

# Memorandum

**To:** ISO Board of Governors  
**From:** Karen Edson, Vice President of External Affairs  
**Date:** July 10, 2009  
**Re:** Report on BPM Change Management Activities

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*This memorandum does not require Board action.*

## EXECUTIVE SUMMARY

The California Independent System Operator Corporation (the ISO) inaugurated the public change management process for business practice manuals (BPMs) on April 1, 2009. As part of the market redesign process, the ISO developed with stakeholders a transparent and detailed process to facilitate open discussion around BPM changes suggested by stakeholders or ISO staff. This memorandum is the first in an ongoing series, designed to inform the ISO Board of Governors (the Board) of the status of the BPM change requests submitted by stakeholders and the ISO.

## BACKGROUND

At the direction of the Federal Energy Regulatory Commission (FERC), and as part of the market redesign and technology upgrade (MRTU) project, the ISO deployed a new change management process for the BPMs on April 1, 2009.

The BPM change management system and process were developed collaboratively by the ISO and stakeholders. This unique approach enables both stakeholders and the ISO to propose and track modifications to the BPMs, using the same electronic system. All changes to the BPMs, and BPM attachments and exhibits, are managed within the new process. The intent of the BPM change management process is to facilitate communication in a transparent manner, so that decisions can be made in light of all relevant information and in consideration of the effect of proposed changes on market participants.

Stakeholders expressed to the ISO the importance of a single system for proposing changes and commenting on proposed changes to the BPMs. Management concurred, leading to the development of the *Business Practice Manual for BPM Change Management*, which was approved by the Board and later filed with FERC.

The ISO is required by the tariff to submit a report on the status of BPM change management at each Board meeting. The report must include:

- the status of active proposed revision requests (PRRs);
- a summary of PRRs that, following a stakeholder process, have resulted in a change to the BPM; and
- a summary of PRRs that, following a stakeholder process, are rejected, with no changes made to the BPM. The summary of rejected PRRs must include the reasons for rejection and the stakeholders' positions.

Stakeholders and other interested parties can view the proposed revisions, track the process and comments posted, and submit and provide comments on PRRs, on the BPM change management system web site.

### **BPM CHANGE MANAGEMENT REPORT**

The current *Board Update: BPM Change Management Process* report (the Report), which includes all the active PRRs from April 1, 2009 through June 30, 2009, is included as Attachment 1. In compliance with the tariff Board reporting requirements, the Report:

- provides a summary of the total number of active PRRs submitted by stakeholders and the ISO;
- summarizes the number of active PRRs in the various steps of the PRR lifecycle on June 30, 2009;
- reflects those PRRs upon which management posted its final decision; and
- includes PRRs under stakeholder appeal, the stakeholder positions on rejected PRRs, and the reasons for rejection.

Following is relevant information not required by the tariff and not reflected on the Report:

- No PRRs are under appeal;
- 12 PRRs were submitted by the ISO on an emergency basis, all of which were related to the Settlements and Billing BPM; and
- a PRR report summarizing the PRRs currently in the BPM change management system is included as Attachment 2.

### ***Stakeholder Positions and Feedback***

The BPM change management monthly stakeholder meetings were held on May 26, and June 23, 2009. Stakeholders are generally satisfied with the process and progress being made on the active PRRs.

At the stakeholder meeting on May 26, 2009, Management recommended an action on PRR No. 14, a request from Dynegy for clarification in the *Business Practice Manual for Market Operations*, to address treatment of start-up costs in day-ahead integrated forward market optimization. Management acknowledged the need to provide the requested information to stakeholders and posted a technical bulletin on June 16, 2009.