



California ISO



February 3, 2021

The Honorable Chris Holden
Chair, Assembly Committee on Utilities and Energy
State Capitol Building
Sacramento, CA 95814

Dear Chair Holden:

We write to provide you with the third monthly report on actions our respective organizations are taking ahead of this summer in response to the August 2020 extreme heat wave and rotating outages. The actions summarized below are those the California Public Utilities Commission (CPUC), California Energy Commission (CEC) and California Independent System Operator (CAISO) have taken since our last monthly report submitted to you on January 11, 2021.

As you are aware, on January 13, our organizations published the Final Root Cause Analysis of the August 2020 events. The actions summarized below are part of various stakeholder processes we have respectively initiated in coordination to address the recommendations of the Final Analysis. Our organizations are also engaging through informal venues with stakeholders, including those representing the supply-side and demand-side resources which will play a critical role this summer.

In addition, given the interest from legislative stakeholders regarding the role the expansion of load serving entities (LSEs) may have contributed to the under-scheduling issues of August 14 and 15, we would like to highlight here that the Final Analysis provides a disaggregated under-scheduling analysis grouped by LSE type that was not available when the Preliminary Analysis was developed. This analysis demonstrates that under-scheduling was occurring across all LSE types, which suggests that the expansion in the number of LSEs did not contribute to the under-scheduling issues observed in the day ahead market. The Final Analysis also notes the CAISO's survey of the majority of LSEs regarding this issue and that none reported an intentional strategy of under-scheduling load in the day ahead market.

The following are actions and efforts since our last report:

Actions to Support Summer 2021 Reliability

- **CPUC Expedited Procurement Proceeding:** On January 8, the CPUC issued a Proposed Decision in its Expedited Procurement proceeding directing Pacific Gas & Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to seek contracts for additional power capacity that is available during the net peak hours for summers 2021 and 2022. The IOUs must present contracts meeting the requirements of the directive to the CPUC by February 15. In addition, the CPUC is considering party testimony filed January 11 in which parties presented proposals for demand-side measures and other program changes the CPUC could adopt by April 2021 that could further reduce net peak demand by summer 2021.
- **Summer Readiness Stakeholder Call** – On January 19, the CAISO held a public stakeholder call to discuss the findings of the Final Root Cause Analysis and provide stakeholders with an update on readiness efforts to improve grid reliability in anticipation of hot weather conditions expected in summer 2021. The presentation from the call can be found here on the CAISO website: <http://www.caiso.com/Documents/Presentation-2021SummerReadinessUpdateCall-Jan19-2021.pdf>
- **Summer 2021 Readiness Initiative** – The CAISO hosted workshops on January 12 and 13 to share information on topics related to potential market enhancements, including export and load scheduling priorities and the Western Energy Imbalance Market's (EIM's) resource sufficiency evaluation. Stakeholders were invited to present, and the CAISO heard presentations from Idaho Power and Powerex. The CAISO requested stakeholder input, posted its straw proposal presentation on January 26 and held a stakeholder meeting on January 27 to discuss the proposal. The proposal includes how the CAISO proposed to prioritize load and exports, as well as several enhancements to provide enhanced price signals during tight supply conditions to attract additional supply.

Actions to Support Mid- and Long-Term Reliability

- **CEC 2020 CA Electricity Demand Update:** The CEC adopted the California Energy Demand 2020-2030 Forecast Update at its January 25 business meeting. This update to the previously adopted electricity demand forecast incorporates an additional year of historical data, more recent economic and demographic outlooks, and revised vehicle electrification, self-generation and battery storage forecasts. It also includes revised hourly and monthly peak electricity demand for the CAISO control area.

In addition to the standard peak forecasts (1-in-2, 1-in-5, 1-in-10 and 1-in-20 probability weather scenarios), the 2020 forecast update also includes a 1-in-30 peak forecast (reflecting a low probability weather scenario similar to the heat storm experienced in August of 2020) for situational awareness and to help support future planning improvements.

Thank you, again, for the opportunity to provide this report. If you or committee staff have any questions regarding this report, please do not hesitate to contact any of our respective government affairs representatives: Grant Mack (Grant.Mack@cpuc.ca.gov), Barry Steinhart (Barry.Steinhart@energy.ca.gov), or Quentin Foster (QFoster@caiso.com).

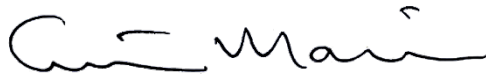
Sincerely,

A handwritten signature in blue ink that reads "Marybel Batjer". The signature is fluid and cursive.

Marybel Batjer
President, California Public Utilities Commission

A handwritten signature in black ink that reads "David Hochschild". The signature is cursive and somewhat stylized.

David Hochschild
Chair, California Energy Commission

A handwritten signature in black ink that reads "Elliot Mainzer". The signature is cursive and clear.

Elliot Mainzer
President & Chief Executive Officer, California Independent System Operator