

**GENERAL SESSION MINUTES
ISO BOARD OF GOVERNORS MEETING
October 28-29, 2008
ISO Headquarters
Folsom, California**

October 28, 2008

Mason Willrich, Chair of the ISO Board of Governors, called the general session meeting to order at approximately 1:45 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 general session:

PUBLIC COMMENT

No public comment was provided at this time.

DECISION ON MINUTES

Governor Gage moved for the approval of the ISO Board of Governors general session minutes for September 8-9, 2008. Motion seconded by Governor Doll, and approved 5-0-0.

CEO REPORT

Yakout Mansour, President and Chief Executive Officer, reported on highlights of events that have affected the ISO since the last Board meeting. Mr. Mansour discussed the financial conditions of the ISO and market participants. Mr. Mansour noted that the ISO's total investment portfolio had declined about 2%. Mr. Mansour commented on the positive

outcome associated with the recent fixed rate bond offering that was approved by the Board in June.

Mr. Mansour commented on MRTU Readiness and stated that ISO readiness was well on track for the 60-day certification filing at the Federal Regulatory Energy Commission (FERC) on December 1, 2008. Mr. Mansour acknowledged the continued efforts of market participants. Mr. Mansour stated the ISO remains committed to the timeline established by the Board and that Management did not see value in extending the testing and simulation timeline.

Mr. Mansour discussed the Market & Infrastructure Development section of his report and noted that FERC conditionally approved two recent ISO filings: the proposal to reform the generator interconnection process and the integrated-balancing authority area proposal.

Mr. Mansour concluded his presentation by providing an overview of the operations and people sections of his report.

DECISION ON UNECONOMIC ADJUSTMENT POLICY

Lorenzo Kristov, Principal – Market Architect, provided the Board an overview of uneconomic adjustments and provided an update on progress made on the uneconomic adjustment policy since the July Board meeting. Mr. Kristov reviewed six policy proposals that required Board approval. Three proposals addressed pricing rules when a constraint must be relaxed. Two proposals addressed criteria for adjusting self-schedules versus relaxing a transmission constraint. One proposal addressed maintenance and modification to uneconomic adjustment parameters. Discussion followed regarding the different types of constraints.

Public Comment

Peter Griffes, with Pacific Gas & Electric Company, commented on difficulties associated with the stakeholder process and the simulations analysis.

Tony Braun, with California Municipal Utilities Association, provided generally supporting comments and acknowledged the amount of progress made since the last Board meeting.

Nancy Saracino, Vice President, General Counsel and Corporate Secretary, acknowledged for the record the receipt and delivery of the letter from Western Power Trading Forum to the Board.

Ellen Wolfe, with Western Power Trading Forum, provided comments consistent with WPTF comments previously distributed to the Board, including further discussion regarding two flaws identified by WPTF in the proposed policy.

Rick Buckingham, with California Department of Water Resources, provided comments and further described concerns related to existing transmission contracts and the treatment of participating load.

Market Surveillance Committee Comment

Frank Wolak, Chair of the Market Surveillance Committee, addressed issues raised by market participants and provided an overview of the MSC Opinion entitled “Uneconomic Adjustment in the MRTU Market Optimizations.”

Governor Gage noted that while the solution was not perfect, Management’s proposal attempts to balance the issues. Dr. Wolak concurred and provided additional comments.

Anna McKenna, Counsel, provided responding comments addressing concerns raised by Mr. Buckingham. Mr. Kristov provided closing remarks and acknowledged that further testing was in order. Brief discussion followed.

Board Decision

MOTION

Governor Gage:

Moved, that the ISO Board of Governors approves the proposed rule changes regarding the setting of the scheduling and pricing parameters for uneconomic adjustments in the ISO market, as detailed in the memorandum, dated October 20, 2008, and

Moved, that the ISO Board of Governors authorizes Management to make all of the necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposed rule changes regarding the setting of scheduling and pricing parameters for uneconomic adjustment in the ISO market.

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

DECISION ON MRTU PRICE CAP AND FLOOR

Lorenzo Kristov, Principal – Market Architect, provided the Board with an overview of Management’s recommendation to adopt a price cap and floor on all MRTU markets. Mr. Kristov discussed the +/- \$2500 price floor and cap and noted that prices outside this range were expected to be rare. Mr. Kristov stated the cap range was high enough to allow proper and needed market price signals. Mr. Kristov concluded his presentation by noting that the proposed cap would not compromise diligence of investigation of extreme prices. Further discussion followed, including discussion about the process behind how the price cap and floor numbers were determined and the applicability of price signals for demand response.

