



Memorandum

To: ISO Operations Committee
Cc: ISO Board of Governors, ISO Officers
From: Mark Rothleder, Director of Market Operations
Date: June 8, 2005
Re: *2005 Peak Day Simulation Report*

This memorandum is a transmittal letter. No decision requested.

On Tuesday May 3, 2005, the California ISO and its Scheduling Coordinators initiated a 2005 summer peak day simulation in an attempt to gain additional operational insight into the quantity and deliverability of supply arranged to meet the expected peak load conditions this summer. This was essentially a test of the CAISO Control Area's ability, using both transmission and generation, to meet this summer's peak hourly demands under varying temperature scenarios. This was a collaborative effort, the CAISO working with its market participants, to better prepare for what will most likely be a challenging summer.

In summary, sufficient supply is available to meet the expected peak demand. However, additional generation capacity may need to be secured by load serving entities before Real-Time or the CAISO in Real-Time to meet the necessary operating reserve margins to avoid a system emergency during peak load conditions in combination with a significant loss of transmission or generation. The overloading of transmission lines did not appear to be a significant factor limiting the ability to deliver supply. Because of the simulation, the CAISO and stakeholders are better informed and as a result are better positioned to take actions necessary to increase the certainty that CAISO can respond to conditions that could conceivably deplete operating reserve margins without requiring curtailments of service to end use customers.

Attached for Board Members is a copy of the 2005 Peak Day Simulation report.