



November 30, 2011

California State Assembly Committee on Utilities and Commerce

Joint Legislative Committee on Emergency Management

SUBJECT: October 26, 2011, Joint Oversight Hearing Addressing Grid Vulnerabilities: September 8, 2011, Southwest Power Outage

Dear Committee Members:

The purpose of this joint letter from the California Independent System Operator (ISO) and the Sacramento Municipal Utility District (SMUD) is to clarify responses to certain questions about data sharing between Balancing Authorities (BAs) raised in the Joint Oversight Hearing Addressing Grid Vulnerabilities: September 8, 2011, Southwest Power Outage. In the hearing, a question was asked regarding whether the ISO was receiving sufficient information from BAs, such as SMUD, and whether a similar event to that of September 8, 20011, could occur at these interfacing BAs.

As noted by the ISO, access to real-time data among BAs is essential to reliable system operations. The ISO indicated that they had initiated an examination of current data sharing with SMUD and others to ensure that sufficient data exchange was occurring. This letter is to clarify that the ISO and SMUD have conferred and agree that appropriate data sharing is already occurring between them.

By way of background, SMUD is a participant in the Balancing Authority of Northern California (BANC). The BANC footprint is a ~5000 MW BA consisting of the 500 kV California-Oregon Transmission Project (COTP) the 230 kV Western Area Power Administration Central Valley Project (WAPA – CVP) transmission, and the greater than 100 kV transmission systems of its participating members, including SMUD.¹ SMUD provides power system operation services for BANC, and these operations comply with

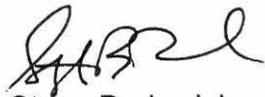
¹ Other BANC members include the Modesto Irrigation System, City of Roseville, and City of Redding).

Federal Energy Regulatory Commission (FERC) and North American Electric Reliability Corporation (NERC) reliability standards, as confirmed through two audits conducted by the Western Electricity Coordinating Council (WECC) in conjunction with NERC and FERC over the last four years.

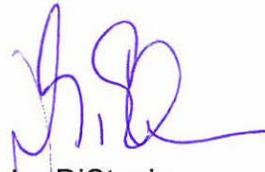
The BANC BA provides the CAISO with over 830 data points of operational information on a real-time basis and has done so for a number of years. The CAISO also shares real-time operational data with the BANC BA operator. This data sharing is in accordance with the NERC reliability standards. Based upon this fact, both SMUD and the CAISO agree that there is sufficient visibility across each other's BA footprint to assure reliable system operations. Both parties also agree that until the final report is issued on the September 8, 2011, Southwest Power Outage, it would be premature to make any statements regarding whether a similar event could occur in another adjacent BA.

We hope this additional information helps to clarify the record of the October 26, 2011, hearing. If you have any further questions, please feel free to contact either of us.

Sincerely,



Steve Berberich
Chief Executive Officer
California ISO



John DiStasio
General Manager & Chief Executive Officer
SMUD