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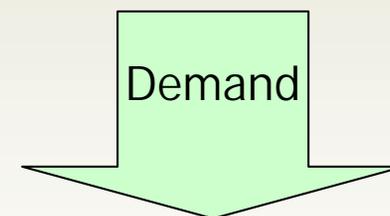
Briefing on 2009 Summer Loads & Resources Operations Preparedness Assessment

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In summer 2009, two key issues offset each other.

- Ongoing California drought, now in 3rd year
 - Reducing California hydro capacity & energy
 - Impact on supply adequacy – Negative
- Reduced peak demand
 - Recession impacting load
 - Impact on supply adequacy - Helpful



2009 water conditions improved since February, similar to 2008.

Summary of Water Conditions

May 1, 2009 (percent of average)

California - Statewide	Precip	Snow Water Content	Reservoir Storage	Runoff
2009	80%	60%	80%	60%
<u>Previous Years</u>				
May 1, 2008	85%	65%	85%	60%
May 1, 2007	65%	25%	105%	55%

A hydro capacity/energy derate scenario was developed for 2009.

- Hydro scenario based on:
 - Derates for units dependent on large reservoir storage
 - RA capacity (1-in-5) for hydro units fed directly from snow melt

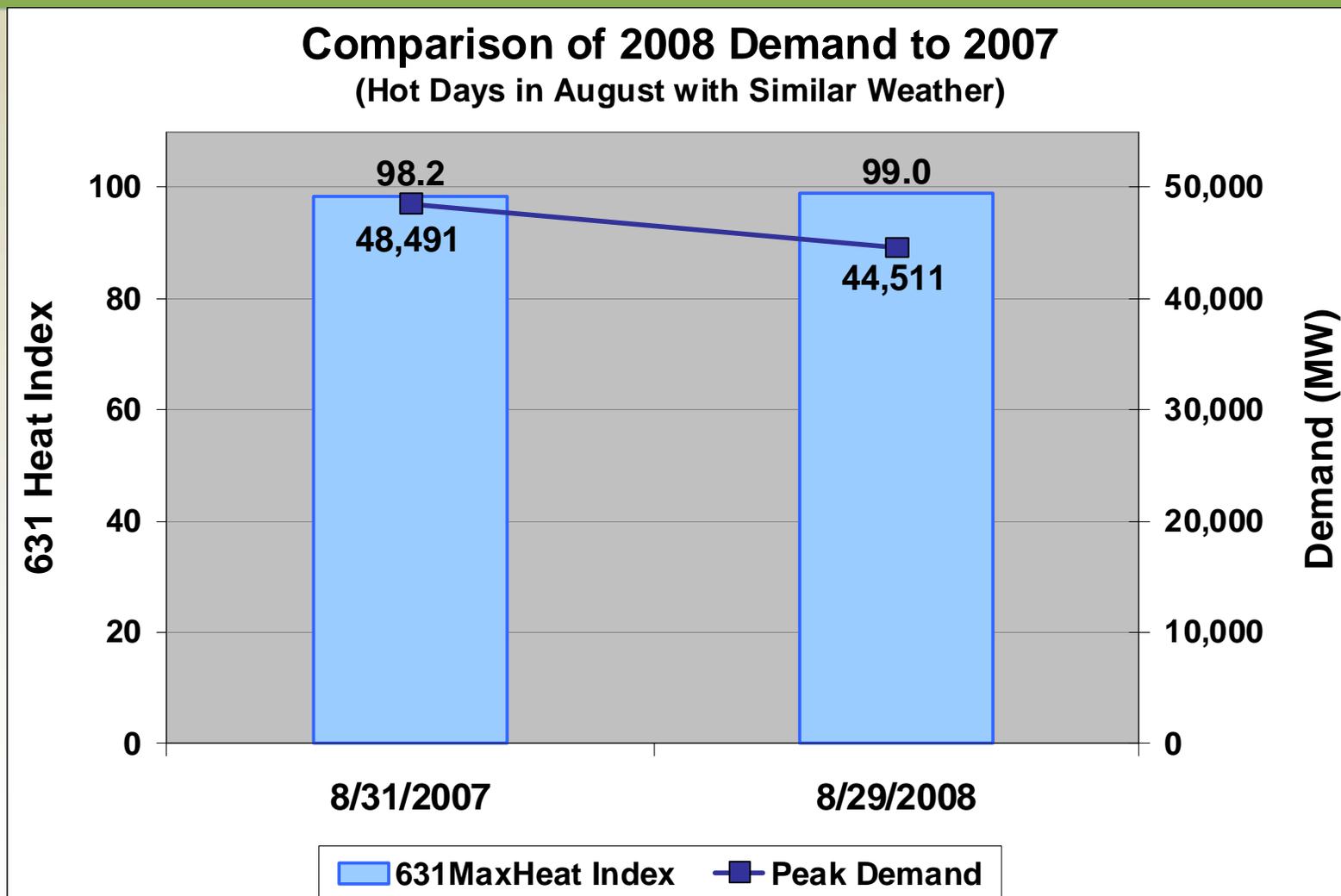
