

# Memorandum

**To:** ISO Board of Governors  
**From:** Steve Berberich, President and Chief Executive Officer  
**Date:** February 2, 2016  
**Re:** CEO report

---

***This memorandum does not require Board action.***

## OVERALL CONDITIONS

Normal winter operating conditions are in effect. As usual, we are experiencing low loads, numerous maintenance outages, and new transmission lines coming into service.

Coordination between the ISO and gas system operators remains good. For example, during the evening of December 28, Southern California Gas Company (SoCal Gas) asked the ISO to reduce generation at Mountain View by 400 MW and to hold Walnut Creek at its current output of 200 MW due to low gas pipeline pressure. This was caused by severe weather conditions in Texas and New Mexico, which affected gas production and interstate pipeline operations.

## ALISO CANYON GAS STORAGE LEAK

As is well known, the Aliso Canyon natural gas storage facility in Southern California is the site of a large gas leak significantly impacting many of the people that live and work in the area. The facility is a key part of the gas system, serving gas customers in the LA Basin, including gas-fired power plants. On January 6, Governor Brown issued a Proclamation of a State of Emergency that included two directives related to possible impacts on the electric system:

- (1) The Division of Oil, Gas and Geothermal Resources is to continue its prohibition on injecting gas into the storage facility until a comprehensive review of the storage and wells and air quality in the area is complete; and
- (2) The CPUC and CEC are to coordinate with the ISO to “take all actions necessary to ensure the continued reliability of natural gas and electricity supplies... during the moratorium on injections...”

Study work is underway involving the ISO, both commissions, SoCal Gas Company, and the Los Angeles Department of Water and Power. It will lead to an action plan addressing identified summer 2016 or winter 2016-2017 gas or electric reliability risks.

## **MARKET PARTICIPATION OF DISTRIBUTED RESOURCES**

At this Board meeting, Management will present a proposal to the Board that expands the ability of distributed resources to participate in the ISO's market. As distributed resources continue to grow on the grid, it's critical to leverage them in managing the bulk power system rather than unnecessarily duplicating resources. The ISO seeks to provide a platform for distributed resources to offer their services in the wholesale market while working closely with regulators and the utilities to better define how the transmission/distribution interface will work. In a world of distributed resources the ISO understands the need to respect the requirements for distribution system operators to potentially use those same resources for managing their increasingly more complicated systems.

## **ENERGY MANAGEMENT SYSTEM REPLACEMENT**

The ISO's energy management system (EMS) no longer meets our needs nor fits into our technology strategy of advancing our systems to support renewables and operate in a more complicated environment. Management is proposing a project, for the Board's consideration, that will replace the current system with a more modern and flexible EMS but will also replace a host of disparate systems interfaces into consolidated displays for the operators. This better enables the operators to respond to changing conditions without having to navigate through several systems. This multi-year project will be closely managed to ensure budget and schedule discipline.

## **LEADERSHIP CHANGES**

Karen Edson, the ISO's Vice President of Policy and Client Services, has announced her intent to retire as of April 1, 2016. We will miss Karen in so many ways and congratulate her on her accomplished career, including the contributions she has made to the ISO in terms of improved customer care, strategic thought, and vastly improved regional reputation. She is truly a revered advisor.

Consistent with our strategic focus, Karen will be replaced by two vice presidents, Stacey Crowley and Tom Doughty. Stacey will be responsible for the ISO's growing regional portfolio as well as our national affairs. Tom will take over customer care, media relations and all California affairs such as our relations with the California Public Utilities Commission and the California Energy Commission - relations we consider extraordinarily important in carrying out the State's ambitious energy policy.

## **ISO BOARD**

We are pleased to note that on January 12, 2016, ISO Board Members Dave Olsen and Mark Ferron were reappointed by Governor Brown. We truly appreciate what they have brought to the Board and look forward to our continued work with them.

## **RENEWABLE GENERATION**

Solar Generation peak remains 6,506 MW established on September 17, 2015 at 2:01 p.m.  
Wind generation peak remains at 4,768 MW set April 12, 2014 at 5:48 p.m.