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California ISO Board Approves Five-Year Business Plan

Sharpens Strategic Focus of Independent Grid Operator Through Year 2011

(Folsom, CA) The California Independent System Operator Corporation (California ISO) Board of Governors today approved a comprehensive Five-Year Business Plan that follows a thorough process of assessing the needs of the electricity industry and the consumers it serves. The business roadmap charts the course for the California ISO through 2011 and integrates, among other things, state clean air policies that foster development of major new energy market players—renewable power and demand response participants.

External and internal discussions resulted in an extensive analysis that led to new long-range corporate objectives and initiatives covering the period 2007 to 2011. Key priorities associated with the goals can be found in the Five-Year Business Plan, which is available at www.caiso.com. Factored into the Plan are the following industry trends affecting the ISO and how it serves its customers and stakeholders:

- A growing California economy will continue to trigger rising demand for electricity
- Imported power will increase as out-of-state suppliers compete to sell megawatts into California
- Operational pressures will grow as demand rises making new infrastructure investment important
- Climate changes and environmental regulations will mean the ISO will play a larger role in reducing barriers for renewable power and demand response companies

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FIVE YEAR PLAN-2-2-2

Additional deliverables include further reducing reliability costs; bringing the Market Redesign and Technology Upgrade (MRTU) on schedule and within budget; achieving regulatory approvals of transmission upgrades, decreasing O&M spending and lowering the toll or Grid Management Charge for using the grid; reducing transmission bottlenecks; and creating an “ISO Academy” to provide training as well as career development opportunities.

The California ISO is a not-for-profit public benefit corporation charged with managing the flow of electricity along California’s open-market wholesale power grid. The mission of the California ISO is to safeguard the reliable delivery of electricity, and ensure equal access to 25,000 circuit miles of “electron highway.” As the impartial operator of the wholesale power grid in the state, the California ISO conducts a small portion of the bulk power markets. These markets are used to allocate space on the transmission lines, maintain operating reserves and match supply with demand in real time.

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