

Memorandum

To: ISO Board of Governors

From: Keith Casey, Vice President of Market & Infrastructure Development

Date: October 31, 2013

Re: **Update on results of RMR contract extensions for 2014**

This memorandum does not require Board action.

At its September 12-13, 2013 meeting, the ISO Board of Governors authorized Management to extend the existing reliability must-run (RMR) contracts through calendar year 2014 following Management's review of load serving entities' September 17, 2013 preliminary resource adequacy showings.

Management has reviewed the resource adequacy showings and has extended the RMR contract with Dynegy for the Oakland units. These units are needed for the Oakland and Pittsburg-Oakland sub-areas within the Bay Area and were not included in any load serving entity's preliminary resource adequacy showing.

Management has also extended the RMR contract with AES for the Huntington Beach units 3 and 4. These units are needed for voltage support in the LA Basin area and the San Diego sub-area within the San Diego-Imperial Valley area, and were not included in any load serving entity's preliminary resource adequacy showing.

In addition, Management has also extended all contracts that provide for black start and dual fuel capability for the 2014 contract year as set forth in Attachment 1¹.

¹ Dual fuel and black start agreements that are zero cost contracts are within Management's approval authority.

Attachment 1: 2014 Reliability Must-Run, Black Start and Dual Fuel Contract Status

| RMR Units Extension Status | | | | |
|--|---------------------|-------------------------------------|-----------------------|---------------|
| <i>Any Extended RMR Contracts will be effective January 1, 2014 thru December 31, 2014</i> | | | | |
| <i>Any Released RMR Contracts will be terminated effective Midnight on December 31, 2013</i> | | | | |
| Owner | RMR Contract | Unit | MW² | Status |
| AES Huntington Beach, LLC | Huntington Beach | Huntington Beach, Unit 3 | 0 | Extended |
| | | Huntington Beach, Unit 4 | 0 | |
| Dynergy Oakland, LLC | Oakland | Oakland, Unit 1 | 55 | Extended |
| | | Oakland, Unit 2 | 55 | |
| | | Oakland, Unit 3 | 55 | |
| Black Start Units Extension Status | | | | |
| <i>Any Extended Black Start Contracts will be effective January 1, 2014 thru December 31, 2014</i> | | | | |
| <i>Any Released Black Start Contracts will be terminated effective Midnight on December 31, 2013</i> | | | | |
| Owner | Contract | Unit | MW | Status |
| Pacific Gas and Electric Company | | Pit River Watershed Units | 249.1 | Extended |
| | | Kings River Watershed II Units | 250.6 | Extended |
| | | Feather River Watershed Units | 180 | Extended |
| Southern California Edison Company | | Big Creek Physical Scheduling Plant | 354 | Extended |
| | | McGrath Peaker | 47 | |
| | | Barre Peaker | 47 | |
| | | Center Peaker | 47 | |
| | | Grapeland Peaker | 46 | |
| San Diego Gas & Electric Company | | Miramar Energy Facility Unit 1 | 47.6 | Extended |
| | | Miramar Energy Facility Unit 2 | 48.6 | Extended |
| Orange Grove Energy, L.P. | | Orange Grove Unit 1 | 49.85 | Extended |
| | | Orange Grove Unit 2 | 49.85 | Extended |
| Dual Fuel Agreement Units Extension Status | | | | |
| <i>Any Extended Dual Fuel Contracts will be effective January 1, 2014 thru December 31, 2014</i> | | | | |
| <i>Any Released Dual Fuel Contracts will be terminated effective Midnight on December 31, 2013</i> | | | | |
| Owner | Contract | Unit | MW | Status |
| Pacific Gas and Electric Company | Humboldt Bay | Humboldt Bay, Unit 1 | 48.8 | Extended |
| | | Humboldt Bay, Unit 2 | 48.8 | |
| | | Humboldt Bay, Unit 3 | 65.1 | |

² Capacity values shown indicate the summer maximum net dependable capacity values for the combustion turbines.