



NEWS RELEASE

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Contact: Patrick Dorinson
Director of Communications
888 516-NEWS

SURGE IN ELECTRICITY CONSUMPTION SQUEEZES SURPLUS POWER *California ISO initiates Power Watch 2000 Campaign*

(Folsom, CA) Responding to a huge increase in the state's hunger for electricity, the California Independent System Operator (California ISO) launched its *Power Watch 2000* public awareness program today, Wednesday, May 10, 2000. The California ISO is hoping to curb consumer demand for energy at times when power reserves might run low. *Power Watch 2000* news alerts will give consumers 24-hour advance notice when the demand for power is expected to be high. The alerts will also offer tips for how electric customers can do their part to avoid power shortages by conserving energy.

Power Watch 2000 was unveiled along with the forecasted summer electricity outlook at a news conference that coincided with the first in a series of ISO operations drills. Today's drill is testing contingency measures used in the event of a statewide shortfall of electricity reserves. The ISO will conduct ongoing weekly drills as it prepares for summer—a time when electricity use "peaks" during the year due to air conditioners battling the heat.

A new report issued by the California ISO shows a surging demand for power fueled by California's robust economy, which is narrowing the margins for operating reserves. In addition, California is transitioning to a competitive electricity market. New power plants are slated to come on line, but not until 2002. The California ISO expects there will be enough electricity available to ensure reliability this summer. However, as a precaution, it is urging consumers to watch their electricity use if severe heat waves hit the state.

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POWER WATCH-2-2-2

If, as predicted, weather conditions are normal this year, the projected peak load on the ISO-controlled power grid is 46,250 megawatts. As a comparison, the peak load last year was 45,884 megawatts. With about 37,950 megawatts of internal generation and another 8,400 megawatts of imported power, the California ISO says it will not be difficult to maintain its required seven percent operating reserve. Under a hot summer scenario, however, the forecasted peak load of 48,940 megawatts would outstrip available resources. Internal generation would most likely hover around 37,950 megawatts but, because heat waves typically also affect California's neighbors, there would be less imported power to count on—perhaps only 7,100 megawatts. Predictions show only a five-percent chance of an abnormally hot summer.

To help ease the strain on the transmission system should triple digit temperatures linger in the state, the California ISO is introducing two new load management programs that actually buy power back from customers. Large blocks of industrial customers are now poised to bid 460 worth of “negawatts” into the California ISO's Ancillary Services Market for reserve power. These companies will be paid for curtailing power, just as a power plant generator is paid for generating electricity. In another program, 180 “negawatts” worth of Demand Relief power will be committed to the ISO during the peak months of June through October to help retain system reliability.

Incorporated under California law (AB 1890), the not-for-profit California ISO is charged with securing reliability of 75 percent of the state's transmission network—the portion of the power grid that operates within a competitive market. By doing their part to conserve kilowatts, Californians can make a difference in helping the California ISO continue to “keep the lights on”.

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