

Memorandum

To: ISO Board of Governors
From: Steve Berberich, Vice President & Chief Operating Officer
Date: September 1, 2010
Re: **Operations Report**

This memorandum does not require Board action.

The real time operational highlights for the months of July and August are as follows:

Western interconnection open loop operation - On July 29, a wildfire in the Palmdale area of Southern California, the Crown Fire, burned under the three 500kV lines connecting the Pacific Gas & Electric Midway substation near Bakersfield and the Southern California Edison Vincent substation near Palmdale. Three times during the late afternoon and evening all three lines were forced out of service by the flames. This resulted in the California Independent System Operator Corporation-controlled grid being electrically open between the PG&E and SCE transmission systems. This condition also resulted in the Western Interconnection being in “open loop operation”. This operating situation has occurred only one other time in the history of the ISO, on March 21, 2003. Lessons learned from that event were later used in various training scenarios with other affected operating entities that focused on coordinated procedure development and improved energy management system displays. As a result, this event was managed efficiently and there was minimal impact to the bulk electric system. No firm load was shed; however, 518 MW of SCE interruptible loads (agricultural pumps and AC cycling) were curtailed for 30 minutes and prices spiked due to congestion in the area on July 29 and 30.

Increased demand due to high temperatures finally arrived the week of August 23. In addition, another fire resulted in two of the three lines going out of service. Control room personnel anticipated the loss and were prepared to reliably operate with the remaining line.

The new market systems have now been tested through real life scenarios and under high peak demand for the first time, performing as expected.

Control room - Operator roles and responsibilities are being aligned to ensure consistent functionality between all shifts.

Summer preparedness - July and August temperatures were generally below average, resulting in lower peak demand and electricity transmitted. In July there were four days that the load

demand exceeded 40,000 MW. Last year, there were 12 days in which the load exceeded 40,000 MW and in 2008 there were nine days.

Trans Bay Cable – Testing of the Trans Bay Cable will resume in September following further work to make the line fully operational.