



NEWS RELEASE

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ISO ASKS FERC TO STAY MARKET-BASED RATES FOR ANCILLARY SERVICES

ISO SUSPENDS TRADING FOR REPLACEMENT RESERVES

(Folsom, CA) --- In response to market instability over the weekend, California Independent System Operator (Cal-ISO) CEO Jeffrey Tranen today announced the suspension of all Replacement Reserves trading beginning today, July 13, for the Day-Ahead Market of operating day July 14. Tranen also said that the Cal-ISO will file an emergency request with FERC today, asking for a stay of the recent (date?) FERC order granting market-based rates for ancillary services to certain sellers.

"We have continued to see price spikes in the Replacement Reserves market since July 8; it's clear that there appears to be a lack of competition in that market which would balance out the prices," said Tranen. "In light of these facts the Cal-ISO has chosen to ensure reliability and support end users by taking these actions."

Tranen said that the Cal-ISO will acquire any necessary Replacement Reserves from reliability must-run units. Scheduling coordinators have been requested to bid any available capacity into the other ancillary services markets: Regulation, Spinning Reserve, and Non-Spinning Reserve. Replacement Reserves are defined as electricity generation reserved for the use of Cal-ISO on days when the Cal-ISO estimates that more electricity may be needed than that which was bought and sold by scheduling coordinators. Replacement Reserves must be made available to the Cal-ISO within one hour of its request to use them.

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