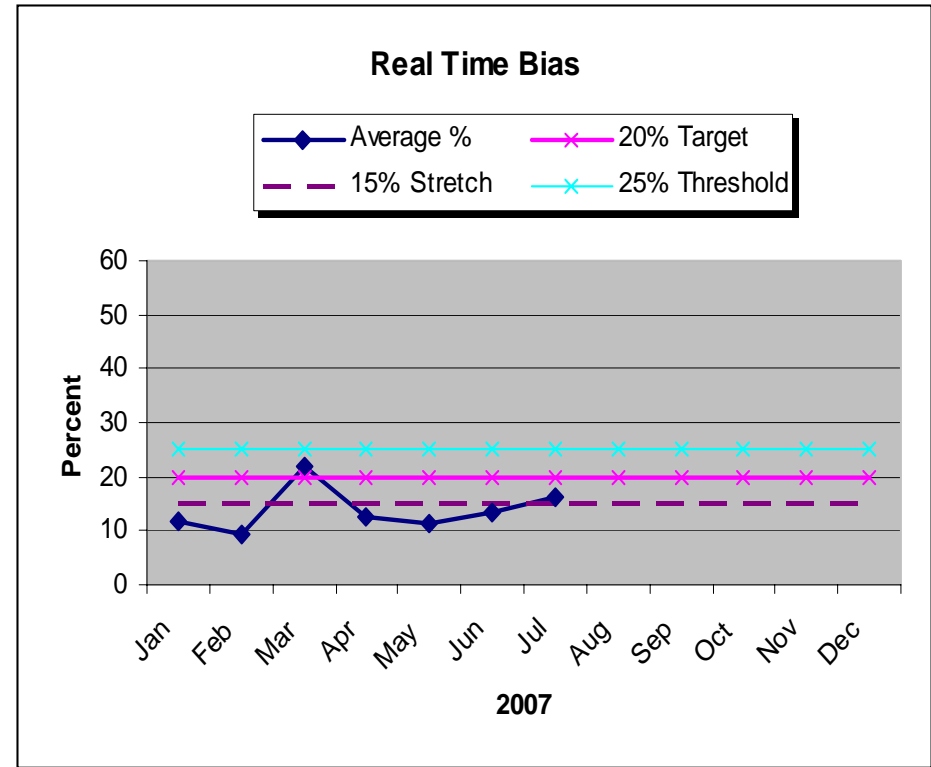
Operations Highlights Report

Notable Events

On July 24, 2007, at 1:46 p.m., PG&E's Martin Substation, serving the San Francisco transmission system, experienced multiple outages that lasted for approximately 30 minutes and impacted nearly 265 MW of customer demand. The CAISO and PG&E have initiated and continue to investigate the root-cause and will implement corrective actions.

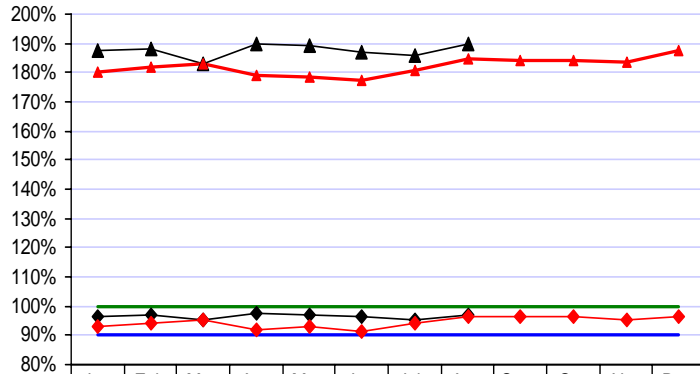


The Outage Activity Summary graph shows the number forced, scheduled, and cancelled generation and transmission outages processed per month by the Outage Coordination office. Included in the graph is the number of Restricted Maintenance Operations (RMO), RMO accommodates additional transmission or other maintenance on the grid.



Bias numbers continue to be favorable, coming in at 11.5%, 13.4%, and 16.3% for the months of May, June, and July, respectively. With that said, Market Services staff has noted an increase in bias in the past 3-4 weeks and is working with Grid Operations to isolate the causes in order to bring the biasing levels back down.

