42.txt

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Date: Thu, 7 Dec 2000 01:09:00 -0800 (PST)  
From: phillip.allen@enron.com  
To: mike.grigsby@enron.com, keith.holst@enron.com, frank.ermis@enron.com  
Subject: DJ Cal-ISO Pays $10M To Avoid Rolling Blackouts Wed -Sources, DJ  
 Calif ISO, PUC Inspect Off-line Duke South Bay Pwr Plant, DJ Calif Regula  
 tors Visit AES,Dynegy Off-Line Power Plants  
Mime-Version: 1.0  
Content-Type: text/plain; charset=us-ascii  
Content-Transfer-Encoding: 7bit  
X-From: Phillip K Allen  
X-To: Mike Grigsby, Keith Holst, Frank Ermis  
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X-Folder: \Phillip\_Allen\_Dec2000\Notes Folders\All documents  
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09:08 AM ---------------------------  
  
  
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Subject: DJ Cal-ISO Pays $10M To Avoid Rolling Blackouts Wed -Sources, DJ   
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Fischer/PDX/ECT@ECT, Monica Lande/PDX/ECT@ECT  
cc:   
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AM ---------------------------  
   
 Enron Capital & Trade Resources Corp.  
   
 From: "Pergher, Gunther" <Gunther.Pergher@dowjones.com>   
 12/07/2000 06:11 AM  
   
  
To: undisclosed-recipients:;  
cc:   
Subject: DJ Cal-ISO Pays $10M To Avoid Rolling Blackouts Wed -Sources, DJ   
Calif ISO, PUC Inspect Off-line Duke South Bay Pwr Plant, DJ Calif Regula   
tors Visit AES,Dynegy Off-Line Power Plants  
  
  
13:18 GMT 7 December 2000 DJ Cal-ISO Pays $10M To Avoid Rolling Blackouts  
Wed -Sources  
(This article was originally published Wednesday)  
LOS ANGELES (Dow Jones)--The California Independent System Operator paid  
about $10 million Wednesday for 1,000 megawatts of power from Powerex and  
still faced a massive deficit that threatened electricity reliability in the  
state, high-ranking market sources familiar with the ISO's operation told  
Dow Jones Newswires.  
But the ISO fell short of ordering rolling blackouts Wednesday for the third  
consecutive day.  
The ISO wouldn't comment on the transactions, saying it is sensitive market  
information. But sources said Powerex, a subsidiary of British Columbia  
Hydro & Power Authority (X.BCH), is the only energy company in the Northwest  
region with an abundant supply of electricity to spare and the ISO paid  
about $900 a megawatt-hour from the early afternoon through the evening.  
But that still wasn't enough juice.  
The Los Angeles Department of Water and Power sold the ISO 1,200 megawatts  
of power later in the day at the wholesale electricity price cap rate of  
$250/MWh. The LADWP, which is not governed by the ISO, needs 3,800 megawatts  
of power to serve its customers. It is free sell power instate above the  
$250/MWh price cap.  
The LADWP has been very vocal about the amount of power it has to spare. The  
municipal utility has also reaped huge profits by selling its excess power  
into the grid when supply is tight and prices are high. However, the LADWP  
is named as a defendant in a civil lawsuit alleging price gouging. The suit  
claims the LADWP sells some of its power it gets from the federal Bonneville  
Power Administration, which sells hydropower at cheap rates, back into the  
market at prices 10 times higher.  
Powerex officials wouldn't comment on the ISO power sale, saying all  
transactions are proprietary. But the company also sold the ISO 1,000  
megawatts Tuesday - minutes before the ISO was to declare rolling blackouts  
- for $1,100 a megawatt-hour, market sources said.  
The ISO, whose main job is to keep electricity flowing throughout the state  
no matter what the cost, started the day with a stage-two power emergency,  
which means its operating reserves fell to less than 5%. The ISO is having  
to compete with investor-owned utilities in the Northwest that are willing  
to pay higher prices for power in a region where there are no price caps.  
The ISO warned federal regulators, generators and utilities Wednesday during  
a conference call that it would call a stage-three power emergency  
Wednesday, but wouldn't order rolling blackouts. A stage three is declared  
when the ISO's operating reserves fall to less than 1.5% and power is  
interrupted on a statewide basis to keep the grid from collapsing.  
But ISO spokesman Patrick Dorinson said it would call a stage three only as  
a means of attracting additional electricity resources.  
"In order to line up (more power) we have to be in a dire situation,"  
Dorinson said.  
Edison International unit (EIX) Southern California Edison, Sempra Energy  
unit (SRE) San Diego Gas & Electric, PG&E Corp. (PCG) unit Pacific Gas &  
Electric and several municipal utilities in the state will share the cost of  
the high-priced power.  
SoCal Edison and PG&E are facing a debt of more than $6 billion due to high  
wholesale electricity costs. The utilities debt this week could grow by  
nearly $1 billion, analysts said. It's still unclear whether retail  
customers will be forced to pay for the debt through higher electricity  
rates or if companies will absorb the costs.  
-By Jason Leopold, Dow Jones Newswires; 323-658-3874;  
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13:17 GMT 7 December 2000 DJ Calif ISO, PUC Inspect Off-line Duke South Bay  
Pwr Plant  
(This article was originally published Wednesday)  
LOS ANGELES (Dow Jones)--Representatives of the California Independent  
System Operator and Public Utilities Commission inspected Duke Energy  
Corp.'s (DUK) off-line 700-MW South Bay Power Plant in Chula Vista, Calif.,  
Wednesday morning, a Duke spokesman said.  
The ISO and PUC have been inspecting all off-line power plants in the state  
since Tuesday evening to verify that those plants are shut down for the  
reasons generators say they are, ISO spokesman Pat Dorinson said.  
About 11,000 MW of power has been off the state's power grid since Monday,  
7,000 MW of which is off-line for unplanned maintenance, according to the  
ISO.  
The ISO manages grid reliability.  
As previously reported, the ISO told utilities and the Federal Energy  
Regulatory Commission Wednesday that it would call a stage three power alert  
at 5 PM PST (0100 GMT Thursday), meaning power reserves in the state would  
dip below 1.5% and rolling blackouts could be implemented to avoid grid  
collapse. However, the ISO said the action wouldn't result in rolling  
blackouts.  
The ISO and PUC also inspected Tuesday plants owned by Dynegy Inc (DYN),  
Reliant Energy Inc. (REI) and Southern Energy Inc (SOE).  
Duke's 1,500-MW Moss Landing plant was also inspected by PUC representatives  
in June, when some units were off-line for repairs, the Duke spokesman said.  
  
