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7 State of California
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10 In the Matter of:

Docket No. 15-AFC-01

11 Application for Certification
12 for the PUENTE POWER PROJECT

APPLICANT'S COMMITTEE CONFERENCE
STATEMENT

13
14 NRG Energy Oxnard Center LLC ("Applicant" or "NRG") hereby responds to the Notice
15 of Committee Conference issued on May 25, 2017 by the California Energy Commission
16 ("CEC") Committee assigned to conduct proceedings on the Application for Certification
17 ("AFC") for the Puente Power Project ("Puente Project").¹ The Notice states that one of the
18 purposes of the June 5, 2017 Committee Conference is to discuss the relevance of a discussion
19 that took place related to the Puente Project during the May 1, 2017 meeting of the California
20 Independent System Operator ("CAISO") Board of Governors ("CAISO Board").² As
21 summarized below, and explained in the detailed analysis that follows, Applicant believes that
22 the discussion is of extremely limited relevance to this proceeding.

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27 ¹ TN #217701-1 and #217701-2.

28 ² Notice of Committee Conference (TN #217701-1), p. 2.

1 **A. Summary of Applicant's Position**

2 Having just entered the third year of these proceedings, the Committee has presided over
3 the development of a thorough evidentiary record that currently consists of approximately 300
4 documentary exhibits comprising many thousands of pages of expert analysis on every aspect of
5 the Puente Project. Thus far, the Committee has conducted over 42 hours of evidentiary
6 hearings, during which it heard live testimony from dozens of expert witnesses from a wide
7 range of disciplines and perspectives. On March 10, 2017, the Committee issued Orders
8 directing that specific additional evidence be developed in certain topic areas,³ and the
9 Committee scheduled up to three days of additional evidentiary hearings to take testimony on
10 this additional evidence.⁴

11 Under these circumstances, the relevance of a 27-minute discussion during a general
12 public comment period at a CAISO Board meeting, initiated by one of the parties to these
13 proceedings without notice to or participation by the other parties or the public, and without the
14 benefit of a full understanding on the part of the CAISO Board of the analysis that has already
15 been conducted in these proceedings, is extremely limited. It certainly should not divert the
16 Committee from the path it has already set for concluding this proceeding.

17 At the May 1, 2017 meeting, CAISO Board members requested that the CEC evaluate
18 non-combustion alternatives to the Puente Project in the course of its review conducted under the
19 authority granted to the CEC by the Warren-Alquist Act and the California Environmental
20 Quality Act. CAISO Board members also requested that CAISO staff reach out to the CEC to
21 offer assistance, if needed, with respect to this issue. The request of the CAISO Board members
22 is already being fulfilled by the CEC and the parties to these proceedings. Therefore, materially
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24 ³ As explained in Applicant's Motion to Exclude from the Evidentiary Record the Supplemental
25 Testimony of James H. Caldwell, May 11, 2017 (TN #217565), the matters addressed here fall
26 outside the scope of the March 10, 2017 Orders.

27 ⁴ Committee Orders for Additional Evidence and Briefing Following Evidentiary Hearings,
28 March 10, 2017 (TN #216505); Revised Committee Scheduling Order, May 11, 2017 (TN
#217550).

1 altering the course of these proceedings in response to the comments from CAISO Board
2 members, including requesting that the CAISO staff undertake some type of study, is
3 unnecessary.

4 It is clear from the discussion at the May 1, 2017 meeting that the CAISO Board is not
5 fully apprised of the analysis that has been undertaken in the CEC proceedings. Unfortunately,
6 given the nature of the discussion on May 1, 2017, it did very little to further inform the CAISO
7 Board about these efforts, and instead appears to have only led to further misunderstanding. For
8 example, it is clear from the transcript of the meeting that some CAISO Board members are
9 unaware that the CEC is already evaluating preferred resources as an alternative to the Puente
10 Project. In addition, the CAISO Board was incorrectly led to believe that a request from the
11 CEC for assistance in this area was imminent.