Public Comment

Nancy Saracino, Vice President, General Counsel and Corporate Secretary, acknowledged for the record the receipt and delivery of the letter from Western Power Trading Form to the Board.

Ellen Wolfe, with Western Power Trading Forum, provided comments consistent with WPTF comments previously distributed to the Board and further described concerns with the proposal.

Kevin Cini, with Southern California Edison, noted that SCE generally supported the concept of price caps but felt that the level of the price caps in the negative direction was excessive.

Karl Meeusen, with the California Public Utilities Commission, noted that the CPUC generally supported the use of price caps and floors. Mr. Meeusen recommended additional time for stakeholder input to determine the price cap and floor numbers.

Peter Griffes, with Pacific Gas and Electric Company, provided generally supportive comments on the concept of price caps and floors but would like to see further analysis prior to determination of the numbers.

Carolyn Kehrein, with California Manufacturing Technology Association and Energy Users Forum, provided comments conditionally supporting appropriate price caps sent to those customers who were able respond and noted that the current proposal does not support this concept.

Yakout Mansour, President and CEO, provided responding comments to Ms. Kehrein's comments on price cap comparisons. Brief discussion followed.

Market Surveillance Committee Comment

Frank Wolak, Chair of the Market Surveillance Committee, addressed issues raised by market participants and provided an overview of the MSC Opinion entitled "Unecomonic Adjustment in the MRTU Market Optimizations."

Laura Manz, Vice President of Market and Infrastructure Development, provided closing remarks and stated that continued monitoring would take place.

Board Decision

Further discussion followed regarding the need for parity in the price cap and floor numbers and the necessity for a wide bandwidth.

MOTION

Governor Page:

Moved, that the ISO Board of Governors approves the proposed rule changes regarding the establishment of a price cap and floor for all energy, residual unit commitment capacity, and ancillary services in the ISO markets under the Market Redesign and Technology Upgrade, as detailed in the memorandum, dated October 20, 2008, and

Moved, that the ISO Board of Governors authorizes Management to make all of the necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposed price cap and floor for the ISO markets under the Market Redesign and Technology Upgrade.

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

DECISION ON MARKET REDESIGN TECHNOLOGY UPGRADE

MRTU Overview

Steve Berberich, Vice President of Corporate Services, provided the presentation line-up for the MRTU agenda item. Mr. Berberich provided an overview of the progress made since the last meeting towards a December 1 go live filing with FERC. Mr. Berberich acknowledged the feedback received from market participants and noted that ISO Management agreed that the exit criteria must be met prior to go live. Mr. Berberich provided updates on the bidding and submitting infrastructure and the day ahead market results. Mr. Berberich provided an overview of the real time market's performance over the last few days. Mr. Berberich discussed progress made on the settlements system and noted it was still on the critical path. Mr. Berberich stated that the ISO was working intensely with market participants to resolve open settlements issues. Mr. Berberich provided an overview of internal readiness and noted that grid operations was now the primary focus. Mr. Berberich stated that external training has been delivered and refresher training was currently underway. Mr. Berberich reviewed the results of a recently conducted pre-final external readiness assessment and noted it resulted in mixed readiness status. Mr. Berberich reviewed the exit criteria assessments and discussed next steps. Mr. Berberich concluded by stating that Management remained confident in its ability and the market participants ability to make a February 1 go live.

Briefing on MRTU Pricing Results

Mark Rothleder, Principal Market Developer, began his presentation by providing an overview of the process used to review and analyze prices. Mr. Rothleder discussed the price results and noted there were approximately 3000 nodal prices per hour. Mr. Rothleder reviewed the day ahead and real time load aggregation point price distribution for the September 2008 market simulation. Brief discussion followed regarding running the systems in parallel. Mr. Rothleder provided an overview of issues that contributed to

pricing excursion and provided an overview of pricing evaluations. Mr. Rothleder discussed causes for residual unit commitment prices and provided a context overview around residual unit commitment capacity, award, prices and costs. Brief discussion followed. Mr. Rothleder concluded his presentation by discussing next steps.

