



California Independent
System Operator Corporation

June 1, 2007

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

**Re: Monthly Status Report re MRTU, California Independent
System Operator Corporation, Docket No. ER06-615**

Dear Ms. Bose:

Enclosed for filing in the above-captioned docket, please find an original and 14 copies of the Status Report of the California Independent System Operator Corporation ("CAISO"). An additional copy is also enclosed. Please date-stamp and return it in the self-addressed prepaid Federal Express envelope.

Respectfully submitted,

/s/ Sidney Mannheim Davies

Sidney Mannheim Davies
The California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630

Attorneys for the California Independent
System Operator Corporation

planned activities¹. Attachment B addresses the development of both the CAISO and market participant readiness criteria. The information contained in Attachment B reflects the current status of the CAISO's MRTU Readiness Program.²

Highlights related to MRTU implementation identified in Attachment A include: **(1) Integration Interfaces** – tested FERC design changes, released tested SaMC services, and provided design documents to Siemens for review; **(2) Settlements and Market Clearing (SaMC) Systems** – completed Charge Code requirements and design, preparation for Market Clearing Factory Acceptance Testing 2 (FAT) in progress, and reviewed all test plans for Market Clearing/Accounting; **(3) Integrated Forward Markets/Real-Time Nodal** – completed Coordinated Release (CR)3b Site Acceptance Testing (SAT) and CR3b Functional Integration Testing (FIT) for Release 2, combined CR3c and CR4 Factory Acceptance Testing (FAT), and completed CR4 MPM development; **(4) SIBR** – completed CR4 FAT and closed all known variances; **(5) Market Quality Systems** – completed Market Quality System (MQS) version 2.0 test preparation and started pre-FAT, and started data retrieval for v 1.1 from Day-Ahead results; **(6) Congestion Revenue Rights** – CRR validated extensible market language (XMLs) and XML schemas (XSDs) to be posted for production,

¹ The Market Redesign and Technology Upgrade Program is comprised of seven major system projects – (1) Integrated Forward Markets/Real-Time Market/Full Network Model ("IFM/RTM/FNM"), (2) Scheduling Infrastructure Business Rules ("SIBR"), (3) Congestion Revenue Rights ("CRR"), (4) Settlements and Market Clearing ("SaMC"), (5) Legacy Systems, (6) Master File Redesign ("MFRD") and (7) Post Transaction Repository ("PTR").

² Documents relating to the CAISO's MRTU implementation and readiness activities, including the MRTU Readiness Criteria Dashboard posted on January 31, 2007, can be found at the following link: <http://www.aiso.com/docs/2005/06/21/2005062113583824742.html>.

and received Nexant build on schedule for testing; **(7) Testing** – Integration Testing team completed Integrated Market Simulation (IMS) Release 2 FIT, began regression testing on all systems, conducted IMS Release 1 final evaluation call, continued planning for IMS Releases 2 and 3, and began PTR Load and Performance testing.

Highlights on status of readiness activities included in Attachment B: **(1) MRTU Working Groups** – continue to support Participant Readiness Advisory Group, MRTU Implementation Workshops, SaMC User Group and Systems Interface User Group; **(2) Market Participant Assessments** – distributed 100% of updated action plans to Market Participants, and follow-up calls are in progress to discuss action plan items; **(3) Market Participant Training** – completed two Bid to Bill sessions for Market Participants; and **(4) MRTU Training for CAISO Staff** – 75% of CAISO Staff have completed Level 200 training; and 48% of CAISO Staff have completed Level 300 training.

Dated: June 1, 2007

Respectfully submitted,

/s/ Sidney Mannheim Davies
Sidney Mannheim Davies

Counsel for the California Independent
System Operator Corporation

ATTACHMENT A

Attachment A - FERC Status Report – June 2007

Market Redesign and Technology Upgrade FERC Update

June 2007

MRTU Schedule	
Current Period	Trend
	
<p>Tracking Delay: 0 weeks Critical Path Items: Vendor Delivery, Integration Testing <i>*Based on approved 2/1/08 Go-Live Trade date</i></p>	

MRTU Budget	
Current Period	Trend
	
<p>Approved MRTU budget: \$189.223 M* <i>*Based on approved budget on 12/06</i></p>	

- Work progressing with vendors to incorporate remaining contracted items and several additional FERC scope items into delivery schedule.
- Integrated Market Simulation (IMS) R1 completed final evaluation; IMS R2 began 5/29.
- Conducted Implementation Workshop; Market Simulation planning sessions to review R3 scope, schedule, and structure (6/4 and 6/18).
- Missed Factory Integration delivery milestones due to data issues, vendor support, and resource constraints. As a result, R3 testing currently experiencing delay of 5-6 weeks. As a mitigation, R3 and R4 have been combined.
- Internal Testing progress including execution of Day-Ahead Market and some Real-Time Market intervals. Testing continues to focus on real-time runs.

