

Memorandum

To: ISO Board of Governors
From: Eric Schmitt, Vice President, Operations
Date: February 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 early winter operating conditions are as expected, with evening peak demand below 32,000 MW. The rainfall normally expected during this time of year did not appear until the end of the third week in January. December precipitation in Northern California was well below historic levels.

Morning and early evening load ramps were amplified (as expected) due to the additional lighting load during the December holidays. For instance, compounded by cold weather, some evening load pulls were in excess of 1,000 MW over a ten minute period.

With the addition of flexi-ramp on December 13, real-time price volatility has been significantly reduced compared to last year, especially in the latter part of the operating hour when we exhaust our ramping capabilities. Flexi-ramp has also enhanced the ISO's ability to balance the system.

Since the last Board meeting, there have been no noteworthy grid events. Additionally, because of the general lack of storm activity, maintenance and numerous upgrade projects are proceeding on schedule. For example, changes to the 220kV and 500kV systems for the future Whirlwind Substation and extensive construction at both the Antelope and Vincent Substations to accommodate future renewable resources in the Tehachapi area, have not been delayed due to weather.

Water Summary

As of January 1, statewide precipitation is 50 percent of average and the snow water equivalent is at 20 percent of average. Due to above average precipitation last year, current reservoir storage levels are still at 115 percent average.

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. We frequently communicate to discuss the status of the gas system and electric grid to ensure that sufficient gas fuel is available for generating units in order to maintain reliability.

RENEWABLE GENERATION

The solar and wind peaks have not changed since the last Operations Report to the Board. The solar generation peak of 517 MW was set on September 9, 2011 at 1:23 p.m. and the wind generation peak of 2,517 MW was set on June 10, 2011 at 11:29 p.m.