

Memorandum

To: Operations Committee
From: Tom French, Manager of Grid Assets
Armando Perez, Vice President of Planning & Infrastructure Development
Date: April 13, 2006
Re: ***California ISO 2006 Summer Operations Assessment***

No Board action is required at this time.

EXECUTIVE SUMMARY

The California ISO (ISO) is pleased to provide you the attached 2006 Summer Loads and Resources Operations Assessment. This assessment forecasts the ISO Control Area's expected peak electricity supply and demand levels for summer 2006 under "most likely" system conditions. The ISO must prepare for a reasonable range of probable conditions. The 2006 Summer Loads and Resources Operations Assessment is intended to provide information that reflects a reasonable range of operating conditions the ISO must be prepared to handle.

A "most likely" system condition forecast includes expected "1-in-2" average temperatures, all major lines in service, most likely economic conditions, average generation outage rates, known generation retirements (Hunters Point and Mohave units), better than average hydro and most likely import conditions. An "adverse" condition forecast assume a probable change in system conditions that would either change supply and/or demand. Adverse events might include "1-in-10" high temperatures or an increase in generation outages or transmission outages that result in limiting transmission import capacity, or reduced import market availability. "Adverse" events represented in the attached 2006 Summer Loads and Resources Operations Assessment change supply and/or demand in the range of 2000MW to 5660MW. This range is based on an assessment of historical conditions experienced during summer peak months.

The ISO prepares an assessment of loads and resources before each summer season. The ISO team uses this report to help initiate actions to prepare the control room operators for potential reliability conditions that may exist in the upcoming season.

CONCLUSIONS

The ISO forecasts that the ISO Control Area and SP26 will have adequate resources available to meet most likely 2006 peak demand forecasts. However our greatest concern continues to be SP26, the southern sub-region within the ISO Control Area because of the level of dependence on imports.