

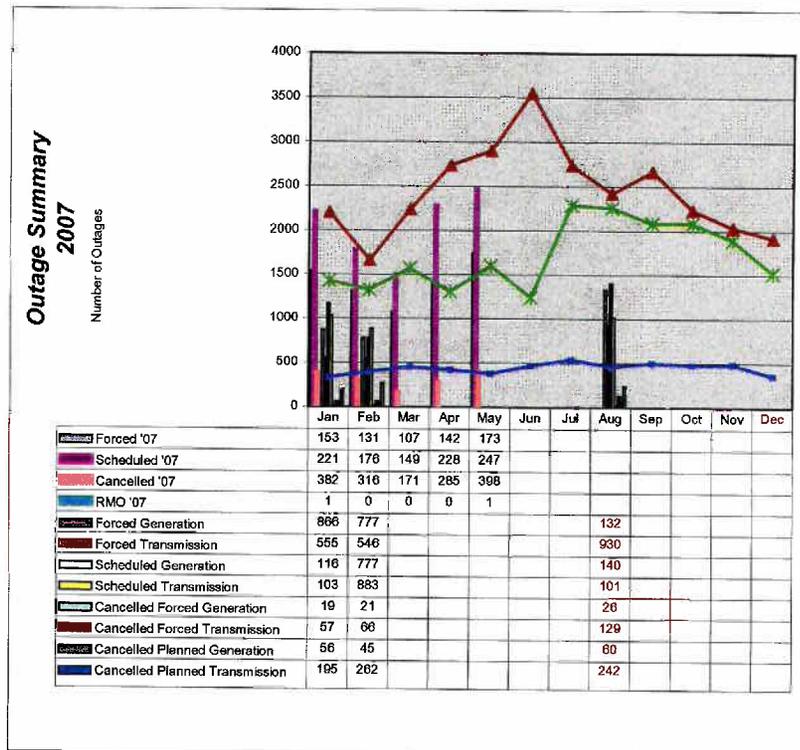
Operations Highlights

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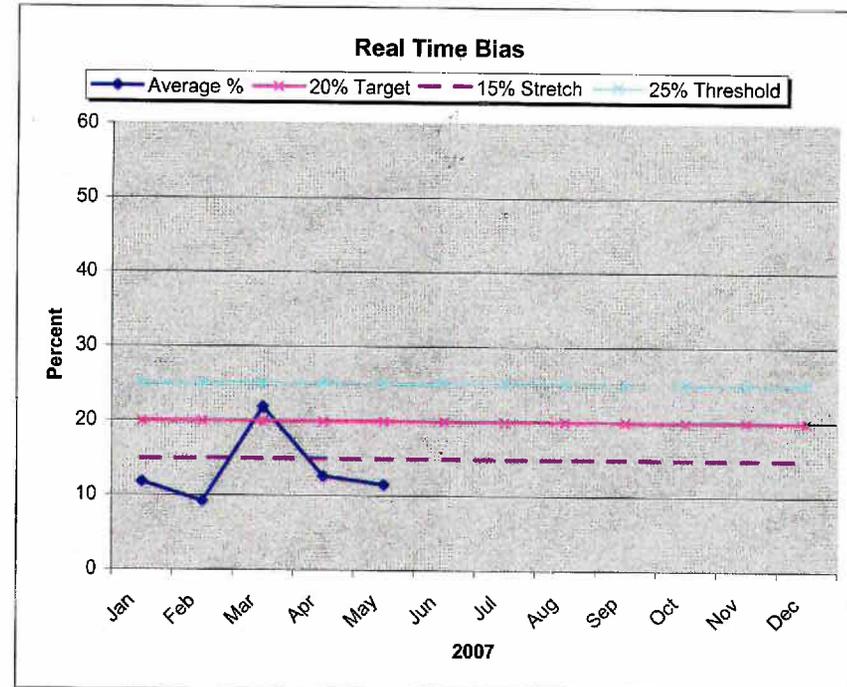
Notable Events

