

Memorandum

To: ISO Board of Governors
From: Eric Schmitt, Vice President, Operations
Date: October 20, 2011
Re: **Operations Report**

This memorandum does not require Board action.

The real time operational highlights since the last Board report are as follows:

Overall Conditions

The late summer early fall operating conditions are as expected for this time of year. The most significant load conditions were during five consecutive days in August with loads over 40,000 MW (including one Saturday). In September, there were three consecutive days with peak demand greater than 40,000 MW.

Fortunately, wild fires did not become a significant factor in grid operations during August and September. We continued our coordination efforts with Cal Fire and Forest Service fire officials to quickly report fires that threaten transmission lines.

Noteworthy Grid Events

On Thursday afternoon, September 8, the Pacific Southwestern area of the Western Interconnection was subjected to a series of events during an 11 minute period that started at 3:27 p.m., which resulted in the interruption of service to approximately 2.78 million customers. This represented 7,890 MW of load within the service territories of Arizona Public Service (APS), Comision Federal de Electricidad (CFE), Imperial Irrigation District (IID), San Diego Gas & Electric (SDG&E), and Western Area Power Administration – Lower Colorado Region (WALC). Generating units that were loaded to a total of 7,032 MW tripped off during this disturbance. The SDG&E transmission system was restored by 1:39 a.m. and all utility customers had their electricity restored by 3:25 a.m. on September 9.

Beginning on Monday, September 12, the ISO hosted a joint task force of industry experts from the affected companies and the Western Electricity Coordinating Council

Reliability Coordinator to determine the sequence of events. At the end of the week their findings were the basis of a jointly filed report submitted to the WECC on Friday September 16 consistent with the North American Electric Reliability Council reliability standards for event analysis. The ISO will continue working with the joint task force to collaborate and construct temporary operating procedure(s) to prevent a repeat of these events, even if it may not represent an optimized use of the power system. The temporary procedures will remain in effect until a more comprehensive analysis of the outage cause(s) emerges, resulting in a long-term remediating operating procedure. In a parallel effort, the ISO is conducting a rigorous internal examination including running system simulations, collecting data, investigating remedial action scheme actions and settings, developing interim and long-term operating procedures, assessing procedural compliance with tariff and reliability standards, and developing lessons learned.

Gas System Coordination

Pacific Gas & Electric continues to do extensive inspection and testing of their gas system. Some Northern California generation has been curtailed while gas line work is in progress. We continue to coordinate closely to avoid negative effects on the electric system.

Southern California Gas Company will be conducting gas line work to comply with safety requirements for eight (8) consecutive Saturdays from October 1 and continuing each weekend through November 20. This work will curtail gas service to electric generating plants in the San Diego area. Arrangements have been made for alternative gas delivery at Otay Mesa from a gas pipeline in Mexico during this outage.

The ISO has been working closely with So Cal Gas and market participants to develop plans designed to manage the impact to the California electric grid and the San Diego area in particular. The plan also includes the close coordination with impacted parties in advance of and during the outage.

Renewable Generation

A new solar generation peak of 517 MW was set on September 9 at 1:23 p.m. There was no change to the wind generation peak output of 2,517 MW, established on June 10 at 11:29 p.m.