

#### Los Angeles Times

California begins rolling blackouts after first Stage 3 emergency since 2001

#### Los Angeles Times

By LEILA MILLER | STAFF WRITER

AUG. 14, 2020 | 6:06 PM UPDATED 8:18 PM

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The body that runs the electric grid for most of California declared a statewide Stage 3 emergency Friday evening for the first time since 2001 due to excessive heat driving up electricity use and ordered utilities to implement power disruption programs.

The California Independent System Operator had issued a statewide flex alert earlier Friday, asking residents to conserve electricity between 3 p.m. and 10 p.m. That alert asked consumers to set air conditioner thermostats to 78 degrees or higher, turn off unnecessary lights and not use major appliances.

POWER
BLACKOUTS: THE
CORPORATE
GRID OPERATOR
IS RESPONSIBLE

- For two days in August, the corporation that has operated California's power market since the late 1990s, CAISO, declared a Stage 3 emergency that plunged much of the state into blackouts.
- Energy traders immediately pushed prices up from about \$35/MwH to over \$3,000.
- But CAISO immediately pointed the blame on state officials, and claimed that increased power demand for A/C due to heat wave, combined with too few natural gas power plants and unreliable renewable energy was to blame.

### 3 FACTORS DRIVING THE WEST COAST FIRES

- Climate change is making earth hotter, drying forests into fuel for fire. Five of California's largest fires have all occurred in the last 4 years.
- More people moved into the wildland urban interface—increasing the number of communities in the path of fires. Between 1990-2015 \*\*32 million new homes built\*\* in U.S. wildland urban interface.
- Poor preventative fire management. For the last century, U.S. wildfire policy has prioritized extinguishing fires as quickly as possible—when more managed, controlled burns would leave forests less susceptible to the catastrophic fires that have become the new normal.



## California's climate apocalypse

Fires, heat, air pollution: The calamity is no longer in the future — it's here, now

Oregon residents standing ground



By Susanne Rust and Tony Barboza

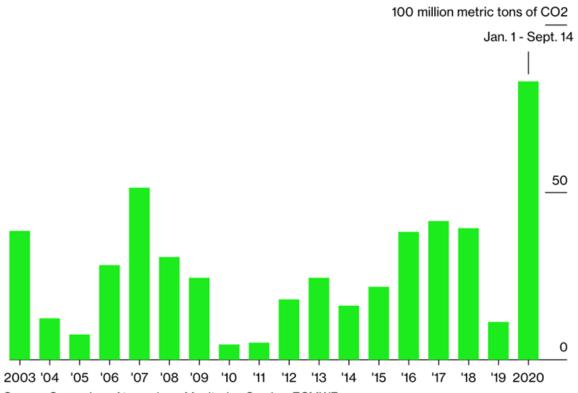
In 2001, a team of international scientists projected that during the next 100 years, the planet's inhabitants would witness higher maximum temperatures, more hot days and heat waves, an increase in the risk of forest fires and "substan-

Screenshot of the front page of Sunday's Los Angeles Times

"California is being pushed to extremes," the L.A. Times <u>reported</u> in Sunday's lead story. "And the record heat, fires and pollution all have one thing in common: They were made worse by climate change."

#### **California Burning**

The U.S. state's wildfires have emitted a record amount of carbon dioxide



Source: Copernicus Atmosphere Monitoring Service, ECMWF Note: CAMS annual total wildfire emissions for California

## CALIFORNIA AVERAGE TEMPERATURE

JUNE - SEPTEMBER







Here's what a highly regulated, government dictated energy system gets you... weakness, failure and danger.



It's almost 3 p.m. Time to turn off major appliances, set the thermostat to 78 degrees (or use a fan instead), turn off excess lights and unplug any appliances you're not using.

We need every Californian to help conserve energy. Please do your part. #FlexAlert

1K Likes

9:28 AM · Sep 7, 2020 · Twitter for iPad

**476** Retweets **28** Quote Tweets

#### California's Blackouts a Preview of the Green **New Deal**

by Merrill Matthews | Publications | PolicyBytes









Wanna see what summers will be like once the Biden-Harris administration passes the Sanders-AOC Green New Deal? Just look at the blackouts in California.

Yes, it's been hot in parts of California—just as it is in Texas and several other states this time of year—which is why responsible utility management and political leadership would have been prepared. But it's hard to be prepared for reality when you're living in a dream—a dream that we are anywhere close to supplanting fossil fuels with clean energy.