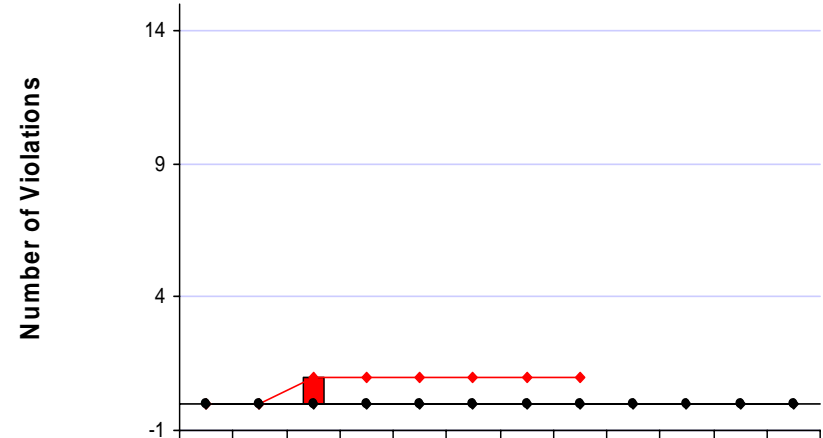
Control Performance Standard 1 & 2



	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
▲ '07 CPS 1	188%	188%	183%	190%	189%	187%	186%	190%				
◆ '07 CPS 2	96.55	97.10	95.01	97.35	97.25	96.67	95.31	97.08				
▲ '06 CSP 1	180%	182%	183%	179%	179%	177%	181%	185%	184%	184%	183%	188%
◆ '06 CPS 2	92.94	93.88	95.20	92.05	92.74	91.45	94.18	96.59	96.68	96.42	95.33	96.55
— CPS1 Min Req	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
— CPS2 Min Req	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%

WECC Minimum Operating Reliability Criteria for CPS1 is 100%. The CPS1 Target and Stretch Goal are to attain a score of 100% 12 of 12 months during the calendar year. WECC Minimum Operating Reliability Criteria for CPS2 is 90%. The CPS2 Target and Stretch Goal are to attain a score of 90% 12 of 12 months during the calendar year. Our YTD results are on track to meet the Stretch objective of attaining a score of 100% for CPS1 and 90% for CSP2 of 12 months for 2007.

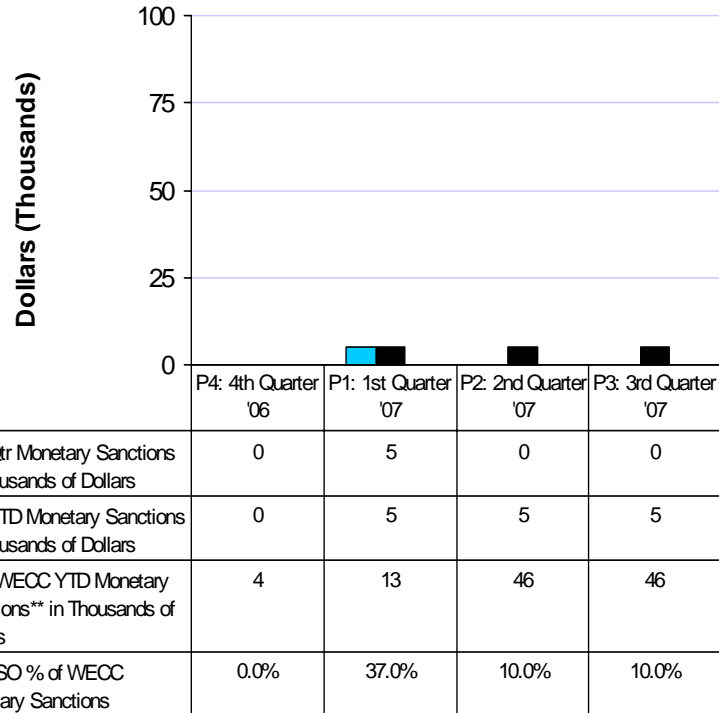
Operational Transfer Capability Violations



	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
■ '07 Violations	0	0	1	0	0	0	0	0				
◆ '07 YTD Violations	0	0	1	1	1	1	1	1				
● '06 YTD Violations	0	0	0	0	0	0	0	0	0	0	0	0
◆ '06 Violations	0	0	0	0	0	0	0	0	0	0	0	0

