

SAM – ENERGY AND SUSTAINABILITY

AUTHORITY
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1810.2

[Executive Order B-18-12](#) mandates that state agencies participate in “demand response” programs to obtain financial benefits for reducing peak electrical loads when called upon, to the maximum extent that is cost-effective for each state-owned or leased facility, and does not materially adversely affect agency operations.

Federal law requires that the California Independent System Operator ([CAISO](#)) maintain specified levels of energy reserves available to the electrical grid. When reserves reach dangerously low levels because electrical demand is high, the CAISO may declare a Stage 1 Electrical Emergency to bring about a reduction in demand. The CAISO can escalate the emergency to Stage 2 and then Stage 3 if curtailment measures do not successfully reduce demand. Finally, the CAISO may use rotating outages to balance the demand for electricity to the available supply.