

**GENERAL SESSION MINUTES**  
**ISO BOARD OF GOVERNORS MEETING**  
**November 24, 2008**  
**ISO Headquarters**  
**Folsom, California**

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November 24, 2008

Mason Willrich, Chair of the ISO Board of Governors, called the general session meeting to order at approximately 12:45 p.m. Roll call was taken and the presence of a quorum was determined.

**ATTENDANCE**

The following members of the ISO Board of Governors were in attendance:

Mason Willrich, Chair  
Tim Gage  
Linda Capuano  
Tom Page  
Laura Doll

The following members of the officer team were present: Yakout Mansour, Nancy Saracino, Karen Edson, Laura Manz, Steve Berberich, and Jim Detmers.

**GENERAL SESSION**

The following agenda items were discussed in executive session:

**PUBLIC COMMENT**

No public comment was offered at this time.

**DECISION ON MARKET REDESIGN AND TECHNOLOGY UPGRADE**

Proposal

Steve Berberich, Vice President of Corporate Services, began his presentation by providing the Board with an overview of readiness discussions with market participants that had occurred since the last Board meeting. Mr. Berberich commented on the high level of collaboration between the ISO and market participants and provided an overview of outstanding issues. Mr. Berberich stated that quality of solution tests had been performed in an effort to resolve pricing concerns and that while the day ahead tests were successfully executed for the day ahead, another option would need to be pursued for testing real time

testing. Mr. Berberich noted the new real time test would be attempted the week of December 1.

Mr. Berberich discussed the exit criteria and noted it was progressing well with the exception of settlements. Mr. Berberich stated that the final assessment regarding settlements would be based on participant results and noted that the ISO intended to produce several mini-monthly statements in November.

Mr. Berberich discussed how Market Monitoring has closely monitored pricing tests as part of their continued readiness work. Keith Casey, Director of Market Monitoring, informed the Board that Market Monitoring had received very good information from the day ahead market but that additional analysis was needed for the quality of solution for the real time market. Mr. Berberich provided an overview of the operational readiness and noted that grid operations had begun 24/7 support of the market.

Mr. Berberich reviewed upcoming readiness activities for December and January and noted that a production level code “freeze” was scheduled for December 6. Mr. Berberich stated that real time pricing, residual unit commitment costs and settlements issues needed to be resolved and concluded his presentation by describing several options for the Board’s consideration.

#### Public Comment

Pedro Pizarro, with Southern California Edison, provided comments on management’s proposal and noted his appreciation to ISO staff, management and the Board. Mr. Pizarro commented that while there were still a number of issues, settlements and pricing were the two most important. Mr. Pizarro stated that the November settlement statement would need to be of very high quality and that prices needed to be correct and reasonable. Mr. Pizarro further described concerns pertaining to residual unit commitment prices.

In response to inquiries from Governor Gage, Mr. Pizarro further described issues pertaining to the settlement statements and residual unit commitment costs. In response to an inquiry from Governor Page, Mr. Pizarro further discussed the frequency and scale of residual unit commitment costs in relation to peak loads. Mr. Casey provided additional comments related the impact of residual unit commitment costs on the market. In response to an inquiry from Governor Doll, Mr. Pizarro commented on the exit criteria pertaining to settlements and noted he would be ok with a good full month in addition to some mini-monthly settlement statements. Governor Capuano commended Mr. Pizarro on his clear and concise comments. Governor Willrich noted the importance of team effort and collaboration.

Matt Burkhart, with San Diego Gas and Electric Company, provided comments on management’s proposal and noted his appreciation to ISO staff, management, and the Board. Mr. Burkhart noted that while there was still work to be done, he was encouraged by the ISO’s willingness to conduct additional testing regarding pricing. Mr. Burkhart stated that a

March 1 *go live* date was feasible if pricing and settlements issues could be resolved. Mr. Burkhart noted that SDG&E was committed to supply the necessary resources to support a successful go live. In response to Board inquiries, Mr. Burkhart noted that in addition to local territory matters, SDG&E shared similar concerns as described early by Mr. Pizarro. Mr. Burkhart agreed that a standard of absolute perfection was not needed at this time provided that certain fundamentals were achieved. Governor Page commented on the strand of events associated with settlements and Mr. Burkhart further described areas needed improvement.

Fong Wan, with Pacific Gas & Electric Company, provided comments on management's proposal and noted his appreciation to ISO staff, management, and the Board. Mr. Wan stated that PG&E was committed to working with the Board and ISO Management, that PG&E takes MRTU very seriously and that PG&E was not looking for perfection. Mr. Wan further described concerns with market prices and settlements. Regarding prices, Mr. Wan noted he wanted to see a good solid relationship across all markets. Regarding settlements, Mr. Wan stated he hoped to provide feedback on the November settlements to the Board at the December meeting.

In response to an inquiry from Governor Doll, Jim Detmers, Vice President of Operations, noted he had no system reliability concerns. Mr. Wan agreed but noted that system reliability was not a measure of MRTU success. Discussion followed regarding residual unit commitment capacity payments.

Sean Beatty, with Mirant, provided comments on management's proposal and requested that the Board wait until the December meeting to set a new MRTU go live date.

Mr. Mansour provided closing remarks and noted that his personal confidence level was up based on the level of collaboration and cooperation with the market participants.

Acknowledgement was made of written public comment submitted by California Municipal Power Association, Powerex, and Shell. The Board acknowledged its appreciation for the feedback from the market participants.

Discussion followed regarding the options surrounding the monthly FERC status report and the 60-day certification filing.

#### Motion

Governor Gage:

***Whereas, California ISO Management reports making significant progress on MRTU readiness since the October Board of Governors meeting; and***

***Whereas, notwithstanding this progress and the high level of involvement and collaboration with market participants, ISO Management has advised that the***



*level of confidence in MRTU readiness is not sufficiently high to recommend that MRTU should go live on January 31, 2009; and*

*Whereas, given the opinion of Management and the comments of market participants, the Board agrees that additional time is required to resolve the outstanding concerns regarding MRTU readiness; and*

*Whereas, the Board expects to receive confirmation of readiness from Management during the December meeting of the Board of Governors, and encourages market participants and other interested parties to address the Board again in December on MRTU readiness;*

*Moved, that the ISO Board of Governors directs Management to be prepared to file the 60-day readiness certification with the Federal Energy Regulatory Commission by December 30, 2008, for a March 1, 2009 go live date; and*

*Moved, that the ISO Board of Governors will continue to monitor the status of MRTU readiness and will further evaluate readiness for a March 1, 2009 go live at its December and January Board meetings and through the actual go live date.*

The motion was seconded by Governor Capuano, and approved 5-0-0.

## **ADJOURNED**

There being no additional general session items to discuss, the general session of the ISO Board of Governors meeting was adjourned at approximately 2:45 p.m.