



California ISO



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Media Contacts: ISOMedia@caiso.com; news@cpuc.ca.gov; mediaoffice@energy.ca.gov

CAISO, CPUC, CEC ISSUE FINAL REPORT ON CAUSES OF AUGUST 2020 ROTATING OUTAGES

SACRAMENTO, January 13, 2021 – Today the California Independent System Operator (CAISO), California Public Utilities Commission (CPUC), and California Energy Commission (CEC) issued a [Final Root Cause Analysis](#) of the August 2020 heat wave and rotating outages.

On August 14 and 15, 2020, the CAISO was forced to institute rotating electricity outages in California in the midst of a West-wide extreme heat wave. Following these emergency events, Governor Gavin Newsom requested the CAISO, CPUC, and CEC report on the root causes of the events leading to the August outages.

The CAISO, CPUC and CEC produced a preliminary report on October 6, 2020, and have since continued their analysis to confirm and supplement their preliminary findings. This report serves as the Final Root Cause Analysis and incorporates additional data analysis not available when the preliminary report was published. The Final Root Cause Analysis confirms the preliminary report's findings that the three major factors leading to the August outages were related to extreme weather conditions, resource adequacy and planning processes, and market practices.

“This Final Root Cause Analysis provides important insights and lessons learned about the factors that contributed to the rotating power outages of last summer,” said CAISO President and CEO Elliot Mainzer. “As we prepare for summer 2021 and beyond, I look forward to working closely with the CPUC, CEC, policymakers and regional stakeholders to bring our planning, procurement and operational practices together into a modernized and well-integrated resource adequacy framework for California.”

“The acceleration of climate change demands we enhance our planning efforts and market practices at a faster pace and with broader anticipation for what is possible,” said CPUC President Marybel Batjer. “It is our top priority to ensure we have the demand- and supply-side resources needed to maintain reliability, and this analysis demonstrates how we will do it and continue to decarbonize the grid.”

“This final report confirms our initial findings and reaffirms that our agencies are taking the right actions to update processes and strengthen California’s grid in the face of this crisis and worsening climate impacts,” said CEC Chair David Hochschild. “We have more to do to ensure long-term reliability but despite challenges, we remain relentlessly committed to transitioning our state to a clean energy future for all.”

Since August, the CAISO, CPUC and CEC have taken various actions and continue focused efforts to prepare California for extreme heat waves next summer without having to resort to rotating outages. Those actions and efforts include the following:

- 1) The CPUC opened an Emergency Reliability rulemaking (R.20-11-003) to procure additional resources to meet California’s electricity demand in summer 2021. Through this proceeding, the CPUC has already directed the state’s three large investor-owned utilities to seek contracts for additional supply-side capacity and has requested proposals for additional demand-side resources that can be available during the net demand peak period (*i.e.*, the hours past the gross peak when solar production is very low or zero) for summer 2021 and summer 2022. The CPUC and parties to the proceeding, including the CAISO, will continue to evaluate proposals and procurement targets for both supply-side and demand-side resources.
- 2) The CAISO is continuing to perform analysis supporting an increase to the CPUC’s RA program procurement targets. Based on the analysis to date, the CAISO recommends that the targets apply to both the gross peak and the critical hour of the net demand peak period during the months of June through October 2021.
- 3) The CAISO is expediting a stakeholder process to consider market rule and practice changes by June 2021 that will ensure the CAISO’s market mechanisms accurately reflect the actual balance of supply and demand during stressed operating conditions. This initiative will consider changes that incentivize accurate scheduling in the day-ahead market, appropriate prioritization of export schedules, and evaluate performance incentives and penalties for the resource adequacy fleet. The CAISO is also working with stakeholders to ensure the efficient and reliable operation of battery storage resources given the significant amount of new storage that will be on the system next summer and beyond. Through a stakeholder process, the CAISO will pursue changes to its planned outage rules.
- 4) The CPUC is tracking progress on generation and battery storage projects that are currently under construction in California to ensure there are no CPUC-related regulatory barriers that would prevent them from being completed by their targeted online dates. The CAISO will continue to work with developers to address interconnection issues as they arise.
- 5) The CAISO and CEC will coordinate with non-CPUC-jurisdictional entities to encourage additional necessary procurement by such entities.
- 6) The CEC is conducting probabilistic studies that evaluate the loss of load expectation on the California system to determine the amount of capacity that needs to be installed to meet the desired service reliability targets.

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- 7) The CAISO, CPUC, and CEC are planning to enhance the efficacy of Flex Alerts to maximize consumer conservation and other demand side efforts during extreme heat events.
 - 8) Preparations by the CAISO, CPUC, and CEC are underway to improve advance coordination for contingencies, including communication protocols and development of a contingency plan. The contingency plan will draw from actions taken statewide under the leadership of the Governor's Office to mitigate the anticipated shortfall from August 17 through 19, 2020.

The CAISO and CPUC have established dedicated 2021 Summer Readiness webpages to keep stakeholders and the public informed regarding the steps the agencies are taking to avoid reliability issues next summer. More information is available at www.caiso.com/about/Pages/News/SummerReadiness.aspx and <https://www.cpuc.ca.gov/General.aspx?id=6442466895>.

The CAISO is responsible for managing the flow of electricity that serves 80 percent of California and a small portion of Nevada. The CAISO also runs a real-time energy market for utilities in eight western states and conducts reliability coordinator services for most balancing authorities in the West.

The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californians' access to safe and reliable utility infrastructure and services. For more information on the CPUC, please visit www.cpuc.ca.gov.

The CEC is leading the state to a 100 percent clean energy future. It has seven core responsibilities: developing renewable energy, transforming transportation, increasing energy efficiency, investing in energy innovation, advancing state energy policy, certifying thermal power plants, and preparing for energy emergencies.

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