

DOCKETED

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Document Title:	CAISO Board of Governors and the Puente Power Plant project
Description:	The attached document regarding the CAISO Board of Governors discussion about the Puente Power Plant supersedes the earlier version of the discussion docketed on May 22, 2017 (tn217693).
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Memorandum

Date: May 25, 2017
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Subject: PUENTE POWER PROJECT — CAISO BOARD OF GOVERNORS

The following replaces the document docketed by staff on May 22, 2017 (tn: 217693) regarding the May 1, 2017 California Independent System Operator (CAISO) Board of Governors (Board) discussion of the Puente Power Plant.

During the *General Public Comment* portion of the May 1, 2017 CAISO Board meeting, several statements were made related to the Puente Power Plant project. A transcript of the relevant portions of the discussion is attached hereto.

The entire CAISO Board discussion can be reviewed for 30 days following May 1, 2017 via CAISO's recorded tape conversation system, available here: <http://www.aiso.com/informed/Pages/BoardCommittees/Default.aspx> (beginning approximately 28:45 minutes into the recorded meeting).

Energy Commission staff are hereby alerting the Puente Committee of the above information presented at the Board meeting, and will continue to keep the Committee apprised of any new developments.

The following is a partial transcript of the CAISO's May 1, 2017 Board of Governors Meeting. This excerpt includes relevant portions of the discussion between the CAISO Board of Governors and management regarding the Puente Power Project. This discussion was in response to public comments by James Caldwell on behalf of the Center for Energy Efficiency and Renewable Technologies (CEERT) and the City of Oxnard. Mr. Caldwell requested that the CAISO conduct a study regarding possible preferred resource alternatives to the Puente Power Project.

Transcript Excerpt

35:25

James Caldwell (CEERT and City of Oxnard):

And so we think that there is a viable non-combustion alternative to that in the Moorpark area, we filed that case at the CEC last week. We're here today to say that this needs to be studied, we'll be, later this week we'll be at the PUC, we'll be at the legislature, we'll be at the Governor's office with this plan. And all we're asking from the ISO at this stage in the game is to say that this alternative will be studied as part of the routine annual analysis of transient stability, short-circuit current duty, all of those sorts of things in the Moorpark area as part of the 2017 TPP. So make this one of the scenarios studied in the normal course of events this year. So that is the request we have today.

36:29

Governor Bhagwat: Keith, do you want to respond?

36:28

Keith Casey (CAISO Vice President of Market and Infrastructure Development):

I guess my best response would um, you know, the Puente project is in the middle of the CEC proceeding right now, um, we're really going to take our cues from the CEC Commission on how they want to proceed on this and we stand ready as we always do to be a collaborative party with the uh, uh, the CEC as well as the CPUC on this, so um, you know we'll take his recommendation under advisement, but we really think that the prudent course of action is to, um, the CEC is the lead agency on this and look to them for direction on how we move forward

37:15

James Caldwell: Let me quickly respond, um appreciate that. And indeed, it is, right now, at the CEC undergoing CEQA analysis and the analysis of alternatives to Puente was specifically excluded from the PUC decision under the thing it said that the CEQA lead agency was the CEC and that's where the discussion belonged, that's where the discussion is right now. Now the CEC recently, not delayed, but added to the hearing schedule, to hear alternatives to Puente. The alternative that they asked for was not specifically ours, it was a smaller peaker at an inland location. Ok. And they asked for testimony on that, that testimony will be developed over the next three months, it'll come in this summer, there's going to be another set of hearings on this. And so the request to have the ISO study this alternative, you're probably going to get that request anyway, two or three months down the road and all we're suggesting is to get ahead of that. And, you know, we can talk about this, but you're right, that's where it belongs, but I think this body is the one that needs to look at that. The other thing I would point out is that in a related proceeding at the PUC we have the Ellwood-Goleta issue, which is part of Moorpark. It's roughly (inaudible) percent of Moorpark and it has its own set of issues.

And that's a mess right now. Ok, well that's all up in the air about Ellwood and the plan that we're talking about for Moorpark also gets at that. So there is a lot of things going on that this study could inform and we think it's part of that.

39:25

Keith Casey: Well, I don't want to get into protracted debate here, um, all I can say is we have a long history of working very effectively and collaboratively with our state agencies, and that works because we coordinate. And, um, so, having us run off on ad hoc studies out of step with the CEC process would be counter to that successful collaboration we've had a long history of.