- 2009 Hydro capacity derate scenario

NP26 hydro capacity derate	792 MW (79%)
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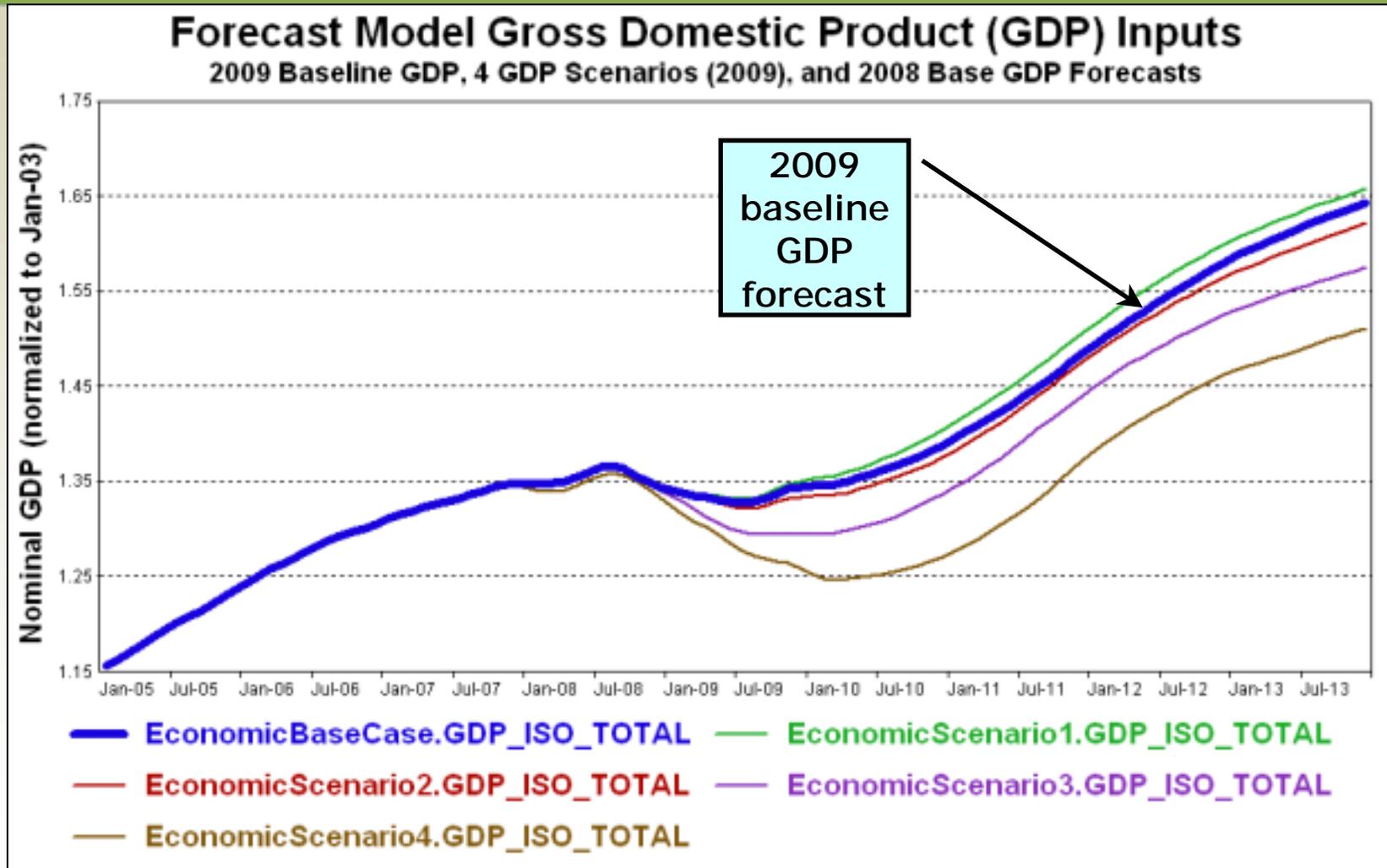
<u>SP26 hydro capacity derate</u>	<u>208 MW (21%)</u>
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ISO hydro capacity derate	1,000 MW
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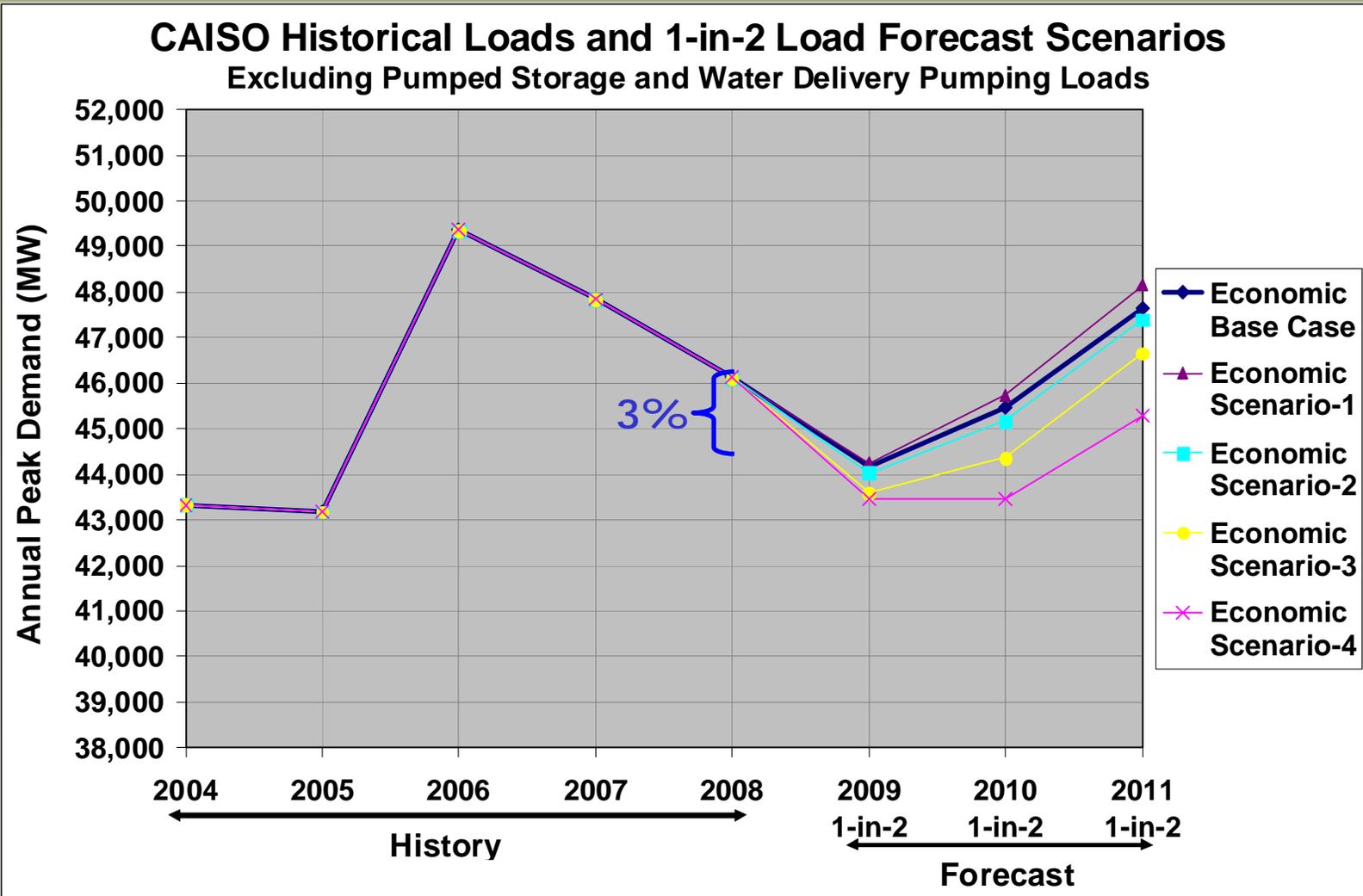
Peak Demands were lower in 2008.



For 2009 we used a range of economic scenarios to predict peak demand.