NERC Standards

On March 16, 2007, FERC issued Order 693 approving 83 NERC reliability standards mandatory and enforceable on June 18, 2007. Non Compliance with these standards is subject to monetary sanctions of up to \$1,000,000 per day, per violation. A subsequent order on June 8, 2007 approved the 8 WECC Tier One Standards as mandatory and enforceable. The California ISO as a registered Balancing Authority, Planning Authority, Transmission Operator, and Transmission Service Provider recognized that the coming FERC actions would require an in-depth examination of operating procedures and practices to ensure compliance with the mandatory reliability standards. In mid 2006, a project was established to complete tasks required to ensure compliance with each standard, sub-standard and measure. The compliance effort followed several parallel paths: 1. Internal Project Team to examine each standard 2. Establishment of technical & legal workgroups 3. Documentation of ISO compliance with each of the 680 requirements and 180 measures. The Standards Compliance Review Project was completed successfully on June 14, 2007. This review, based on the ISO's understanding of the standard requirements as they are currently drafted and approved, has established the ISO readiness for the NERC Reliability Standards that became mandatory on June 18, 2007. Going forward, a study will be conducted to determine the appropriate support and program for continued success.



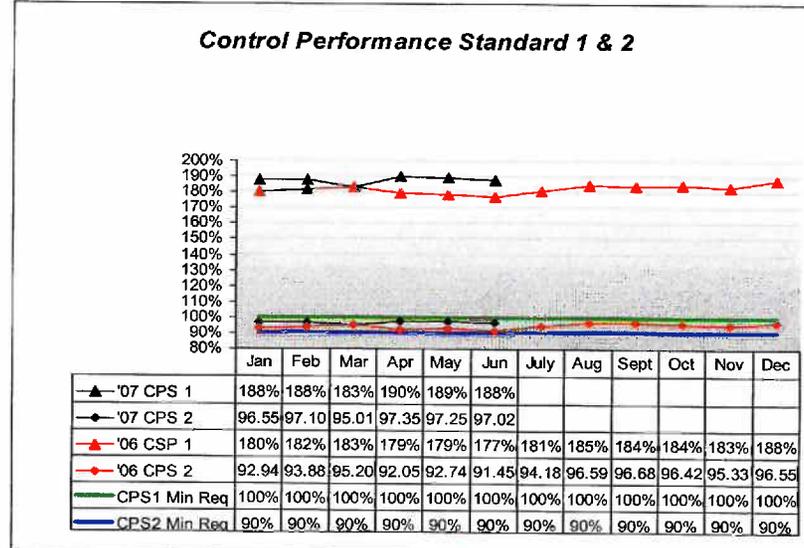
The Outage Activity Summary graph shows the number forced, scheduled, and cancelled generation and transmission outages processed per month by the Outage Coordination office. Included in the graph is the number of Restricted Maintenance Operations (RMO), RMO accommodates additional transmission or other maintenance on the grid.



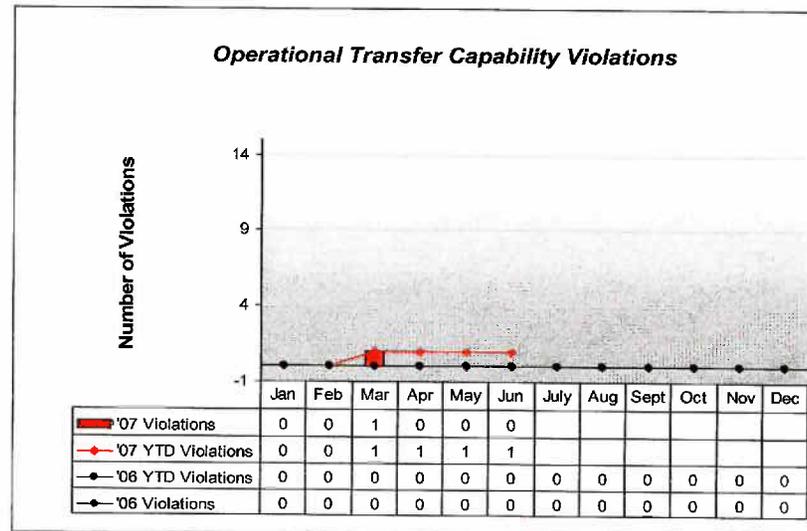
Biasing continues to be at favorable numbers, with May coming in at 11.5%. This level was similar to April at 12.6%, and much lower than March when an upstream data issue caused bias to increase to 21.8%. The lower biasing levels of the past two months

