



NEWS RELEASE

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ISO Board Names Special Review Committee *Outside Firm Will Review Transactions with CERS*

(Folsom, CA) The California Independent System Operator (ISO) Board of Governors has created a special committee of the Board that will oversee a review of transactions conducted with the California Department of Water Resources energy scheduling group. The committee will hire an independent investigator to look into the transactions and issue a report to the Board, and to ISO Management.

“The ISO’s initial assessment of the transactions that have been called “questionable” by a State Senator is that they are entirely reasonable and they were conducted within market rules to keep the grid stable,” said Michael Kahn, Chairman of the Board. “But we want to make sure that initial assessment is correct and complete.” Kahn added that he has confidence in the ISO’s management, but feels an independent and comprehensive review of the facts is essential given the seriousness of the allegations.

The California ISO—as the impartial operator of the wholesale power grid in the state—conducts a small portion of the bulk power markets. These are limited to markets used to allocate space on the transmission lines, maintain operating reserves and match supply with demand in real time. Most of the state’s energy needs are procured through short- and long-term contracts or generated from power plants owned by utilities and are scheduled the day ahead into the ISO, which is responsible for obtaining energy and reserve capacity to keep the grid in balance closer to when the electricity is consumed.

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