

Update on MRTU Market Monitoring Readiness



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MRTU market monitoring capabilities are comprised of three functional areas.

- 🌐 Base Monitoring – General market performance
 - Market prices
 - Bids & schedules
 - Congestion
- 🌐 Specific Issue Monitoring and Analysis
 - Local market power mitigation
 - Day-ahead load scheduling
 - Exceptional dispatches
- 🌐 Rapid Response Capabilities
 - CAISO Cross-Divisional “Rapid Response Team”
 - Objective – Fast and effective resolution of any market problems

Base monitoring capabilities are on track for a Fall 2008 Go-Live.

Base Functionality

- Market monitoring database
 - Largely complete
 - Outstanding issues to be resolved over next 2-months
- Market monitoring metrics
 - Majority metrics completed
 - Additional metrics to be completed this summer
 - Metrics will be tested and refined during market simulations
- Staff training
 - Majority of staff extensively trained on MRTU/LMP Markets
 - New hires completing training this summer
 - Visits with other market monitoring units (PJM, ISO-NE)

Monitoring capabilities for specific issues on track for a Fall 2008 Go-Live.

- 🌐 Specific Issue Monitoring and Analysis
 - Monitoring metrics and analytic approaches
 - Identified and partially developed
 - Remaining metrics to be completed over next 2-3 months
 - DMM MRTU Market Simulation Environment
 - Largely complete
 - Outstanding performance issues being resolved

Rapid Response Team will be ready to quickly address any market issues that may arise after MRTU goes live.

Cross-divisional Team

- Market Monitoring and Market & Product Development
- Operations and Settlements
- IT and Legal
- Communications, Client Relations, Regulatory Affairs

Monitoring areas:

- Market System/Performance Issues
- Market Design Deficiencies
- Market Manipulation and Gaming

Frequent team meetings at start of MRTU

Monitoring metrics and contingency plans are being developed for potential issues under each area.

Market Area	Lead Monitoring Groups	Metrics	Contingency Plan
MRTU System Performance	IT, Market Operations		
Issue 1		1.1, 1.2, ...1.N	P.1
Issue 2		2.1, 2.2, ...2.N	P.2
Issue N		N.1, N.2, ...N.N	P.N
Market Design Deficiencies	MPD, DMM		
Issue 1		1.1, 1.2, ...1.N	P.1
Issue 2		2.1, 2.2, ...2.N	P.2
Issue N		N.1, N.2, ...N.N	P.N
Market Manipulation or Gaming	DMM		
Issue 1		1.1, 1.2, ...1.N	P.1
Issue 2		2.1, 2.2, ...2.N	P.2
Issue N		N.1, N.2, ...N.N	P.N

- Each lead group will monitor potential issues and report results at each team meeting
- To the extent practical, contingency plans will be pre-defined for specific issues

Processes, roles, and responsibilities are being finalized.

- 🌐 Rapid response requires:
 1. Problem identification
 2. Effective communication (Internal & External)
 3. Rapid analysis & development of options
 - Interim solutions
 - Mid to Long-term solutions
 4. Expedited stakeholder process
 5. Expedited approval process
 6. Rapid implementation of approved solution
 7. Follow-up monitoring of solution effectiveness
- 🌐 Team members specific roles & responsibilities in each of these steps are being finalized.

The CAISO has a variety of tools to address market issues under MRTU.

- 🌐 Existing tariff authority, for example:
 - Administrative Pricing
 - Exceptional Dispatch
- 🌐 Tariff waiver request filing to FERC
 - Temporary relief from specific tariff requirement
 - Does not require Board approval
- 🌐 Expedited tariff amendment process
 - FERC criteria for expedited consideration:
 - Materially adversely impact the market
 - Require prompt action to correct the adverse impact
 - Be resolvable through a clear-cut tariff modification