12 Among the issues that the CAISO Board members do not appear to be aware of, or fully
13 appreciate, are the following:

- 14 • Preferred resources have been analyzed extensively as a possible alternative to the
15 Puente Project.
- 16 • To Applicant’s knowledge, neither the Committee nor the CEC staff has indicated
17 an intention to request a study by the CAISO staff.
- 18 • The “preferred resources alternative” discussed at the meeting is heavily reliant
19 on fossil fuel fired generation.
- 20 • Southern California Edison and others have expressed concerns regarding the
21 assumptions underlying the “preferred resources alternative” discussed at the
22 meeting.
- 23 • A study conducted by the CAISO staff could not be completed within the
24 timeframe established by the Committee for conducting review of the Puente
25 Project, which has already been substantially delayed.
- 26 • A study of the type requested at the meeting would not establish the feasibility of
27 the proposed “preferred resources alternative.”

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1 **B. Detailed Analysis of the Issues**

2 **1. The discussion of the Puente Project was not on the CAISO Board’s agenda**
3 **or otherwise publicly noticed, and only one party to these proceedings (who**
4 **opposes the Puente Project) was in attendance to offer information to the**
5 **CAISO Board.**

6 The discussion of the Puente Project at the May 1, 2017 CAISO Board meeting was
7 initiated by comments made during the general public comment period by Mr. James Caldwell
8 on behalf of the Center for Energy Efficiency and Renewable Technologies (“CEERT”) and the
9 City of Oxnard.⁵ The discussion of the Puente Project was not on the publicly-noticed agenda
10 for the meeting.⁶ NRG was not aware that any discussion of the Puente Project would take place
11 and was not present at the meeting. It also does not appear that CEC staff was made aware that
12 any discussion of the Puente Project would occur or was invited to attend the meeting.

13 In his comments at the May 1, 2017 meeting, Mr. Caldwell expressed opposition to the
14 Puente Project and support for what he referred to as a “viable non-combustion alternative.”⁷
15 While Mr. Caldwell did not provide the CAISO Board with the details of his proposed
16 alternative, when referring to it he stated “We filed that case at the CEC last week,” which
17 suggests that he was referring to the “preferred resources alternative” described in
18 Mr. Caldwell’s proposed “supplemental testimony” docketed by the City of Oxnard on April 27,
19 2017.⁸ As noted in Applicant’s pending Motion, the scope of Mr. Caldwell’s “supplemental
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21 ⁵ CEERT is neither a party to this proceeding nor did it participate in the CPUC’s proceedings
22 regarding the approval of the Puente Project power purchase agreement (see D.16-05-050
23 (May 26, 2016), affirmed on rehearing in D.16-12-030 (December 1, 2016). Many of the
arguments now being raised are not new and have already been voiced by other parties at the
CPUC in the LTPP process.

24 ⁶ Available at: http://www.caiso.com/Documents/Agenda-Board_GovernorsMeeting-May1-2_2017.pdf.

25 ⁷ Recorded Transcript (partial), California Independent System Operator Board of Governors
26 Meeting, May 1, 2017, (TN #217720) (“5/1/17 RT”) at 5:11-25.

27 ⁸ Supplemental Testimony of James H. Caldwell, April 27, 2017 (TN #217321-217333)
28 (“Supplemental Caldwell Testimony”).

1 testimony” goes well beyond the scope of the additional information requested of the Applicant
2 and Staff in the Committee’s March 10, 2017 Orders.⁹

3 The discussion at the CAISO Board meeting focused on a request from Mr. Caldwell that
4 the CAISO undertake, or commit to undertake, some type of vaguely defined study of his
5 proposed alternative. Mr. Caldwell stated: “. . . and all we’re asking from the ISO at this stage
6 of the game is to say that this alternative will be studied as part of the routine annual analysis of
7 transient stability, short-circuit current duty - - all of those sorts of things - - in the Moorpark
8 area as part of the 2017 TPP.”¹⁰ Mr. Caldwell made similar recommendations for a study by the
9 CAISO in previous testimony before the Committee, the implication being that the study would
10 support his proposed alternative as a viable alternative to the Puente Project.¹¹ Having failed to
11 previously persuade either the Committee or the CEC staff that such a study was warranted, Mr.
12 Caldwell went to the CAISO Board to make his case.

13 **2. Contrary to the understanding of the CAISO Board, the CEC is analyzing**
14 **preferred resources as an alternative to the Puente Project.**

15 Some members of the CAISO Board are apparently unaware that the CEC is already
16 analyzing preferred resources as an alternative to the Puente Project. In response to concerns
17 expressed by CAISO staff at the CAISO Board meeting about having staff “run off on ad hoc
18 studies, out of step with the CEC process,”¹² Governor Olsen expressed the view that
19 “[n]oncombustion or preferred resources alternatives to Puente have not been considered and I
20 think that the ISO could perform a valuable service that the Energy Commission might actually
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24 ⁹ Applicant’s Motion to Exclude from the Evidentiary Record the Supplemental Testimony of
James H. Caldwell, May 11, 2017 (TN #217565).

