

Memorandum

To: ISO Board of Governors
From: Steve Berberich, President and Chief Executive Officer
Date: July 17, 2019
Re: CEO report

This memorandum does not require Board action.

OVERALL SYSTEM CONDITIONS

Summer operations began over the last couple of months and marked the end of winter maintenance outages. The majority of the transmission and generation fleet are now available for peak load conditions.

In early June, much of the ISO's balancing area experienced higher than normal temperatures driving unusually high loads for so early in the season. Loads peaked at 42,739 MW on June 11 at 5:23 p.m. Conditions were very tight and the ISO issued a flex alert to ask for conservation as both the peak and subsequent net peak were difficult to meet with available resources and imports. This is of concern as last year's peak was 46,424 and the 2017 peak was 50,116 MW. Adding to the concerns, we see imports becoming more difficult to procure and the thermal fleet in California continues to decline. We are working closely with the California Public Utilities Commission to ensure the Resource Adequacy program addresses any pending capacity shortfalls.

RELIABILITY COORDINATOR SERVICES

At midnight on June 30, the ISO successfully transitioned to the reliability coordinator (RC) of record for California, part of Nevada and N. Baja Mexico. This culminated more than a year and a half of hard work and coordination on the part of our staff and the entities agreeing to take services from the ISO.

The July 1 cutover marks the first phase of a transition of power grid oversight responsibility from Peak Reliability to the ISO's new service, RC West. While this completes the beginning of operations for RC West, we have already begun the work on our second phase. On June 28, we provided our information package to the NERC/WECC certification team and they are scheduled to conduct their on-site certification review July 30 – August 1. On September 4, we will begin our second 60-day period of shadow operations where we will operate in parallel with PEAK for the remainder of our customers. In early November, following additional certifications by NERC and WECC, RC West will become the Reliability

Coordinator for another 23 entities in the Western Interconnection, overseeing 87 percent of the load in the western interconnect.

PUBLIC SAFETY POWER SHUTOFFS

The ISO has been working closely with all of the utilities in the ISO footprint on Public Safety Power Shutoffs (PSPS) to ensure the highest possible level of reliability in consideration of public safety. While the utilities have the ultimate authority to determine when shutoffs are necessary, we will work to ensure those shutoffs pose minimal risk to the broader bulk electric system. At this Board meeting, we plan to detail our approach to handling the shutoffs and any potential additional load shed that might be necessary to protect the bulk electric system in the event additional load shed becomes necessary.

REGIONAL DAY-AHEAD MARKET

The regional day-ahead market assessment is largely complete with it showing a range of benefits covering several scenarios. Each scenario shows significant economic benefits in terms of capacity savings and economic dispatch savings. We are working with the assessment participants on rolling out the numbers on a broader basis and with each entity's constituencies. Pending Board and EIM Governing Body consultation, the ISO is targeting beginning a regional day-ahead market stakeholder process this fall.

RENEWABLE ENERGY PRODUCTION

Several new renewable generation peaks have occurred since the last CEO report. The most recent solar peak of 11,473 MW occurred on July 2, 2019 at 12:52 p.m. The most recent wind generation peak of 5,309 MW was set on May 8, 2019 at 3:21 a.m. Also, a new overall renewable generation penetration peak was recorded on May 15, 2019 at 2:45 p.m. with 80.3% of load served by all renewables.