



March 2, 2007

VIA OVERNIGHT DELIVERY

The Honorable Magalie Roman Salas
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 Secretary Salas:

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,

A handwritten signature in cursive script, reading "Sidney Mannheim Davies", written over a horizontal line.

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

Attorneys for the California Independent
System Operator Corporation

sequential and concurrent nature of the design elements; (2) cost estimates for each element; (3) progress report; (4) accomplishments/milestones; and (5) 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** – finalized Release 3 OASIS changes, resolved defects for P4B services, delivered various services to Application Integration Testing (AIT), and updated various IS documents; **(2) Settlements and Market Clearing (SaMC) Systems** – completed estimates for mapping upgrades affected by Release 3 changes, delivered 3rd release of Charge Codes, fixed Release 2 defects, and started Market Clearing testing; **(3) Program Management Office** – in process of completing the re-baseline of project budgets and work plans; **(4) Full Network Model and State Estimator** – prepared for Internal Readiness Review of FNM process, completed mapping of DB1 for Release 3 Factory Acceptance Tests (FAT)/Site Acceptance Tests (SAT), started Release 3 SAT; **(5) Integrated Forward Markets** – continued FAT/SAT testing and supported AIT; **(6) Market Quality Systems** – passed all Release 3 Web Services for AIT, started Functional Integrated Testing (FIT) for

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.caiso.com/docs/2005/06/21/2005062113583824742.html>.

all Web Services, completed FAT, and started SAT; and **(7) Testing** – continued AIT/FIT efforts and End to End Phase 1 preparation, started Release 4 FIT, and started remote testing of interfaces for multiple applications.

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** – completed initial participant assessments for 80% of the 75 participants to assess readiness along People, Process and Technology dimensions; **(3) Market Participant Training** – completed all Level 200 training for participants; **(4) Readiness Criteria Update** – reviewed Readiness Criteria Dashboard with participants at the February 20, 2007 MRTU Implementation Workshop, and posted the second iteration of the Readiness Criteria Dashboard to the CAISO website on February 28, 2007; and **(5) MRTU Training for CAISO Staff** – conducted all Level 100 training for CAISO employees.

Dated: March 2, 2007

Respectfully submitted,



Sidney Mannheim Davies

Counsel for the California Independent
System Operator Corporation

ATTACHMENT A

Attachment A - FERC Status Report – March 2007

Market Redesign and Technology Upgrade FERC Update

March 2007

MRTU Executive Summary

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

- Majority of system development activities are complete, with the exception of FERC related changes and some SIBR/IFM/MQS components. PMO working with vendors to mitigate potential delivery delays.
- Project remains challenged with vendor delivery of applications. Mitigation plans are under development to accommodate expected delays and to avoid impacts to Go-Live.
- Testing executing Release 2/3 Functional Integration Testing.
- Market Simulation Phase 2 began on 1/22; Inter-SC Trades functionality available to Market Participants on 1/29.

- CAISO working with key vendors to re-negotiate remaining work and costs.
- Finalizing change requests required to re-baseline MRTU progress to new budget for FERC changes.
- Vendor delays will cause downward pressure on MRTU budget, potentially creating the need to access program contingency.

	 Delay, but will not impact 2/1/08 Trade Date Go Live.
	 Delay, will impact 2/1/08 Trade Date Go Live. 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.

MRTU Executive Overview

Market Simulation

- Phase 2 commenced on 1/22/07; functionality from Phase 1 expanded to include Inter-SC Trades

System Development

- State Estimator certified to Go Live on 2/5/2007
- Portions of Release 3 challenged due to vendor delays
- Gathering requirement for Release 4 (FERC changes)
- MQS completed Functional Acceptance Testing (FAT) with a 97% pass rate and moved to Site Acceptance Testing (SAT)

Readiness

- Internal Readiness is on-track
- External Readiness completed first assessment of each Scheduling Coordinator with an 80% response rate

MRTU Program Progress as of February 20th, 2007

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			

Accomplishments & Milestones

Integration (Interfaces)

- Delivered various services to Application Integration Testing (AIT)
- Updated various IS documents
- All SIBR, IFM/RTM, SMDM and MQS artifacts updated for market run decision
- Finalized Release 3 OASIS changes, resolved defects for P4B services

SaMC

- Completed estimates for upgrades to mapping affected by Release 3 changes
- Delivered 3rd release of Charge Codes; fixed Release 2 defects
- Proceeded with Market Clearing testing

Program Management Office (PMO)

- In the process of completing the re-baseline of project budgets and work plans

Full Network Model and State Estimator

- Prepared for Internal Readiness Review of FNM process
- Completed mapping DB1 for Release 3 Factory Acceptance Tests (FAT)/Site Acceptance Tests (SAT)
- Began Release 3 SAT