25 ¹⁰ 5/1/17 RT at 6:6-9.

26 ¹¹ Testimony of Jim Caldwell Regarding Project Need and Alternatives, January 18, 2017 (TN
27 #215439; Ex. No. 3047) (“Caldwell Testimony”), p. 9.

28 ¹² 5/11/17 RT at 8:7-8.

1 welcome. . .”¹³ Similarly, Governor Galiteva stated that “. . . not evaluating other alternatives
2 that are viable, noncombustion alternatives, is a missed opportunity.”¹⁴

3 As the Committee knows, the Final Staff Assessment (FSA) contains an exhaustive 163-
4 page analysis of alternatives to the Puente Project, including a section dedicated to preferred
5 resources.¹⁵ Notably, the CEC staff’s analysis relies upon and incorporates extensive analysis
6 already conducted by the CAISO.¹⁶ As stated in the Introduction of the FSA Alternatives
7 section: “Staff’s analysis assesses the characteristics of preferred resources (energy efficiency,
8 demand response, central station and distributed renewable generation, and energy storage) that
9 determine and limit their ability to provide the same set of services as the project applicant’s
10 proposed natural gas-fired combustion turbine.”¹⁷ Staff further explains its approach to
11 analyzing preferred resources as an alternative to the Puente Project as follows:

12 Preferred resources cannot fully substitute for generating capacity
13 in providing reliability services, the closest to an exception being
14 event-triggered demand response. However, staff has not
15 perfunctorily eliminated preferred resources from the alternatives
16 analysis due to that limitation. Rather, staff discusses preferred
17 resources and assesses the characteristics that determine and limit
18 their ability to provide the same set of services as the project
19 applicant’s proposed natural gas-fired combustion turbine. The
20 preferred resources analysis is important to include given that the
21 proposed project’s generating capacity is not the only way to meet
22 local capacity needs.¹⁸

19 The FSA also provides detailed responses to comments on the Preliminary Staff
20 Assessment provided by the City of Oxnard and other parties on the subject of preferred
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22 ¹³ 5/1/17 RT at 8:13-14.

23 ¹⁴ 5/1/17 RT at 10:24-25 through 11:1.

24 ¹⁵ CEC Final Staff Assessment, Part 1 of 2 (“FSA”), Section 4.2 Alternatives (TN #214712;
25 Ex. No. 2000) (section on preferred resources begins at p. 4.2-9).

26 ¹⁶ See References to FSA Section 4.2, Alternatives, for a list of CAISO sources relied upon by
27 CEC staff.

28 ¹⁷ FSA, p. 4.2-3.

¹⁸ FSA, p. 4.2-8.

1 resources as an alternative to Puente.¹⁹ CEC staff's responses to Comments 12, 23 and 28,
2 reproduced below, are representative of staff's analysis and conclusions pertaining to this issue.

3 • CEC staff response to Comment 12:

4 The comment assumes that there are large quantities of preferred
5 resources (including energy storage) in the Moorpark sub-area that
6 could contribute to meeting local reliability requirements based on
7 the fact that more of such resources were bid into the LA Basin
8 RFO. The lack of a "robust response" to the RFO, however,
9 indicates that such resources were not available. Should preferred
resources been offered but not selected, one might assume that
they were not cost-effective or did not have the operating
characteristics of natural gas-fired generation (NGFG) that are
necessary to provide local reliability services.²⁰

10 • CEC staff partial response to Comment 23:

11 In finding that the contract with the Puente Power Project and the
12 process that yielded it were in compliance with D.13-02-015, the
13 CPUC implicitly found the contract "consistent with the Loading
14 Order." As such, it effectively found that all feasible, cost-
effective, and available preferred resources had been procured by
SCE, subject to the constraint that SCE's procurement meet the
California ISO's reliability requirements.²¹

15 • CEC staff partial response to Comment 28:

16 The comment also implies that distributed renewables could
17 eliminate the need for NGFG in the Moorpark sub-area. However,
18 in D.13-02-015 the CPUC concludes: "The ISO has shown that
19 there is a need for in-area generation with operational
20 characteristics similar to retiring OTC plants in the Moorpark sub-
21 area of the Big Creek/Ventura local area" (CPUC 2013a). As
distributed renewables are predominantly solar, a generation
technology that is not dispatchable, they do not meet this
requirement.²²

22 Finally, on behalf of the City of Oxnard, Mr. Caldwell provided 596 pages of written
23 testimony and supporting exhibits on the subject of preferred resources, all of which have been

24 ¹⁹ FSA, p. 4.2-132 through 4.2-146 (see responses to Comments 12, 13, 23, 27, 28, 29, 30, 31,
25 32, 37, 39, 40, 41, 47, 49, 50 and 51).

