



Decision on MRTU

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Since the last meeting, we have had ongoing discussions with participants about market readiness

- The collaboration between the ISO and participants has been outstanding and at the highest levels
- Persistent questions remain about price quality
- The Residual Unit Commitment (RUC) fundamental design is of concern to some participants
- The quality of settlements still cannot be confirmed
- Time was lost after the new production environment was deployed and daylight savings time rollover
- Given the open issues and lost time, ISO Management cannot recommend a February go live date

Quality of solution tests were performed to resolve pricing concerns

- The Day Ahead tests were successfully executed
 - Software seems to be working correctly
 - Concerns about the RUC underlying design
 - Higher PG&E Load Aggregation Point prices
 - Some extreme prices were observed
 - Tuning of the underlying model will be an ongoing effort
- The Real Time test could not be executed and another option will be pursued
 - Concerns remain about several elements of Real Time
 - Relationship of Hour Ahead prices relative to the Day Ahead prices
 - Hourly price volatility
 - A new test will be designed
 - A market wide test will be attempted the week of 12/1

Exit criteria are progressing well with the exception of settlements

Within the constraints of simulation:

- System stability is good
- Market runs and publications are good
- Variance counts are improving
 - 0 Critical
 - 3 Very High
 - 107 High
- Most traceability issues have been resolved but that fact cannot be verified by participants yet
- Quality daily and monthly settlement statements remain unproven

Oct 22
•0 Critical
•17 Very High
•188 High

Progress has been made in settlements but the final assessment will be based on participant results

- Upstream data issues seem to be mostly resolved and a QA team is verifying payloads and results
- November daily settlement statements are believed to be good – except for known issues (e.g. pump functionality)
- A sound monthly statement has yet to be published but one mini-monthly has been produced
- The ISO is condensing business processes that take 38 business days in production down to 9 business days for simulation
- We intend to produce several mini-monthly statements in November

Market Monitoring has closely monitored pricing tests and continued their readiness work

Pricing

- Assisted in the Day Ahead case setup and review
- Assisted in Real Time case setup and review; and decision to find an alternative

Readiness

- Metrics and processes are defined
- Extensive data base is implemented and ready for ongoing research and analysis
- Dedicated simulation environment is ready
- Meetings with certain participants have been conducted to review monitoring processes

Grid Operations has begun 24/7 support of the market

- Executing the Day Ahead market
- Running and monitoring the Real Time market
- Supporting outage tickets, interchange schedules and dispatch
- Monitoring frequency and cumulative time error
- Process walkthroughs are identifying new operator displays
- Expected to conduct closed and open loop testing of generation, EMS and the new market systems

Looking forward, we plan to continue a number of activities

December

- Initiate a production level code “freeze” (December 6th)
- Complete any left over market simulation exit criteria issues
- Conduct Real Time pricing test
- Resolve other lingering pricing concerns

January

- Execute annual congestion revenue rights auction
- Update network model
- Initiate parallel operations testing
- Complete cutover/reversion planning and walkthroughs

Management believes there are a number of options to be considered

- Decide on an new go live date
- In support of a March go live
 - Direct Management today to file readiness certification by December 29
 - Wait until the December 16-17 Board meeting to direct Management to file readiness certification by December 29
- Decide on another course of action