California Governor Gavin Newsom, a Democrat, is not happy. "Let me just make this crystal clear: We failed to predict and plan these shortages—and that's simply unacceptable," according to Bloomberg News.

"Failed to predict"? California Democrats and environmentalists, megaphoned by the media, are constantly warning the rest of us that climate change will mean hotter summers. So what's their excuse for being unprepared?

Even so, the governor wants to find someone to blame. Bloomberg says he "called for an investigation into why officials failed to anticipate the need for blackouts."

#### Trump seeks to pin California blackouts on Democrats

Energy experts have been unable to identify the exact cause of the rotating power outages amid a historic heat wave.



President Donald Trump speaks at the White House on Tuesday. | Patrick Semansky/AP Photo

By COLBY BERMEL, ERIC WOLFF and QUINT FORGEY



#### **Democrats Say California Is Model For Climate Action But Its Blackouts Say Otherwise**

Posted on AllSides August 23rd, 2020







**Forbes** 



From The Center





from fossil fuels toward renewables like solar and wind.



ANALYSIS At the Democratic National Convention this week, presidential and

for spending \$2 trillion, or \$500 billion per year, to transition the U.S. away

Biden has said he would not "tinker around the edges" with his plan. "We're

going to make historic investments that will seize the opportunity."

vice-presidential candidates Joe Biden and Kamala Harris will make the case



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#### **Forbes**

#### Why California's Climate **Policies Are Causing Electricity** Blackouts

Michae Energy

Michael Shellenberger Contributor ①

Sheller I write about energy and the environment



California denied millions of people electricity they needed for air conditioning because it had ...

Millions of Californians were denied electrical power and thus air conditioning during a heatwave, raising the risk of heatstroke and death,

# I WARNED USING ENVIRONMENTAL REGULATIONS AS AN EXCUSE FOR POWER BLACKOUTS IN THIS 2014 HILL OP-ED

There is a long history of using Environmental Protection Agency (EPA) rules as a catch-all conduit of culpability, a slight-of-hand smokescreen useful for setting up the agency as the dupe to mask the real reasons behind power plant shutdowns. A cardinal lesson in today's hardnosed political theater is what's true isn't always believable, and what's believable isn't always true. The industry is spending a lot of money to have voters believe the EPA is the root of our energy problems — even though it isn't true.

A favorite tactic is blaming the EPA for plant shutdowns when market manipulation is the culprit. For example, in 2001 when I was blowing the whistle on Enron during California's electricity crisis, then-House Subcommittee on Energy and Air Quality Chair Joe Barton (R-Texas), along with Vice President Dick Cheney, argued that stringent air-quality regulations caused the price spikes and rolling blackouts, and drafted legislation to suspend Clean Air Act requirements as a solution, with Barton arguing that "one of the things that causes the problem ... are some of the Clean Air Act regulations." Of course, we at Public Citizen knew that the power shortages were the result of intentional capacity withholding by the likes of Enron. Power companies made billions of dollars shutting down power plants to increase the prices at which they could sell power at their remaining units. But in Barton and Cheney's world, the EPA was an easy culprit.

# BUT DEMOCRATIC GOV. NEWSOM'S FIRST RESPONSE TO THE BLACKOUTS WAS TO ALLOW FOSSIL FUEL POWER PLANTS TO INCREASE POLLUTION





## Governor Newsom Signs Executive Order to Free Up Additional Energy Capacity Amid West Coast Heat Wave

Published: Aug 17, 2020

SACRAMENTO – With the West Coast heat wave projected to intensify over the coming days, Governor Gavin Newsom today signed an executive order to free up additional energy capacity.

#### **AUTHOR**

#### <u>Kavya Balaraman</u>

@kavya\_balaraman

#### **PUBLISHED**

Sept. 9, 2020

#### **SHARE IT**





#### **Dive Brief:**

- The U.S. Department of Energy this weekend <u>issued an order</u> allowing additional dispatch of three natural gas-fired plants in the California Independent System Operator's (CAISO) footprint through the end of the week, if needed, in light of "exceptional levels of electricity demand" spurred by a heatwave in the state.
- The order comes after <u>CAISO on Sunday requested</u> leeway on environmental and air quality permit limitations for the plants, due to high electricity demand forecasts this week. The order would allow the system operator to dispatch up to 100 MW of additional generation.