- PMO continues to process change requests and evaluate against approved budgets.
- PMO confirmed all projects' actuals with Corporate Finance and refined MRTU financials accordingly.
- CAISO working with key vendors to re-negotiate remaining work and costs.
- Evaluating the impact of the April 20th and May 8th FERC Order on budget and schedule.

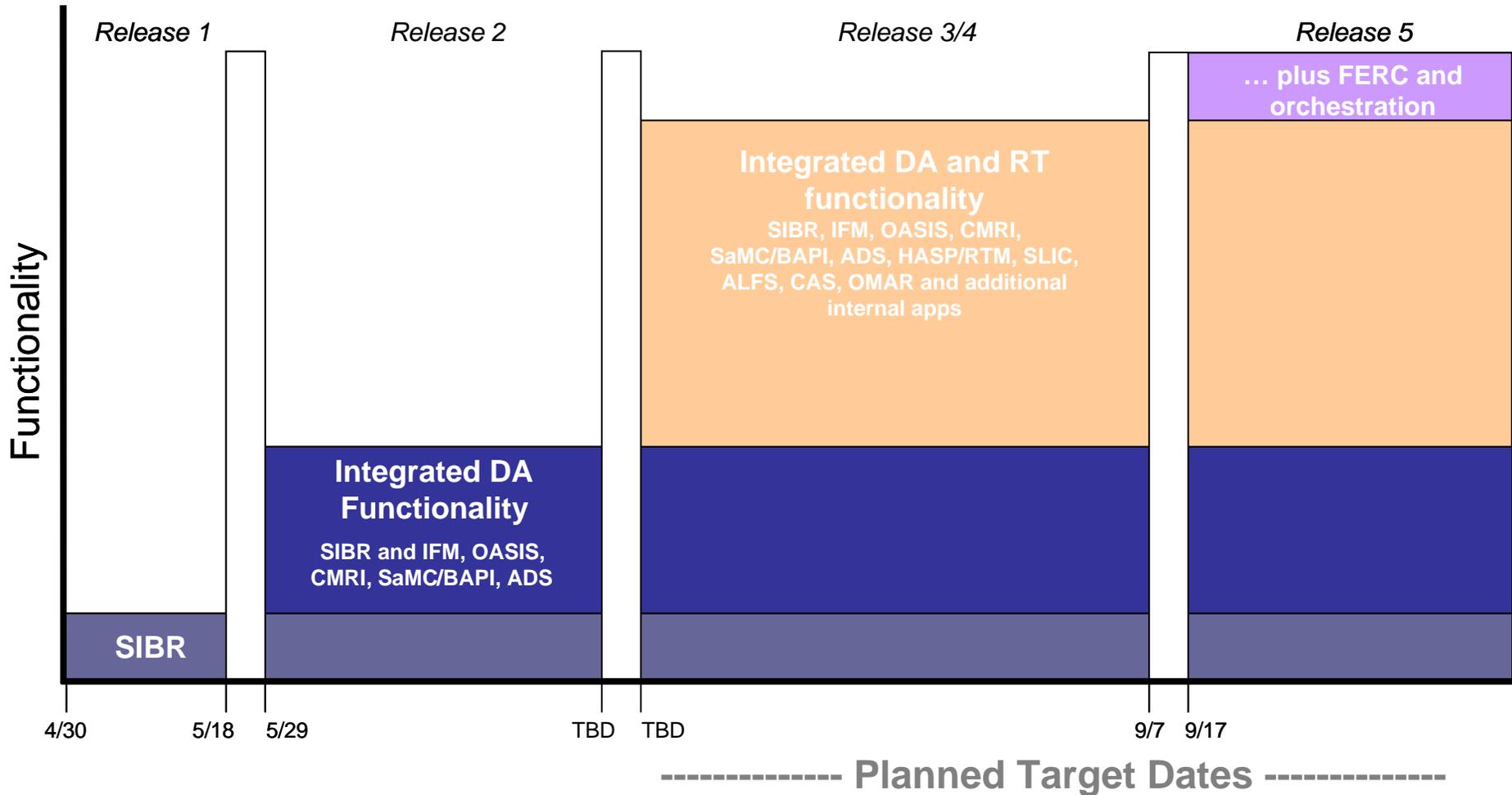
	 Delay, but will not impact 2/1/08 Go-live Trade date.
	 Delay, will impact 2/1/08 Go-live Trade date. Use of contingency funds.

