

NEWS RELEASE

FOR IMMEDIATE RELEASE

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**CALIFORNIA ISO DECLARES STAGE TWO EMERGENCY
Power Usage High and Trending for Another Record Peak Demand**

(Folsom, CA) The California Independent System Operator Corporation (California ISO) issued a Stage Two Emergency at 1:00 p.m. today, July 24, 2006 with operating reserves forecast to dip below five percent over today's peak. Large commercial customers that have contracted with the utilities to curtail power during high demand days have been asked to do so. If an operating reserve of less than one-and-a-half percent is unavoidable, a Stage Three will be initiated. Involuntary curtailments of service to customers including "rotating blackouts" are possible during this stage of emergency declaration.

The California ISO issued a Stage One Emergency at 10:00 a.m. today. At that time participants of the California ISO Voluntary Load Reduction Program were notified to implement voluntary conservation measures.

Today's peak power demand on the transmission system is expected to reach 52,000 megawatts around 4:00 p.m. Thus far today, electricity demand is trending nearly 3,000 megawatts over the record demand of 49,036 experienced last Friday, July 21.

Additional conservation remains critical throughout today if the ISO and the state's utilities are to continue meeting the entire power demand. If Californians do not step up their conservation efforts this afternoon considerably, a Stage Three Emergency and rotating outages are possible. Today's Stage One and Two declarations, in effect until 11:00 p.m., enable the California ISO to access emergency resources to help maintain operating reserves.

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 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.

Additional conservation tips and continuous system condition updates are available on the web at www.caiso.com and the California Flex Your Power website at www.flexyourpower.ca.gov.

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