California Electricity
Supply/Demand Outlook

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Resource Adequacy Is Not a New Concept…

…and will be a major driver for future energy policy development.
The “Island” of California
The island of California no longer exists in the energy world!
California Electricity Supply/Demand Assessment
Summer 2004

MegaWatts

- Emergency Response Programs/Interruptibles
- Spot Market Imports
- High Probability Additions- Only counts plants deemed 75% or better chance of being built.
- Net Firm Imports
- Existing Generation (reflects adjustments for retiring units and both forced & planned outages)
- 1-in-10 Summer Temperature Demand (Hot)
- 1-in-2 Summer Temperature Demand (Normal)
The Hydroelectric Outlook is Adequate for This Year

- California reservoir levels are presently at 85% of normal, 75% in the Pacific Northwest.
  - State and Federal dam managers began the year with excess water in the state’s reservoirs.
  - Much of the early snowpack runoff was retained in the reservoir system.
  - Water levels will be managed accordingly to meet summer peak demand.
Wind Energy Potential Will Drive Development of Renewable Resources in California….

- Approximately 2,000 MW of wind capacity currently operating in California.
- 4500 MW technical potential in the Tehachapi region.
- Problem: Which comes first: transmission lines or generation?
• High natural gas prices continue to be a national problem.

• California natural gas prices have exceeded $5.00 per MMBtu for most of this year.

• California is actually doing better than the rest of the nation.
  – Main reason: infrastructure enhancements and efficient use of storage.