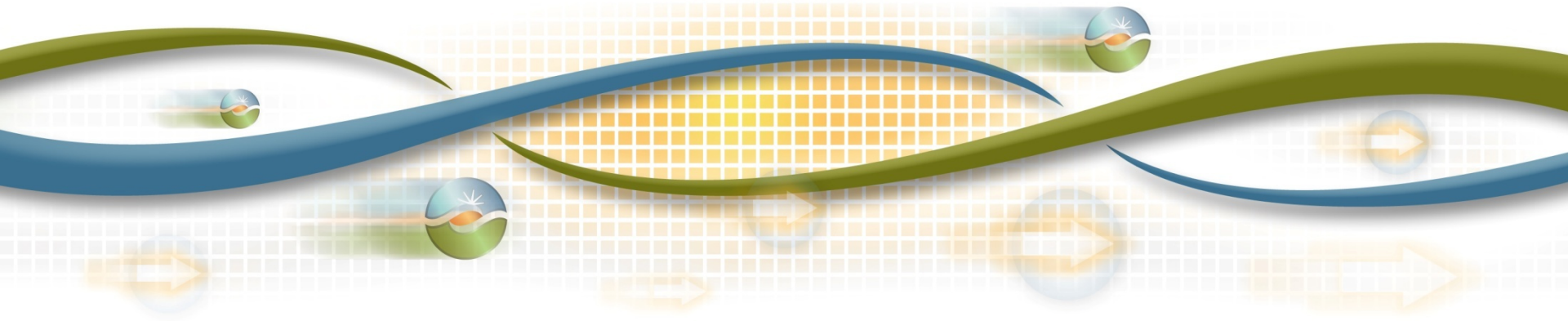


# Briefing on Scope of 2011 Operations Review

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General Session  
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The ISO tariff requires an annual operations review to ensure compliance with our operation policies and procedures.

- In place since the inception of the ISO
- Provides an independent assessment of operations
- Provides management with recommendations/findings
- Findings are accepted by the Board
- California is the only ISO that does an annual operations review

# Operations reviews have changed over the years.

- Assesses important operations procedures that impact market participants
- Pre-market redesign (2005-2008)
  - Publishing of final day-ahead schedules to market systems
  - Communication and publishing of transmission de-rate/re-rate information
  - Must-offer waiver
  - Inter-zonal congestion management
  - Real-time market application manual intervention
  - Control room performance metrics
- 2009: Exceptional dispatch
- 2010: Transmission constraints

Operations review is underway and on-track to meet the ISO tariff requirements.

- Management re-selected exceptional dispatch because of its importance
- ISO has engaged PwC
- Expanded to two sample periods – July & September
- Report is an audit opinion
- Report will be presented to the Board in December