



California Independent
System Operator Corporation

October 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 electronic copy of the October 2007 Status Report of the California Independent System Operator Corporation.

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

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) Settlements and Market Clearing (SaMC) Systems** – (a) completed Phase 2 configuration and market clearing Factory Acceptance Testing (FAT), and (b) continued working on Phase 3 charge codes and resolving issues; **(2) Integrated Forward Markets/Real-Time Nodal** – (a) IFM: received Site Acceptance Testing (SAT) build for Coordinated Release (CR)3B/CR4 Bundle 1 and started Bundle 1A FAT, and (b) CR 3B: continued Functional Integration Testing (FIT)/End-to-End testing, achieved improved stability of continuous runs of Real-Time in the FIT at the Folsom facility, and completed CR3B SAT; **(3) Market Quality Systems (MQS)** – approved version 2.0 SAT exit; **(4) Congestion Revenue Rights** – (a) Project completed; and (b) first production market closed on September 14; **(5) Master File Redesign (MFRD)** – (a) created CSV files from Database 19 for Resource Data Templates (RDT) generation, (b) delivered RDT to Market Participants, and (c) completed all

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>.

required changes to Master File to support ISO Reliability Requirements (IRR) testing **(6) Legacy** – completed formal exit from SAT for the majority of Legacy applications; **(7) Market Definition Service (MDS)** – (a) completed Release 1 (Orchestration) and handed off to Functional Integration Testing team, and (b) Release 1 (Notifications) development underway; **(8) Testing** – (a) began Integrated Market Simulation (IMS) Release 3 Market Simulation, (b) began IMS Update 1 testing, (c) Load & Performance (L&P) completed MQS performance testing, and (d) continued fix it work on OASIS, CAISO Market Results Interface (CMRI) and Integration; and **(9) Full Network Model/State Estimator** – (a) continued development of Database 19 and 21, and (b) executed IFM and Real-Time analysis cases.

Highlights on status of readiness activities included in Attachment B: **(1) MRTU Working Groups** – continued supporting Participant Readiness Advisory Group, MRTU Implementation Workshops, and SaMC User Group and Systems Interface User Group; **(2) Market Participant Assessments** – (a) completed 100% of all Participant Assessments, and (b) distributed 100% of the Assessment Action Plans to the Participants; **(3) Market Participant Training** – (a) completed a successful Settlements Workshop and Charge Code Walkthrough for Participants in preparation of Market Simulation, and (b) launched and supported one week of a successful market simulation; and **(4) MRTU Training for CAISO Staff** – (a) completed 86% of mandatory training for CAISO Staff (Level 100, 200 and 300), (b) completed 15 out of 17 Phase 2 Process walkthrough sessions across the Business Units, and (c) completed fourth readiness milestone (Build) for all core and non-core Business Units.

The CAISO completed the second 60-Day Certification status milestone.

Dated: October 1, 2007

Respectfully submitted,

/s/ Sidney Mannheim Davies

Sidney Mannheim Davies

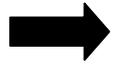
Counsel for the California Independent
System Operator Corporation

ATTACHMENT A

Attachment A - FERC Status Report – October 2007

Market Redesign and Technology Upgrade FERC Update

October, 2007

MRTU Schedule	
Current Period	Trend
	
<p>Tracking Delay: 0 weeks Critical Path Items: Vendor Delivery, Integration Testing, Market Simulation Schedule <i>*Based on approved 4/1/08 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>	

- Integration testing team completed Functional Integration, End to End, Load and Performance and Security testing for IMS Release 3.
- Integrated Market Simulation Release 3 started on Monday 9/24.
- Update 1 is targeted to start on 11/5 and Update 2 on 12/17.
- Implementation Workshop and Settlements Walkthrough held on Thursday 9/20. Detailed Settlements charge code training held on 9/21
- Internal and External training, including Bid to Bill, continues in October.

- PMO continues to process change requests and evaluate against approved budgets.
- PMO evaluating impacts of new Market Simulation schedule and new MRTU Go-Live date.