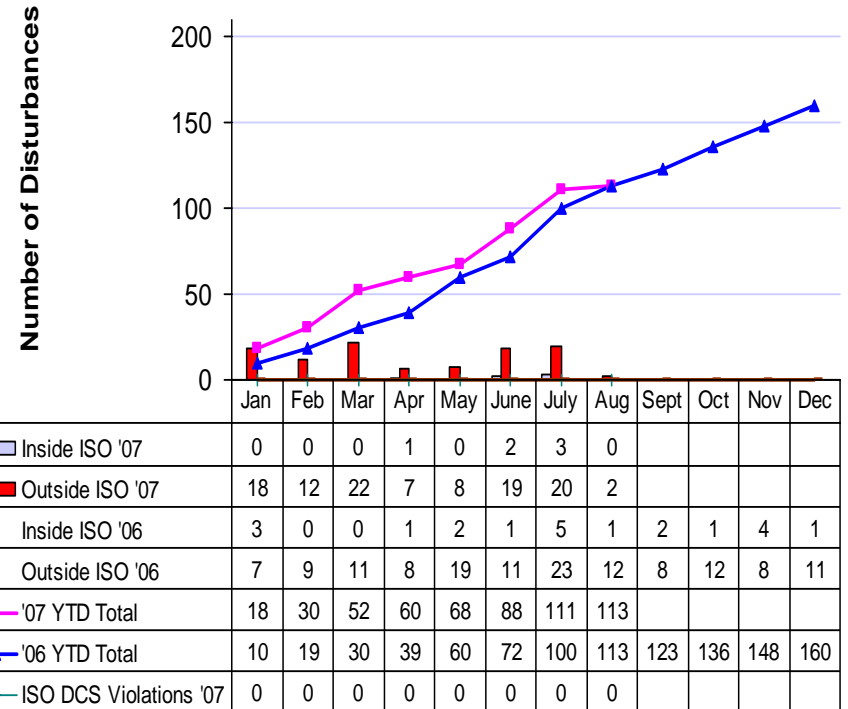
The OTC Violation Target Goal is not to exceed 2 violations, with the Stretch goal of zero violations for the calendar year. Our YTD results are on track to meet the Target Goal for 2007.

WECC Monetary Sanctions



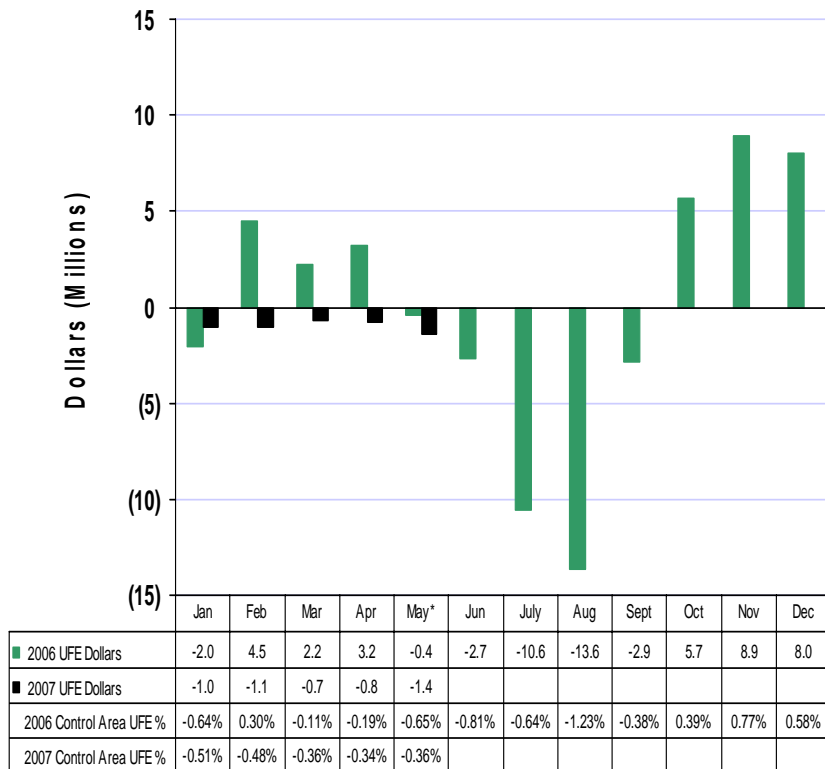
*Chart begins with 4th Quarter 2006 to allow for delay in finalization and receipt of year-end WECC sanction data, and to enable analysis of Performance goals based on a full year.

