



NEWS RELEASE

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Contact: Stephanie McCorkle
Director of Communications
1 (888) 516-NEWS

California Electricity Industry Gears Up For Summer *Conservation Encouraged During Peak Periods*

(Folsom, CA) If supply forecasts hold true and we see the type of summer we usually do, the California Independent System Operator (California ISO) predicts an adequate electricity supply this summer to meet a growing demand for power in the Golden State. However, consumers are asked to do their part. ISO power grid operators and state energy officials as well as local utilities will count on consumers to pitch in and conserve electricity if there is a lengthy heat wave or supplies do not materialize.

Working closely with the California Energy Commission and the California Public Utilities Commission, the California ISO released its 2005 Summer Assessment today (available at www.caiso.com). The California ISO also announced a "Hot Day Grid Simulation" for this spring to test the grid in preparation for summer.

The electricity industry in California is bringing on additional generation, upgrading transmission facilities, and enhancing programs that can reduce the demand for energy when reserves get tight. Preparing for summer grid conditions has been a coordinated effort.

- Industry has identified and contracted for additional electricity supplies
- Transmission owners are set to complete critical transmission upgrades to relieve bottlenecks
- ISO will hold Summer Workshop training series for ISO and industry dispatchers so they are familiar with summer operating procedures
- *Save-A-Watt* Voluntary Load Reduction Program in place, with industry associations ready to call on their members to curtail electricity usage when asked to do so.
- *Flex Your Power NOW!* media bulletins will let consumers know when conserving electricity will help out the grid

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SUMMER ASSESSMENT-2-2-2

The summer assessment looks at differing scenarios for energy demand; a “one-in-two” scenario that occurs roughly half the time and represents a typical summer, and a much less common “one-in-ten” scenario that indicates a long, intense and west-wide heat wave that drives demand for power, shrinking reserve margins.

The report also recognizes the difference between “planning” and “operating reserves”. Utilities often procure between 15-17 percent more than they think their peak demand will be in a given month. That planning reserve takes into account unexpected outages of power plants and transmission lines and helps ensure that the ISO will have the required operating reserves of about seven percent as it moves into “real time” operations.

“California's strong economic growth means more jobs and increased revenues for the state. But with the fantastic economic recovery brings increased demand for electricity. We are working hard to build more power plants and more transmission lines, but on hot summer days, the people must also pitch in and conserve electricity. Energy conservation not only helps keep the lights on, but helps reduce energy costs for all customers,” said Governor Schwarzenegger.

“We’re working closely with every utility, every state agency, every generator-owner to ready the grid for this summer,” said ISO Board Chair Ken Wiseman.

“To promote energy conservation and efficiency, the state’s Energy Action Plan ensures that utilities are implementing a “loading order” when soliciting energy resources. The loading order prioritizes resources to emphasize energy conservation, resource efficiency and reducing per capita demand on the demand side of the equation and favors renewables over fossil-fueled resources on the supply side,” said Steve Larson, Executive Director of the CPUC.

“With Mother Nature’s help, we should have sufficient energy to meet demand this summer, but we will turn to consumers to do their part to reduce demand to help us get through the peak periods,” said ISO President and CEO Yakout Mansour. “When you hear a “Flex Your Power NOW!” bulletin—that means its time to cut back on electricity use.”

Demand for energy in California is growing at nearly four percent annually. Last summer the peak demand record set in 1999 was broken seven times, topping out at 45,597 megawatts on September 8. That record will most likely fall again this summer. If we experience typical summer conditions, the ISO estimates a surplus of 3,382 megawatts system wide. If adverse conditions occur, the system wide control area could see an 800-megawatt deficiency.

“Conserving power can be as easy as setting your air conditioning thermostat a few degrees higher, turning off unneeded lights and appliances, and postponing the discretionary use of electricity until after the peak demand is over.” said Vice Chair of the Energy Commission Jackalyn Pfannenstiel. “Just as you avoid rush hour traffic, try to avoid the power rush hour in the late afternoon.”

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SUMMER ASSESSMENT-3-3-3

More energy conservation ideas can be found at www.fypower.org. The ISO's www.caiso.com has more tips for conserving electricity between the hours of 3 –6 p.m. on hot days. Clicking on the “System Conditions” link on the home page will give you access to quick tools for tracking grid conditions.

During the summer, the ISO also offers an audio version of “Today’s Outlook.” Call the ISO’s news hotline at 888-516-NEWS for an audio message about the expected grid conditions, tips for conservation and energy efficiency, and other pertinent information.

The California ISO is a not-for-profit public benefit corporation charged with managing the flow of electricity along California’s open-market wholesale power grid. The mission of the California ISO is to safeguard the reliable delivery of electricity, and ensure equal access to a 25,000 circuit miles of “electron highway”. As the impartial operator of the wholesale power grid in the state, the California ISO conducts a small portion of the bulk power markets. These markets are used to allocate space on the transmission lines, maintain operating reserves and match supply with demand in real time.

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