



NEWS ADVISORY

FOR IMMEDIATE RELEASE
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News Teleconference Call Today Regarding ISO Board of Governors Vote on Market Design 2002 Plan

(Folsom, CA) The California Independent System Operator Board of Governors voted unanimously Thursday, April 25, 2002 to approve Management's recommendations for a hypothetical comprehensive Market Design that moves the California markets to model Federal Energy Regulatory Commission's (FERC's) proposed Standard Market Design. ISO Board Chair Michael Kahn will hold a news teleconference today, Friday, April 26, 2002 at 10:00 a.m. PST (see details below).

The Comprehensive Market Design provides greater price transparency for users of the California grid, and provides for greater reliability in the ISO's operation of the electric transmission system. The ISO Board voted yesterday to reconsider the entire design when California's electricity markets are returned to a stable condition. The elements of the design include the following elements as described in the Board documents posted on www.caiso.com under "Public Info:"

- a) Firm Transmission Rights (FTR)
- b) Day Ahead Congestion Management
- c) Forward Spot Energy Market
- d) Ancillary Services Market
- e) Residual Unit Commitment
- f) Real-time Economic Dispatch Using Full Network Model (LMP), subject to reevaluation upon receipt of sufficient data
- g) Bid Mitigation for Local Reliability Needs
- h) Penalties for Excessive Uninstructed Deviations

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Market Design Vote 2-2-2

The Board also approved Management's recommendation for a hypothetical Available Capacity Obligation (ACAP), as an integral part of the Comprehensive Market Design that places the requirement on Load Serving Entities (LSE) to make available sufficient capacity to the ISO so that expected energy demand can be met. The Board also voted to make this subject to reconsideration when California's electricity markets are returned to a stable condition with the caveat that a joint state agency task force proposal be fully evaluated for incorporation into any ACAP design and that any ACAP give full credit to any contracts endorsed by the state.

The California ISO—as the impartial operator of the wholesale power grid in the state—conducts a small portion of the bulk power markets. These are limited to markets used to allocate space on the transmission lines, maintain operating reserves and match supply with demand in real time. Most of the state's energy needs are procured through short- and long-term contracts or generated from power plants owned by utilities and is scheduled the day ahead into the ISO, which is responsible for obtaining energy and reserve capacity to keep the grid in balance closer to when the electricity is consumed.

REMINDER

MDO2 Media FYI Schedule

TODAY, Friday, April 26 10:00 a.m. (PST) Call In Access Only: <u>877 381-5438</u> Passcode: ISO News	Post-Vote MDO2 News Teleconference <i>Michael Kahn, ISO Board Chair</i> <i>Steve Greenleaf, ISO Director of Policy</i> <i>(MD02 Project Manager)</i>
Wednesday, May 1 1:30 p.m. (EST) National Press Club/Holeman Lounge 529 14 th Street, NW Washington, DC Call In Access: <u>877 381-5438</u> Passcode: ISO News	MDO2 FERC Filing/News Conference <i>Terry Winter, ISO President & CEO</i> <i>Lorenzo Kristov, Manager of Market Design</i>

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