

Memorandum

To: ISO Board of Governors
From: Steve Berberich, President and Chief Executive Officer
Date: September 24, 2020
Re: CEO report

This memorandum does not require Board action.

ISO'S CORONAVIRUS RESPONSE

ISO operations are generally continuing as normal with the bulk of the staff working remotely since March. All staff are screened upon entering the building and no visitors are permitted at this time. We are continuing to segregate control room personnel from others that must work in the building. Until there is a vaccine, significant diminishment of the spread, or therapeutics that render COVID-19 relatively harmless, we expect to remain in a conservative operating posture until further notice.

To date, we have had two positive cases both in contract staff. Both individuals were quarantined, adjacent staff was tested, and both have since tested negative for the virus and returned to work. No other positive tests have been reported.

OVERALL BALANCING AREA SYSTEM CONDITIONS

The summer was relatively mild until the last half of August and first two weeks of September, when record breaking temperatures were experienced across California and the Western U.S. Flex Alerts, Restricted Maintenance Operations, Alerts, Warnings, Stage Emergencies, and firm load shed were all utilized to manage the high load days and maintain reliability. The ISO set a year-to-date peak load of 47,236 MW on Sunday, September 6.

On August 14 and 15, the ISO directed firm load shedding of 1,000 MW and 500 MW respectively when demand outstripped available energy supplies. The ISO, CEC and CPUC are all collaborating on a root cause analysis of those load sheds which we intend to share publicly. We do know that overall supply conditions were the principal issue during those days, but, we are also looking at imports/exports, scheduling practices and availability of units.

On August 17, 18 and 19 and again over the Labor Day weekend, loads as high as 50,000 MW were forecast which would have likely led to further load shed had major efforts not been made to reduce load and call for urgent conservation. In particular, the Chair of the

CEC, the President of the PUC and key governor's office staff worked tirelessly to coordinate load shifting and reduction efforts. We are deeply appreciative of all that were willing and able to reduce their load during these stressed conditions.

Fires caused reliability issues between September 4 and September 7 when multiple transmission lines were forced out of service due to fires which resulted in generation being disconnected from the grid. Fires will remain a threat to the grid until the first rain storms arrive.

Multiple utilities began activating their Public Safety Power Shutoff (PSPS) programs in early September due to high winds and dry vegetation. The circuits de-energized were largely confined to sub-transmission and distribution circuits and, while some generation was cut off, no reliability issues occurred beyond the PSPS areas.

RELIABILITY COORDINATOR CONDITIONS

RC West experienced region-wide hot summer conditions with high loads resulting in a number of capacity events across multiple balancing areas. Additional system impacts occurred due to wild fires in California, Oregon, and Arizona.

During those unusually high load conditions, a number of balancing authorities went into emergency alert status because of tight supply conditions. These included:

- California ISO (6 times)
- Imperial Irrigation District (2 times)
- NV Energy (1 time)
- Turlock Irrigation District (1 time)

RC West set an historical peak load of 127,631 MW on August 17th in the 6:00 pm hour (Records start November 1, 2019).

EIM GOVERNANCE REVIEW COMMITTEE

The EIM Governance Review Committee (GRC) is an advisory committee charged by the Board and the EIM Governing Body with developing proposed refinements to the current governance of the EIM. The GRC issued a Scoping Paper in January, and following receipt and discussion of stakeholder comments, established four smaller working groups of GRC members divided by the same categories established in the Scoping Paper, to develop recommendations.

The GRC issued a Straw Proposal in July with proposals considering what changes to make under either the current market structure (the "EIM-only" scenario) or under a scenario in which a day-ahead market is added to the current EIM market structure (the "EDAM"

scenario). In addition, they developed a set of general principles that the GRC will use to guide its work.

The GRC received 19 sets of comments on the Straw Proposal and held a public meeting on September 15 to review and discuss stakeholder's comments. The chair of the GRC, Therese Hampton, will continue to provide updates on its work to both the Board and EIM Governing Body at each of their public meetings. The GRC's next step will be to develop a revised straw proposal that considers this input with the goal to complete this process and publish a draft final proposal by the first quarter of 2021. The Board and EIM Governing Body will consider this proposal in a joint meeting.

RENEWABLE ENERGY PRODUCTION

No new renewable energy production marks were set since the last Board Meeting. The most recent solar peak of 12,016 MW occurred on 6/29/20 at 12:32 p.m. The most recent wind generation peak of 5,309 MW was set on May 8, 2019 at 3:50 a.m. The most recent renewable generation penetration peak was recorded on May 5, 2019 at 2:45 p.m. with 80.3% of load served by all renewables. For only wind and solar, the instantaneous peak load served was 70.4% also on May 5, 2019 at 2:46 p.m. For solar, the peak of 58.6% of load was on March 17, 2019 at 11:00 p.m., while wind was 26.4% on May 8, 2019 3:21 a.m.

CEO TRANSITION

September 29 is my last day as the President and CEO of the ISO. On September 30, Elliot Mainzer will become the new President and CEO of the ISO. I wish Elliot and all of those at the ISO all my best for a bright, world-leading future.