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**Cal-ISO Issues Self-Criticism; State electricity agency admits in a report to questionable moves during the energy crisis.**

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In an unusually candid critique, the agency that operates California's electricity grid said Friday that some of its employees took questionable steps during the state's **energy** crisis and later were "less than forthcoming" with state legislators investigating their actions.

The admissions by the California Independent System Operator were in a 34-page report by the organization's board of governors to the special state Senate committee that investigated market manipulation during the 2000-01 power crisis.

Cal-ISO delivered the report just days after the abrupt departure of Terry Winter, the organization's longtime chief executive, and Vice President Elena Schmid, whose resignations were announced Tuesday.

Mike Florio, a Cal-ISO board member, said the report essentially was completed two months ago and that the resignations were not related to its findings.

The report was in response to allegations by the Senate panel, led by Sen. Joe Dunn (D-Santa Ana), that Cal-ISO acted improperly during the **energy** crisis. Among the allegations is that in November 2001, the agency asked a unit of the Department of Water Resources to buy more electricity than was needed at the time. Enron Corp. used similar moves to create artificially high demand for power, thus boosting electricity prices in California.

"Everyone ... agrees there was no market manipulation involved" in the November request and that the extra electricity was needed, Cal-ISO said in its report. But the organization also acknowledged that its employees were "less than forthcoming with the committee" about the transaction.

In addition, Cal-ISO noted that its employees took other actions that were not "clearly authorized" under existing rules, but the actions weren't necessarily illegal because interpretations of the rules vary.

Florio, an attorney at the Utility Reform Network in San Francisco, said no disciplinary steps were taken because the issues were not clear-cut enough to

"take harsh action against good people" at Cal-ISO. He called the introspection "painful" for the organization.

**Robert McCullough**, an **energy** consultant and a Cal-ISO critic, applauded the admissions by Cal-ISO, which he described as "a bit of an apology" from a traditionally secretive group.

"This is a very different document than anything we've ever seen from the California ISO," said McCullough, whose **Portland**, Ore.-based firm represents large utilities. "I don't think they were crooked. I think it was a situation of bad governance, not of bad ethics."

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