Frequency Disturbances



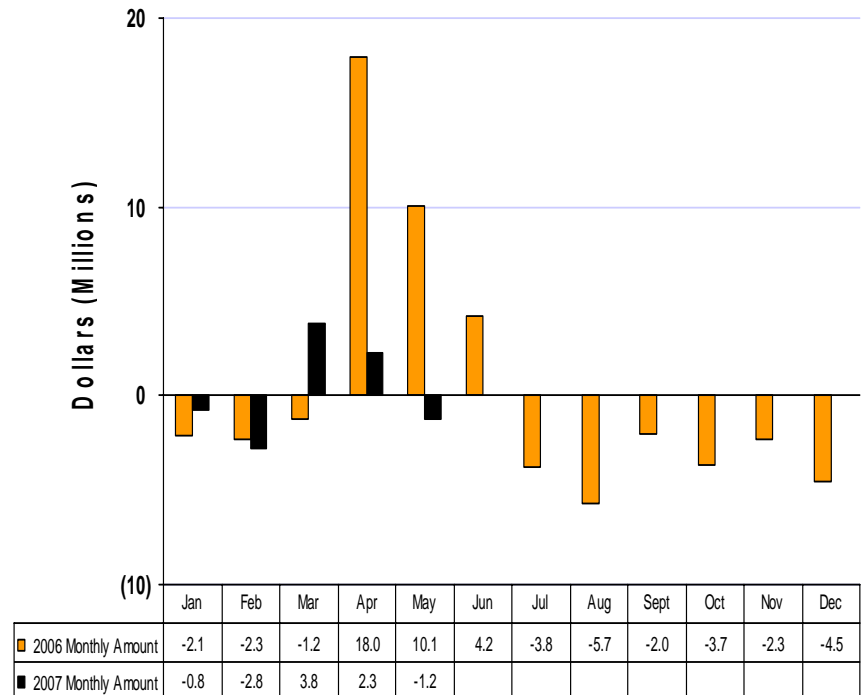
Frequency Disturbances are results of a sudden loss of load or generation. ISO DCS Violations are those losses of generation greater than 35% of our most severe single contingency (currently 399 MW), where the ACE is not recovered within 15 minutes. The DCS Violation Target Goal is not to exceed 2 ISO DCS violations, with the Stretch goal of zero violations for the calendar year. Our YTD results are on track to meet the Stretch objective to have zero DCS Violations for 2007.

System Unaccounted For Energy (UFE)



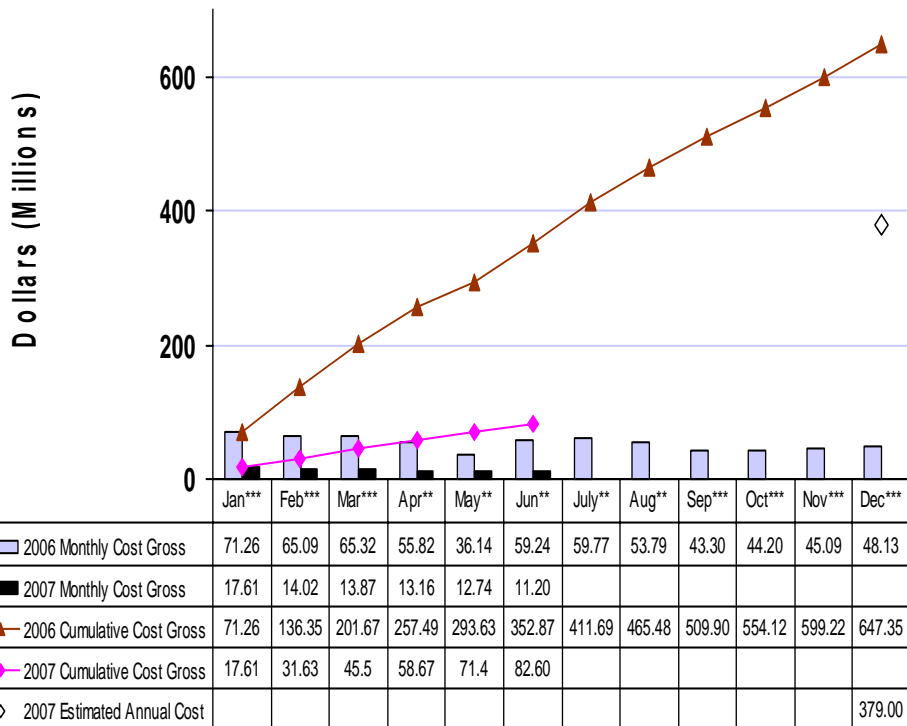
•Amounts estimated for May 2007. There is a 75 day time lag before actual UFE data becomes available. This chart represents the total UFE Dollars in a given month, which is calculated on a settlement interval basis and the UFE the overall average of UFE

