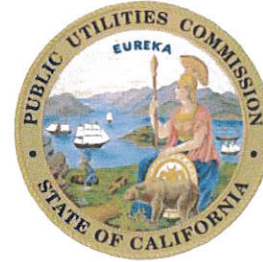




California ISO  
Shaping a Renewed Future



June 30, 2014

## LATE COMMENT

VIA E-MAIL AND U.S. MAIL

Felicia Marcus, Chair  
Members, and Water Rights Division Staff  
State Water Resources Control Board  
1001 I Street  
Sacramento, CA 95814



Re: State Water Board Meeting July 1, 2014  
Agenda Item 5, Proposed Resolution Regarding Drought-Related Emergency  
Regulations for Curtailment of Diversions due to Insufficient Flow for Senior Water  
Rights

Dear Chair, Members, and Staff of the Board:

The California Energy Commission (CEC), the California Public Utilities Commission (CPUC) and the California Independent System Operator Corporation (ISO) appreciate the opportunity to provide comments on the State Water Resources Control Board's (Water Board) consideration of a proposed resolution regarding drought-related emergency regulations for curtailment diversions.

The Water Board is seeking input on whether section 875 of the draft emergency regulations should be subject to the minimum health and safety exemption from curtailments and water right seniority as done in the emergency regulations adopted by the Water Board in May 2014 for the Mill, Deer, and Antelope Creeks. (Article 24, division 3, chapter 2 of California Code of Regulations, title 23, section 878.1(d)(2).) It is important for the Water Board to consider the need for a mechanism to expedite the response to an actual or threatened power system emergency and ensure sufficient water supplies for the continued reliability of electric service in California.

In adopting new emergency regulations to address drought conditions, the CEC, CPUC and ISO ask the Water Board to accommodate variables affecting electric service reliability throughout California due to insufficient water flow for power generation, compounded by fires and transmission outages during high demand periods. Under state law, there are numerous provisions recognizing that reliable electric service is essential to the safety, health and welfare of the state's citizenry and economy.<sup>1</sup> The CPUC is required, in consultation with the ISO, to ensure the resource adequacy requirements of the investor-owned utilities are met by, among other things, pre-approving their power procurement contracts.<sup>2</sup>

As you are aware, the Federal Power Act requires the ISO and other grid operators to plan and operate the power grid in compliance with federal and regional mandatory reliability standards.<sup>3</sup> The federal reliability standards are designed to prevent system instability and impose strict

<sup>1</sup> California Public Utilities Code §§ 330(g), 382(b), and 399(b).

<sup>2</sup> California Public Utilities Code §§ 380 and 454.5.

<sup>3</sup> Section 215 of the Federal Power Act; 16 U.S.C. § 8240.

requirements for compliance. These standards require that sufficient resources remain available to operate the electric grid under specific and potential planning and operational conditions.<sup>4</sup> Current forecasts indicate that there will be sufficient resources to supply California's electric needs. However, in the event water curtailments result in or contribute to the loss of electric generating capacity resulting in a threat to electric grid reliability, there is substantial potential for serious public health and safety impacts.

Electric grid outages can have significant impact on the health, safety and welfare of the people. The September 8, 2011 electric grid disturbance in the Pacific Southwest, while unrelated to the drought, caused adverse health and safety implications including snarled traffic from signal outages. Flights and public transportation were disrupted, water and sewage pumping stations lost power, and beaches were closed due to sewage spills. Millions went without air conditioning on a hot day.<sup>5</sup> We ask that the Water Board ensure that its actions support the ISO's and CPUC's statutory authority and obligation to ensure electric service is reliable for the public health, safety and welfare of the people of the state.

The Water Board's work on responding to the drought has been a monumental effort, and we want to extend our appreciation for the consideration given to water supplies necessary for energy sources and grid reliability. There is a long-standing relationship between the Water Board, the CEC, CPUC and ISO in coordinating policy to address complex issues affecting water supplies to power plants. The present challenges are an opportunity for further collaboration, and toward that mutual objective we offer encouragement to the Water Board and recommend consideration of a mechanism allowing for swift response in the event of an actual or threatened emergency to California's electricity grid or supplies.

Respectfully submitted,



Robert Weisenmiller  
Chair  
California Energy Commission



Michael Peevey  
President  
California Public  
Utilities Commission



Stephen Berberich  
President and CEO  
California Independent  
System Operator Corp.

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<sup>4</sup> Reliability standards applicable to the ISO and other grid operators are developed by the North American Electric Reliability Corporation and Western Electricity Coordination Council and approved by the Federal Energy Regulatory Commission.

<sup>5</sup> "Arizona-Southern California Outages on September 8, 2011 Causes and Recommendations", Federal Energy Regulatory Commission and the North American Electric Reliability Corporation, April 2012.