	Variance less than +2 %		Situation has improved since last reporting period.
	Variance between +2 % and +6 %		No change since last reporting period.
	Variance over +6 %		Situation has deteriorated since last reporting period.



- Integrated Market Simulation (IMS) Release 1 completed final evaluation on 5/18. Maximum of 94 Scheduling Coordinator IDs participated with an average of 63 SCIDs over the three weeks. Participation average was 69% of generation capacity and 52% of Load – target was 20%.
- Began IMS R2 on 5/29 with a planned target completion date of 6/22, but completion will be contingent upon the start of IMS R3/4. IMS Release 3 and 4 (combined) planning continues to be a priority as missed Factory Integration delivery milestones have caused delays.
- The Readiness team distributed all action plans to participants, held the Implementation Workshop and 1st Follow Up Assessment. The Training team began designing level 300 training for Grid Ops and facilitated Bid-to-Bill classes in Portland. Classes are schedule for June in New York, Southern California & Folsom.
- The Testing team is continuing Real-Time and Day-Ahead testing efforts, while planning for IMS Release 3. In addition, the team is integrating additional downstream applications.

IMS Scope and Schedule



Accomplishments & Milestones

Integration (Interfaces)

- Provided various design documents to Siemens for review
- Build changes in Cim Parser for defects
- Tested FERC Changes; release of tested SaMC services

SaMC

- Completed IMS R5 Charge Code Requirements & Design
- Preparation for Market Clearing Factory Acceptance Testing 2 (FAT) in progress
- Reviewed all test plans for Market Clearing/Accounting, reworking period end process

Integrated Forward Markets/Real-Time Nodal

- Completed CR3b Site Acceptance Testing (SAT) and CR3b Functional Integration Testing (FIT) for R2
- Combined CR3c and CR4 Factory Acceptance Testing (FAT)
- Completed CR4 MPM development

Scheduling Infrastructure and Business Rules (SIBR)

- SIBR completed CR4 FAT, closed all known variances, QRB review in progress

Market Quality Systems

- MQS completed v2.0 test preparation and began pre-FAT; began data retrieval for v1.1 from Day Ahead results

Congestion Revenue Rights

- CRR validated XMLs and XSDs to be posted for production
- CRR received Nexant build, on schedule for testing

Testing

- Integration Testing team completed IMS R2 FIT
- Began regression testing on all systems
- Conducted IMS R1 final evaluation call and continued planning for IMS R2 and R3
- Began PTR Load and Performance testing

Planned Activities

Integration (Interfaces)

- Continue performing maintenance on required IMS R2 documents
- Update and retest changes to SaMC Cim Parser
- Continue knowledge transfer activities

SaMC

- Continue updating test cases based on revised requirements

Integrated Forward Markets/Real-Time Nodal

- Continue CR3b FIT tests (Real-Time) with updated Masterfile

Legacy

- Complete FERC enhancement
- Receive QRB approval for OASIS FERC SAT

Market Quality Systems

- Develop implementation plan for payload split for Extracted Energy and Allocation
- Begin pre-FAT and execute FAT cases

Congestion Revenue Rights

- Complete production readiness planning activities for installation and configuration of servers
- Participant training June 4 - 8

Testing

- Complete R2 regression testing in staging environment
- Complete testing for BAPI and PTR for R2; begin R3 FIT testing
- MFRD to address on-going Masterfile FIT data issues and test Masterfile UI release v0.12