Integrated Forward Markets/Real-Time Nodal

- Continued FAT/SAT testing and supported AIT
- Successfully completed FAT for CR3A – needed for Market Sim 3

Market Quality Systems

- Passed all Release 3 Web Services for AIT
- Began FIT for all Web Services
- FAT completed; began SAT

Testing

- Continued AIT/FIT efforts and End to End Phase 1 preparation; began Release 4 FIT
- Began remote testing of interfaces for multiple applications

Planned Activities

Integration (Interfaces)

- Complete Release Planning/Updates for Market Sim 3
- Update Release 3B documents to be consistent with Release 3A
- Commence design documentation for FERC-related interfaces; support AIT activities

Testing

- Continue AIT/FIT; introduce various interfaces to FIT
- Continue to End-to-End Testing

Integrated Forward Markets/Real-Time Nodal

- Regression test all market functions with DB1
- Continue Analysis Track Testing Phase 2
- Continue Acceptance and Integration testing initiatives

Congestion Revenue Rights

- Work with stakeholder to identify potential changes
- Continue SAT for latest Build; continue Broadcast Services Testing
- Fix and successfully retest remaining two variances

SaMC

- Support Charge Code testing; continue Market Clearing testing
- Complete any outstanding design and unit test templates
- Update requirements based on Release 3 changes
- Commence design of FERC-related changes

Market Quality Systems

- Completed SAT
- Finalize FERC requirements and designs required for Market Sim 4

Legacy

- Continue Integration Logic efforts and SAT execution

Market Simulation

- Continue planning for Market Sim 3 (Business Structure Simulation)

MRTU High-Level Milestone Description

The following are descriptions for some of the milestones indicated on the MRTU High-Level Timeline;

- **Functional Requirements Completion** – represents the date by which MRTU functional requirements documentation will be completed to allow system development design activities, with the exception of three MRTU projects, including: SaMC, SIBR, and IFM/RTN.
- **CRR Dry-Run Filing** – represents the date that CAISO will file the report for the Dry-Run results for Annual and Monthly auctions and allocations.
- **MS3 Interface Documents** – represents the date the CAISO will release the Technical Interface documents to Market Participants for Market Simulation Phase 3. These documents specify the interface details required for participants to access CAISO Systems and participate in the simulation.
- **MS4 Interface Documents** – represents the date the CAISO will release the Technical Interface documents to Market Participants for Market Simulation Phase 4. These documents specify the interface details required for participants to access CAISO Systems and participate in the simulation.

California Independent System Operator
Summary of Expected Completion Costs vs. December, 2006 Budget
January 31, 2007
(In Thousands) *

Project	Re-baselined Project Costs Dec. 2006	Actual Costs Through 2005 (a)**	Paid Invoices To Date 1/31/07	Estimated Costs to Complete (c)	Cost of Project at Completion (e)=(c+d)	Increase (Decrease) from Baseline (f)=(e- a)
Market Redesign	\$ 64,807	\$ 40,235	\$ 50,097	\$ 14,710	\$ 64,807	\$ (0)
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	17,010	23,742	9,630	33,372	0
4 Congestion Revenue Rights (CRR)	4,516	3,386	3,993	523	4,516	0
4A Market Quality System (MQS)	6,261	0	2,346	3,916	6,261	0
11A Hardware & Software Purchases	3,588	2,769	2,947	642	3,588	(0)
Technology Upgrade	\$ 74,179	\$ 34,137	\$ 61,282	\$ 12,897	\$ 74,179	\$ (0)
5 Scheduling Infrastructure Business Rules (SIBR)	13,323	6,326	9,728	3,595	13,323	0
6 Settlements and Market Clearing (SaMC)	18,030	5,313	16,236	1,794	18,030	0
6 Master File (MFRD)	2,300	1,860	2,293	7	2,300	0
9 Post Transactional Repository (PTR)	2,461	1,041	2,269	192	2,461	0
10 Legacy Systems	7,785	3,434	6,407	1,377	7,785	0
10A State Estimator/Full Network Model	1,345	157	1,055	290	1,345	0
11 Technology Infrastructure/ Portal	2,065	2,028	2,050	15	2,065	(0)
11B Hardware & Software Purchases	6,923	4,566	5,202	1,722	6,923	0
12A System Integration/Enterprise Architecture	17,989	9,412	15,622	2,367	17,989	0
12B Technology Architecture	1,957	0	419	1,538	1,957	0
Common Projects	\$ 41,214	\$ 9,670	\$ 25,892	\$ 15,323	\$ 41,214	\$ -
13 Training/Readiness Projects	9,709	916	7,005	2,704	9,709	0
14A Project Management	17,666	7,674	11,923	5,743	17,666	0
14B Testing	13,840	1,080	6,964	6,875	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	\$ -
FERC Contingency	2,500	0	0	2,500	2,500	0
15 Program Contingency	5,000	0	0	5,000	5,000	0
Total MRTU Project	\$ 189,223	\$ 84,042	\$ 137,270	\$ 51,952	\$ 189,223	\$ (0)