URGED BY CAISO,
CALIFORNIA WATER
BOARD EXTENDS LIFE
OF 4 DIRTY FOSSIL
POWER PLANTS IN
DIRECT RESPONSE TO
BLACKOUTS

ENVIRONMENT SEPTEMBER 1, 2020 / 7:22 AM / UPDATED 15 DAYS AGO

## California approves extending the lives of four aging gas plants

By Reuters Staff

2 MIN READ



(Reuters) - California, which imposed rolling blackouts during an oppressive heat wave on two days last month, on Tuesday extended the lives of four aging natural gas plants it has been seeking to retire for a decade.

The unanimous vote by four members of the State Water Resources Control Board follows an analysis last year that identified a potential electricity capacity shortfall beginning in the summer of 2021, according to agency documents. One board member was absent from the meeting.

### POWER GENERATION MIX, 2018

#### United States

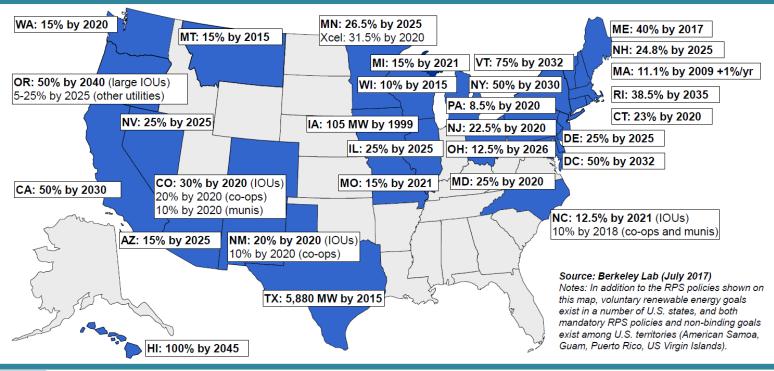
- Coal 27.4%
- Natural Gas 35.4%
- Nuclear 19.3%
- Wind & Solar 8.4%
- Hydro 7.1%
- Other 2.4%

#### California

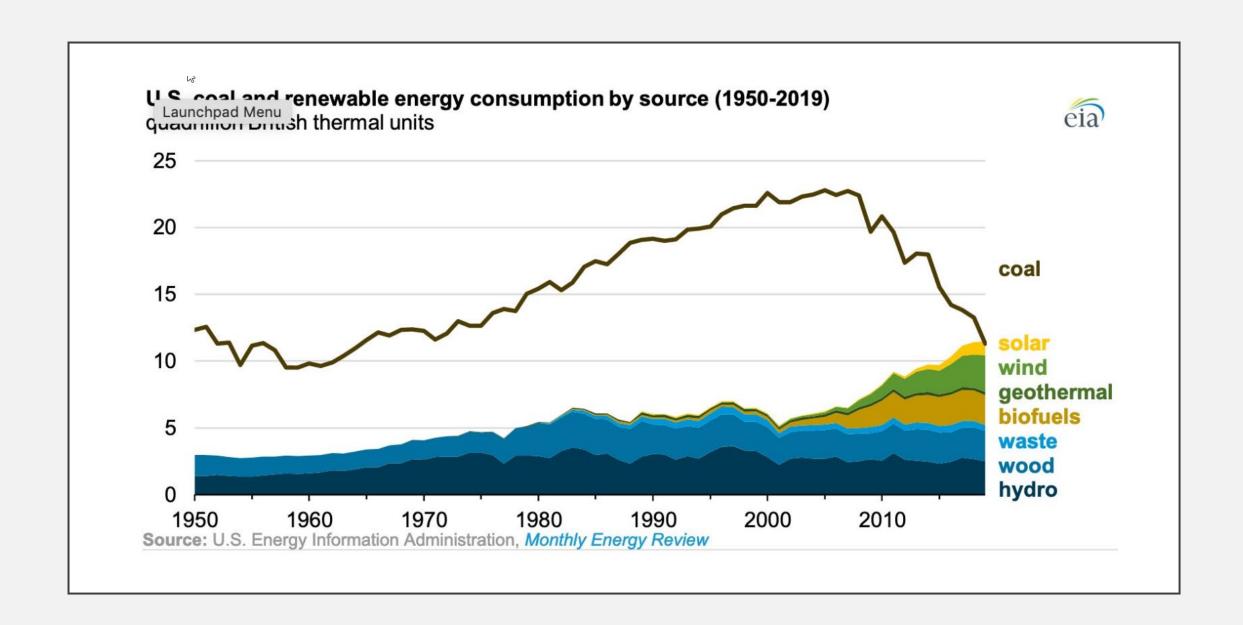
- Coal 0.1%
- Natural Gas 46.6%
- Nuclear 9.3%
- Wind&Solar 26.9%
- Hydro 13.5%
- Other 3.5%