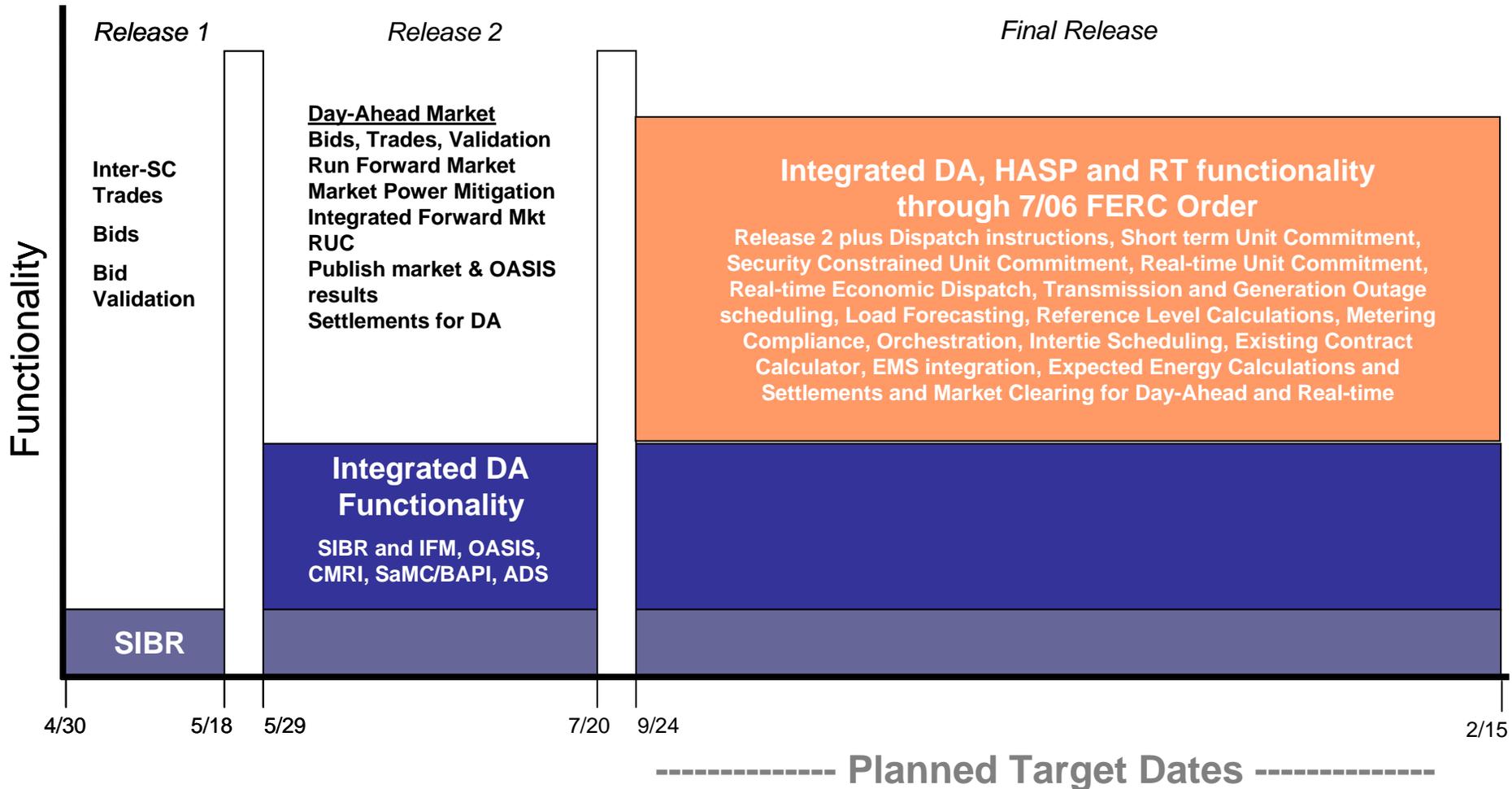
	 Delay, but will not impact 2/1/08 Go-Live Trade date.
	 Delay, will impact 2/1/08 Go-Live Trade date. Use of contingency funds.