LECG Report

Scott Harvey, with LECG, provided the Board with an overview of his final report entitled “Analysis Track Testing of CAISO MRTU Pricing and Dispatch.” Mr. Harvey stated that analysis track testing and validation of the ISO day ahead market, real-time predispach, and real-time dispatch software had been completed and that 42 cases were subjected to full analysis. Mr. Harvey noted that the ISO software was generally working as designed with a few areas in which in-progress software changes still needed to be tested and evaluated. Mr. Harvey provided an overview of the test methodology of seven tests that were applied to the analysis track cases. Mr. Harvey discussed additional test cases that were analyzed by the ISO, Siemens, and LECG since June 2008 and reviewed the issues that have been resolved. Mr. Harvey provided an overview of upcoming testing categories and concluded by noting that the analysis track testing had not identified any unresolved issued that would interfere with a February 1 go live date.

Discussion followed regarding Mr. Harvey’s perspective of the California ISO’s readiness status in comparison with other ISOs. Mr. Harvey noted that the parts that could be tested were in excellent shape.

Briefing on MRTU Market Monitoring Readiness

Keith Casey, Director of Market Monitoring, began his presentation by noting that Market Monitoring was ready for MRTU go live. Mr. Casey provided an overview of key areas of focus including local market power mitigation. Mr. Casey noted that this monitoring approach had been reviewing by the Market Surveillance Committee and was consistent with Eastern LMP markets. Mr. Casey noted that market monitoring database and tools were ready and a fully trained staff was in place. Mr. Casey stated that a cross-divisional rapid response team would be ready to quickly address any market issues that may arise after MRTU go live. Mr. Casey noted that the ISO had adequate tariff authority and FERC support to address issues. Mr. Casey concluded his presentation by providing a summary of the Department of Market Monitoring Simulation Report.

Briefing on Outstanding MRTU Activities

Debi Le Vine, Director of Market Services, acknowledged the completion of the LECG certification and provided an overview of remaining MRTU activities. Ms. Le Vine provided an update on the status of the SAIC certification and noted that no major issues were uncovered by SAIC in regards to tariff or software functionality. Ms. Le Vine noted that the PricewaterhouseCoopers Settlement Audit was on track for a January 31 Audit Opinion. Ms. LeVine concluded her presentation by providing an overview of the congestion revenue rights process that was currently underway.

Decision on Deferred MRTU Functionality

Mark Rothleder, Principal Market Developer, provided an overview of Management's proposal to defer implementation of the following four non-core features of the MRTU functionality for go live: (1) enforcement of forbidden operating region constraints for generating units in the real-time market; (2) unlimited operating ramp-rate changes for generating units; (3) procurement of incremental ancillary services in the hour ahead scheduling process; and (4) automation of the commitment process for extremely long-start resources. Brief discussion followed regarding long-start resources and settlement charge codes. Mr. Rothleder confirmed that existing settlement codes would be used.

The Board deferred decision on the matter to a later point in the meeting.

Briefing on MRTU FERC Status and Readiness Certification

Sidney Davies, Assistant General Counsel – Tariff & Compliance, began her presentation by stating that MRTU readiness included ensuring that all necessary FERC filings were made and accepted. Ms. Davies reviewed ISO filings at FERC that were necessary for MRTU go live, that were still pending FERC decision. Ms. Davies provided an overview of upcoming filings necessary for MRTU go live and noted those that would require Board approval. Ms. Davies provided an overview of what would be included in the informational 60-day MRTU certification filing and concluded by reviewing the time line associated with the filing.

Public Comment

Nancy Saracino, Vice President, General Counsel and Corporate Secretary, acknowledged for the record the receipt and delivery of letters from CMUA, WPTF, Powerex, and a joint letter from SCE, SDG&E and PG&E.

Kevin Cini, with Southern California Edison, provided comments in support of MRTU and noted much progress had been made but there was more work to be done. Mr. Cini provided an overview of matters addressed in SCE's joint written comments and noted the importance of the exit criteria. Mr. Cini requested that the Board convene a meeting in November to confirm readiness status. Mr. Cini commented on proposed PG&E motion language handout as an alternative to convening a November meeting.

Jeff Nelson, with San Diego Gas & Electric Company, provided comments regarding challenges with the timeline and referenced SDG&E's joint written comments. Mr. Nelson noted that the exit criteria needed to be met prior to making the December 1 informational filing. Mr. Nelson requested that the Board convene a meeting in November to confirm readiness status.

Veronica Andrews, with Pacific Gas and Electric Company, provided comments and acknowledged the efforts of ISO staff and Management. Ms. Andrews acknowledged PG&E's joint written comments and emphasized the importance of exit criteria. Ms. Andrews requested that the Board convene a meeting in November to confirm readiness status.

