

Memorandum

To: ISO Board of Governors
From: Eric Schmitt, Vice President, Operations
Date: May 9, 2012
Re: **Operations Report**

This memorandum does not require Board action.

The real-time operational highlights since the last Board report are as follows:

OVERALL CONDITIONS

The spring loads are as expected, with evening peak demand below 30,000 MW.

Since the last Board report (March 15, 2012), generator and transmission maintenance continues in preparation for summer operations. The San Onofre Nuclear Generating Station (SONGS) units' return to service date has been postponed until further notice, and the Palomar Energy Center returned to service March 31. The Restricted Maintenance Order continues south of Path 26. Under the Restricted Maintenance Order, the ISO is closely coordinating critical maintenance outages with San Diego Gas and Electric to assure reliability is maintained and appropriate maintenance is conducted to meet summer demands. To support the local area needs in Southern California due to the SONGS outage, the ISO procured additional capacity from Huntington Beach Unit 1 and Encina Unit 4 through the capacity procurement mechanism.

The first high temperatures of the season were experienced over the weekend of April 21 and 22. Northern California reached temperatures in the 90 degree range and Southern California reached temperatures of 100 degrees in some areas.

Diablo Canyon Unit 1 ramped down for refueling on April 21 with an estimated return date of June 4. Diablo Canyon Unit 2 was forced off line on April 25 due to an influx of Salp (similar to small jelly fish in appearance) that clogged the intake screens, but was returned to full service April 29.

The Operations division has been preparing for summer operations without SONGS. Teams have been reviewing, modifying and creating procedures; developing training scenarios specific to high load events in the San Diego area, and meeting with the participating transmission owners, generators, gas companies and Cal Fire. In addition, Operations is developing internal and external communication mechanisms that will include daily internal calls, peak day calls, and Flex Alerts triggered by system events, as appropriate.

Water Summary

Northern California experienced late spring rains and additional snow in March and April. However, precipitation for the winter and spring seasons continues to be below normal, and the mountain snowpack is only forty percent of normal. Due to the exceptional snow pack in 2011 though, California reservoirs have maintained above average water levels.

GAS SYSTEM COORDINATION

Coordination with the Southern California Gas Company and Pacific Gas & Electric Company continues due to the extensive inspection and hydrostatic testing of their gas systems. Southern California Gas Company has postponed the San Diego Gas pipeline work until the fall due to electric reliability concerns related to the SONGS outages. The ISO frequently discusses the status of the gas system and electric grid with California gas utilities to ensure that sufficient gas fuel is available for generating units in order to maintain reliability.

RENEWABLE GENERATION

Solar and wind generation reached new peaks since the last Board Report. The solar generation peak of 755 MW was set on April 27, 2012 at 11:46 a.m., and the wind generation peak of 2,968 MW was set on May 2, 2012 at 8:08 p.m.