	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.



- The Integrated Market Simulation (IMS) Release 3 began on 9/24. Other IMS activities included: prepared and posted the guiding documents for IMS Release 3, updated the guidebook for the release, held an implementation workshop, and held a charge code walkthrough. The focus is now on preparation for IMS Update 1, updating the issues as a result of the FIT and End to End testing, and finalizing the scenarios for Market Simulation. The target start date for Update 1 is November 5, 2007.
- The Readiness team completed and finished scoring 79 of 81 Participant Assessments. They also began distributing Action Plan Letters to the market participants (57 currently distributed) and created the Build Phase assessment summary report. The Training team continued working on various Computer Based Trainings (SLIC, OASIS, ADS in final review), Internal Bid-to-Bill and training development. Several external training sessions have been scheduled including a Settlements Charge Code and How to Read a Settlement Statement and Validating Across Applications and Bid to Bill Training.
- The Testing team continues to run Day Ahead and Real Time Markets for execution of Update 1 Functional Integration Testing and End to End Testing.

IMS Scope and Schedule



Accomplishments & Milestones

SaMC

- Completed P2 configuration and market clearing FAT
- Continuing work on P3 charge codes and resolving issues

Integrated Forward Markets/Real-Time Nodal

- IFM: SAT build for CR3C/CR4 Bundle 1 received, Bundle 1A FAT beginning
- CR3B continued FIT/ E2E testing, achieved improvement in stability of continuous runs of RT in Folsom FIT, completed CR3B SAT

Market Quality Systems

- V2.0 SAT exit approved

Congestion Revenue Rights

- Project Completed; First production market closed on 9/14

MFRD

- Created CSV files from DB19 for RDT generation
- Delivered MF Resource Data Templates to Market Participants
- Completed all required changes to MF to support IRR testing

MDS

- Release 1 (Orchestration) completed and handed to FIT team
- Release 2 (Notifications) development underway

Testing

- Began IMS Release 3 Market Simulation
- Began IMS Update 1 testing
- L&P completed MQS performance testing
- Fix it continued work on OASIS, CMRI, and Integration

Full Network Model/State Estimator

- Continued development of DB19 and DB21
- Executed IFM and RT Analysis cases

Legacy

- Completed formal exit from SAT for majority of Legacy applications

Planned Activities

SaMC

- Market Clearing SAT testing
- Finalize P3 design, build P3 Test Cases and complete P3 SAT
- Update requirements for the IMS Update 1

Integrated Forward Markets/Real-Time Nodal

- CR3C/CR4 Bundle 1: Complete SAT
- CR3C/CR4 Bundle 1A: Begin FAT

Market Quality Systems

- V2.0 Support CR4 Web Service Factory Integration testing

Testing

- Market Simulation: Support IMS R3
- Begin ETE testing for Update 1
- Continue L&P profiling for IFM, Integration Bus, SaMC, PTR for Market Simulations
- Continue Bid to Bill validation of P1 and P2 charge codes

Full Network Model/State Estimator

- Complete development and testing of DB19 NPTO style ECA/ACA modeling
- Begin closeout of gap issues identified in Readiness walkthrough