* 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

ATTACHMENT B

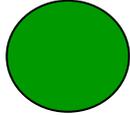
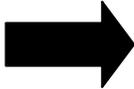
Attachment B - FERC Status Report – March 2007

MRTU Readiness Program Summary

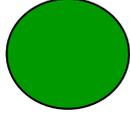
FERC Update

March 1, 2007

MRTU Executive Summary

MRTU Readiness Schedule	
Current Period	Trend
	

- Training conducted on schedule.
- CAISO internal readiness tracking underway and launched across the all Business Units with initial readiness milestones accomplished
- Internal end-to-end process sessions have been initiated to determine MRTU gaps across all business units
- Readiness Criteria Dashboard representing a roll-up of all readiness categories indicating readiness for Participants and CAISO are being tracked and reported monthly
- Achieved overall planned target of completed Participant Assessments of 84% of the 75 Participants on February 28, 2007
- Specific Participant Assessments accomplishments include:
 - Completed 14 of 14 On-site Assessments
 - 20 of 21 Assisted self-assessments
 - Received 28 of 37 of the Self-assessments

MRTU Readiness Budget	
Current Period	Trend
	

- Training and Readiness activities remain under budget.
- CAISO staff supporting internal business unit readiness have been working regularly to provide readiness update information for all key areas.
- CAISO staff have participated in the conducting and supporting the Participant Assessment activities.
- Key CAISO process owners have taken on roles and accountability for updating processes that will change as a result of MRTU

	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 2008. The MRTU Readiness Program has successfully launched and implemented concurrent Readiness efforts since August 2006 with the following areas of progress:

- Conducting weekly progress reporting and tracking for Internal Readiness with all Business Units
- Assessed first Readiness milestone for all Business Units with positive results demonstrating CAISO is progressing on track
- MRTU Readiness Criteria Dashboard is being tracked regularly and published monthly to CAISO website with the next iteration targeted for February 28, 2007
- Reviewed Readiness Criteria Dashboard with Participants on February 20, 2007 MRTU Implementation Workshop
- Completed initial Participant Assessments for 84% of the 75 Participants to assess readiness along People, Process and Technology dimensions
- Implementing ongoing CAISO communication activities to increase MRTU awareness and understanding among staff
- Conducted ongoing Market Participant Meetings such as PRAG, Implementation Workshop and Technical Workshops
- Completed Level 200 External Training for Participants (9 Sessions in total)
- Completed Level 100 Internal Training (7 Sessions in total)

Readiness Progress (As of February 26, 2007)

CAISO Business Unit Readiness Summary

Program Area	Planning	Development	Execution	Comments
Outreach	✓	✓	✓	<ul style="list-style-type: none"> Executing the Outreach Campaign (Kick-off meetings, periodic assessments, progress communication).
Assessments	✓	✓	✓	<ul style="list-style-type: none"> Achieved initial internal readiness milestone for all business units to have completed readiness work plans All business units have completed planning activities successfully for the first phase of the Internal Readiness Assessment All business units have Initiated activities for the next readiness milestone to complete MRTU impact analysis
Business Unit Readiness	✓	✓	✓	<ul style="list-style-type: none"> Continued weekly meetings with all core Business Units to discuss next milestone tasks Conducting regular tracking of readiness and action planning for all Business Units
Training	✓	✓	✓	<ul style="list-style-type: none"> Advanced level courses under development, scheduled for 2007 Additional courses as required

Readiness Progress (As of February 26, 2007)