26 ²⁰ FSA, p. 4.2-132.

27 ²¹ FSA, p. 4.2-137.

28 ²² FSA, p. 4.2-138.

1 entered into the evidentiary record of the Puente Project proceedings.²³ Mr. Caldwell also
2 provided oral testimony on this subject during evidentiary hearings held in Oxnard on
3 February 8, 2017.²⁴ During his oral testimony, Mr. Caldwell advocated for an alternative to
4 Puente that was based on preferred resources, including battery storage backed up by solar
5 photovoltaics.²⁵

6 Having been informed that the CEC is not analyzing preferred resources as an alternative
7 to the Puente Project, it is not surprising that the CAISO Board would request that CAISO staff
8 contact the CEC with an offer of assistance. However, as summarized above, the evidentiary
9 record already includes a robust analysis of preferred resources as an alternative to the Puente
10 Project that the CEC may use for the basis of its decision in this proceeding. That analysis
11 includes extensive input from the CAISO and Mr. Caldwell and is not wanting for additional
12 studies by the CAISO.

13 **3. The CAISO Board was incorrectly led to believe that a request from the**
14 **CEC for the CAISO to study the “preferred resources alternative” was**
15 **forthcoming.**

16 In response to Mr. Caldwell’s comments before the CAISO Board and his request that
17 CAISO staff be directed to undertake a study of his proposed alternative, CAISO staff
18 appropriately responded that the Puente Project was currently under review by the CEC, and that
19 while CAISO staff would take Mr. Caldwell’s recommendation under advisement, they thought
20 “that the prudent course of action is to . . . look to them [the CEC] for direction on how to move
21 forward.”²⁶

24 ²³ Testimony of Jim Caldwell (TN #215439; Ex. No. 3047) and supporting Exhibits
(TN #215438-1 through 215438-12; Ex. Nos. 3035 through 3046).

25 ²⁴ Recorded Transcript, California Energy Commission Evidentiary Hearing on Puente Power
26 Project, February 9, 2017, (TN #216593) (“2/9/17 RT”) at 81-107.

27 ²⁵ Id.

28 ²⁶ 5/1/17 RT at 6:19-22.

1 Mr. Caldwell quickly responded that the CEC had recently scheduled hearings for the purpose of
2 considering alternatives to the Puente Project, stating “Now, the CEC recently - - not delayed,
3 but added to the hearing schedule to hear alternatives to Puente . . . there’s going to be another
4 set of hearings on this.”²⁷ He went on to suggest that a request, presumably from the CEC, for
5 the CAISO to study his alternative was imminent, stating “And so the request to have the ISO
6 study this alternative, you’re probably going to get that request anyway two or three months
7 down the road, and all we’re suggesting is to get ahead of that and, you know . . .”²⁸

8 Actually, we don’t. NRG is not aware of anything to suggest that the CEC is intending to
9 request that the CAISO undertake a study of Mr. Caldwell’s proposed alternative, or any other
10 alternative for that matter. To the best of our knowledge, all of the Committee’s pending
11 requests for additional evidence are contained in its Order issued on March 10, 2017.²⁹ There is
12 no mention in the Order of a request to the CAISO to undertake a study. Nor are we aware of
13 any such request having been suggested by CEC staff. Contrary to any perception that may have
14 been created at the May 1, 2017 CAISO Board meeting, to the best of Applicant’s knowledge,
15 there is no pending or imminent request from the CEC for the CAISO to undertake any studies in
16 connection with the Puente Project.

17 **4. The CAISO Board was not provided the details of Mr. Caldwell’s “preferred**
18 **resources alternative” creating the perception that it is, in fact, an alternative**
19 **based primarily on non-combustion preferred resources.**

20 As explained in the Supplemental Caldwell Testimony, the “preferred resources
21 alternative” is a complex, theoretical construct that includes, among other things:

- 22 • Construction of a “smaller peaker ... at an inland site”;³⁰

24 ²⁷ 5/1/17 RT at 7:5-6.