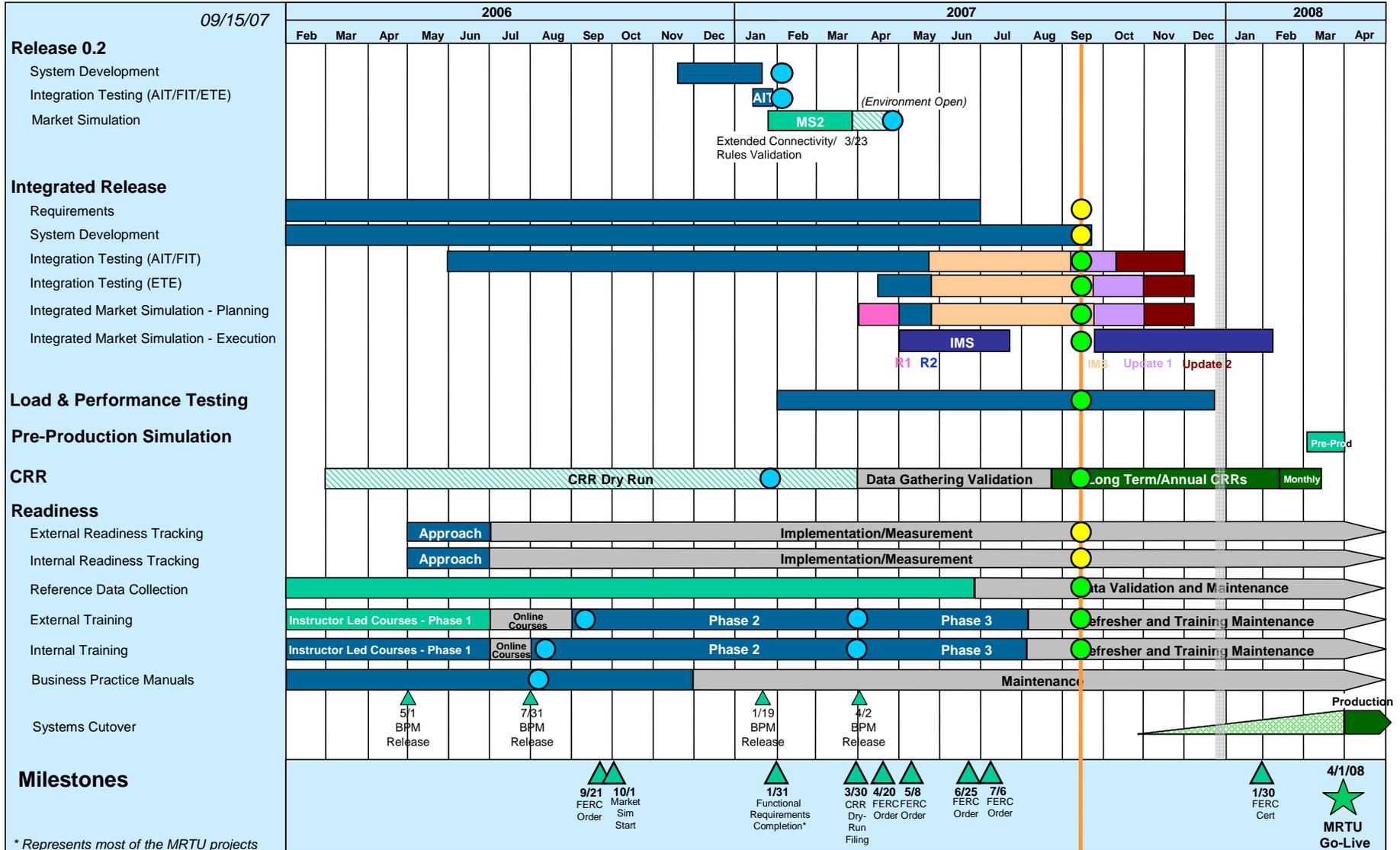
MRTU Program Progress as of September 24, 2007

Program Area	Design	Build	Test	Integration Test	End-to-End	Market	Deployment
Phase 1A							
Phase 1B							
Market Systems							
Real-Time Market							
Integrated Forward Market							
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							

Legend	
Phase not started	
Phase in progress	
Phase complete	

Supporting
Activities

Program Area	Planning	Development	Execution
Internal Readiness			
External Readiness			
Training			
Business Processes (Phases 1 & 2)			
BPMs			