All GDP baseline forecast predicts 2009 demand 3% lower than 2008.

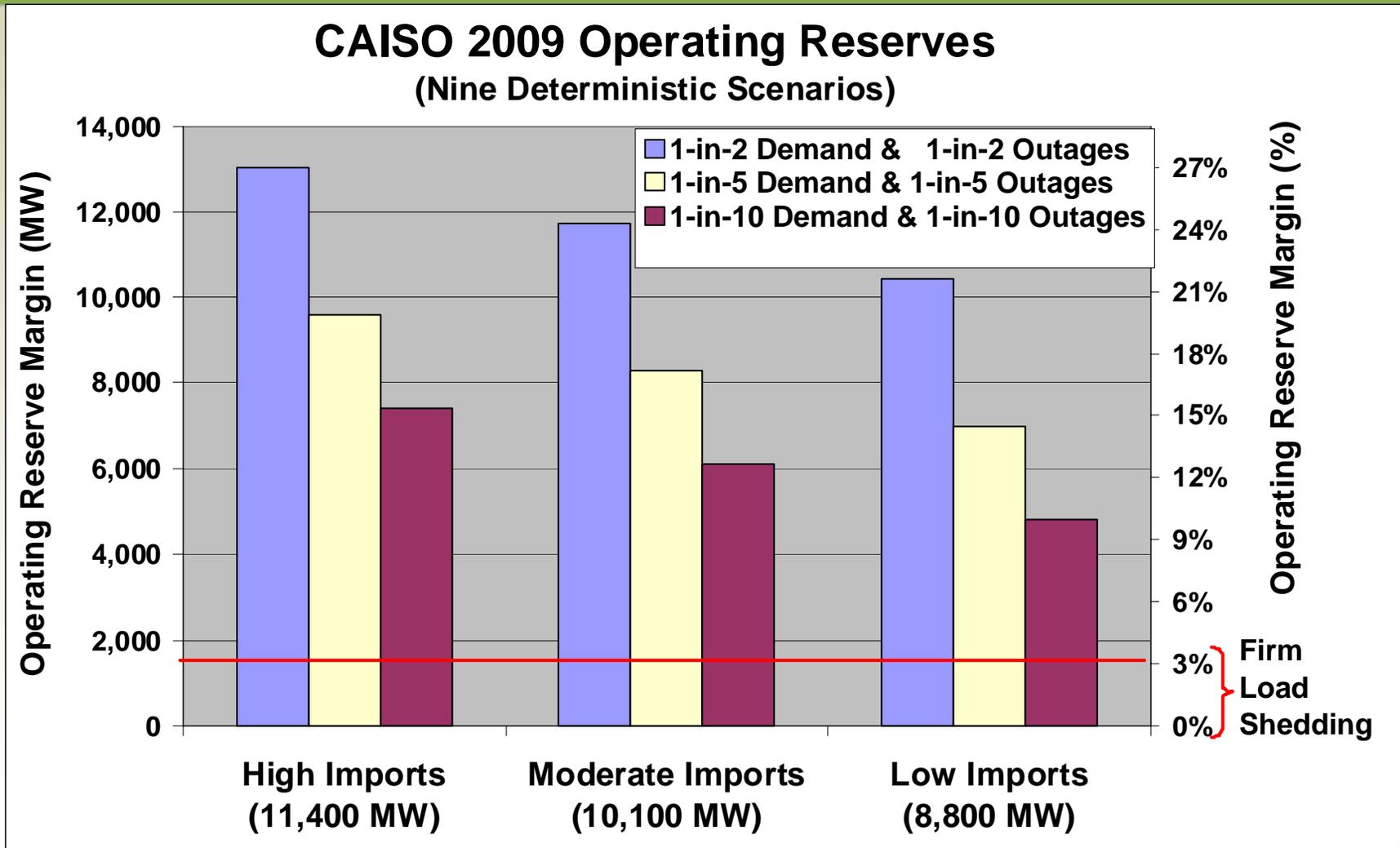


2009 Summer planning reserve margins are more than adequate.

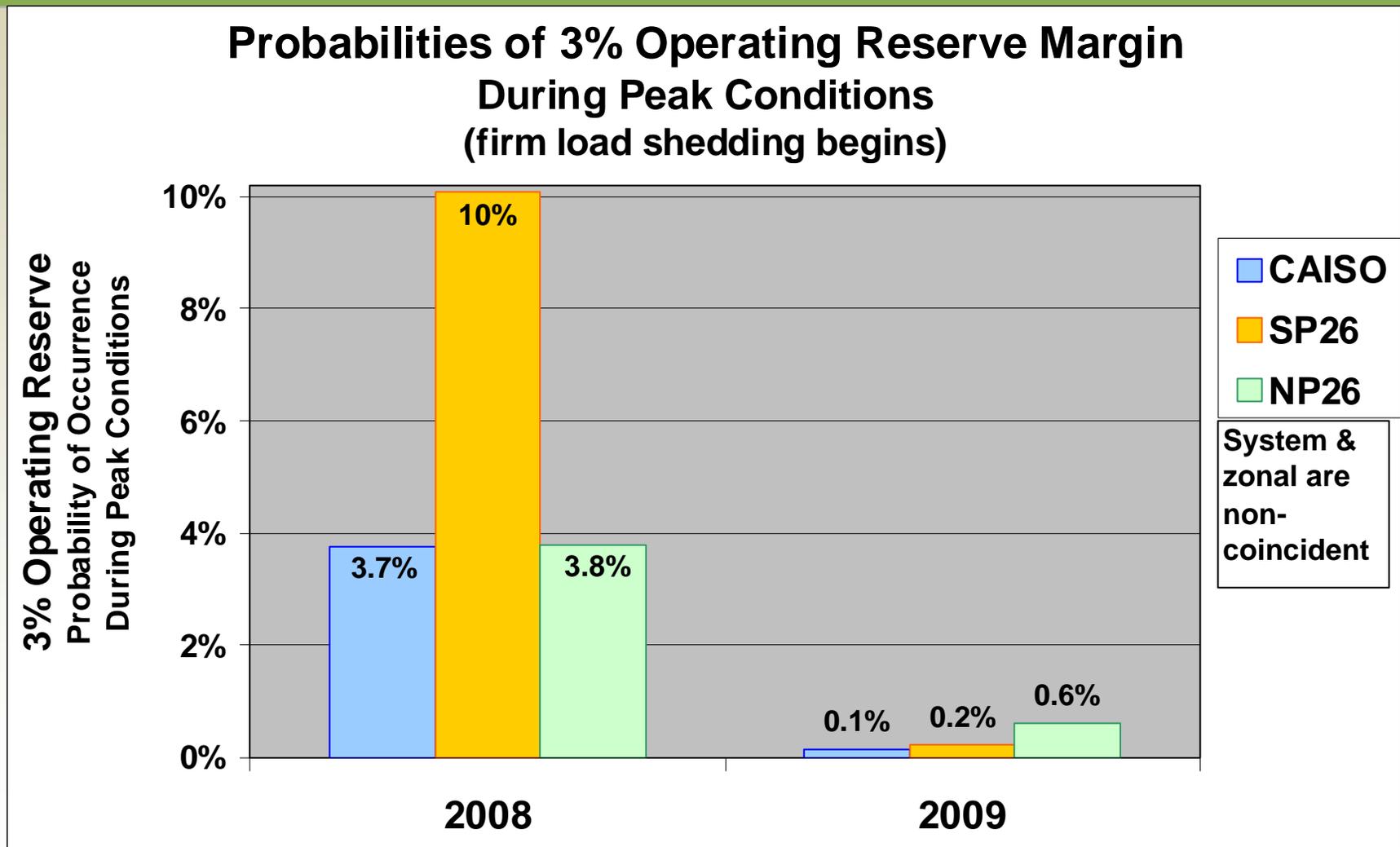
Summer 2009 Outlook

<u>Resource Adequacy Planning Conventions</u>	<u>CAISO</u>	<u>SP26</u>	<u>NP26</u>
Existing Generation	47,500	22,558	24,929
Retirements (Known)	22	0	22
High Probability CA Additions	1,476	378	1,098
Hydro Derates	-1,000	-208	-792
Net Interchange (Moderate)	10,100	9,200	2,050
Total Net Supply (MW)	58,098	31,929	27,306
Demand (1-in-2 Summer Temperature)	45,379	25,412	21,370
DR & Interruptible Programs	2,090	1,496	593
Planning Reserve	32.6%	31.5%	30.6%

CAISO deterministic results indicate no firm load shedding in these scenarios.



2009 probabilistic results show lower probability of shedding firm load versus 2008.



Focus of preparation for 2009:

- Extended hotter than normal summer predicted (June-August)
- Continued need for high import levels seen during 2008
- Increased risk from fires near transmission lines

Situation manageable