

Memorandum

To: ISO Board of Governors

From: Yakout Mansour, President and CEO

Date: March 18, 2009

Re: *Decision on California ISO Five Year Strategic Plan for 2009–2013*

This memorandum requires Board action.

Attached is the California ISO's Five-Year Strategic Plan (the Plan) for 2009-2013. The strategic planning process this year began with the previous plan as the starting point and takes into consideration key internal and external inputs. Management spent time with the Board last summer testing the viability and robustness of the last year's Five-Year Strategic Plan under three scenarios, and concluded with the Board that the Plan is structured to put the ISO in a position to achieve its goals.

This year's Plan responds to important new economic, environmental, regulatory, workforce, energy supply, energy delivery and other challenges that face the industry and the organization, with updated strategies designed to address them. These include excellence in grid and market operations, effective and timely infrastructure development, and organizational effectiveness.

Management met with the Board in March to discuss this proposed plan in more detail, and have incorporated comments and suggestions from that meeting. Thus, Management recommends that the Board of Governors approve the Five-Year Strategic Plan for the 2009-2013, as outlined in the attached Plan.

MOTION

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

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

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

Whereas, Management, based on this planning effort and feedback from the ISO Board of Governors, has developed a comprehensive strategy to guide its operations and functions in the next five years;

Moved, that the ISO Board of Governors approves the California ISO Five-Year Strategic Plan for 2009-2013, dated March 18, 2009, and directs Management to proceed with implementation of the Plan.