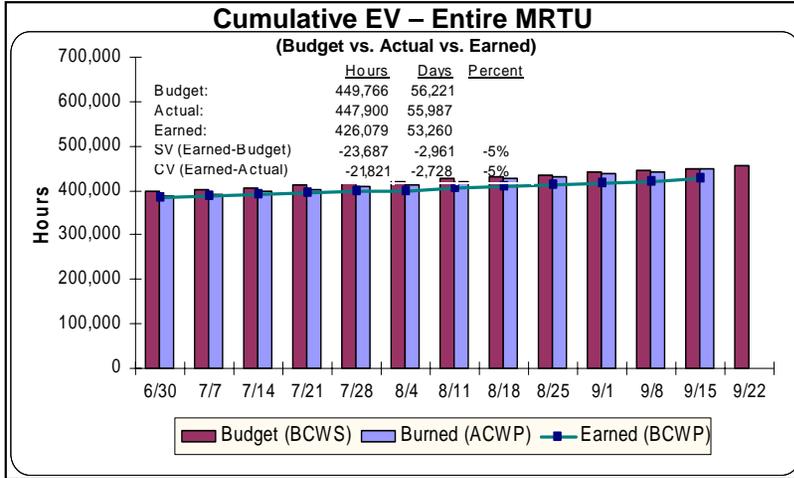
Sept 15

 Complete

 No Delays

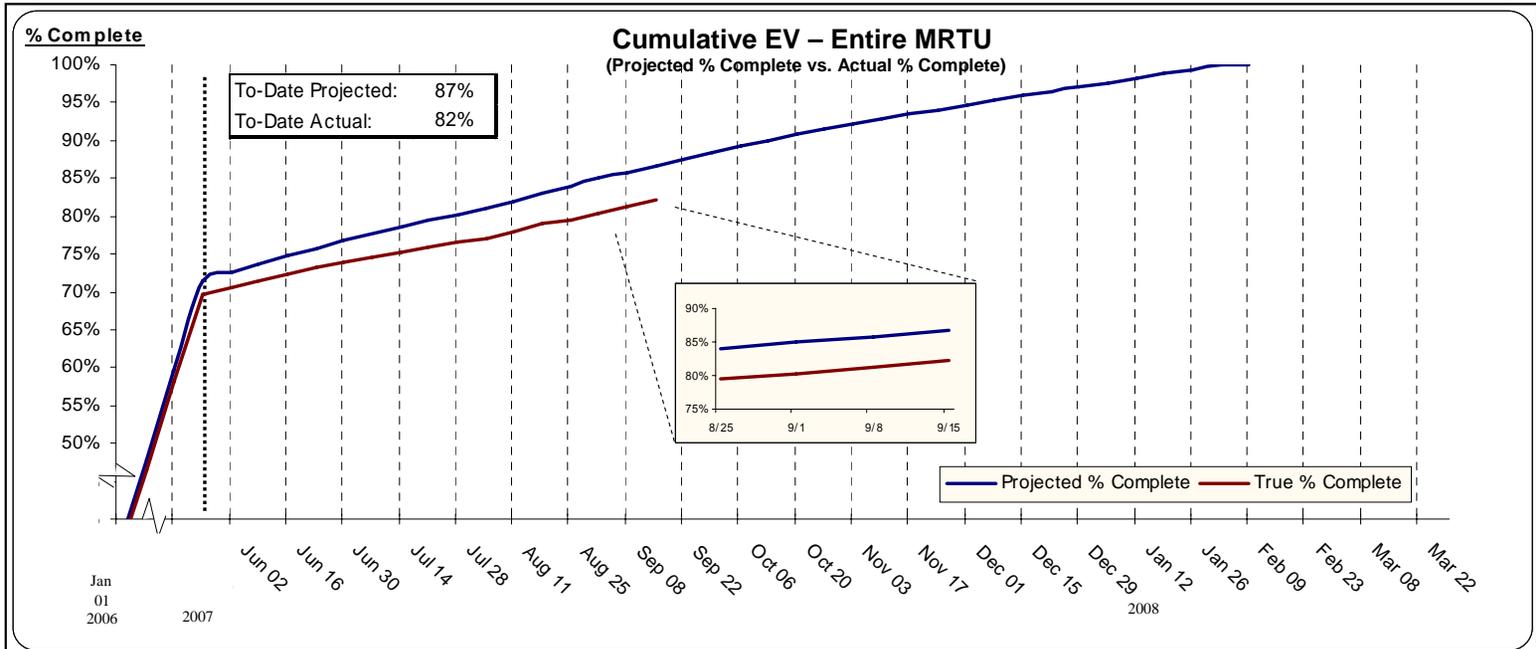
 Delay, but will not impact 04/01/08 Go Live Date

