



News Release

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Summer grid outlook complicated by possible extended outage of nuclear power plant *Statewide operating reserves fine; local issues possible if SONGS stays offline*

FOLSOM, Calif. – A potential extended outage at the San Onofre Nuclear Generating Station (SONGS) will change the summer electricity outlook for local areas in Southern California. The California Independent System Operator Corporation (ISO) issued a summer grid forecast at the ISO Board of Governors meeting today, adding an important and urgent update to its annual *2012 Summer Loads and Resources Assessment*.

The grid operator for the majority of California's electric transmission system cautions that if both SONGS units remain offline this summer, San Diego and portions of the Los Angeles Basin may face local reliability challenges.

"Safety is the top priority during ongoing inspections and testing of the nuclear power plant," said ISO President and CEO Steve Berberich. "Our focus is contingency planning should SONGS remain offline this summer. Fortunately, there are resource options available to help mitigate reliability risks. We are actively working with San Diego Gas & Electric, Southern California Edison and others because prudent mitigation planning takes adequate lead time and summer heat is only a couple months away."

Technical studies presented at today's board meeting show very tight reserve margins for San Diego and the Los Angeles Basin, especially during potential summer heat waves. Industry contingency planning potentially includes:

- Calling back into service Huntington Beach Power Plant units previously slated for retirement. This not only adds 452 megawatts (MW) of capacity in the LA Basin, but it also enables 350 MW of additional imported power to transfer into San Diego.
- Accelerating completion of Barre-Ellis & Sunrise Powerlink transmission projects.
- Re-activating the 20/20 demand reduction program and *Flex Alert* TV and radio conservation campaign.
- Coordinating military and public agency conservation in key areas of Southern California to further soften peak demand.

SONGS presentation:

<http://www.caiso.com/Documents/BriefingSummer2012OperationsPreparedness-Presentation-Mar2012.pdf>

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Summer assessment-2-2-2-2

Summer assessment memo:

http://www.caiso.com/Documents/Briefing_SummerLoads_ResourcesOperationsPreparednessAssessment-Memo-MAR2012.pdf

Summer assessment report:

http://www.caiso.com/Documents/Briefing_SummerLoads_ResourcesOperationsPreparednessAssessment-Report-MAR2012.pdf

Statewide outlook

The ISO peak demand is projected to reach 46,352 MW during summer 2012, under normal conditions. This is 923 MW more than the actual peak of 45,429 MW recorded in 2011, but less than the 2011 forecast under normal weather. The decrease in the 2012 peak demand forecast is because of a conservative economic recovery prediction by Moody's Analytics for 2012 as compared to its 2011 economic forecast. This is one of the reasons statewide operating reserves are ample this summer.

In addition to conservation and demand response developed for specific local areas to mitigate the SONGS outage, the ISO will be able to tap about 2,296 MW of demand response and interruptible load programs to provide operational flexibility during periods of stress on the grid. The ISO projects that 50,341 MW of in-state power plant generation will be available for summer 2012, but only if both SONGS units (2,250 MW total) are on line. By the end of summer, a total of 926 MW of new generation will have connected to the grid since last summer—half of which is renewable generation.

Statewide water runoff forecasts are well below average for all the basins, which impact hydroelectricity capacity. This resource may run 1,137 MW less than during normal snowpack years. Key reservoir levels are currently not of concern because of above average precipitation in previous winter seasons. The level of imported power under high peak demand conditions is projected to vary from 8,600 MW to 11,400 MW for the ISO and make up about a quarter of the electricity needed to meet consumer demand.

Future warning

The report states it is important that new generation investment keep pace with future anticipated load growth when economic conditions improve at the same time some older power plant retire. A noteworthy challenge in this area is the 12,000 MW of natural gas-fired generation that is at risk of retiring over the next five years as a result of a state once-through cooling regulation.

The ISO is working closely with state agencies and plant owners in evaluating the reliability impacts of implementing this regulation to ensure it does not compromise electricity grid reliability. Gas-fired generation provides "flexible capacity" because its fast dispatching capability complements fluctuations in wind and solar power. The unique operating characteristic is essential for maintaining reliability and ensuring success of green energy goals in California.

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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 about a hundred client organizations, the nonprofit public benefit corporation is dedicated to the continual development and reliable operation of a modern grid that operates for the benefit of consumers. The ISO bulk power market allocates space on transmission lines, maintains operating reserves and matches supply with demand.