

## **Power grid holds up as demand escalates**

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Knight Ridder/Tribune Business News

892 words

23 July 2005

[The San Diego Union-Tribune \(KRTBN\)](#)

English

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Jul. 23--California spent another day dancing at the edge of serious electricity problems, as hot weather, near-record consumption and generating plant shutdowns made balancing power supply and demand a dicey proposition.

But the state avoided major disruptions.

California's Independent System Operator declared a Stage 2 Emergency for Southern California early yesterday afternoon, but supplies increased later in the day as previously shut down plants came back into service and appeals for conservation were heeded.

The Stage 2 alert was triggered when electric generating reserves fell to 4 percent, allowing utilities to tap special load reduction programs. Grid operators prefer to have reserves of 7 percent or higher.

San Diego Gas & Electric said its region yesterday "probably" matched its all-time record for power consumption but added it was still analyzing data.

The record of 4,065 megawatts was set in September.

San Diego's record or near-record usage would have been even higher were it not for a strong conservation effort from customers, said Ed Van Herik, an SDG&E spokesman.

"We were on track to exceed the record peak, and then demand seemed to moderate," he said. "We put out a series of strong appeals, and we believe it had an effect."

Included in the appeals were calls to about 1,000 so-called interruptible electricity customers, who receive reduced rates in exchange for agreeing to curtail usage during peak periods.

At the state level, the ISO reported early yesterday that about 6,000 of California's 55,000 megawatts of generating capacity were idled by planned or unplanned shutdowns, or about 11 percent of the total available.

That compares with about 3,500 megawatts out of operation on average during the summer last year, according to ISO data.

By late yesterday afternoon, the level of outages fell to about 4,700 megawatts.

Both the ISO and California Public Utilities Commission said the shutdowns were being monitored by on-site inspections to ensure they were legitimate and to determine the extent of the problems. The PUC said results of the inspections were unavailable as of late yesterday afternoon, while the ISO did not comment on the result of its visits.

During the height of the California electricity crisis four years ago, 30 percent of the state's generating capacity was shut down for repairs or maintenance. Investigators at the state and federal level later concluded that some of these shutdowns were unnecessary and were intended to drive up electricity prices.

Robert McCullough, an independent energy consultant in Portland, Ore., who brought attention to market manipulation during the state crisis, said he believed the California grid was being poorly managed.

Suspicious about outages are warranted, he added.

The consultant said the state's high level of planned outages should raise questions. According to the ISO, about 15 percent of yesterday's shutdowns were planned.

"A power plant voluntarily shutting down in California in late July is like Nordstrom closing shop the day before Christmas to paint its ceilings," McCullough said.

He said the state continued to have misplaced incentives for power producers and criticized the ISO for failing to buy reserve power well in advance of the summer air-conditioning season.

McCullough said California was now reporting outages at double the rates that should be expected and said explanations that the plants were old and prone to breakdown weren't valid.

Many of California's power plants date to the 1950s and 1960s, he acknowledged, but he said the technology they use tends to be stable and quickly repairable.

"You can go through statistics for plants of the same age across the U.S. and find much higher reliability," he said. "We would normally expect outage rates for plants of California's vintage to be about 4 percent."

McCullough's criticism of California's power market structure and management is shared by some consumer groups. But an effort by The Utility Reform Network, a Bay Area consumer group, to re-regulate the electricity market through a November ballot initiative suffered a setback yesterday when a state appeals court disqualified the measure.

The ISO now purchases most of its power reserves a day before they are needed -- not before summer as is done elsewhere -- but a spokesman for the grid operator said it was studying mechanisms that would make the purchase of reserves more reliable.

Gregg Fishman, the ISO spokesman, also said about 20 percent of the planned outages were triggered by environmental factors, including air pollution or water protection regulations that forced plants to curtail generation.

Yesterday's plant shutdowns included the loss of a 200-megawatt power generating unit at San Diego's South Bay Power Plant, which is operated by Duke Energy. The unit is deployed at times of peak demand and can power about 200,000 homes.

Tom Williams, a Duke spokesman, said an external tube at the unit had sprung a leak late Thursday and that crews were working to bring it back into service.

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