Tony Braun, with California Municipal Utilities Association, commented that significant process has been made with MRTU but noted that additional work needed to be done. Mr. Braun reference the written comments by CMUA and provided observations on a recent IOU readiness criteria matrix. Mr. Braun requested that the Board convene a meeting in November to confirm readiness status.

Dave Dockham, with Northern California Power Agency, provided comments and supported the written comments submitted by PG&E, SCE, SDG&E, and CMUA. Mr. Dockham noted that the ISO had made significant process and provided an overview of remaining issues. Mr. Dockham described the importance of the exit criteria and requested that the Board convene a meeting in November to confirm readiness status.

Gary Nolff, with the City of Riverside, provided comments and supported the written comments submitted by PG&E, SCE, SDG&E, and CMUA. Mr. Nolff described the importance of the exit criteria and requested that the Board convene a meeting in November to confirm readiness status.

Lisa Hopkins, with Powerex, commented in support of MRTU and acknowledged the efforts of staff and Management. Ms. Hopkins emphasized the importance of having 90 days to get ready and requested that the Board convene a meeting in November to confirm readiness status. Ms. Hopkins further described concerns pertaining to credit issues.

Stephen Hess, with Edison Mission Marketing & Trading, provided comments and requested that the November 18 congestion revenue rights auction be delayed if the February 1 go live date was not certain.

Mark Smith, with Calpine, provided supporting comments on a February 1 go live date and stated Calpine was prepared to operate the system. Mr. Smith noted concerns regarding the components on how LMP results were derived and stated that was a liability concern regarding settlements. Mr. Smith also commented on the importance of locking down the design. Mr. Smith requested that the Board convene a meeting in November to confirm readiness status.

Ellen Wolfe, with Western Power Trading Forum, noted support of preceding comments by the market participants and noted it was premature to approve a Board motion as certain milestones had not yet been achieved. Ms. Wolfe stressed the importance of freezing the design as one of the remaining four WPTF milestones. Ms. Wolfe requested that the Board convene a meeting in November to confirm readiness status.

Carolyn Kehrein, with California Manufactures and Technology Association, and Energy Users Forum, noted support of comments from Edison. Ms. Kehrein noted concerns with Management's proposal on deferred or limited functionality. Ms. Kehrein provided comments in support of efforts by the Department of Market Monitoring. Ms. Kehrein requested that the Board convene a meeting in November to confirm readiness status.

Market Surveillance Committee Comment

Jim Bushnell, member of the Market Surveillance Committee, provided comments on the status of readiness and noted that while the MSC was hopeful it would happen, it had not yet seen evidence that everything was ready for go live. Mr. Bushnell confirmed his position remained the same today as it was last week and noted his confidence that the ISO could provide the necessary evidence.

Frank Wolak, Chair of the Market Surveillance Committee, commented on the importance on having a base case scenario.

Steve Berberich, Vice President of Corporate Services, acknowledged the comments from market participants and provided further comments pertaining to MRTU exit criteria. Mr. Berberich stressed the importance of the exit criteria and further described the status of the quality of solution and settlements. Mr. Berberich noted that a February 1 go live date was achievable.

Yakout Mansour, President and CEO, provided comments related to congestion costs and noted the costs could not go back down to zero. With regards to go live, Mr. Mansour acknowledged the upcoming meetings with the three IOU's and noted he was comfortable with closing the gaps prior to the December 1 informational filing.

Board Decision

The Board deferred decision on this matter to a later point in the meeting.

RECESSED

There being additional general session items to discuss, the general session of the ISO Board of Governors meeting was recessed at approximately 7:15 p.m. until the following day.

RECONVENED

October 29, 2008

Mason Willrich, Chair of the ISO Board of Governors, reconvened the general session meeting at approximately 9:30 a.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 general session:

PUBLIC COMMENT

No public comment was provided at this time.

DECISION ON MARKET REDESIGN TECHNOLOGY UPGRADE - CONTINUED

Chairman Willrich provided introductory comments on the matter and solicited comments and questions from the Board. Governor Gage inquired about the process related to change management. Mr. Berberich described the current two-week change management process and noted that the last release was scheduled for December 6 and that best efforts would be made to freeze the system around this time. Mr. Berberich noted that subsequent required changes could still be made if absolutely necessary. Governor Capuano commented on the importance of freezing the system and noted that changes during a freeze were disruptive. Mr. Mansour noted that optional fixes have already been stopped.