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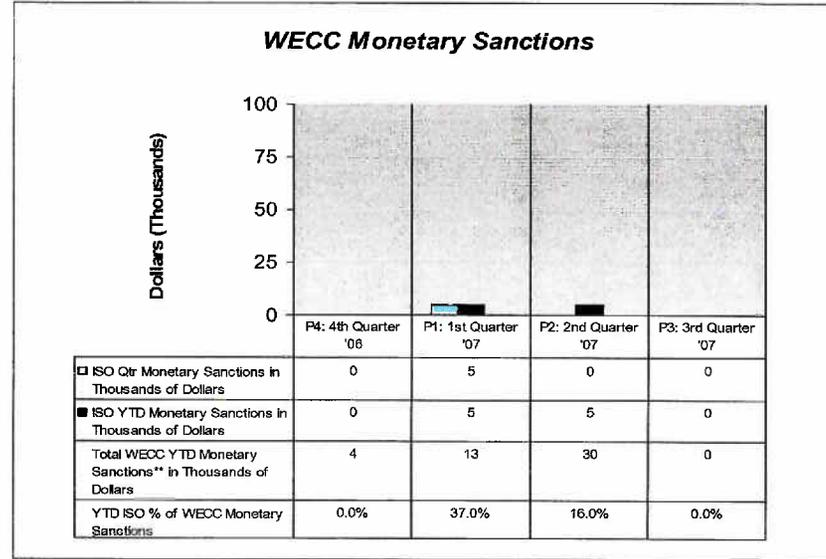
WECC Minimum Operating Reliability Criteria for CPS1 is 100%. The CPS1 Target and Stretch Goal is to attain a score of 100% 12 of 12 months during the calendar year. WECC Minimum Operating Reliability Criteria for CPS2 is 90%. The CPS2 Target and Stretch Goal is to attain a score of 90% 12 of 12 months during the calendar year. Our YTD results are on track to meet the Stretch objective of attaining a score of 100% for CPS1 and 90% for CSP2 of 12 months for 2007.



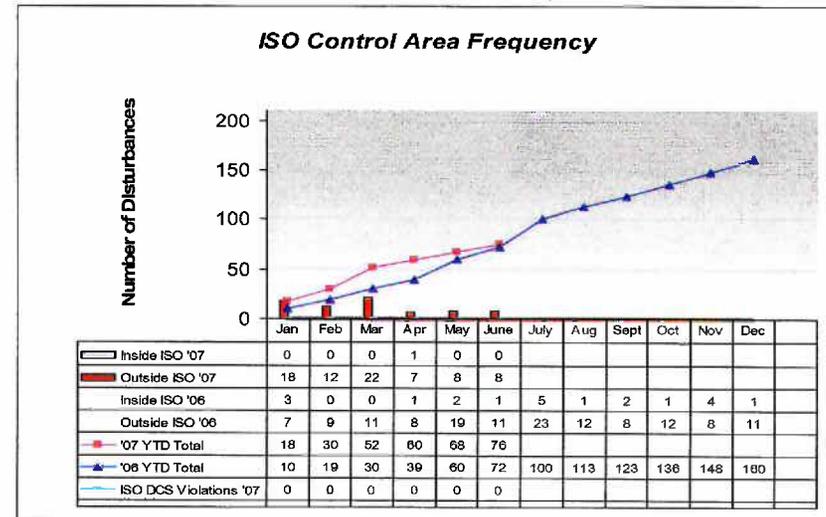
The OTC Violation Target Goal is not to exceed 2 violations, with the Stretch goal of zero violations for the calendar year. Our YTD results are on track to meet the Target Goal for 2007.

