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California ISO Results of Agreed-Upon Procedures Code of Conduct

*Presentation to the
Audit Committee of the
ISO Board of
Governors*

May 14, 2015



Scope

- ISO tariff requires an independent review of the ISO's code of conduct compliance
- Scope of procedures generally consisted of:
 - Obtaining listings of each constituent group:
 - Employees
 - Substantially full-time contractors
 - Board of Governors
 - Comparing listings to certifications, training requirement completion, and conflict of interest disclosure forms and indication of follow up procedures on identified conflicts

Results

- Procedures are completed and the report was issued on March 13, 2015
- Except as described below, all planned procedures were performed without exception
 - Two conflicts identified by employees were not properly included in the analysis of disclosed potential conflicts
 - One conflict identified by the quarterly analysis of employees invested in prohibited investments performed by Charles Schwab was not properly included in the analysis of disclosed potential conflicts

After the above exceptions were brought to the attention of management, an updated listing was prepared to include the previously missing items.

- Report describes procedures and findings related to the ISO's internal processes regarding the code of conduct requirements for the constituent groups listed on the previous slide
- High level of commitment and cooperation of ISO staff in completing this engagement, which is greatly appreciated