Market Simulation

- Generate and distribute weekly report cards
- Hold 1st R3 Planning Session



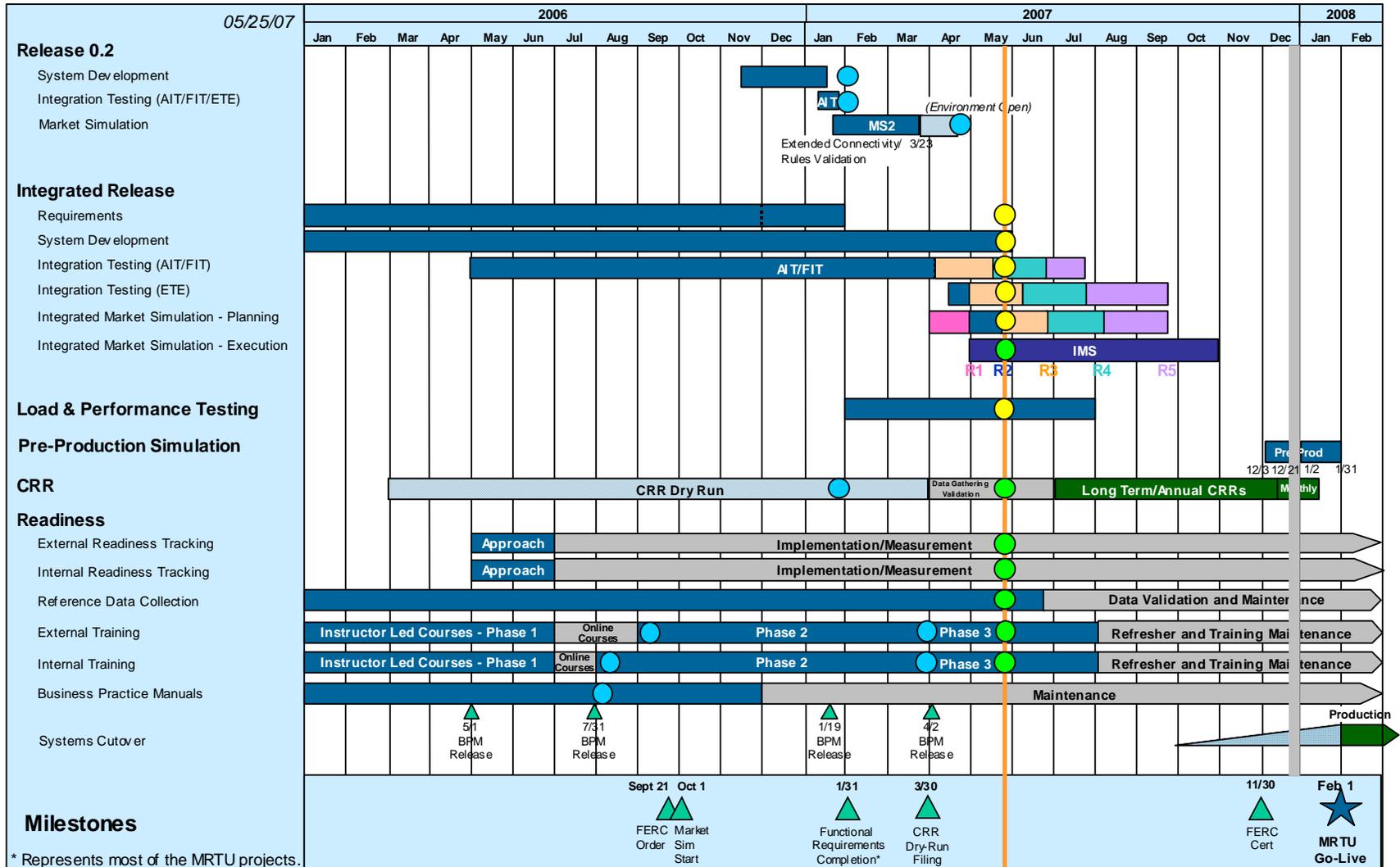
Program Area	Design	Build	Test	Integration Test	End-End Test	Market Simulation	Deployment
Phase 1A							
Phase 1B							
Market Systems							
Real-Time Market							
Integrated Forward Mkt							
Hour-Ahead Processor							
Residual Unit Com.							
Scheduling							
Policy Must-Haves							
FERC Changes – Market Systems							
Settlements							
Base Product							
Charge Types							
Congestion Revenue Rights							
FERC Changes – Settlements/CRRs							
Legacy							
Automated Dispatch System (ADS)							
Reference Level Calculator (RLC)							
Scheduling and Logging System (SLIC)							
Compliance Automation Production System (CAPS)							
Existing Transmission Contract Coordination (ETCC)							
Operational Meter Analysis and Reporting (OMAR)							
Open Access Same-Time Information System (OASIS)							
Reliability-Must-Run Application Validation Engine (RAVE)							
Other Applications							
Market Quality System							
PTR							
Portal							
MFRD							
FERC Changes – Legacy/Other Applications							

