

California Independent System Operator Corporation

Report to the Audit Committee Settlements System Audit



Folsom, CA

December 18, 2014

Agenda

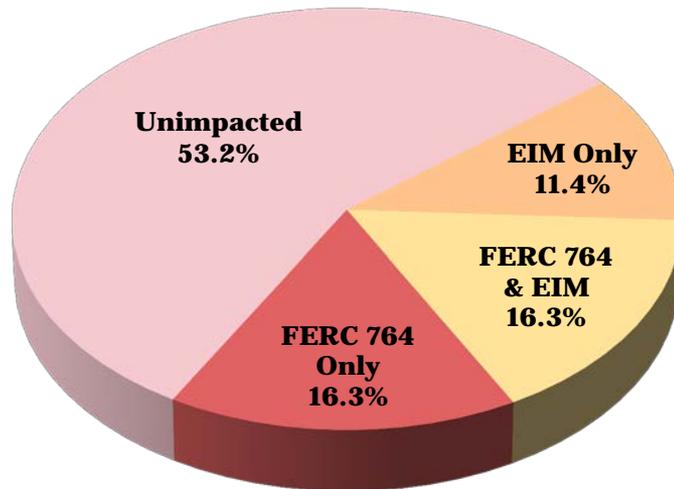
- **Project background**
- **Settlements system audit scope**
- **Key audit factors**
- **Current status and expected timing of report**

Project background

- **Two significant market changes in 2014**
 - **FERC Order 764 – 15 minute scheduling**
 - **Implemented May 1, 2014**
 - **Associated changes - RIMPR**
 - **EIM expansion**
- **Issue – ISO desire to gain independent assurance associated with these consequential changes**
- **Action – PwC targeted independent audit of settlement system changes**
- **Planned result – audit report on charge codes subject to these market changes**

Settlements system audit scope

- We are testing the management assertion that quantities and prices are calculated in accordance with the Tariff as approved in related FERC orders
- Scope is targeted
 - includes 73 charge codes
 - excludes charge codes unaffected by these market changes

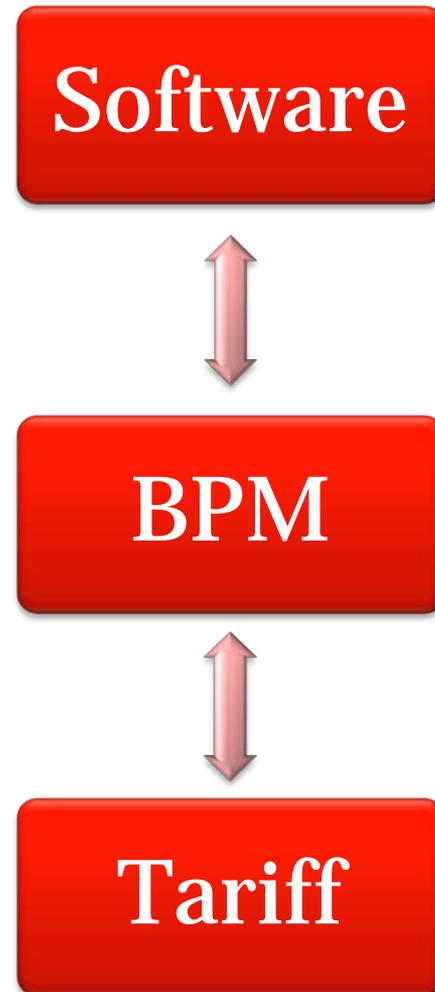


166 Charge Codes

EIM Only	19
FERC 764 & EIM	27
FERC 764 Only	27
<hr/> Impacted	<hr/> 73
Unimpacted	93
<hr/> <hr/> Total	<hr/> <hr/> 166

Key audit factors

- Risk assessment - audit procedures calibrated by risk by charge code
- Core testing - two step process for each charge code – through the BPMs (publically available)
- At go-live - Migration testing and updating procedures
- Reporting - to include updated assertion and supporting information



Current status and expected timing of report

- **Current status**
 - **Substantially complete with our fieldwork related to both FERC Order 764 and EIM changes**

- **Expected timing of report**
 - **Report to be issued on or before January 9, 2015**

Questions?

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