Market Participant Readiness Summary

Program Area	Planning	Development	Execution	Comments
Stakeholder Interaction	✓	✓	✓	<ul style="list-style-type: none"> Supporting Participant Readiness Advisory Group Supporting MRTU Implementation Workshop Supporting other working group sessions including Technical Workshops, SaMC User Groups and SIUG
Outreach	✓	✓	✓	<ul style="list-style-type: none"> Supporting ongoing Outreach Campaign execution (phone campaigns, MRTU Milestone Details, etc) Supporting MRTU Bulletin Board content
Market Participant Readiness	✓	✓	✓	<ul style="list-style-type: none"> Implemented participant assessments for approximately 75 market participants that included the following: On-site assessment, Assisted self-assessment, Self-assessment Achieved 84% completion of assessments from all Participants on February 26, 2007 made up of the following: <ul style="list-style-type: none"> 14 of 14 On-sites 20 of 21 Assisted self-assessments Received 28 of 37 of the Self-assessments Will provide 10 generic action plans for those who have not submitted an assessment.
Training	✓	✓	✓	<ul style="list-style-type: none"> Completed all Level 200 Training for Participants (9 sessions) Developing advanced level courses scheduled for 2007

Readiness Progress (As of February 26, 2007)

Readiness Criteria Summary

Program Area	Planning	Development	Execution	Comments
Readiness Criteria	✓	✓	✓	<ul style="list-style-type: none"> • Readiness Criteria Dashboard representing a roll-up of all readiness categories indicating readiness, risks and actions have been reviewed with Participants and report tracking has been implemented to include the following updates: <ul style="list-style-type: none"> • Initial status-providing MRTU Readiness Criteria Dashboard published to CAISO website on January 31, 2007. • Reviewed Readiness Criteria Dashboard with Participants on February 20, 2007 MRTU Implementation Workshop. • Preparing updated version of MRTU Readiness Criteria Dashboard to be published on February 28, 2007 • Readiness Criteria Dashboard Statistics as of 2/26/2007: <ul style="list-style-type: none"> • On-Target Criterion Categories: 13 out of 32 • Off-Target Criterion Categories: 4 out of 32 • Completed Criterion Categories: 2 out of 32 • In-Active Criterion Categories: 13 out of 32

CAISO Internal Assessment (Personnel)

- Conducted CAISO Wide Employee MRTU Update and Information Session

Business Unit Readiness

- Continued weekly meetings with Core Business Units (medium/high MRTU impact) to discuss next milestone tasks
- Assessed first Readiness milestone for key Business Units

Internal Training

- Conducted all Level 100 Training for CAISO employees

Stakeholder Interaction

- Continued to support Participant Readiness Advisory Group and MRTU Implementation Workshops
- Supporting other working group sessions including Technical Workshops, SaMC User Groups and SIUG

External Outreach

- Supported Participants with information needs, action plans and general updates resulting from Assessments

Market Participant Readiness

- Completed initial Participant Assessments for 80% of the 75 Participants to assess readiness along People, Process and Technology dimensions

Participant Training

- Completed all Level 200 Training for Participants

Readiness Reporting

- Initial status-providing MRTU Readiness Criteria Dashboard published to CAISO website on January 31, 2007.
- Reviewed Readiness Criteria Dashboard with Participants on February 20, 2007 MRTU Implementation Workshop.
- Updated Readiness Criterion and tools to prepare second iteration of the Readiness Criteria Dashboard for February 28, 2007.

Internal Outreach

- Continue CAISO wide information sessions and meetings to provide MRTU readiness updates

CAISO Internal Assessment (Personnel)

- Continue communication activities based on feedback from company wide readiness assessment
- Conduct follow-up company wide readiness assessment survey

Business Unit Readiness

- Continue to work with all of CAISO's Internal Business Owners to develop detailed readiness status and actions to prepare for the next major readiness milestone (Analysis Phase)
- Continue to meet with core Business Units on a weekly basis and meet with non-core Business Units as needed
- Conduct remaining Process Walkthrough sessions to assess MRTU impacts across core Business Units

Internal Training

- Continue developing Advanced Courses for 2007
- Conduct Level 200 and Level 300 Training for 2007

Stakeholder Interaction

- Continue supporting Participant Readiness Advisory Group and MRTU Implementation Workshops

External Outreach

- Continue to support Participants with Readiness information needs such as Assessments and Action Plans

Market Participant Readiness

- Complete the remaining action plans for Participants that have completed assessments
- Plan next phase of Participant Assessments

Participant Training

- Develop additional content for next wave of training

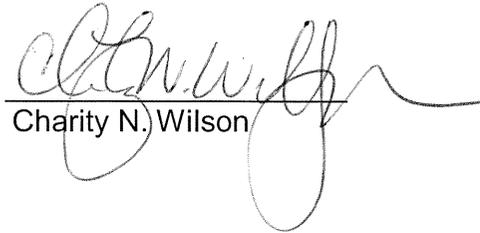
Readiness Reporting

- Preparing updated version of MRTU Readiness Criteria Dashboard to be published on February 28, 2007
- Continue tracking all readiness activities using established Readiness Criterion to be reported monthly

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 2nd day of March 2007.


Charity N. Wilson