Preliminary application-specific testing conducted

Legend	
Phase not started	
Phase in progress	
Phase complete	

Supporting Activities

Program Area	Planning	Development	Execution
Internal Readiness			
External Readiness			
Training			
Business Processes (Phase 1)			
BPMs			



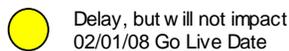
May 25



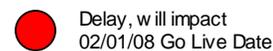
Complete



No Delays

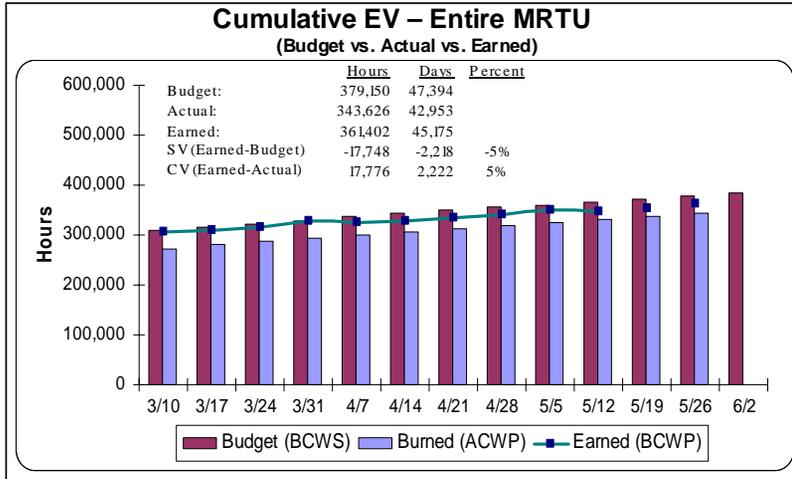


Delay, but will not impact 02/01/08 Go Live Date



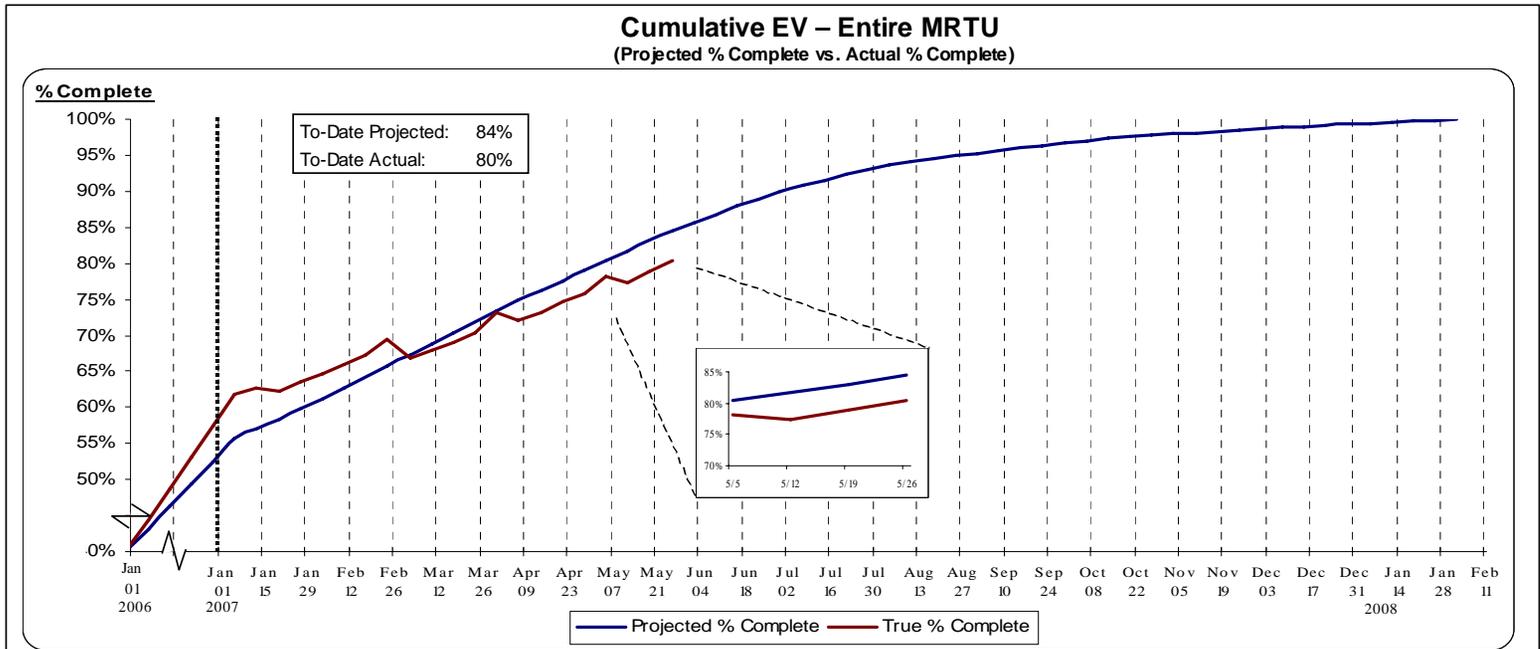
Delay, w will impact 02/01/08 Go Live Date