Governor Gage inquired about the status of the exceptional dispatch filing at FERC. Ms. Davies reported that FERC issued an order accepting and suspending the ISO's filing, and has set a technical conference to further discuss what is just and reasonable. Ms. Davies confirmed this did impact the February 1 go live date.

Chairman Willrich provided comments on the proposed motion and announced that the Board agreed that a November meeting to confirm MRTU readiness was in order. Governor Capuano provided supporting comments on the motion and noted that there was accountability in the informational filing and that the ISO could not have an unsuccessful launch. Governor Gage provided supporting comments on the motion and acknowledged the comments from market participants as well as the presentations from Management and emphasized the importance of two-way communications and working together to achieve MRTU go live. Governor Doll commented on the prior day's open and in-depth discussion and noted appreciation of the system overview presentation as well as the market monitoring presentation that relieved gaming concerns. Governor Doll appreciated hearing from market participant about the progress made in addition to Mr. Harvey's comments that the California ISO was far more ready than any other system in the country. Governor Page commended the ISO staff and market participants for their constructive participation and noted that a certain level of concern was appropriate for a project of this size. For the November meeting, Governor Page stated he would like to hear from staff and market participants regarding metrics associated with progress made on the settlements process. Chairman Willrich commented on the importance of the MRTU project in terms of

electricity infrastructure and stressed the importance of everyone working together to achieve the goal of MRTU go live. Chairman Willrich noted that November 24 was a potential meeting date.

Ms. Saracino proposed that additional language be added to the motion regarding the special meeting.

MOTION: 60-Day Certification Filing

Governor Capuano:

Moved, that the ISO Board of Governors directs Management to file, on or before December 1, 2008, the MRTU Readiness Certification with the Federal Energy Regulatory Commission (FERC); and

Moved, the ISO Board of Governors will continue to monitor status of the MRTU program and intends to convene a meeting of the Board prior to December 1, 2008 to confirm this direction.

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

In addition to the market participants and ISO staff and management, Mr. Mansour noted that Siemens also deserved acknowledgment for its efforts associated with MRTU. Mr. Mansour also clarified his response related to Ms. Kehrein's comments on price comparisons and stated Ms. Kehrein only made one comparison not two.

MOTION: Deferred or Limited Functionality

Governor Gage:

Moved, that the ISO Board of Governors approves the proposed deferment and limitations of certain MRTU functionality as detailed in the memorandum, dated October 20, 2008; and

Moved, that the ISO Board of Governors authorizes Management to make all of the necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposed rule changes to effectuate the proposed functionality deferment and limitations.

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

DECISION ON ELIMINATION OF THE DUAL-FUEL REQUIREMENT FOR SAN DIEGO AREA

Governor Doll abstained from Board discussion or decision on this item.

Proposal

Gary DeShazo, Director of Regional Transmission North, provided an overview of Management's request to eliminate the dual fuel requirement for the San Diego area. Mr. DeShazo provided background information on the dual fuel requirement that was established in 1999 and briefly described what has happened in the San Diego area since the requirement had been established. Mr. DeShazo provided an overview of the benefits associated with eliminating the dual fuel requirement. Mr. DeShazo noted that significant infrastructure has been added in the San Diego area since 1999 and that natural gas curtailment in San Diego was not a problem.

Public Comment

Brian Theaker, with Dynegy, provided comments in support of Management's proposal and thanked staff for its work on the proposal.

Pamela Mills, with San Diego Gas and Electric Company, provided generally supportive comments on Management's proposal and thanked ISO staff and management for its work. Ms. Mills acknowledged SDG&E written comments and provided a high level overview of the cautionary concerns as further described in the letter.

Alan Comnes, with NRG Energy, provided a handout to the Board and commented on the benefits of dual fuel elimination. Mr. Comnes described the handout and provided comments on the relation of dual fuel elimination to re-powering and future reliability. Mr. Comnes agreed with some of the prior issues raised by SDG&E.

Board Decision

Governor Page inquired about when the last time a tanker pulled into Cabrillo and noted it had probably been about 20 years. Mr. Comnes could not confirm and noted that the mooring facility was maintained. In response to Ms. Mills' comments, Governor Page inquired as to whether SDG&E could call on an LNG plant in case of an emergency. Ms. Mills responded that the deliveries are not being made to the LNG due to the prices. Mr. DeShazo provided clarifying comments on the term re-powering as used in the slides. In response to an inquiry from Governor Gage, Mr. DeShazo stated that standard of reliability was an industry standard but was not familiar with SDG&E's options on the gas side. Chairman Willrich inquired about the correlation between the dual fuel requirement and the upcoming reliability must run briefing. Mr. DeShazo confirmed that the RMR memo would be modified if the Board approved the elimination of the dual fuel requirement.

