

Memorandum

To: ISO Board of Governors
From: Steve Berberich, President and Chief Executive Officer
Date: March 23, 2020
Re: CEO report

This memorandum does not require Board action.

ISO'S CORONAVIRUS RESPONSE

The ISO maintains a robust business continuity plan that, since 2015, has contained a pandemic response plan. The ISO was therefore well positioned to take the necessary steps to safeguard our staff and market participants, as well as maintain a reliable grid and effective markets, with the onset of the coronavirus. We have taken actions including allowing people to work offsite, isolating control room personnel and leveraging separation opportunities with the backup site. We have also created staffing strategies should key personnel become infected. Our focus during this time is to protect our staff and to ensure our primary missions of running a reliable grid and credible markets.

During this time, we expect to move forward with all policy initiatives, continue to manage the interconnection queue, and perform transmission planning to ensure California's ambitious de-carbonization goals remain on track. We are mindful that regulatory, permitting and financing conditions are experiencing unprecedented strain and are willing to consider adapting interconnection queue processes in the best interests of long-term success.

OVERALL SYSTEM CONDITIONS

Operating conditions have been normal for this time of the year with a large number of maintenance related generation and transmission. Temperatures have been very mild and, until the last two weeks, few storms have been impacting conditions. We experienced solar resource volatility due to cloud cover on several occasions, though, as the typical late winter cloud cover crosses over the solar fields. To manage those conditions, we issued operating instructions that resources not exceed their dispatch targets to reduce volatility and area control area swings. This has a broader benefit in helping dampen the area control error/frequency swings in the Western Interconnection.

RELIABILITY COORDINATOR CONDITIONS

From a Reliability Coordinator perspective, seasonal conditions have prevailed with no significant load or forced outages occurring. Between January 11 and January 19, a severe winter storm struck the Pacific Northwest. The RC worked closely with the impacted balancing authorities to manage outages including simultaneous 500kV line outages.

The ISO understands that some of the advanced tools continue to be challenged in providing good results because of underlying network model data issues. The ISO is working diligently to correct those issues with recent and expected model updates and a new monthly model update process.

ENERGY IMBALANCE MARKET IMPLEMENTATION

Plans remain in place for Seattle City Light and Salt River Project to go live on April 1, 2020. Both companies have done a great job of testing systems, simulating their participation and ensuring readiness to participate in the market. At the ISO and both companies, this has been a multi-year program and both companies are very ready to begin participating in the market as planned despite the coronavirus disruptions. We will provide remote support for the cutover in lieu of the usual onsite support.

REGIONAL DAY-AHEAD MARKET

The multiple sub-initiatives to stand up a regional day-ahead market continue to progress. The EIM Governance Review Committee has had several meetings and is assessing all of the comments received from interested parties. We expect the work of that committee to continue throughout the year. From a policy perspective, the market design processes are also moving ahead. We are mindful that there may be an overall slowdown on both processes as all grapple with unprecedented working conditions.

ENERGY IMBALANCE MARKET GOVERNING BODY APPOINTMENTS

We are pleased to welcome Robert Kondziolka as a newly appointed member of the Energy Imbalance Market Governing Body as well congratulate Anita Decker on her reappointment. We appreciate the diligent work the cross-sector nominating committee performed in bringing these two highly capable individuals to the Governing Body.

RENEWABLE ENERGY PRODUCTION

No new renewable production nor renewable penetration records have been set since the December CEO report. The most recent solar peak of 11,473 MW occurred on July 2, 2019

at 12:52 p.m. The most recent wind generation peak of 5,309 MW was set on May 8, 2019 at 3:50 a.m. The most recent renewable generation penetration peak was recorded on May 5, 2019 at 2:45 p.m. with 80.3% of load served by all renewables. For only wind and solar, the instantaneous peak load served was 70.4% also on May 5, 2019 at 2:46 p.m. For solar, the peak of 58.6% of load was on March 17, 2019 at 11:00 p.m., while wind was 26.4% on May 8, 2019 3:21 a.m.

MARKET SURVEILLANCE COMMITTEE RE-APPOINTMENT

Dr. Scott Harvey has served as a member of the ISO Market Surveillance Committee (MSC) since 2011. His term as a committee member expires on March 31, 2020. During his tenure on the MSC, Dr. Harvey has provided invaluable expertise and advice to the Board, the EIM Governing Body, ISO Management and staff on numerous issues relating to the operation of the ISO market.

The tariff requires that the ISO CEO, subject to approval by the Board of Governors, make appointments to the MSC. Therefore, I request that the ISO Board of Governors re-appoint Dr. Harvey as a member of the MSC and authorize execution of a contract for a three-year term.