Neutrality



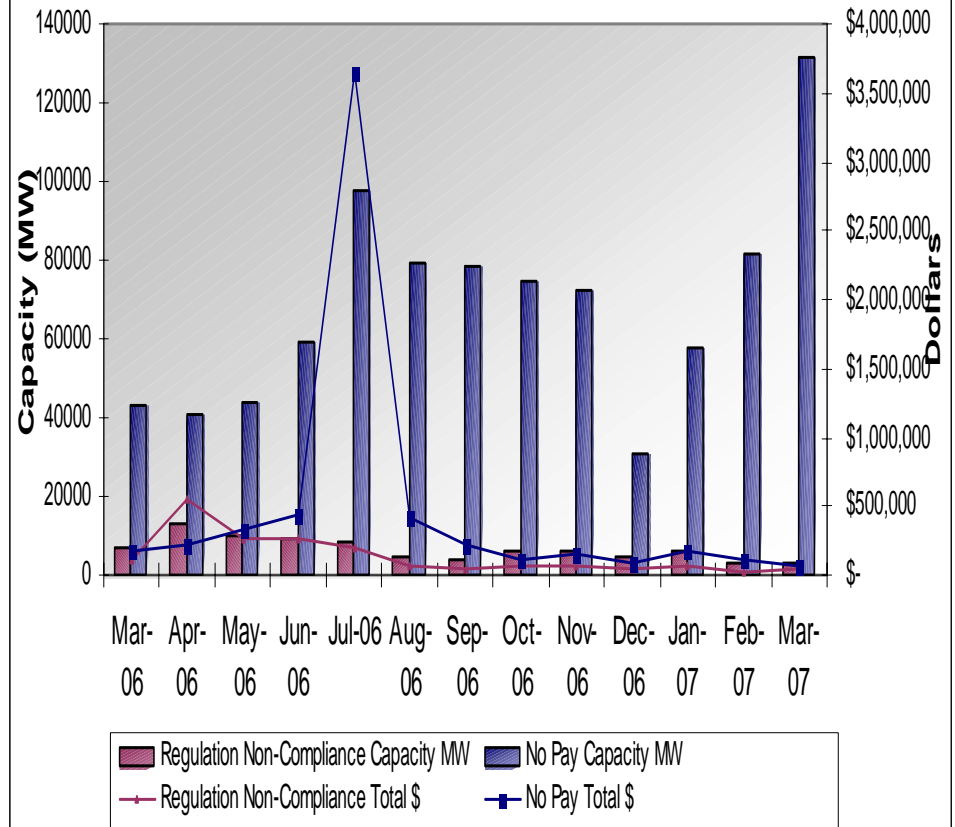
Neutrality number includes both the Neutrality Adjustment & Existing Contract Charge/Adjustment *There is a 75 day time lag before actual Neutrality data becomes available.

Reliability Must Run (RMR)