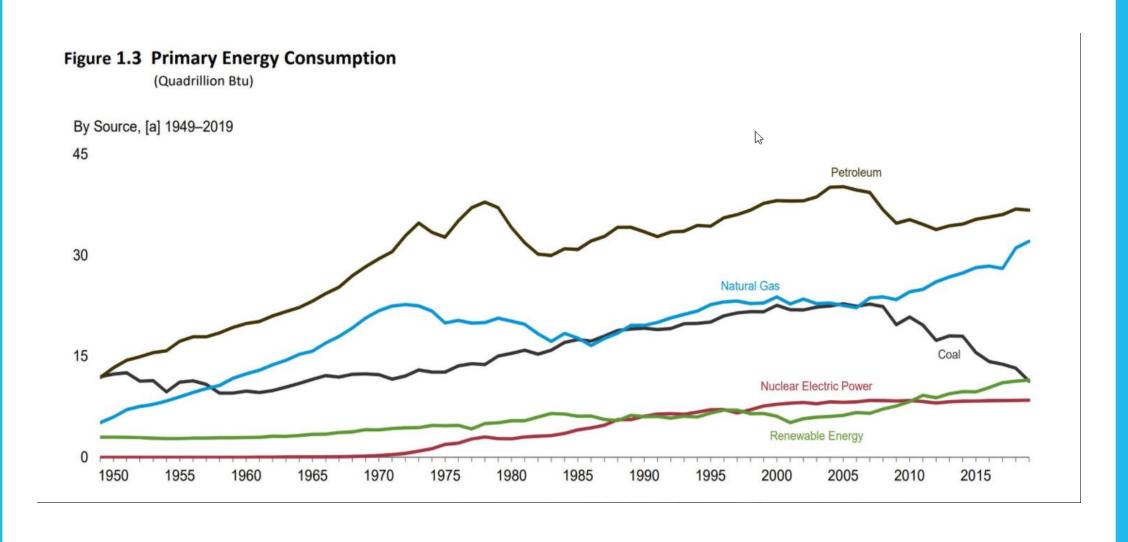
#### RPS Policies Exist in 29 States and DC

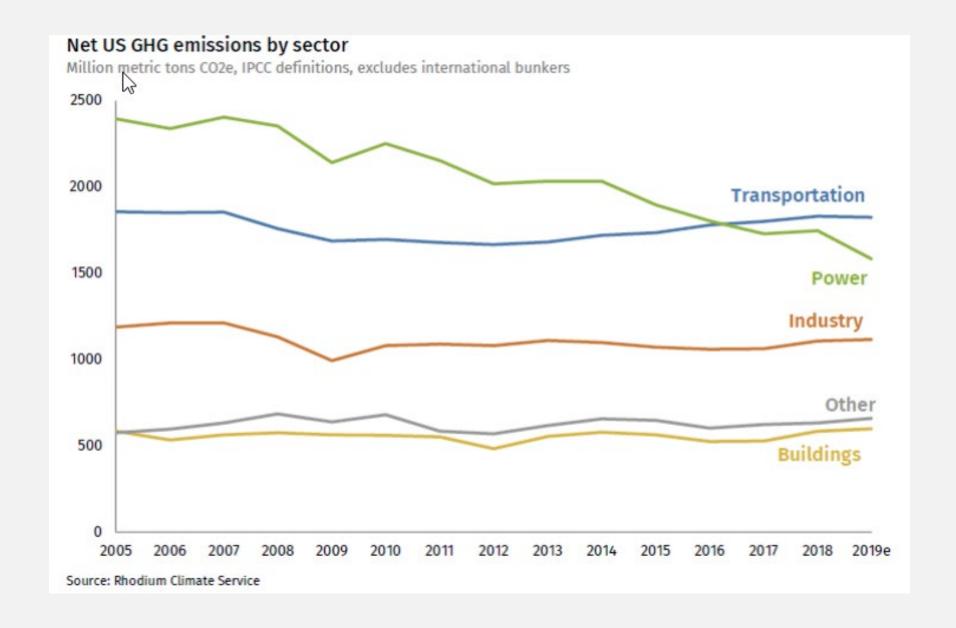
Apply to 56% of Total U.S. Retail Electricity Sales











