

# Memorandum

**To:** ISO Board of Governors  
**From:** Steve Berberich, President and Chief Executive Officer  
**Date:** December 10, 2014  
**Re:** **CEO report**

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***This memorandum does not require Board action.***

## **OVERALL CONDITIONS**

Operating conditions have been normal for a fall season. During this time of the year, we transition from a late afternoon peak to an evening peak accentuated by a significant ramp in late afternoon/evening. Of course, that peak gets more pronounced with the termination of daylight savings time and the post-Thanksgiving holiday lighting season.

The fall operating season has not presented major operating challenges. ISO operations personnel have coordinated the numerous scheduled outages of key facilities necessary for maintenance and new transmission line integration. The system peak load has transitioned from afternoons, driven by warm weather and air conditioning loads, to an early evening peak supporting lighting loads. With winter holidays approaching, seasonal decorative lighting causes the evening peak load to increase rapidly.

## **ENERGY IMBALANCE MARKET**

Since the energy imbalance market went live on November 1, the ISO and PacifiCorp have worked very closely together to address associated issues such as pricing, outage coordination and operators grappling with new processes. Overall, there have been neither material market nor system issues and, market stability has improved steadily since late November. Nonetheless, in order to give time for the market to settle in, we requested a tariff waiver to provide some price protection for 90 days while parties work through new market implementation issues. That request has been granted by FERC.

While we continue to monitor the new market, we are also working on the NV Energy EIM implementation expected for fall of 2015. Progress continues to be good related to adding NV Energy, and we will apply lessons learned from the PacifiCorp implementation. For instance, we are likely to operate in parallel prior to full deployment with NV Energy and to seek price protections for a limited period of time as the market settles.

In the meantime, we are closely tracking market performance and will publish the first benefits report in the first quarter of 2015.

### **HARRY ALLEN-ELDORADO TRANSMISSION LINE**

In March 2014, the Board approved the 2013-2014 Transmission Plan. The Harry Allen-Eldorado transmission line connecting clean, flexible generation in Nevada to the California market and allowing stronger flows between the two states for the benefit of ratepayers was contemplated in that plan. However, Management recommended to the Board that time be taken to complete further studies to assess the interplay between the new energy imbalance market, delivery out of the Imperial Irrigation District, and interaction with the Delaney- Colorado River line. That work is now complete, and the studies show net economic benefits of the line in addition to further unquantified reliability and renewable integration benefits. Management recommends approval of the Harry Allen-Eldorado Transmission line.

### **RENEWABLE GENERATION**

Solar and wind generation peaks remain as reported in the last operations report, with a solar peak of 4,903 MW set in September and a wind generation peak of 4768 MW set in April.