 Delay, will impact 04/01/08 Go Live Date



Notes/Comments:

Graph represents the new baseline as of June 2006.



Included in Graphs: BPM, Business Process, SIBR, Training, FNM/SE, IFM, MQS, CRR, Mkt Cert, MDS, 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
August 31, 2007
(In Thousands) *

Project	Re-baselined Project Costs Dec. 2006 (a)**	Actual Costs Through 2006 (b)	Paid Invoices To Date 8/31/07 (c)	Estimated Costs to Complete (d)	Estimated Cost of Project at Completion (e)=(c+d)	Increase (Decrease) from Baseline (f)=(e-a)
Market Redesign	\$ 64,807	\$ 49,990	\$ 56,211	\$ 8,671	\$ 64,882	\$ 75
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	27,729	5,643	33,372	0
4 Congestion Revenue Rights (CRR)	4,516	3,986	4,543	48	4,591	75
4A Market Quality System (MQS)	6,261	2,315	3,923	2,338	6,261	0
11A Hardware & Software Purchases	3,588	2,947	2,947	642	3,588	0
Technology Upgrade	\$ 74,179	\$ 61,020	\$ 68,289	5,302	\$ 73,590	\$ (589)
5 Scheduling Infrastructure Business Rules (SIBR)	13,323	9,727	10,538	2,785	13,323	0
6 Settlements and Market Clearing (SaMC)	18,030	16,170	17,628	402	18,030	0
6 Master File (MFRD)	2,300	2,291	2,359	0	2,359	59
9 Post Transactional Repository (PTR) - CMRI	2,461	2,236	2,710	0	2,710	248
10 Legacy Systems	7,785	6,379	7,077	0	7,077	(707)
10A State Estimator/Full Network Model	1,345	1,040	1,170	0	1,170	(175)
11 Technology Infrastructure/ Portal	2,065	2,050	2,051	0	2,051	(14)
11B Hardware & Software Purchases	6,923	5,197	6,227	697	6,923	0
12A System Integration/Enterprise Architecture	17,989	15,540	17,456	533	17,989	0
12B Technology Architecture	1,957	389	1,072	885	1,957	0
Common Projects ***	\$ 41,214	\$ 25,738	\$ 36,524	4,690	\$ 41,214	\$ -
13 Training/Readiness Projects	9,709	6,975	9,519	190	9,709	0
14A Project Management	17,666	11,907	13,813	3,853	17,666	0
14B Testing	13,840	6,856	13,193	647	13,840	0
Ongoing Scope Adjustments	\$ 1,523	\$ -	\$ -	\$ 2,036	\$ 2,036	\$ 513
Pending MRTU Scope Changes	1,523	0	0	2,036	2,036	513
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	\$ 161,024	\$ 28,198	\$ 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

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

ATTACHMENT B

Attachment B - FERC Status Report – October 2007

MRTU Readiness Program Summary

FERC Update

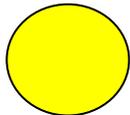
October 1, 2007

MRTU Readiness Program Executive Summary

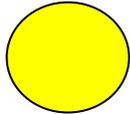
This summary represents a status of the MRTU Readiness program that focuses on activities to ensure that the people, processes, and technologies for both CAISO and the Participants are ready for the implementation of the MRTU program on March 31, 08. For the month of August, the MRTU Readiness Program continues to make progress in the following areas:

