



Memorandum

To: ISO Board of Governors and WEIM Governing Body
From: Elliot Mainzer, President and Chief Executive Officer
Date: December 5, 2023
Re: CEO report

This memorandum does not require ISO Board of Governors or WEIM Governing Body action.

INTRODUCTION

For my December 2023 CEO report, I will provide updates on overall system reliability for the year, the Southwest Intertie Project (SWIP) North, track two of our interconnection process enhancements initiative (IPE) and our progress on hiring.

THANK YOU AND APPRECIATION

It has been a very busy and productive year for the California ISO and we have discussed many of the significant achievements for this year in my earlier 2023 CEO reports to the ISO Board of Governors and Western Energy Imbalance Market (WEIM) Governing Body. As the year winds down, I have a few topics to touch on in this final CEO Report for 2023, but before turning to those issues, I want to acknowledge the tremendous service of our outgoing chair Mary Leslie, who rotates out of the Chair position at the end of the year. Thank you for your leadership Mary and thank you to all the members of our Board and Governing Body.

Working with all of you and with our partners in state government and throughout California and the West, we were able to get a great deal accomplished in 2023. We have planned and approved billions of dollars in transmission upgrades, advanced our new subscription model for transmission, have made significant progress on our plans to launch an extended day-ahead market (EDAM), improved our customer service, got through this past summer with a very strong performance on grid reliability, made good progress on our control center modernization initiative and added more impressive new hires to our team. It has been another solid year of achievements and progress and I hope you can take the time to read the "ISO 2023 Year in Review" post on our Energy Matters blog webpage that highlights this year's accomplishments in more detail. So, thank you again for your leadership and support.

I would also like to welcome and congratulate Hayley Williamson, Chair of the Public Utilities Commission of Nevada, who is the new Chair of BOSR, the Body of State Regulators, and Commissioner Gabriel Aguilera of the New Mexico Public Regulation Commission, who is the BOSR Vice Chair.

The BOSR continues to play a critical role in keeping regulators up to speed on market developments and ensuring that ISO policy initiative efforts and Governing Body decisions are effectively informed by the perspective of Western states. Chair Williamson and Commissioner Aguilera assumed their positions with BOSR in October and I look forward to the leadership they will provide.

I would also like to call out Chair Josh Walter and Vice Chair Meg McNaul of the Regional Issues Forum (RIF), which also plays a critical role in informing ISO efforts and decisions of the Governing Body, by bringing together stakeholders from across the West, and across industry, to discuss and share their thoughts and ideas on market developments and related items. And I want to thank Josh, Meg and the entire RIF for their work and for hosting their in-person meeting on December 11 at the ISO.

RELIABILITY

Maintaining reliability on such a vast and rapidly changing electric grid can always present new challenges and conditions, but as we get ready to close the books on 2023 I am pleased to say this was a strong year for reliability and overall grid performance.

As has been discussed here and elsewhere over the past several months, summer conditions were generally manageable in 2023, and it was only during three days in late July – when extreme heat in parts of the West outside California drove challenging and fast-moving market dynamics – that we experienced stressed grid conditions. Making adjustments and deploying additional resources as necessary, we worked through those events without disruptions in service and without needing to issue any Flex Alerts urging Californians to conserve electricity.

We also continue to benefit from being increasingly interconnected throughout the West with new participants in the Western Energy Imbalance Market and with our ability to help out our neighbors when they need assistance. In much the same way California was assisted with crucial imports from our partners and neighboring balancing authorities during the record-setting heat wave of August and September 2022, we were able this past summer to help our partners in the Pacific Northwest and Desert Southwest when they experienced stressed conditions.

The strong reliability performance for 2023 was really underscored very visibly once again in October during the partial solar eclipse that passed over California and the West. Because of strong advance planning and coordination, the event was managed smoothly and without incident. A full report on the event and what we learned will be published very soon.

SOUTHWEST INTERTIE PROJECT (SWIP) NORTH

With the heightened focus on transmission planning in the West, we have also been pleased with progress we continue to make in subscribing and significantly advancing a series of transmission proposals that will provide significant connectivity between California and the broader West. We have been working to enable projects that have been in the planning stages for years in some cases toward commercial subscription and energization – projects that will provide additional reliability, resilience and economic value for California and the West.

Within that framework, we are looking forward to our discussion and Board consideration during this month's meeting on work we have been doing with Idaho Power and LS Power on a joint effort for the Southwest Intertie Project (SWIP) North. SWIP is a 500 kV transmission line proposed from Midpoint Idaho to Robinson Summit that also requires upgrades to the NV Energy ON Line and Robinson Summit substation.

This project, coupled with an existing capacity sharing agreement LS Power has in place with NV Energy, will allow the ISO to access more than 1,100 megawatts (MW) of capacity from Idaho to the existing ISO network reaching to Harry Allen Nevada, and more than 500 MW of capacity from Harry Allen north to Idaho. This capacity will support accessing Idaho wind resources called for in the California Public Utilities Commission's integrated resource planning process and provide other market efficiency benefits.

INTERCONNECTION PROCESS ENHANCEMENTS (IPE) PHASE 2

As I have reported during our last several meetings, we continue to make progress on track 2 of our Interconnection process enhancements (IPE) initiative, but I wanted to let the Board and Governing Body know that our timeline has changed.

On November 8, we received a letter from transmission developers and some of our other stakeholders requesting additional time for stakeholder discussions, even if it results in a modest delay of Cluster 15. We feel that the magnitude of changes we are exploring warrants this additional time, though we understand the importance of maintaining good momentum and moving aggressively toward the transformational enhancements that are needed.

We now intend to bring this item to the Board of Governors in May of 2024 and will use the additional time to add another paper for stakeholder review. We now plan to post a revised straw proposal by December 12 updating key elements of our proposal such as the zonal approach, scoring criteria, and queue management items.

Following additional workshops and meetings, we now anticipate posting a draft final proposal on February 8, 2024 and, after processing additional comments from stakeholders, coming to the Board next May.

ISO HIRING UPDATE

After the significant resource commitment advanced by the Board of Governors in 2022 to add additional employees, I am pleased to report that the majority of the additional headcount approved over the last year has been filled.

As of the end of November, we have hired and on-boarded 98 new employees. Our Human Resources team reported an additional five new hires with future start dates. The successful recruitment efforts, along with a significant decrease in turnover, have resulted in a vacancy rate that mirrors more closely what we observed prior to 2020.

Because we also know that a positive onboarding experience can increase retention and overall engagement and satisfaction, over the past year, we implemented a number of changes that have

already been operational or will be by January to ensure that new hires are enthusiastically welcomed and can be productive on day one at the ISO.

GRATITUDE AND APPRECIATION

Let me close by again saying how much I appreciate all the hard work and positive results we saw this year from all of you and from our employees, ISO contractors and vendors and from our many stakeholders and partners in California and throughout the West.

It really does take an “all-hands” approach to manage the many complex and important issues that come through the California ISO. Our teamwork and coordination were once again superb throughout the year. I know we all look forward to more positive outcomes in 2024 and I wish you and your families a joyous holiday season and a very Happy and Healthy New Year. Thank you very much.