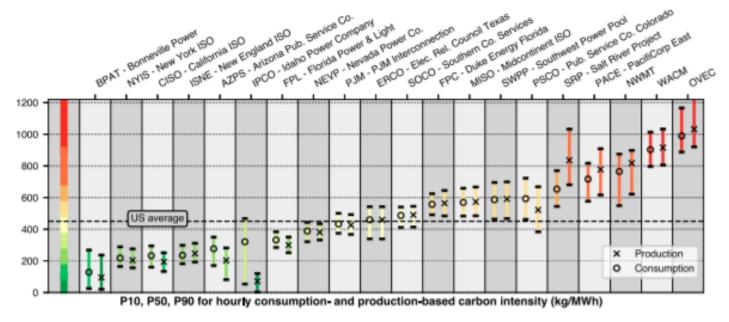
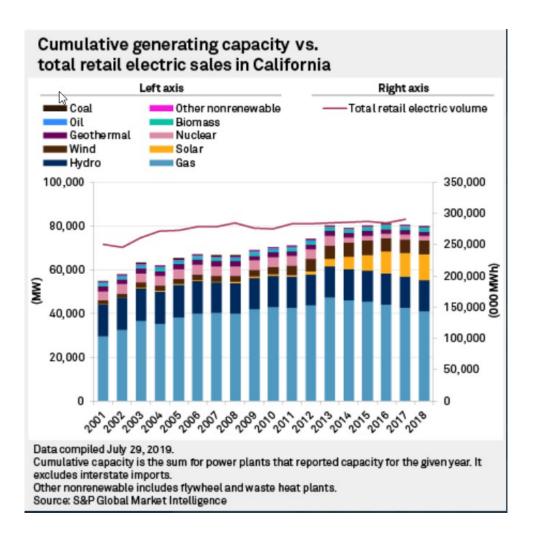


Fig. 2. The carbon footprint of electricity consumption. National- and annual-level carbon accounting does not capture the heterogeneity in space and time of EFs. The 10th, 50th, and 90th percentiles (P10, P50, and P90, respectively) of consumption- and production-based carbon intensity for selected BAs are shown.





# TWO TV INTERVIEWS ON THE CALIFORNIA BLACKOUTS/WILDFIRES



# CAISO IMPOSES TWO DAYS OF ROLLING BLACKOUTS, BLAMING RENEWABLE ENERGY & STATE GOVERNMENT





FOR IMMEDIATE RELEASE | Aug. 15, 2020

Contact: ISOMedia@caiso.com

## ISO requested power outages following Stage 3 Emergency declaration; system now being restored

FOLSOM, Calif. – The California Independent System Operator (ISO) declared a Stage 3 Electrical Emergency at 6:28 p.m. on Saturday, Aug. 15, due to increased electricity demand, the unexpected loss of a 470-megawatt (MW) power plant, and loss of nearly 1,000 MW of wind power.

## CAISO Blames Blackouts on Inadequate Resources, CPUC

August 18, 2020
By Hudson Sangree and Robert Mullin

#### ISO Orders Stop to Controversial Convergence Bidding

CAISO on Monday blamed inadequate preparation by others for a supply shortfall that caused rolling blackouts over the weekend during the Western heat wave.

During an emergency meeting of the Board of Governors, CEO Steve Berberich immediately jumped to the defense of the ISO, which received the brunt of criticism for ordering statewide rolling blackouts Friday and Saturday.

The California Public Utilities Commission authorizes load-serving entities to procure energy, he said. CAISO has told the CPUC that an additional 4,700 MW would be needed to meet summer peaks during the state's transition from fossil fuels to renewable energy. The CPUC directed LSEs to procure a total of 3,300 MW by next year, when the shortfall is expected to grow worse, he noted.

"The ISO does not direct procurement. We are the system operator," Berberich said. "The situation we are in could have been avoided. For many years, we have pointed out to the procurement-authorizing authorities that there was inadequate power available during the [evening] net peak," after solar has left the system but demand remains high.