  
 -By Jessica Berthold, Dow Jones Newswires; 323-658-3872;  
jessica.berthold@dowjones.com  
  
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13:17 GMT 7 December 2000 =DJ Calif Regulators Visit AES,Dynegy Off-Line  
Power Plants  
(This article was originally published Wednesday)  
  
 By Jessica Berthold  
 Of DOW JONES NEWSWIRES  
  
LOS ANGELES (Dow Jones)--AES Corp. (AES) and Dynegy Inc. (DYN) said  
Wednesday that representatives of California power officials had stopped by  
some of their power plants to verify that they were off line for legitimate  
reasons.  
The California Independent System Operator, which manages the state's power  
grid and one of its wholesale power markets, and the California Public  
Utilities Commission began on-site inspections Tuesday night of all power  
plants in the state reporting that unplanned outages have forced shutdowns,  
ISO spokesman Pat Dorinson said.  
The state has had 11,000 MW off the grid since Monday, 7,000 MW for  
unplanned maintenance. The ISO Wednesday called a Stage 2 power emergency  
for the third consecutive day, meaning power reserves were below 5% and  
customers who agreed to cut power in exchange for reduced rates may be  
called on to do so.  
As reported earlier, Reliant Energy (REI) and Southern Energy Inc. (SOE)  
said they had been visited by representatives of the ISO and PUC Tuesday  
evening.  
Representatives of the two organizations also visited plants owned by AES  
and Dynegy Tuesday evening.  
AES told the visitors they couldn't perform an unannounced full inspection  
of the company's 450-megawatt Huntington Beach power station until Wednesday  
morning, when the plant's full staff would be present, AES spokesman Aaron  
Thomas said.  
Thomas, as well as an ISO spokesman, didn't know whether the representatives  
returned Wednesday for a full inspection.  
  
 AES Units Down Due To Expired Emissions Credits  
  
The Huntington Beach facility and units at two other AES facilities have  
used up their nitrogen oxide, or NOx, emission credits. They were taken down  
two weeks ago in response to a request by the South Coast Air Quality  
Management District to stay off line until emissions controls are deployed,  
Thomas said.  
AES has about 2,000 MW, or half its maximum output, off line. The entire  
Huntington plant is off line, as is 1,500 MW worth of units at its Alamitos  
and Redondo Beach plants.  
The ISO has asked AES to return its off line plants to operations, but AES  
has refused because it is concerned the air quality district will fine the  
company $20 million for polluting.  
"We'd be happy to put our units back, provided we don't get sued for it,"  
Thomas said. "It's not clear to us that the ISO trumps the air quality  
district's" authority.  
As reported, a spokesman for the air quality district said Tuesday that AES  
could have elected to buy more emission credits so that it could run its off  
line plants in case of power emergencies, but choose not to do so.  
  
 Dynegy's El Segundo Plant Also Visited By PUC  
  
Dynegy Inc. (DYN) said the PUC visited its 1,200 MW El Segundo plant Tuesday  
evening, where two of the four units, about 600 MW worth, were off line  
Wednesday.  
"I guess our position is, 'Gee, we're sorry you don't believe us, but if you  
need to come and take a look for yourself, that's fine,'" said Dynegy  
spokesman Lynn Lednicky.  
Lednicky said one of the two units was off line for planned maintenance and  
the other for unplanned maintenance on boiler feedwater pumps, which could  
pose a safety hazard if not repaired.  
"We've been doing all we can to get back in service," Lednicky said. "We  
even paid to have some specialized equipment expedited."  
Lednicky added that the PUC seemed satisfied with Dynegy's explanation of  
why its units were off line.  
-By Jessica Berthold, Dow Jones Newswires; 323-658-3872,  
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