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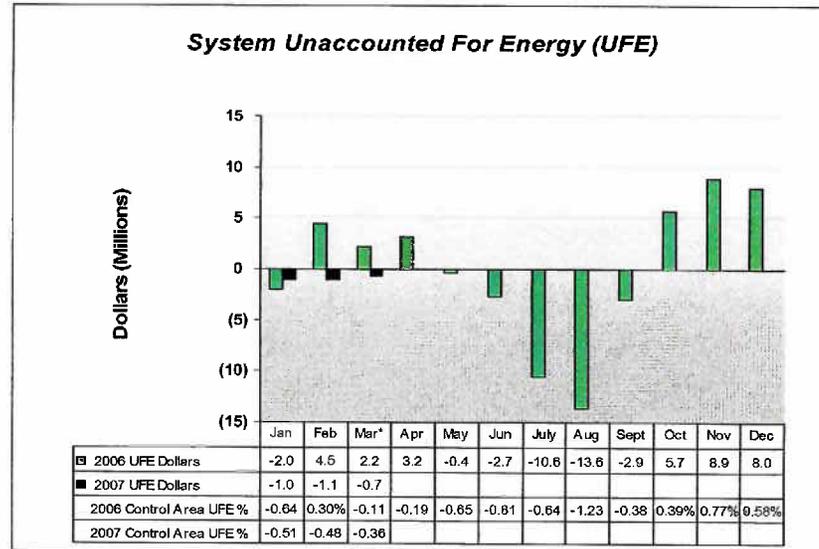
*Chart begins with 4th Quarter 2006 to allow for delay in finalization and receipt of year-end WECC sanction data, and to enable analysis of Performance goals based on a full year.



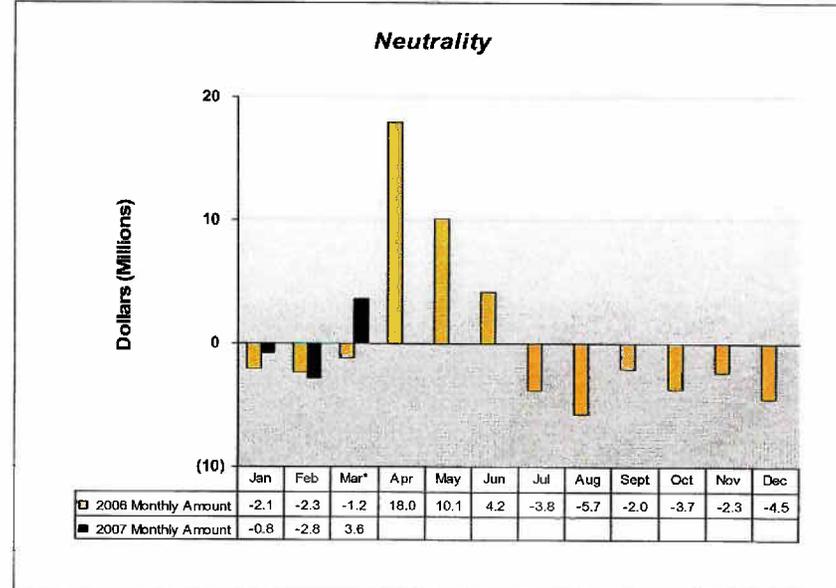
Frequency Disturbances are results of a sudden loss of load or generation. ISO DCS Violations are those losses of generation greater than 35% of our most severe single contingency (currently 399 MW), where the ACE is not recovered within 15 minutes. The DCS Violation Target Goal is not to exceed 2 ISO DCS violations, with the Stretch goal of zero violations for the calendar year. Our YTD results are on track to meet the Stretch objective to have zero DCS Violations for 2007.