The weekend outages occurred as solar power waned, he said. About 12,000 MW of battery storage are needed to store renewable energy, along with an "overbuild" of solar and wind generation to charge the batteries, he said. There's currently only 200 MW of storage on CAISO's grid.

PUBLIC CITIZEN LEARNS THAT IT WAS ACTUALLY THE UNEXPECTED FAILURE OF NATURAL GAS POWER PLANTS THAT TRIGGERED THE BLACKOUTS, BUT CAISO REFUSES TO ID THE CULPRITS



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### CAISO, FERC Should Reveal Identities of California Gas **Plants That Triggered Rolling Blackouts**

Letter from Tyson Slocum to FERC, CAISO Officials

August 24, 2020

The identities of power facilities that experienced unplanned outages—serving an immediate trigger to Stage 3 emergency declarations on August 14 and August 15—must be made public, as it is in the public interest to do so. CAISO has justified its refusal to identify the names, claiming they don't own or operate the assets—CAISO must therefore clarify whether they lack the authority to disclose the identities of assets on their grid, or if they are simply refusing to do SO.

It is a common feature of non-power markets for the identities of significant production assets to be publicly identified when they experience unscheduled outages. For example, oil refineries are always publicly named when they go offline, as their outage has a significant impact on commodity trading markets.

CAISO also suspended a FERC-approved financial trading mechanism during the crisis out of concern that it was "detrimentally" affecting reliability of the grid. This admission that a key feature of CAISO market design actually inhibits reliability is a serious liability, and CAISO must detail the problems that led to the suspension of virtual trading.

On Friday, August 14, California ISO—the private corporation tasked by FERC to oversee the state's power grid—declared a Stage 3 emergency, resulting in rolling blackouts for the state's residents and businesses. While there are multiple contributing variables, a trigger for the August 14 emergency declaration was the unplanned outage at 2:56pm PST of 475 MW from a natural gas power plant, leading to a massive spike in real-time prices exceeding \$1,000/MWh, "making that Friday the most profitable day ever to sell electricity from a gas-fired plant to the grid—until the following Monday, when prices rose even more".[1] This Stage 3 emergency declaration was the first since the 2000-01 deregulation crisis

#### The San Diego Union-Tribune

By JEFF MCDONALD

AUG. 25, 2020 | 6:03 PM

Advocacy groups on each side of the country are calling on regulators and prosecutors to intervene in response to rolling blackouts in California earlier this month.

In San Francisco, the Utility Reform Network issued a public plea to state Attorney General Xavier Becerra to launch an investigation into what prompted the California Independent System Operator, or CAISO, to impose what's called load-shedding.

In Washington D.C., the Public Citizen advocacy group has urged CAISO and federal energy regulators to identify which power plants contributed to the lack of power supply on Aug. 14 and 15, when the state saw its first deliberate blackouts since 2001.

"Identifying the names of power plants that helped trigger rolling blackouts is necessary for the public interest," Public Citizen energy program director Tyson Slocum wrote to CAISO and the U.S. Federal Energy Regulatory Commission.



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25 Aug, 2020

#### IN THIS LIST

CAISO urged to name gas plants that contributed to outages; state asked to probe

Essential Energy Insights -September, 2020

Bull market leaves US utilities

# CAISO urged to name gas plants that contributed to outages; state asked to probe

Recalling how certain companies engaged in market manipulation by deliberately withholding power generation during the energy crisis that took place 20 years earlier, Public Citizen is pressing federal regulators and the California ISO to disclose the gas-fired power plants that suddenly went offline in mid-August, contributing to the first rolling blackouts to hit that state since that crisis.

In an Aug. 24 letter, the consumer advocacy group Public Citizen told the Federal Energy Regulatory Commission and CAISO that disclosing the identities of the power facilities that unexpectedly went offline during the latest grid event is clearly in the public interest.

Also citing the return of rolling blackouts, The Utility Reform Network, a San Francisco-based consumer group, in an Aug. 24 letter to California Attorney General Xavier Becerra called for an investigation "to assess whether California residents have been the victims of market manipulation, price gouging and windfall profiteering."

The requests come as California primary wholesale grid operator and state energy regulators undertake their own investigation into the outages to inform a sweeping review of how to ensure that the nation's largest state economy can keep power flowing.

The CAISO issued a Stage 3 emergency late in the day on Aug. 14 after the loss of a 475-MW gas-fired plant and began hours of rotating power outages across the state to maintain grid stability. The following day, the loss of 1,000 MW of wind power and the unexpected outage of another natural gas-fired power plant, this one with 470-MW of capacity, led the CAISO to once again declare a Stage 3 emergency and engage in another round of rolling blackouts.

