



NEWS RELEASE

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ISO Governors Approve Final MRTU Design Issues *FERC Filing in Late November*

(Folsom, CA) The California Independent System Operator (California ISO) Board of Governors today put its unanimous stamp of approval on the final elements of Market Redesign and Technology Upgrade (MRTU), a comprehensive program of changes to ISO market operations. The program, when fully implemented, will improve the design of the daily energy markets the ISO uses to fine-tune the flow of electricity. MRTU also upgrades its eight-year-old computer backbone—going from 1997 technology to modern scalable systems that grow and adapt with the needs of California.

“The ISO markets typically account for less than five percent of the energy needed in California for any given hour of the day,” said ISO President and CEO, Yakout Mansour. “However, MRTU will support the execution of all market transactions reliably and efficiently, and give us better market power mitigation tools. Board approval of these final design elements is another step forward for California.”

The ISO Board and the Federal Energy Regulatory Commission (FERC) previously approved the conceptual design of MRTU; however, the details have been the subject of a comprehensive stakeholder process that included dozens of meetings and hundreds of hours of discussion, debate and decision-making. “The ISO Stakeholder process brought together experts from every sector of the energy industry,” said Senior Vice President of Power Procurement for Southern California Edison, Pedro Pizarro. “The process was fair, open and informative. While important details still need to be resolved, we hope that the result is a market design that represents a major improvement.”

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A group of independent economists is also supporting MRTU. The Market Surveillance Committee (MSC) provides an independent review of the ISO market and proposed changes to its structure. The MSC recently issued a memo urging the ISO Board to move forward with MRTU. “MRTU represents important and necessary changes to the ISO market structure,” said MSC Chair Frank Wolak. “We may have different ideas on some specific details, but the major elements of MRTU should provide tangible benefits for California and for ISO operators.”

The major design elements of MRTU; the Integrated Forward Market, Full Network Model, and Locational Marginal Pricing are designed to work together to reduce costs and enhance efficiencies.

One of the major problems MRTU will solve is “the missing market.” Since the collapse of the California Power Exchange in early 2001, there has been no organized, day-ahead market for energy in California. The Integrated Forward Market provides a “one-stop-shop” for energy, reserves and transmission capacity that begins in the day-ahead time frame, and repeats each hour of the operating day to allow for further fine-tuning. MRTU also moves many other ISO functions out of real-time and into the day-ahead time frame. Computer systems will assimilate information needed to make informed decisions about how to manage the grid.

Following today’s Board action, the ISO will finalize the language needed for the FERC tariff to implement the new market design. That language will be filed in late November. The ISO continues to implement MRTU. Several previously approved elements are already under development or in preliminary testing. The final implementation is due in February 2007, allowing a full year of simulations and training prior to going live.

Documents related to today’s [Board decisions](#) about MRTU are available on line. The ISO Website also holds a comprehensive list of [MRTU documents](#), including a recent brochure and the MRTU Fast Facts Kit, which detail the project and its benefits.

The California ISO is a not-for-profit public benefit corporation charged with managing the flow of electricity along California’s open-market wholesale power grid. The mission of the California ISO is to safeguard the reliable delivery of electricity, and ensure equal access to more than 25,000 circuit miles of “electron highway.” As the impartial operator of the wholesale power grid in the state, the California ISO conducts a small portion of the bulk power markets. These markets are used to allocate space on the transmission lines, maintain operating reserves and match supply with demand in real time.

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