39:55

CAISO Governor Olsen: Keith, if I could take issue with that a little bit – um – um – I think that the CEC because now it is the CEQA lead agency here and does have a responsibility to evaluate alternatives – non-combustion or preferred resource alternatives to Puente have not been considered. And I think that the ISO could perform a valuable service that the energy commission might actually welcome to have us at least do the study of – uh – non-combustion or preferred resource alternatives to see if in fact it feasibly and cost effectively meet that LCR need – that N minus one minus one – for the Moorpark Region. So having the ISO do the study now and make that available to the energy commission as it comes to a decision before it becomes comes to a decision could really help. The reason it's important is that we know that the – um – state is going to reduce reliance on gas-fired generation – and um – the question really with Puente is – does the state draw that line from new gas plants before Puente or after Puente – um – so that's one – one big question.

There are other – the other big question in my mind anyway is a reliability-based one. And that is having this one – essentially making the response to mitigation to the – um – contingency need that we found dependent on this one very large shaft – this GE Frame 7 unit, which was not designed for a quick start – a quick start and stop – it is a long and heavy shaft, it's got tight blade and it's not the right unit to serve that need. So I think there's all the more reason for us to reconsider now before we allow the energy commission to go ahead and approve a unit that may not really be necessary in the system scheme of the generation fleet and may not be the best solution from a reliability point of view.

42:37

Keith Casey: I don't really have any comments. I guess my counsel to the board and Steve may want to chime in here as well is that we had an offline discussion on – um – on – um – the asset that Mr. Caldwell put forward – um and I also think that at the end of the day this is going to be beneficial to the CEC process rather than us presuming that there can be some outreach from the CEC to figure out – um – how best to coordinate with them on this, but I would caution against – um – committing to something here that might in the end – um – not be conducive to supporting the process at the CEC.

43:22

Governor Ferron: I just want to add my comment for what it's worth – and we – we are as we are moving towards fifty percent renewable we are going to run into these issues the gas generation fleet is going to be the minority in – um – in the state – and – uh – I just see that adding resources – uh – in that column – uh – particularly that don't

have attributes that could provide the kind of flexibility that we need would be a mistake and I appreciate having served on the PUC – uh – and observed the process – you know – the coordination between the CEC and the PUC and the – and the ISO. I appreciate that there were feedback loops and cycles and things – um – but this also strikes me as an instance where – um – you know – the given the leads – the lead time and the change in the technology and the change in the requirements in the last few years – it – it may merit – um – you know – perhaps stepping outside of the usual – uh – framework.

44:33

Governor Galiteva: I would also agree with that. It seems to me that if we are going to be moving forward with the gas plan at this time and at this juncture in the context of everything that is going on not evaluating other alternatives that are viable non-combustion alternatives is – is a missed opportunity. Um – so if we can inform the process – and – and have those considerations taken into account I think that it would be useful for everybody all around and inform the decision making better.

45:03

Steve Berberich (CAISO Chief Executive Officer):

Governors if I might – um – let's kind of zoom our and then we'll zoom in on the process for a second. We couldn't agree more to everything you are talking about – um – and indeed – uh – our job is to identify needs and the – uh – the Southern California Edison went and did an RFO on this and – um – much of what they got were not preferred resources there were not enough preferred resources bid into that to fill the need. Now – um – we do this on all of the areas inside our footprint and – um – in this case, and in all cases, we have done it for need. We all know that – um – many of these needs can be filled in many different ways – and Mr. Caldwell talked about different ways that can be filled in here. We don't take exception to that there very well could be. So that's the broader issue, but zooming in, though, the hesitancy we have is not that we won't do the study – of course we would do the study associated with this. The question is one of process – and it's a process of that we work very closely and collaboratively with the Public Utilities Commission and the California Energy Commission and for us to unilaterally do this, in this case, or any other cases, I think would be – um – it would undermine this collaboration and the process that we have and all we're trying to say here in response to everything you are suggesting is that – let us collaborate with the CEC, we're happy to have them ask us and we will reach out to them to see if they would like to ask us this. Um – we're usually pretty effective about this, but I gotta tell you – just jumping out unilaterally doing this, I think, would be provocative...

47:17

Governor Galiteva: And that's not what we're suggesting in all of this this is clearly a collaborative process, we want it to be within the collaborative process and well informed.

47:26

Governor Olsen: But, wouldn't a study – like (inaudible) suggested would be something that we would do – uh – in the normal course of our present transmission planning process – so 2017-2018 transmission planning process looking at preferred resources...

47:46

Steve Berberich: Yeah governor Olsen, we also – we're in the business of need – um – of identifying need and we did this study back when we identified the need in this area as Mr. Caldwell properly pointed out that N minus one minus one situation – and we give the need to the PUC and in this case Edison and their job is to go and do an RFO and see what we can get out of this, that process happened. Now, whether it was a right decision or not is I suppose is one that you could argue at the PUC about the single shaft, and the right technology and all of those things, we don't get into that business. Then, it's – um – it's now gone to the CEC because the PUC asked the CEC to look at this again because as people properly pointed out the CEC is the lead CEQA agency on this, and we stand ready to collaborate with them on this.