#### Proprietary info?

In an emailed response to a request from S&P Global Market Intelligence, a CAISO spokesperson declined to name the gasfired facilities that experienced unplanned outages, calling it "proprietary info."



### PUBLIC CITIZEN VICTORY: CAISO DISCLOSES THE NAMES SEPT 11



#### FACT SHEFT

#### Outage report Heat wave of August 2020

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During the August 17, 2020, briefing to its Board of Governors, the ISO noted the loss of a generating unit on August 14 and unexpected ramp down of another unit on August 15.

The ISO has received numerous questions regarding the identity of those resources. Out of an abundance of caution to ensure system security and data confidentiality, the ISO did not immediately release resource-specific outage information. After legal and operational review, the ISO is providing the background information about the two units referred to during the Board of Governors meeting and data on all units that were on partial or full outage at any point in time during the intense heat wave of Aug. 13-16.

Information regarding the two units that were specifically referenced in the ISO's public presentation to the Board of Governors on August 17 is provided below:

August 14: The Blythe Energy Center in Riverside County, a unit with full capacity of 494 megawatts (MVV), went offline at 2:57 p.m. due to plant trouble. At the time it went out of service, it was generating 475 MVV.

August 15: The Panoche Energy Center in the Fresno County city of Firebaugh unexpectedly ramped down its generation from about 394 MW to about 146 MW at 6:13 p.m., resulting in a loss of about 248 MW. This was not an outage, but a ramp down for a brief period of time from the CAISO dispatch. The ISO has been informed by the scheduling coordinator that the unit ramped down quickly because of an erroneous dispatch from the scheduling coordinator to the plant.

CAISO CEO
DISMISSES
MARKET
MANIPULATION
AS A CAUSE IN
SEPT. 8 LOS
ANGELES TIMES
INTERVIEW

### Los Angeles Times

The rolling outages of the early-2000s energy crisis were caused by Enron and other companies manipulating California's power markets, by withholding supplies to artificially raise prices. Is it possible that could be happening again now?

The outage numbers are frankly lower than they normally are, so I don't see evidence of withholding. We haven't seen anything unusual in the patterns of imports and exports. But it will take a deeper dive. So immediately, I don't see any evidence, but that doesn't mean it's not there. And I think we need to do our best to look into it.

The penalties and the trouble you can get into by trying to manipulate our markets are very extreme. And I do think people have learned their lesson. I could be wrong. We will do a look into it. Our Department of Market Monitoring will, I'm sure, be watching and looking into this very closely.

# Vitol, key trader face \$8M fine over alleged market manipulation in CAISO



The Federal Energy Regulatory Commission has given Vitol Inc. and one of its energy traders 30 days to respond to allegations that they engaged in a 2013 cross-product market manipulation scheme and explain why they should not have to collectively pay over \$8 million in civil penalties and disgorged profits.

In a show-cause order issued July 10, the commission asked Vitol and Federico Corteggiano, the co-head of the company's financial transmission rights trading operation, to defend their trading activity in the California ISO's market from Oct. 28, 2013, to Nov. 1, 2013, against allegations that they violated a Federal Power Act prohibition on energy market manipulation and FERC's anti-manipulation rule.

Enforcement staff found that Vitol sold electric power at a financial loss in CAISO's day-ahead market to eliminate export

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JULY 24, 2012

# JP Morgan's Alleged Power Manipulation Worse Than The "London Whale"

Regulators and the media are right to point to botched trading by JP Morgan Chase Bear Stearns that may result in as much as \$7.5 billion in losses as evidence that "too big to fail" financial institutions continue the recklessness that prompted the 2008 meltdown. As attention is focused on the legal trading shenanigans of JP Morgan, many have overlooked their potential illegal trading. JP Morgan Ventures Energy Corp, the company's energy trading unit, may be run like an Enron-esque enterprise, allegedly rigging bids to overcharge electricity consumers more than \$70 million. Yet Dimon isn't calling for the heads of those responsible, and hasn't threatened to revoke the pay and bonuses of the traders that allegedly stole millions from American households. Moral of the story: if you lose money at JP Morgan, you're fired. If you make money through potentially illegal and improper overcharges to the utility bills of tens of millions of