Release of new functionality into Testing Env



Notes/Comments:

Graph represents the new baseline as of June 2006.



Included in Graphs: BPM, Business Process, SIBR, Training, FNM/SE, IFM, MQS, CRR, MFRD, SaMC, Portal, Testing, Integration, PTR, PMO, Legacy, STING, Readiness, and Technical Architecture.

Not Included in Graphs: n/a

California Independent System Operator
Summary of Expected Completion Costs vs. December, 2006 Budget
April 30, 2007
(In Thousands) *

Project	Re-baselined Project Costs Dec. 2006 (a)**	Actual Costs Through 2006 (b)	Paid Invoices To Date 4/30/07 (c)	Estimated Costs to Complete (d)	Cost of Project at Completion (e)=(c+d)	Increase (Decrease) from Baseline (f)=(e-a)
Market Redesign	\$ 64,807	\$ 49,990	\$ 51,892	\$ 12,914	\$ 64,807	\$ -
1 Automatic Mitigation Procedures/Phase 1A	773	773	773	0	773	0
2 Real Time Markets/Phase 1B	16,297	16,297	16,297	0	16,297	0
3 Integrated Forward Markets/Real -Time Market (IFM/RTM)	33,372	23,673	24,908	8,464	33,372	0
4 Congestion Revenue Rights (CRR)	4,516	3,986	4,172	344	4,516	0
4A Market Quality System (MQS)	6,261	2,315	2,796	3,465	6,261	0
11A Hardware & Software Purchases	3,588	2,947	2,947	642	3,588	0
Technology Upgrade	\$ 74,179	\$ 61,020	\$ 65,034	\$ 9,144	\$ 74,179	\$ -
5 Scheduling Infrastructure Business Rules (SIBR)	13,323	9,727	9,923	3,400	13,323	0
6 Settlements and Market Clearing (SaMC)	18,030	16,170	16,763	1,266	18,030	0
6 Master File (MFRD)	2,300	2,291	2,320	(20)	2,300	0
9 Post Transactional Repository (PTR)	2,461	2,236	2,549	(88)	2,461	0
10 Legacy Systems	7,785	6,379	6,719	1,066	7,785	0
10A State Estimator/Full Network Model	1,345	1,040	1,122	223	1,345	0
11 Technology Infrastructure/ Portal	2,065	2,050	2,051	14	2,065	0
11B Hardware & Software Purchases	6,923	5,197	6,059	864	6,923	0
12A System Integration/Enterprise Architecture	17,989	15,540	16,866	1,123	17,989	0
12B Technology Architecture	1,957	389	661	1,297	1,957	0
Common Projects ***	\$ 41,214	\$ 25,738	\$ 30,450	\$ 10,765	\$ 41,214	\$ -
13 Training/Readiness Projects	9,709	6,975	8,360	1,349	9,709	0
14A Project Management	17,666	11,907	12,781	4,885	17,666	0
14B Testing	13,840	6,856	9,309	4,531	13,840	0
Ongoing Scope Adjustments	\$ 1,523	\$ -	\$ -	\$ 1,523	\$ 1,523	\$ -
Pending MRTU Scope Changes	1,523	0	0	1,523	1,523	0
Contingency	\$ 7,500	\$ -	\$ -	\$ 7,500	\$ 7,500	\$ -
15 Program Contingency	7,500	0	0	7,500	7,500	0
Total MRTU Project	\$ 189,223	\$ 136,748	\$ 147,376	\$ 41,847	\$ 189,223	\$ -