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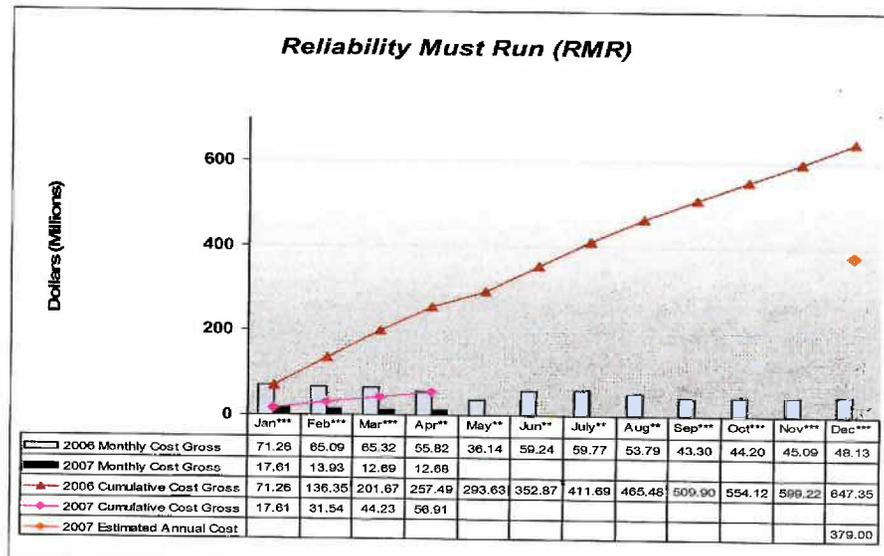
*Amounts estimated for March 2007. There is a 75 day time lag before actual UFE data becomes available. This chart represents the total UFE Dollars in a given month, which is calculated on a settlement interval basis and the UFE the overall average of UFE



Neutrality number includes both the Neutrality Adjustment & Existing Contract Charge/Adjustment *There is a 75 day time lag before actual Neutrality data becomes available.

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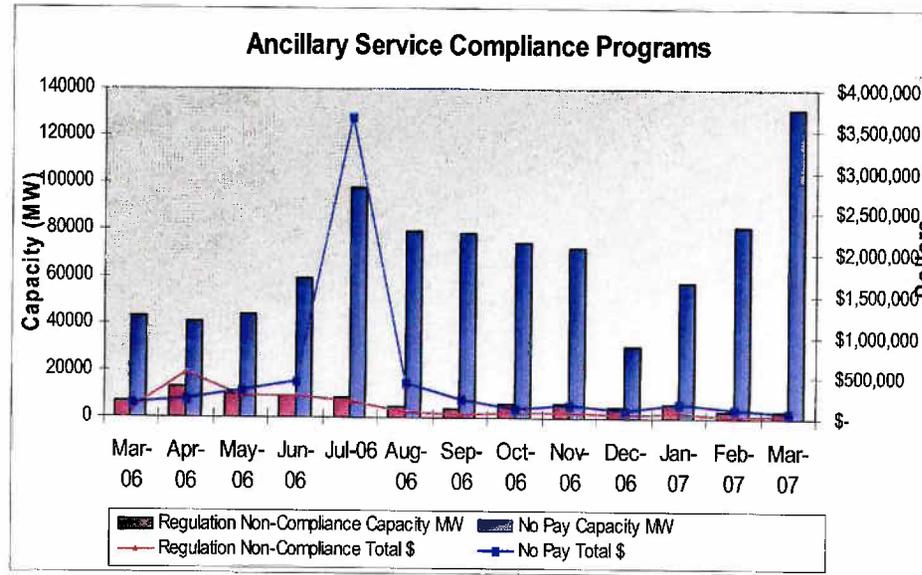
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RMR decreased in 2007 to 13 facilities consisting of 35 units; down from 30 facilities consisting of 86 units in 2006. * There is a 120 day lag time before final actual RMR data becomes available. ** January thru December 2006 RMR has not yet received adjusted invoices for Border, El Cajon, Enterprise, and VacaDixon. Adjusted Invoices not yet received for Jan thru Feb 2007 are Enterprise, Border, El Cajon. ***Jan 2006 thru Apr 2007 RMR has not received Estimated invoices for Enterprise, Border, and El Cajon. Jan 2006 thru Apr 2007 month cost for the listed facilities are based on previous months' data.

