

# Memorandum

**To:** ISO Board of Governors

**From:** Karen Edson, Vice President of External Affairs

**Date:** September 2, 2009

**Re:** Required Briefing on BPM Change Management Activities

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*This memorandum does not require Board action.*

## EXECUTIVE SUMMARY

This memorandum is a regular monthly report required by the Federal Energy Regulatory Commission (FERC) to inform the ISO Board of Governors (Board) on the status of the Business Practice Manual (BPM) change requests submitted by stakeholders and the ISO.

The California Independent System Operator (the ISO) inaugurated the public change management process for business practice manuals (BPMs) on April 1, 2009. Both the ISO and stakeholders use the same electronic system and process to submit and track proposed changes to the BPMs. The process includes stakeholder review, ISO approval or rejection, and a possible appeal to three ISO officers.

As of August 19, 2009, 60 Proposed Revision Requests (PRRs) were active in the BPM change management system, 90% of which were submitted by the ISO. Twenty-two of the active PRRs are related to the Settlements and Billing BPM and 25 are related to the Transmission Planning Process BPM. No BPM decisions are under stakeholder appeal.

## BACKGROUND AND PROCESS OVERVIEW

At the direction of FERC and as part of the market redesign and technology upgrade project, the ISO deployed a new change management process for the BPMs on April 1, 2009. The BPM change management system applies equally to stakeholders and the ISO. All changes to the BPMs, and BPM attachments and exhibits, are managed within the new process. The process enables both stakeholders and the ISO to propose and track modifications to the BPMs using the same electronic system.

Management developed the BPM change management process in response to stakeholder concerns about the possible lack of transparency on matters that affect their business interests. The overall process contained in the *Business Practice Manual for BPM Change Management* was approved by the Board in April 2007 and later filed with

FERC. Among FERC's requirements is that management submit to the Board a regular status report on the BPM change management process.

To propose a change to the BPMs, stakeholders or ISO staff member submit a (PRR) into the ISO's electronic system. Once verified as complete by the ISO, PRRs are available for review and comment within the electronic system for ten business days. Both the ISO and stakeholders can comment on any PRR, using the same electronic system. The ISO hosts a monthly stakeholder meeting to enable live dialogue on the active PRRs. After the monthly meeting concludes the ISO makes a recommendation for the proposed BPM change. Stakeholders are able to comment on the ISO's proposed recommendation, which is then discussed at the next monthly meeting. After considering stakeholder comments, the ISO posts its final decision on the PRR, at which time stakeholders can appeal the decision to the BPM Appeals Committee, which is comprised of three ISO officers.

The ISO held the monthly BPM change management stakeholder meeting on July 28, 2009. Conducted by conference call, the meeting included 15 stakeholders. Based on the nature of that meeting, and upon the types of comments being entered into the BPM change management electronic system, it appears that stakeholders are generally satisfied with the process, as well as with the progress being made on the active PRRs. No significant concerns are currently pending on the active PRRs.

One stakeholder submitted a PRR that the ISO subsequently determined is likely to require a tariff change. Management has referred the issue to the market design initiatives catalog for further policy consideration.

## **BPM CHANGE MANAGEMENT REPORT**

The current *Board Update: BPM Change Management Process* report, which includes all the active PRRs as of August 19, 2009, is included as Attachment 1. In compliance with the tariff Board reporting requirements, the report:

- Summarizes the total number of active PRRs submitted by stakeholders and by the ISO;
- Depicts the number of active PRRs in various steps along the PRR lifecycle, as of August 19, 2009;
- Reflects those PRRs upon which Management has posted its final decision for the period June 30, 2009 through August 19, 2009; and
- Includes PRRs currently under stakeholder appeal, the stakeholder positions on rejected PRRs, and the reasons for rejection.

The following is additional relevant information:

- No PRRs are under appeal;

- Ten PRRs were submitted into the electronic system by the ISO on an emergency basis
  - eight of those PRRs were related to the Settlements and Billing BPM;
  - one PRR was associated with the Compliance Monitoring BPM; and
  - one PRR pertained to the Reliability Requirements BPM
- A PRR report summarizing the PRRs in the BPM change management system as of August 19, 2009, is included as Attachment 2.