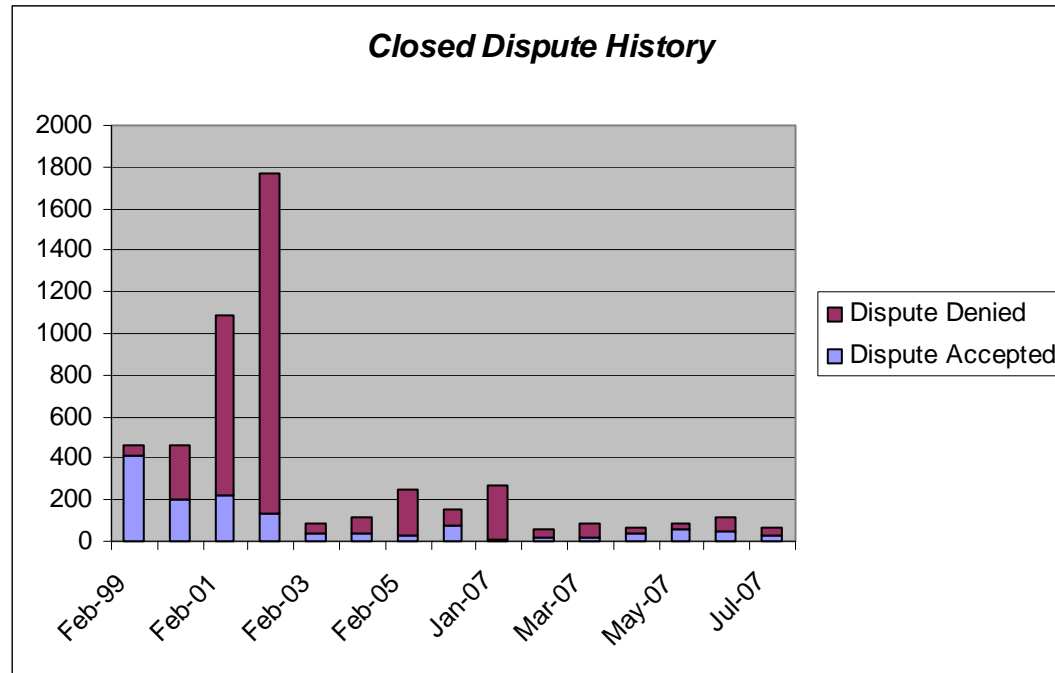


RMR decreased in 2007 to 13 facilities consisting of 35 units; down from 30 facilities consisting of 86 units in 2006. * There is a 120 day lag time before final actual RMR data becomes available. **January thru December 2006 RMR has not yet received adjusted invoices for Border, El Cajon, Enterprise, and VacaDixon. Adjusted invoices not yet received for Jan thru Feb 2007 are Enterprise, Border, and El Cajon. ***Jan 2006 thru Jun 2007 RMR has not received estimated invoices for Enterprise, Border, and El Cajon. Jan 2006 thru Apr 2007 month cost for the listed facilities are based on previous months' data.

Ancillary Service Compliance Programs



Operations Support monitors suppliers of Ancillary Services to ensure that Ancillary Service capacity awarded in the ISO markets is available in real-time. In April and May 2007, 99 percent of scheduled Regulation was available and an average of 97 percent of scheduled Spinning Reserve and Non-Spinning Reserve was available. The total value of rescinded payments was approximately \$113,396 for April and \$354,140 for May. The chart shows the monthly totals of non-compliant Ancillary Service capacity (MW) for twelve months.



The graph above shows the volume of disputes from February 1999 through July 2007.

Definitions

The following are definitions of the items and or systems covered in the Operations Performance Scorecard section of this report:

Operations Performance Scorecard:

WECC Monetary Sanctions - Measures through WECC's Reliability Management System (RMS) criteria. The RMS criteria include items such as Operating Reserve (OR), Operational Transfer Capability (OTC), Disturbance Control Standard (DCS), System Operator certification, and compliance with the WECC Unscheduled Flow Reduction Procedure. The ISO's goal is to have zero monetary sanctions per quarter.

Control Performance Standards 1 & 2. - Control Performance Standard 1 (CPS1) is intended to provide a control area with a frequency sensitive evaluation of how well it is meeting its demand requirements. CPS1 is a statistical measure of Area Control Error (ACE) variability.

Control Performance Standard 2 (CPS2) is a statistical measure of ACE magnitude. It is designed to limit a Control Area's unscheduled (or inadvertent) power flows that could result from large ACE values.

Operating Transfer Capability Violations - OTC Violations are defined as those transmission path overloads that exceed WECC allowable time limits for stability rated (20 min.) and thermally rated (30 min.) paths.

ISO Control Area Frequency - The ISO Control Area Frequency figures report internal and external system disturbances and include violations of the Disturbance Control Standard (DCS) resulting from ISO Control Area internal disturbances, such as loss of a large generating unit or transmission line. WECC allowable time limit for disturbance recovery is 15 minutes. Per WECC criteria, qualifying disturbances are defined as those greater than 35% of our maximum generation loss from our most severe single contingency. The California ISO's most severe single generation contingency is a nuclear unit with maximum generation output 1120 MW, 35% of which is the 392 MW thresholds used herein.

Real Time Bias - The number entered manually by the ISO operator into Real Time Market application (RTMA) to adjust for the energy deviation between RTMA and the Energy Management System (EMS).