



# Memorandum

**To:** ISO Board of Governors

**From:** Keith Casey, Vice President, Market & Infrastructure Development

**Date:** May 10, 2010

**Re:** **Briefing on the 2010 Summer Loads and Resources Operations Preparedness Assessment**

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*This memorandum does not require Board action.*

## INTRODUCTION

The attached 2010 Summer Loads and Resources Operations Preparedness Assessment presents the expected supply and demand conditions for the 2010 summer peak demand period. The summer assessment provides the California Independent System Operator Corporation and interested stakeholders an assessment of the load and resource picture for the ensuing summer season, which helps us and market participants in planning and preparing for the upcoming summer season. To achieve this, the summer assessment:

- Forecasts ISO peak demand, taking into account scenario forecasts of future economic impacts of the current recession;
- Develops the expected generation and imports over a range of predictable operating conditions as well as specific operating scenarios;
- Reviews risk to the ISO system and the northern and southern regions under these operating conditions and scenarios; and
- Discusses any potential for firm load interruptions, based upon the range of probable outcomes for these operating conditions.

## CONCLUSION

For a second consecutive year the probability for firm load shedding remains at low levels, less than 1% for the ISO as a system, as the recession continues to reduce peak demand loads. Consequently, supply for the summer 2010 is adequate to handle a broad range of operating conditions. System operations could be challenging under extreme conditions, but the ISO

will count on 2,400 MW of demand response programs and the Flex Your Power conservation program when necessary. The need to maximize imports into southern California under a variety of conditions as well as to northern California during high demand and high outage conditions continues to be essential for maintaining reliability.

Other key findings in this year's assessment include:

- Hydro conditions for 2010 have improved with the statewide average snow water content measured at 150% of historical average as of May 3, 2010. However, the same El Nino weather pattern that brought above normal precipitation to California produced below normal precipitation in the Pacific Northwest. While this lower hydro availability will reduce overall imports from this region, there should be enough surplus generation in the northwest during California peak load periods to produce typical imports levels as northwest loads are lower due to the recession.
- An additional 1,760 MW of new generation is expected to come on line between the beginning of last summer and by June 1, 2010. Of that amount, 674 MW have reached commercial status and 1,086 MW have yet to come on line but are expected to by this summer. The 1,760 MW consists of 1,680 MW of thermal generation and 80 MW of renewables, with 1,727 MW located South of Path 26 and 33 MW North of Path 26.
- The ISO developed peak demand forecast of 47,139 MW is 2.9% above last summer's peak, which used Moody's Economy.com's forecast of gross domestic product as the economic indicator. This 2.9% increase represents a modest economic recovery over 2009.

While the findings of this assessment are favorable, the ISO will conduct a thorough set of summer readiness activities in keeping with normal practices. These include hosting summer training workshops with generators, transmission owners, and other balancing authorities in the West to prepare for conditions that result in low operating reserves.