

## The Grid Brothers

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For many of us, the word *soul* is probably synonymous with James Brown, blues, and R&B. For those subjected to a Catholic school education, the word may also invoke memories of nuns' warnings about actions and thoughts that blackened one's soul in the short and long term. But only somebody who is hooked on energy jam sessions would think to link soul with the not-too-bluesy California Independent System Operator.

In his newly published book *Soul of the Grid*, Arthur O'Donnell does just that. *Soul* looks beyond the transmission wires and steel towers to the people orchestrating the flow of power over hundreds of miles of lines to high-rises, factories, hospitals, shops, and homes. The book goes into comprehensive detail but is great fun and full of juicy tidbits.

In place of incs, OOMs, and BEEPstacks, O'Donnell delves into the immense problems the energy crisis and its aftermath have created for the grid operator's flesh-and-blood staff. Many of the problems of the five-year-old CAISO are attributable to the fact that it is stuck between state and federal turf and egos. It "has always stood at the uneasy intersection of state and federal interests—or as some have put it, in the no-man's land between California politics and the jurisdictional authority of the Federal Regulatory Energy Commission (FERC)," O'Donnell points out.

O'Donnell tells the history of the grid operator: how it went from a heavily debated concept to reality, its predecessor working groups and pre-start-up staff, and the organization's first and subsequent boards. CAISO is the last viable component of the deregulated energy market that regulators and lawmakers attempted to create, he notes.

But more interesting are the tales about the highs and lows of CAISO workers and consultants and their insanely long work hours as the months wore on. Unlike the godfather of soul and his famous cry, outbursts of "I feel good" were seldom heard.

There was an in-house culture clash because of the staff's different backgrounds. Put under the same roof were people—engineers and technicians—from the three investor-owned utilities, each with distinct cultures. And there were those from public utilities and federal agencies who had their own baggage. There were major differences between CAISO dispatchers and the traders. Gary Ackerman, head of the Western Power Trading Forum, referred to the former as "them" and the latter as "us." To find a common ground, an intermediary group was created, which Ackerman dubbed "Thus."

But the biggest hit on CAISO has been from the direct and indirect impacts of clashing bands of regulators and politicians and opposing ideologies. "I had just had it," said former CAISO staff attorney Roger Smith. "I had been chewed up and spit out."

The state-federal tug of war has its roots in former California Public Utilities Commission president Dan Fessler's push for "cooperative federalism" in the early 1990s, which was incorporated in the deregulation law passed in 1996. "AB 1890, seeking to maintain a firm hand over California ISO, would set up the first important conflict between federal regulators and California over the new market structure," the book states.

Fast forward to 2003, after the book was completed. In late September, Fessler said, "It wasn't supposed to turn out like this—with California consumers doomed to perhaps 20 years of high-priced electricity by a state government now accused of having acted in haste to achieve long-term waste." Fessler admitted he "made a mistake" in pushing for the creation of two entities to handle energy bids—CAISO and the California Power Exchange—which allowed for gaming that jacked up power prices.

While I was taking a break from reading *Soul*, there was a live update of a new variation on the latest battle

over who is to blame for the grid's shortcomings and who should call the shots on its future. The latest outburst focused on the oft-heard refrain of how to get more transmission lines built to tap into power projects and reduce market gaming opportunities.

"Transmission is the neglected afterthought of deregulation," said state treasurer Phil Angelides. The new Republican governor is expected to push an energy agenda that is pro-deregulation, and Angelides, who is eyeing the governorship, wants to loosen the grip of FERC and the GOP. He blamed the transmission constraints on the "dark days of Pete Wilson's deregulation" and the utilities' failure to build any "significant new projects."

Angelides's fix for the Schwarzenegger blues involves giving the California Power Authority (CPA) the money and authority to build needed transmission projects to keep CAISO from being "left an orphan."

The use of CAISO to garner political points and strike a chord with the public is nothing new, but the issue is always far more complicated than meets the eye and ear. During Angelides' November 4 press conference, *Wall Street Journal* reporter Rebecca Smith blasted the treasurer for representing that the transmission problem is due solely to utilities' failure to build new lines.

"When listening to a press briefing that includes many pieces of erroneous information, I get a little steamed," she said." She pointed out that the Path 15 upgrade was progressing while the CPUC shot down the Valley-Rainbow proposal.

It is easy to forget that always stuck between the clashing political performers is the CAISO staff. And that is the heart of *Soul of the Grid*.

For me, the highlights of the book were the personal anecdotes and asides. Former CAISO spokesperson Patrick Dorinson said the early monthly meetings of the new 26-member stakeholder board "always reminded me of Thanksgiving." He joked, "You know, you've got Uncle George in the corner, who drinks too much, and Aunt Mary, who talks to herself. But they are all family." Dorinson left CAISO at the height of the crisis because he said his job had become too politicized. He later joined Mirant and now works on the governor-elect's transition team.

My other personal favorite in the book was a discussion of the software that dealt with foreign-sounding transmission activities. During his first days on the job, Roger Smith was subjected to a crash course in CAISO dissonance. Whenever there was a software glitch, the response was, "Oh, Ziad does that." Smith assumed the Ziad of this oft-repeated refrain was a fix-all software program or some special computer. Later, he discovered that Ziad actually referred to a human being, CAISO's Ziad Alaywan.

Perhaps the sequel to *Soul of the Grid* will be *I Heard It Through the Grid Line*.

For copies of O'Donnell's book, go to [www.energyoverseer.com](http://www.energyoverseer.com).

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