

# Memorandum

**To:** ISO Board of Governors

**From:** Laura Manz, Vice President of Market and Infrastructure Development

**Date:** May 8, 2009

**Re:** **Briefing on the 2009 Summer Loads and Resources Operations Preparedness Assessment**

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*This memorandum does not require Board action.*

## EXECUTIVE SUMMARY

The attached *2009 Summer Loads and Resources Operations Preparedness Assessment* (summer assessment) presents the expected supply and demand conditions for the 2009 summer peak demand period. The assessment facilitates the California Independent System Operator Corporation (the ISO) planning and preparation for the upcoming summer season. To achieve this, the summer assessment:

1. Examines the potential impact of continued drought conditions on hydroelectric generation for the 2009 summer period;
2. Forecasts ISO peak demand, taking into account the current recession;
3. Reviews risk to both the northern and southern regions of the ISO system, under various predictable operating conditions using a low hydroelectric supply scenario developed for this process;
4. Discusses any potential for firm load interruptions, based upon the range of probable outcomes for key operating conditions; and
5. Provides the ISO and interested stakeholders an assessment of the load and resource picture for the ensuing summer season.

## EFFECT OF DROUGHT, ECONOMY AND RISK

Overall power supplies are impacted by the current drought conditions. However, the risk to system and local reliability is manageable. The lower hydroelectricity conditions are more than offset by the downturn in the economy, which is expected to lower demand for electricity, and the addition of roughly 1,500 MW of new generation. Consequently, the degree of risk associated with summer 2009 grid operation is

improved over that of summer 2008. Additionally, the ISO noted higher import power levels last summer and expects the higher level of imports to continue during the 2009 summer period. With the continuing drought, the resulting low hydro conditions will make the historical availability of imports even more critical to meeting summer peak demand. While the probability of shedding firm load is low, the ISO, as usual, is prepared to activate all necessary contingency measures under adverse supply and high load conditions. This includes triggering new and existing demand response programs, the bulk of which are now accessible prior to an electrical emergency declaration.

## **CONCLUSION**

Supply for the summer 2009 is adequate to handle a broad range of operating conditions but system operations will be challenging at the extremes and this is when the ISO will count on approximately 2,000 MW of demand response programs and the Flex Your Power conservation program that typically produces 500 – 1,000 megawatts in electricity savings. As usual, the need for the historical levels of imports into southern California under a variety of conditions is essential to maintaining adequate supplies as well as to northern California during high demand and/or high outage conditions to overcome the adverse hydro conditions. Conservation and demand response programs will continue to be important this summer. The ISO will continue its summer preparation efforts, which include hosting summer training workshops with generators, transmission owners, and other balancing authorities in the West to prepare for adverse conditions that result in low operating reserves.