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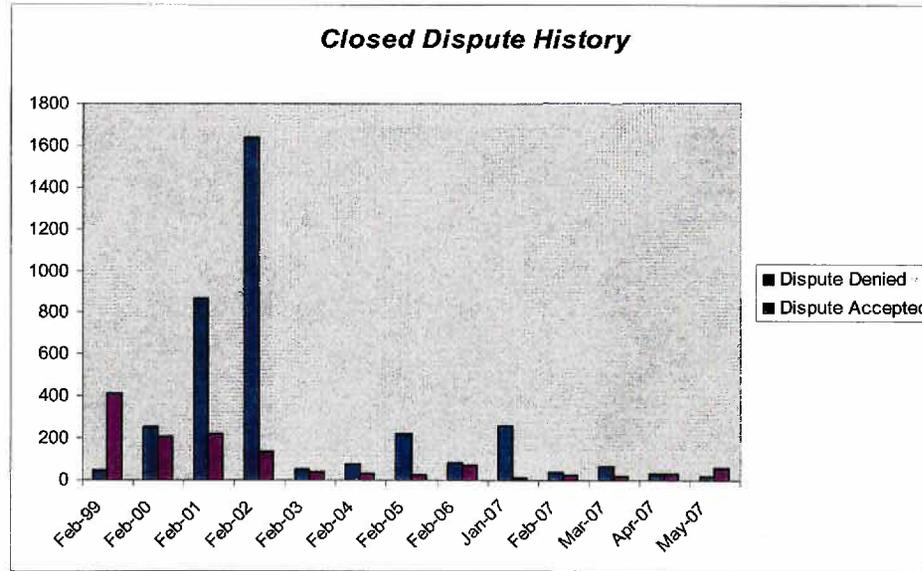
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In March 2007, 99% of scheduled Regulation was available and an average of 88% of scheduled Spinning Reserve and Non-Spinning Reserve was available. The total value of rescinded payments was approximately \$97,363 for March 2007. This graph shows the monthly totals of non-compliant Ancillary Service capacity (MW) for 12 months.

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The graph below shows the volume of disputes from February 1999 through May 2007.

The following are definitions of the items and or systems covered in the Operations Performance Scorecard section of this report:

Operations Performance Scorecard:

WECC Monetary Sanctions

Measures through WECC's Reliability Management System (RMS) criteria. The RMS criteria include items such as Operating Reserve (OR), Operational Transfer Capability (OTC), Disturbance Control Standard (DCS), System Operator certification, and compliance with the WECC Unscheduled Flow Reduction Procedure. The ISO's goal is to have zero monetary sanctions per quarter.

Control Performance Standards 1 & 2

Control Performance Standards 1 (CPS1) is intended to provide a control area with a frequency sensitive evaluation of how well it is meeting its demand requirements. CPS1 is a statistical measure of Area Control Error (ACE) variability.

Control Performance Standard 2 (CPS2) is a statistical measure of ACE magnitude. It is designed to limit a Control Area's unscheduled (or inadvertent) power flows that could result from large ACE values.

Operating Transfer Capability Violations

OTC Violations are defined as those transmission path overloads that exceed WECC allowable time limits for stability rated (20 min.) and thermally rated (30 min.) paths.

ISO Control Area Frequency

The ISO Control Area Frequency figures report internal and external system disturbances and include violations of the Disturbance Control Standard (DCS) resulting from ISO Control Area internal disturbances, such as loss of a large generating unit or transmission line. WECC allowable time limit for disturbance recovery is 15 minutes. Per WECC criteria, qualifying disturbances are defined as those greater than 35% of our maximum generation loss from our most severe single contingency. The California ISO's most severe single generation contingency is a nuclear unit with maximum generation output 1120 MW, 35% of which is the 392 MW thresholds used herein.

Real Time Bias

The number entered manually by the ISO operator into Real Time Market application (RTMA) to adjust for the energy deviation between RTMA and the Energy Management System (EMS).