



News Release

For immediate release | **May 18, 2009**

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Energy outlook bright for summer 2009

Third dry year in row, but supply/demand forecast looks good

The California Independent System Operator Corporation (California ISO) summer 2009 power forecast shows a lower probability of encountering supply issues this summer when compared to last year. Several factors shape this year's summer assessment such as new generation added since last summer that more than offsets drought-related reduced hydroelectric production. Also, electricity demand and load growth remains down because of the economy. Meanwhile, energy imports should remain sufficient. The ISO Board of Governors during its regular business meeting today reviewed the 2009 Summer Assessment, which is available on line at www.caiso.com/23ab/23abd69829524.pdf.

“Last year's summer assessment gave a small 10 percent chance of depending heavily on operating reserves,” said ISO Vice President of Operations Jim Detmers. “Our projections this year show an even lower likelihood—less than one percent possibility—that conditions would merit severe electrical emergencies.”

The summer outlook shows nearly 1,500 megawatts of new generating capacity coming online by July and a 3 percent reduction in peak demand due mainly to the economic downturn. Power imports into California can vary, but generally, an additional 1,000 megawatts is expected this summer compared to the forecast for imports last year. “Imports are very important to us,” said Detmers. “This year, our analysis shows we should have a robust import picture when we need it most.”

The new generation expected this summer includes nine power plants—two of them wind farms with a combined capacity of 153 megawatts as well as a 2 megawatt photovoltaic solar plant. An estimated 22 megawatts of existing generation is scheduled to retire. However, another expected dry year—the third in a row—could reduce hydroelectric capacity by approximately 1,000 megawatts. Even though spring rains helped fill some reservoirs that generally helped hydroelectric conditions, they are still well below normal levels.

For the first time in many years, the situation in southern California is somewhat better than in northern California because of that region's dependence on hydroelectricity. Still, the likelihood that either region will see rotating outages this year is extremely low.

In addition to the new generation coming on line this year, the California ISO can now use another important tool quicker than in the past. Interruptible demand response programs refer to customers that reduce their energy consumption under certain adverse conditions. Interruptible program participants include commercial and industrial entities that turn off parts of their operations to pre-designated and agreed upon levels. Residential and small business customers participate in voluntary demand response

programs that calls for them to reduce their air conditioning use for short periods of time. In the past, the California ISO could use these programs only *after* energy reserves started to dip. Now, the ISO can use these programs to *prevent* reserves from falling below acceptable levels.

“We have almost two thousand megawatts in the utility interruptible programs we can access,” said Detmers. “We plan to use this very important resource only when we have exhausted the normal market supply.” The utilities can also access several hundred megawatts enrolled in other demand response programs. When utilities plan to use those programs, they inform the ISO through their day-ahead schedules. “Demand response is becoming more and more important,” Detmers stressed. “I would urge energy consumers to consider participating in a demand response program that works for their situation.”

Despite this positive forecast for the summer, the California ISO is still urging power consumers to be aware of when and how they use electricity and to look and listen for the possibility of Flex Your Power alerts. “We don’t expect any shortages this summer,” said ISO Director of Communications Stephanie McCorkle. “But, there’s never a good time to waste electricity — conserving power and using it in the off-peak hours is good for the environment and good for the grid. Consumers responding to Flex Alerts generate up to 1,000 megawatts of conservation, equal to the output of a large power plant.”

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The California ISO operates the state’s wholesale transmission grid, providing open and non-discriminatory access supported by a competitive energy market and comprehensive planning efforts. Partnering with more than 90 client organizations, the ISO is dedicated to the continual development and reliable operation of a modern grid that operates at the least cost to the benefit of consumers. The ISO bulk power market allocates space on transmission lines, maintains operating reserves and matches supply with demand. Recognizing the importance of global climate change, the ISO welcomes new, advanced technologies that will help meet the energy needs of 30 million Californians efficiently and cleanly. The ISO is a not-for-profit public-benefit corporation.