MOTION

The Board deferred decision on this matter until after the briefing on the results of the reliability must-run contract process.

BRIEFING ON RESULTS OF RELIABILITY MUST-RUN CONTRACT PROCESS

Gary DeShazo, Director of Regional Transmission North, provided an overview of the results of the reliability must run contract process for 2009. Mr. DeShazo noted that Management had completed its analysis and determined to retain 2242 MW of capacity under RMR contracts and release 40 MW of RMR capacity. Mr. DeShazo noted that the agreements allow the ISO to retain black start and dual fuel capabilities from these resources thereby allowing the ISO to terminate RMR agreements. Mr. DeShazo concluded by stating that final 2009 resource adequacy showings would be available November 21 and that remaining unneeded RMR contracts would be canceled.

Public Comment

Alan Comnes, with NRG Energy, provided comments and noted NRG Energy's intention to file for termination of the agreement upon Board approval of the elimination of the dual fuel requirement. Mr. Comnes also commented on NRG Energy's anticipated black start contract for Cabrillo.

DECISION ON ELIMINATION OF THE DUAL-FUEL REQUIREMENT FOR SAN DIEGO AREA - Continued

MOTION

Governor Gage:

Moved, that the ISO Board of Governors authorizes the elimination of the dual fuel requirement for San Diego area, starting in year 2009, as described in the memorandum dated October 20, 2008.

The motion was seconded by Governor Capuano, and approved 4-0-1, with Governor Doll abstaining.

DECISION ON TARIFF AMENDMENT TO REFLECT RELIABILITY COORDINATOR STATUS AND OPERATING RESERVE RELIABILITY STANDARDS

Proposal

Andrew Ulmer, Legal Counsel, provided the Board with an overview of Management's request for tariff changes. Mr. Ulmer described how effective January 1, 2009, the Western Electricity Coordinating Council (WECC) intended to assume the role of reliability

coordinator for the western interconnection. Mr. Ulmer noted that the majority of the proposed tariff modifications were to simply delete references to the ISO as reliability coordinator. Mr. Ulmer described how the other proposed tariff modifications were to sections of the tariff related to procurement of ancillary services where those sections contain references to WECC and the Northern Electric Reliability Corporation reliability criteria. Mr. Ulmer concluded his presentation by providing a brief overview of the stakeholder process. Brief discussion followed.

Public Comment

There was no public comment.

Board Decision

MOTION

Governor Gage:

Moved, that the ISO Board of Governors approves the proposed tariff changes regarding the references to the ISO as reliability coordinator and reliability criteria for procurement of ancillary services, as detailed in the memorandum, dated October 20, 2008, and

Moved, that the ISO Board of Governors authorizes management to make all of the necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposed tariff changes.

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

DECISION ON EXTENSION OF CURRENT GRID MANAGEMENT CHARGE TARIFF INTO 2009

Proposal

Phil Leiber, Chief Financial Officer and Treasurer, provided the Board with an overview of Management's request to extend the current grid management charge into 2009 and noted that it was required because the tariff provisions expired at the end of 2008. Brief discussion followed.

Public Comment

There was no public comment.

Board Decision

MOTION

Governor Gage:

That the ISO Board of Governors authorizes Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposed extension of the currently effective grid management charge rate design into 2009 until MRTU implementation, as outlined in the memorandum dated October 20, 2008.

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

MARKET PERFORMANCE REPORT – August and September 2008

Alan Isemonger, Manager – Market Information, provided a brief overview of the August and September 2008 market highlights and noted that both were quiet months. Mr. Isemonger reviewed the monthly market performance metrics, peak loads, price spikes overview, ancillary services costs, out-of-service costs and inter-zonal congestion costs for August and September.

INFORMATIONAL REPORTS

There were no comments or questions regarding the informational reports.

NEW GENERAL BUSINESS ISSUES AND FUTURE AGENDA ITEMS

No items were discussed.

ADJOURNED

There being no additional general session items to discuss, the general session of the ISO Board of Governors meeting was adjourned at approximately 11:50 a.m.