

NEWS RELEASE

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California ISO Summer Outlook: Power Supply Adequate *Demand Response and Conservation Remain Important*

(Folsom, CA) Power supplies are adequate and blackouts are not likely for California this summer, according to the California Independent System Operator Corporation (California ISO). However, as the demand for electricity continues to soar, voluntary conservation will continue to be an important part of balancing the supply and demand for electricity.

“We will count on consumers to do their part to reduce electricity use on peak days when the California appetite for megawatts rises with the mercury,” said California ISO Vice President of Operations Jim Detmers. “New power plants, transmission additions and demand response resources will help us keep pace with load growth, but margins will be tight on peak days, especially in Southern California.”

The 2007 Summer Assessment (available at <http://www.caiso.com/1b95/1b95abb649df4.pdf>) will be presented to the ISO Board of Governors today showing that an estimated 700 megawatts in new generation will be added to the ISO control area this year in addition to about 230 megawatts in new demand response programs. The new resources roughly equal the growth in electricity demand occurring since last summer.

The ISO Summer Assessment indicates that base load—the average demand for power—has grown nearly 1,000 megawatts as compared to last summer. Under the most likely scenario, the peak demand this summer is expected to reach 47,847 megawatts. Last year’s historic peak demand of 50,270 megawatts on July 24 was about 4,000 megawatts higher than anticipated due to extreme temperature conditions.

Close coordination and cooperation from others in the industry, including the Flex Your Power NOW! conservation campaign, helped the California ISO meet the all-time record high peak.

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The California Public Utilities Commission’s new resource adequacy requirements help line up megawatts ahead of when they are needed and will provide the necessary contracted power to help “keep the lights on” this summer.

“The entire industry including independent generators, municipal utilities, regulatory agencies, demand response customers and investor-owned utilities all worked in concert to manage what we now know was a one-in-57-year heat wave last summer,” said Detmers. “We continue to see our industry work together as we head into this summer.”

The California ISO is planning its annual pre-summer training program that brings together operators from generators, utilities and other control areas around the West. The operators go through a weeklong session to prepare for the coming summer conditions.

Demand response will also play a role this summer. “Reducing demand on the system at the right time works just like adding generation and is an economical resource we can count on in California,” said Detmers. “Actions taken by consumers when they hear the Flex Your Power NOW! conservation alerts will also help us on days when reserves are narrow.”

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 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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