

Memorandum

To: ISO Board of Governors
From: Steve Berberich, President and Chief Executive Officer
Date: September 16, 2019
Re: CEO report

This memorandum does not require Board action.

OVERALL SYSTEM CONDITIONS

Overall summer operating conditions have been mild though there have been a few days where load levels reached over 44,000 MWs. On those days, operators had very little margin over the net peak (after the sun begins to set). As an example, on September 3, 2019, operators had to seek additional imports from around the West. Even after doing so, the system had only 114 MWs of capacity remaining before deploying reserves during hour ending 20 (8:00 p.m.). The system peak that day was 44,148 MW.

The Ridgecrest earthquakes on July 4 and 5 had no impact on the bulk electric system. However, LADWP and SCE did experience sub-transmission and distribution system damage causing sustained local outages.

Fires have been fewer than last year and have, to date, caused no major grid issues. The exception was the Tucker fire on July 28. The fire services requested two of the three lines comprising the California/Oregon Intertie (COI) be de-energized for firefighter safety which reduced the COI limit to 600 MW. The ISO was able to re-dispatch generation and facilitate the request but it did have a significant impact on our resource capacity and prices in our markets.

There has been an above average amount of monsoonal weather and cloud cover in Southern California and the Arizona desert areas causing large solar resource (including rooftop) swings. The ISO has procured additional regulation services to ensure adequate resources and compliance with all NERC operating requirements.

RELIABILITY COORDINATOR SERVICES

On September 4, 2019, NERC and WECC jointly conducted a second certification review of the ISO's readiness to begin reliability coordinator services for the bulk of the Western Interconnection. The review team found no level 1 items and only two level 2 items that need to be resolved before commencing operation. The ISO is committed to completing

both open items and will be ready to begin reliability coordinator services for the balance of our customers by November 1. Phase 2 shadow operations began on September 4, 2019 and are going smoothly.

ENERGY IMBALANCE MARKET

We welcome recent announcements from Tacoma and the rest of the Balancing Authority of Northern California (BANC) of their intentions to join the energy imbalance market (EIM) in the coming years.

We also welcome Anita Decker to the EIM Governing Body. Ms. Decker is a highly qualified leader having held executive positions at entities around the West and brings a broad perspective on the needs of regional stakeholders.

REGIONAL DAY-AHEAD MARKET

Assessments on the value of a regional day-ahead market are now complete and, at this board meeting, Management will present a high-level view of study results. Additional more detailed reviews with interested stakeholders will occur in the coming weeks in the form of a webinar and targeted briefings, as necessary.

Several next steps will need to occur related to a regional day-ahead market. First, a stakeholder process will commence to iteratively work out the consensus details on how a regional day-ahead market will work. Second, a governance review process will assess any required governance changes that might be needed to support a broader market. The governance review process will encompass the previously called for 2020 review of the energy imbalance market governance approach as well as changes appropriate for expanded markets.

ANNUAL SYMPOSIUM

Due to major construction at the Sacramento Convention Center, there is no annual ISO Symposium this fall. Given that the facility is not anticipated to be available in the fall of 2020 either, the ISO has considered a number of options, weighed costs and logistics, and has settled on holding the 2020 Symposium at the San Diego Convention Center on October 29 and 30, 2020.

RENEWABLE ENERGY PRODUCTION

No new renewable production nor renewable penetration records have been set since the July 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 3:50 a.m. The most recent renewable generation penetration peak was recorded on May 5, 2019 at 2:45 p.m. with 80.3% of load served by all renewables.