



California ISO
Your Link to Power

California ISO

Summer 2007 Preparedness

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Joint Agency
Energy Action Plan Meeting

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CALIFORNIA ISO HIGHLIGHTS

- Over 15,500 MW of **New Generation Capacity** added since 2000
 - 9,700 MW of Net new generating capacity (5,800 MW retired)
- Since 1998, 402 New Transmission Projects worth \$8.2 Billion approved by Board of Governors
 - 41 new projects approved worth \$3.2 Billion over last 13 months (thru Jan 2007)
- Total California ISO **Grid Reliability Costs** down by \$600 Million since 2004 due to new state policies providing resource adequacy, combined with new generation and transmission investments
- Wholesale Energy Costs**, adjusted for fuel costs, maintained record low levels with average costs for 2005 and 2006 reflecting the lowest costs in nearly 10 years
- 2006 marks the best year ever for California ISO compliance with Western Electricity Coordinating Council operating standards

All this, while the California ISO experienced a 1-in-57 year heat wave resulting in thin power reserves in July 2006

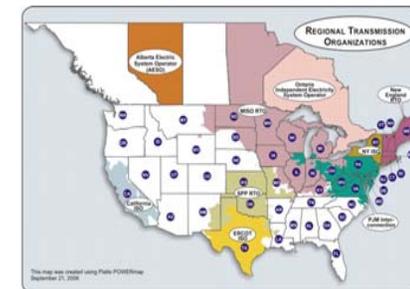
ISO COMPARISON: RESERVE MARGIN OUTLOOK THRU 2010

	2006	2007	2008	2009	2010
California ISO	23.7%	22.4%*	21.7%**	22.5%**	23.6%**
ERCOT***	16.9%	15.4%	12.0%	20.0%	24.0%
PJM	25.5%	21.7%	20.5%	19.8%	18.9%
ISO-NE	14%	13.5%	14.9%	13.1%	10.6%
NYISO	21.2%	24.1%	20.7%	19.4%	18.2%

* Source: California ISO 2007 Summer Loads and Resources Operations Assessment, March 8, 2007

** Generation and demand forecast provided by CEC

*** Reserve Margin includes publicly announced thermal units



WHAT WE LEARNED FROM PREVIOUS YEARS

- 🌐 **Alignment and preparation by all parties is essential**
 - Proven by 2006 success
- 🌐 **Resource Adequacy (RA) forward procurement is key**
 - Meeting local & system needs
- 🌐 **Collaboration and team work between agencies**
 - Within California
 - Throughout Western Interconnect
- 🌐 **Conservation, Demand Response, and Interruptible programs are important**
 - Provide essential load-relief at critical times

SUMMER 2007 RESOURCE OVERVIEW

Generation

- California ISO generation additions are approximately 510 MW by Summer

Imports

- System import capability for 2007 is unchanged from 2006

Demand Response (DR) and Interruptible Programs

- Approximately 450 MW added since summer 2006 (adjusted)

Net 960 MW Impact is approximately 1-years load growth

SUMMER 2007 PREPAREDNESS ACTIONS

- **Continue to identify trouble spots and develop solutions**
- **Engage stakeholders through Long Term Procurement Process (LTPP)**
- **Coordinate with statewide “Flex Your Power NOW!” Program**
- **Complete transmission upgrades**
- **Meet with industry representatives on supply and demand outlook and generator readiness**
- **Perform readiness and communication review of DR & Interruptible programs**
- **Complete summer training of California ISO and industry representatives**
- **Assess and monitor utility procurement plans to meet summer demands**