

Memorandum

To: ISO Board of Governors
From: Steve Berberich, President and Chief Executive Officer
Date: October 29, 2015
Re: CEO report

This memorandum does not require Board action.

OVERALL CONDITIONS

High temperatures and challenging operating conditions have run well into October this year with corresponding high loads into what would normally be the beginning of maintenance season. Fires have also been intense this season, with the lingering drought and the Butte and Valley fires burning for several weeks. While the ISO monitored those fires closely, they never created a significant operational challenge. The summer peak of 47,358 MW occurred on Thursday September 10.

On September 20 at 1:02 pm, the ISO was directed by Peak Reliability (Peak) to perform a pre-contingency load shed of 150 MW in the San Diego area (approximately 4% of the SDG&E peak load at the time). The directive from Peak was based on the insufficiency of the sustained margin between San Diego's real-time imports and the operating limit. The ISO followed Peak's directive by first issuing an instruction to SDG&E to shed interruptible load (18 MW), followed by a subsequent instruction to shed firm load (150 MW). Prior to the load shed directive, a major generator in the San Diego area went offline due to air admission concerns, and the ISO increased local area generation to mitigate the impact. Nonetheless, operating limits were being approached and consistent with prudent grid operations to protect the grid, Peak made the load shed decision.

On October 13, the ISO implemented a restricted maintenance and warning due to higher than expected loads and loss of several hundred MWs of resources.

PacifiCorp/ISO Integration Benefits Report

On October 13, PacifiCorp and the ISO jointly rolled out a report describing the present value of benefits over 20 years resulting from combining the PacifiCorp and ISO balancing authorities. The benefits range from \$3.9 billion on the low end to \$9.6 billion on the high end and translate into lower costs for customers of both PacifiCorp and the ISO. These cost savings are largely associated with more efficient dispatch and commitment, lower peak capacity needs, more efficient over-generation management and renewable procurement

savings. Beyond these numbers, the integration also has significant carbon reduction opportunities both in California and beyond.

ENERGY IMBALANCE MARKET

The planned November 1 implementation of EIM for Nevada Energy (NV Energy) had to be postponed because not all of the necessary FERC orders had been issued. While FERC issued an order on the year one enhancements, other orders associated with NV Energy rates and readiness certification for market commencement, which are necessary in advance of implementation, remain under consideration. We are grateful to FERC for their diligence in sorting through the remaining filings and open issues and look forward to receiving the orders needed to allow the ISO and NV Energy to assess the next steps.

Successful EIM operations with PacifiCorp continue and the most recent quarterly benefits report indicates over \$30M in benefits for the first eleven months of operation. As a result of close collaboration with the Bonneville Power Administration (BPA), the available on peak dynamic transfer capability over the California Oregon Intertie has more than doubled, providing additional benefit potential and smoother operations. We are very appreciative of BPA's collaboration while respecting their need to maintain reliability and attend to commitments to their own customers.

RENEWABLE GENERATION

A new solar generation peak of 6,506 MW was established on September 17, at 14:01 p.m. The wind generation peak remains at 4768 MW set April 12, 2014.