



NEWS RELEASE

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Record-Breaking Loads This Summer Test ISO Mettle

(Folsom, CA) The California Independent System Operator (California ISO) hit 26 days this summer when the peak demand for energy topped the 40,000 megawatt threshold. New energy demand figures presented at the ISO Board of Governors meeting today indicate the high loads coincided generally with significant heat waves, when air-conditioning use drives up the demand and conservation habits may fall by the wayside. However, the high demand may also indicate some improvement in the economic climate as well a growing reliance on electricity for more aspects of modern life.

By comparison, last summer there were only six days when the peak demand climbed over 40,000 megawatts, and in 2001, there were none. In addition, the ISO system nearly set an all time record peak on July 21, when demand reached 42,581MW, just shy of *42,848 set on July 12, 1999. One megawatt is enough energy to power approximately 750 homes.

Despite the record-breaking loads, the ISO had to call only one "Stage One Electrical Emergency" this summer; May 28 when weather predictions were "off" by as much as 15 degrees throughout California. There has been an 8,765 megawatt net gain in generation on line in California in the last two years or so, and abundant hydro-electric production this year also helped meet the demand for energy. Moreover, the industry in general is shaking off the lingering effects of the crisis.

"There are a lot of positive things happening now in the energy industry," said Michael Kahn, Chairman of the ISO Board of Governors. "We have more generation on line and we're seeing relatively

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* The Sacramento Municipal Utility District became its own control area in June 2002, comparisons to previous years have to subtract SMUD's load.

moderate spot market prices because of it. Leaders here at the ISO and at the key State agencies are cooperating and communicating. We can start looking forward now, and make some of the key decisions that will keep California moving in the right direction.”

Kahn acknowledged that although there has been vast improvement, there is still work to be done. “The ISO and other agencies have to encourage new transmission infrastructure in California to carry the power from the new generating plants that have come on line, and we have to continue to foster more new generation too, because a lot of power plants that we still need are too old to rely on for very much longer. But I see a lot of progress on those fronts and I’m optimistic about the future of California’s energy industry.”

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 a 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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