

***California ISO
Audit Results for the 2011
Operational Compliance
Assessment***

December 15, 2011

Agenda

Background

Scope of Assessment

Findings

Form of Report

Related Reporting

Operational Compliance Assessment

Background

Some form of operational assessment is performed each year.

Audit Committee briefed on the 2011 Operational Assessment scope and plan in July 2011.

Important change this year is the assessment was performed under Attestation standards – our report is an Audit/Attestation opinion.

Management determined the subject of the assessment – Exceptional Dispatch.

Operational Compliance Assessment

Scope of Assessment

Assessment period determined by PwC:

- Alhambra – September 27 – 29, 2011
- Folsom – October 17 – 19, 2011

Operational Compliance Assessment

Scope of Assessment (continued)

Covers five functional aspects of Exceptional Dispatch Operating Procedures:

- 1) Priority of committed/dispatched units.
- 2) Documentation of long-start units selected for commitment.
- 3) SLIC logging of units selected for commitment/dispatch.
- 4) Committed/dispatched units entered into market system are logged.
- 5) Initial unit commitment conditions are set in the day-ahead market.

Operational Compliance Assessment

Findings

Exceptional Dispatch occurrences tested - 109 commitment/dispatch instructions issued during the assessment period.

Ref. No.	Exceptional Dispatch Operating Procedures Coverage	Exception Condition
1	Priority of committed/dispatched units.	None
2	Documentation of long-start units selected for commitment.	None
3	SLIC logging of units selected for commitment/dispatch.	One Exception Condition There was no SLIC log entry that directly corresponds to an initial unit dispatch in the real-time market software.
4	Committed/dispatched units entered into market system are logged.	None
5	Initial unit commitment conditions are set in the day-ahead market.	None

Operational Compliance Assessment

Form of Report

Management provided PwC management assertion consisting of:

- Procedural Elements extracted from two ISO Exceptional Dispatch Operating Procedures.
- Criteria to test compliance with Procedural Elements.
- ISO's self-assessment of compliance with the criteria.

Exception condition agreed to by management and therefore included in the management assertion.

PwC opinion covers management's assertion on Exceptional Dispatch; does not report directly on subject matter.

Operational Compliance Assessment

Related Reporting

ISO reports Exceptional Dispatches to FERC each month.

Primary differences between FERC report and the criteria tested in our report:

- Our scope was more granular – individual dispatches and commitments.
- FERC report groups individual unit dispatches and commitments.

PwC did not audit the FERC reporting.

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