

**NEWS RELEASE**

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## **New Go-Live Date for MRTU**

*New Market Design to Go Live on 10-Year Anniversary of ISO Operations*

(Folsom, CA) The California Independent System Operator Corporation (California ISO) will unveil its Market Redesign and Technology Upgrade (MRTU) program on March 31, 2008 (for trade date April 1, 2008), adding two months to the current schedule. The market redesign marks the beginning of a new chapter for the not-for-profit transmission grid operator as the revised schedule coincides with the ten-year anniversary of the California ISO.

More than 90 percent of the systems associated with MRTU have been completed and delivered, and have passed multiple stages of testing at the modular and functionality levels. However, several factors caused delays in delivery of several program milestones including system integration issues, feedback from market simulations, vendor delivery challenges and the need to incorporate direction provided by the Federal Energy Regulatory Commission (FERC). These delays reduced the time available for market simulation and testing by market participants, if the February 2008 start date were to be maintained.

The ISO believes that sufficient time for comprehensive testing, training, and simulation is necessary to maintain an acceptable level of project risk. Therefore, the new go-live date is intended to reestablish the timetable for testing, market simulations and readiness. The ISO Board of Governors has affirmed its support of management's recommendation.

"All along our stated goal for MRTU has been to get it done right by a reasonable date. We believe the additional time provided by the new schedule will allow adequate testing and will bring a high level of confidence to the market," said Vice President of Market Development and Program

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Management Charles King. “We targeted an aggressive date of February 2008 when our Board approved the scope and the budget in 2006. At that time, we also made a commitment that we would revisit the schedule after testing and further assessments. By pushing the date out, the ISO is maintaining a commitment to allow sufficient time for testing and market simulation, which is a crucial element of a successful market launch.”

“The integration testing we have done so far is doing what it was intended to do, allowing us to uncover and resolve any impediments before going live,” said King. “Fixing the issues has taken longer than anticipated and has compressed our test and simulation schedule. That works against the commitment we made to give market participants a full and robust opportunity for market simulations.”

The new schedule keeps MRTU on track for implementation before the summer of 2008, an important goal of the ISO and the industry so that the reliability benefits can be realized in time for the next peak demand season. While additional resources are being allocated to the project and the timeline is extended, MRTU will continue to be managed within its previously approved budget.

“SCE supports the ISO decision. We believe the decision is prudent in light of federal regulatory developments as well as operational issues that arose during recent market simulations. The most critical aspect of the positive market changes the ISO is implementing is not the date on which they occur but getting it right,” said Southern California Edison Senior Vice President Pedro Pizarro.

Significant MRTU milestones are being celebrated, with momentum shown in multiple areas. The system for allocating and managing Congestion Revenue Rights (CRRs) successfully launched into production mode this month and the Scheduling Interface and Business Rules (SIBR) system is ready for the spring launch. Market participants are putting forth excellent effort throughout the testing period. The process of creating the new market structure exemplifies an industry pulling together to build the foundation for an efficient market design for the benefit of the California electricity industry and the consumers it serves. The new market structure:

- Fosters development of demand response (customers who curtail power) and renewable resources (green power)--diverse and environmentally friendly resources that will be allowed to more fully participate in the ISO’s competitive energy markets.
- Opens a new day-ahead energy market, lining up power supplies well ahead of when electricity is consumed.

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## Market Redesign & Technology Upgrade 3-3-3

- Gives grid operators the ability to detect transmission bottlenecks ahead of real time when more effective actions can be taken to avoid reliability problems.
- Creates locational price transparency that provides the economic signals that inform investment decisions in new power plants and power lines.
- Modernizes the ISO computer backbone, which is more than 10 years old.

The ISO management extends its appreciation to the market participant community for their steadfast commitment and support of the market readiness exercises so far, and welcomes their continued commitment and engagement as we drive to a successful market launch.

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 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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