

Agenda Report

DATE: March 26, 2001

TO: ATTENTION DEREGULATION COMMITTEE
CITY COUNCIL

FROM: CITY MANAGER

SUBJECT: AUTHORIZATION TO ENTER INTO NEGOTIATIONS WITH THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR (ISO) TO MITIGATE ISO-IMPOSED ROLLING BLACKOUTS

RECOMMENDATION

It is recommended that the City Council authorize the General Manager to negotiate revisions to contracts with the ISO to mitigate ISO-imposed rolling blackouts.

BACKGROUND

The ISO was established to operate the Investor Owned Utilities' (IOUs) electric transmission facilities. The ISO is responsible for safely and reliably delivering electric energy to various load centers throughout California. To accomplish this, the ISO controls the transmission grid and coordinates all energy resources feeding into the grid and all electric loads taken out of the grid.

On Monday, March 19, 2001, the ISO imposed rolling blackouts on Pasadena's electric customers, citing generating unit outages. Pasadena system operators were provided with 10-minute notification that 1 to 4 MW of customer load be disconnected over a period of approximately 8 hours. This is the first time Pasadena has experienced an ISO-imposed load curtailment. At the time of the curtailment, Pasadena had procured sufficient resources to meet its load and was providing additional reserve capacity to the state.

Pasadena Water and Power operates under a set of agreements with the ISO, particularly the Utility Distribution Company Agreement, which may require Pasadena to curtail load in order for the ISO to manage system emergencies. The agreements generally authorize the ISO to curtail load on a pro-rata basis across the entirety of the ISO-controlled system. Staff recommends negotiating with the ISO to address important factors such as whether Pasadena had

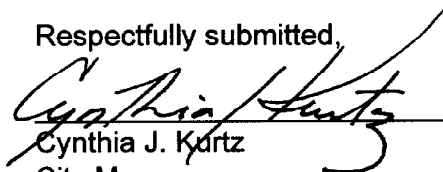
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provided sufficient resources to meet its own load requirements at the time the ISO imposed the curtailment, had already reduced load through voluntary programs, or had already provided the state with additional resources to meet the ISO's needs. Having such factors addressed in the agreements would mitigate the need or enhance Pasadena's ability to react to ISO-imposed load curtailments.

FISCAL IMPACT


This recommendation is intended to enhance the reliability of electrical services to customers of Pasadena Water and Power. The fiscal impacts to the Light and Power Fund and City General Fund, if any, will depend upon the results of the negotiations.

Respectfully submitted,




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