- Completed 100% of all Participant Assessments
- Distributed 100% of Assessment Action Plans to the Participants
- Completed fourth readiness milestone (Build) for all core and non-core Business Units.
- Completed 15 out of 17 Phase 2 Process Walkthrough sessions across Business Units.
- Completed approximately 86% of mandatory training for CAISO staff (Level 100, 200, and 300) MRTU Training.
- Completed 2nd 60 Day Certification Status Milestone
- Continued conducting ongoing Market Participant Meetings such as PRAG and Technical Workshops
- Completed a successful Settlements Workshop and Charge Code Walk Through for Participants in preparation of Market Simulation
- Launched and supported one week of successful Market Simulation

MRTU Readiness Overview

Internal Readiness	
Current Period	Trend
	

- Due to delays in Testing and Market Simulation activities, Some of the Internal Business Units did not meet their 80% completion targeted for completing their process and procedure tasks within the Build phase of readiness.
- CAISO internal readiness activities for core Business Units continue to be reviewed on a weekly or monthly basis.
- 60 Day Certification process for Milestone 2 has been completed.

External Readiness	
Current Period	Trend
	

- Participants have specified more detailed readiness scenarios to be met within the Market Simulation scope.
- CAISO is currently planning for the next Participant Check Point/Follow Up after Market Simulation.
- Completed a successful Settlements Walkthrough and Charge Code Walk Through for Participants in preparation of Market Simulation
- Participants have participated successfully in one week of Market Simulation

	Complete
	No Delays
	Delay, but will not impact 3/31/08 go-live date. Contingency maintained, but at risk
	Delay, will impact program delivery and 3/31/08 Go-Live Date. Use of contingency funds

Internal Risks and Mitigations

Area	Risk	Mitigation
Transition of Applications/ Functions To Business Unit/IT	Transition and support plans for most applications are currently in various states of completion. Includes schedules, activities, and support agreements that are made with the Vendor or CAISO IT once the application or tool is delivered.	<ul style="list-style-type: none"> ■ Verify current efforts, status of transition plans and transition tracking at the project level. ■ Work with PMO to determine a standardized process to facilitate the communication of transition and support plans for all applicable business units.
Testing Schedule and Application Delays	Testing/ application delays directly impacted readiness activities. Business Units will not be able to complete deliverables targeted for August 31 (includes finalized to-be processes, job descriptions, operating procedures and development of on-the-job training)	<p>The Readiness Team will work with each applicable Business Unit to:</p> <ul style="list-style-type: none"> ■ Facilitate meetings with PMO, IT and/or Testing to create a schedule for: a) when their involvement in Testing or Market Simulation will occur b) when they can expect to receive applications/tools/functionality from either a vendor or IT. ■ Update and/or complete tasks and deliverables based on testing and application delivery schedules.
MRTU Process Development	New processes continue to be identified through various sources (e.g. result of resolution of gaps, issues, process walkthroughs, transition). A clear and timely approach to assign ownership and accountability for these processes has not been established.	<ul style="list-style-type: none"> ■ Track Enterprise PMO Process list against BU activities to verify pre and post-MRTU process owners. ■ Provide greater visibility to newly identified processes and (lack of) owners by incorporating into bi-weekly Process Governance reporting. ■ Continue to ensure tracking and integration of functional issues with process gaps/issues
60-Day Plan	Testing, Market Simulation and application delays have added Readiness activities to the 60-Day plan, prior to the Go-Live contingency period.	<ul style="list-style-type: none"> ■ Readiness Team will review and incorporate changes and new activities into the 60-Day Certification Plan.

The following list summarizes the remaining activities to be completed:

- Continue to work with CAISO's Internal Business Owners to develop detailed readiness status, deliverables, and actions to prepare for the next major readiness milestone (Build Phase)
- Finalize Phase 2 of MRTU Process Walkthroughs for 17 end-to-end processes
- Launch Phase 3 of MRTU Process Walkthroughs
- Begin planning and scheduling Final Follow-up Assessment for Market Participants

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 October 2007.

/s/ Susan Montana
Susan Montana