* Columns and rows may not total due to rounding.

** Budgets include: Consultant Labor, Vendor Costs, Travel & Meals Expenses, Training, Hardware, Software, Maintenance, Employee Backfill costs

*** Common Projects Allocation: 47.9% to Market Redesign; 52.1% to Technology Upgrade

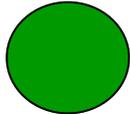
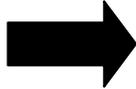
ATTACHMENT B

Attachment B - FERC Status Report – June 2007

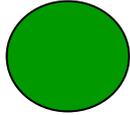
MRTU Readiness Program Summary FERC Update

June 1, 2007

MRTU Executive Summary

MRTU Readiness Schedule	
Current Period	Trend
	

- All Internal Business Units completed the Design Phase of the internal readiness assessment
- CAISO internal readiness activities for core Business Units continue to be reviewed on a weekly basis
- Readiness Criteria representing a roll-up of all readiness categories for Participants and CAISO continue to be tracked and reported monthly.
- Planning continues for 1st Follow-up Market Participant Assessment to be implemented towards the end of June.
- 60 Day Certification and Go-Live criteria has been finalized.

MRTU Readiness Budget	
Current Period	Trend
	

- Training and Readiness activities remain under budget.
- CAISO staff supporting internal business unit readiness continue to work regularly to provide readiness update information for all key areas.
- Market Participant Readiness activities and Assessment questions have been re-aligned to the revised Market Simulation timeline.

	Complete		No Delays
	Delay, but will not impact 11/07 go-live date. Contingency maintained, but at risk.		
	Delay, will impact program delivery and 11/07 Go-live date. Use of contingency funds.		

MRTU Readiness Program Executive Summary

The MRTU Readiness program focuses on a set of activities to ensure that the people, processes, and technologies for both CAISO and the Participants are ready for the implementation of the MRTU program in February 08. The MRTU Readiness Program continues to make progress in the following areas:

- Conducting weekly progress reporting and tracking for Internal Readiness with all key Business Units
- Approximately 75% of CAISO staff have completed Level 200 Training
- Approximately 48% of CAISO staff have completed Level 300 Training. Additional Level 300 training is still being developed and in progress
- Completed third readiness milestone (Design) for all core and non-core Business Units
- Continued to close issues/gaps related to end-to-end process interactions and accountabilities across all impacted Business Units
- Distributed Process Walkthrough Summary results and actions to attendees across all Business Units.
- Distributed 100% of updated action plans to Market Participants. Follow-up calls are in progress to discuss action plan items and document issues/concerns or comments.
- Conducted ongoing Market Participant Meetings such as PRAG, Implementation Workshop and Technical Workshops
- Completed two Bid to Bill sessions for Market Participants.

Next Steps

The following list summarizes the remaining activities to be completed:

- Continue to work with CAISO's Internal Business Owners to receive status on Readiness activities and deliverables.
- Finalize planning and implement Phase 2 Process Walkthrough sessions to address more detailed process issues across impacted Business Units.
- Support Business Units during the Build Assessment Phase as the next major internal readiness milestone
- Communicate and implement the 1st follow-up Participant Assessment
- Continue tracking all readiness activities using updated Readiness Criteria for May report
- Implement plan for 60 Day Certification and Go Live Requirements
- Continue MRTU Market Participant Bid to Bill sessions

CERTIFICATE OF SERVICE

I hereby certify that I have caused the public version of the foregoing document to be served upon the Public Utilities Commission of the State of California and upon all parties of the official service lists maintained by the Secretary for Docket No. ER06-615.

Dated at Folsom, California, this 1st day of June 2007.

/s/ Charity N. Wilson
Charity N. Wilson