25 ²⁸ 5/1/17 RT at 7:5-18.

26 ²⁹ Committee Orders for Additional Evidence and Briefing Following Evidentiary Hearings,
27 March 10, 2017 (TN #216505).

28 ³⁰ Supplemental Caldwell Testimony, p. 3.

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- Equipping the “smaller peaker” with “factory supplied options ... to provide essential reliability services without combustion”;³¹
- Creation and approval of a contract between SCE and NRG “to keep the Mandalay 3 peaking plant active and available”;³²
- Continued operation of the “inefficient and highly polluting” Mandalay 3 peaking plant for 5-7 years;³³
- Continued operation of the “inefficient and polluting” gas fired peaker plant at Ellwood for 5-7 years;³⁴
- Completion of construction, and CPUC approval for cost recovery, of the Wakefield Substation battery storage facility;³⁵
- Successful conclusion of the Goleta Preferred Resource Request for Offers (RFO) and approval of contracts and construction of new facilities selected through that RFO;³⁶
- Retrofit of the Southern California Edison (SCE) owned McGrath Peaker Project with General Electric’s Enhanced Gas Turbine technology, combined with linkage to existing “slow response” demand response resources;³⁷
- Retrofit of Mandalay Units 1 and 2 to serve as synchronous condensers;³⁸ and
- Conduct of a “transient stability and short circuit current duty” analysis by CAISO and SCE to determine what else may be required to maintain reliability

³¹ Id.
³² Supplemental Caldwell Testimony, p. 11.
³³ Supplemental Caldwell Testimony, p. 12.
³⁴ Id.
³⁵ Supplemental Caldwell Testimony, p. 11.
³⁶ Id.
³⁷ Id.
³⁸ Supplemental Caldwell Testimony, p. 13.

1 (i.e., the study requested by Mr. Caldwell at the May 1, 2017 CAISO Board
2 meeting).³⁹

3 As the above list of elements illustrates, despite the label attached to it, the “preferred
4 resources alternative” relies heavily on fossil fuel generation, and Mr. Caldwell’s repeated
5 characterization of it as a “non-combustion” alternative to the Puente Project is simply
6 inaccurate. Furthermore, some of the generation included in the alternative is, by Mr. Caldwell’s
7 own admission, far less efficient and higher emitting than the Puente Project. Beyond the
8 misnomer, the “preferred resources alternative” suffers from fundamental flaws that are apparent
9 on its face without the need for any further study. The alternative is premised on a set of faulty
10 assumptions that undermine its feasibility. The alternative fails to achieve its stated objectives
11 and ironically would perpetuate the very condition it is purportedly intended to address –
12 removal of power generating facilities from the City of Oxnard’s coastal zone. Finally,
13 authorization of all of the elements of his alternative is not within the CEC’s jurisdiction, outside
14 the scope of this proceeding, and beyond the control of Applicant.

15 **5. The CAISO Board was not made aware that Mr. Caldwell’s “preferred**
16 **resources alternative” is heavily dependent upon fossil fuel generation.**

17 Contrary to the impression given to the CAISO Board on May 1, Mr. Caldwell’s
18 “preferred resources alternative” is heavily dependent upon fossil fuel generation. There is
19 certainly nothing wrong with fossil fuel generation per se, but one cannot fairly characterize an
20 alternative that is so dependent upon it as a “non-combustion” alternative, especially when some
21 of that generation is less-efficient and higher-emitting than the project the alternative seeks to
22 displace.

23 Mr. Caldwell’s proposed alternative relies on continued operation of the McGrath,
24 Ellwood and Mandalay Generating Station (“MGS”) Unit 3 generating units. With respect to the
25 latter unit, MGS Unit 3 is a jet-engine-powered unit that was commissioned in 1970 and has a
26 generating capacity of approximately 130 megawatts. Mr. Caldwell characterizes this unit as

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³⁹ Supplemental Caldwell Testimony, p. 15.
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1 “inefficient and highly polluting.”⁴⁰ While MGS Unit 3 could theoretically continue to operate
2 in the future (limited by the provisions in its air permit), generating units of this age, without a
3 contract that provides an assured revenue stream over an extended period of time, are typically
4 retired. However, under Mr. Caldwell’s “preferred resources alternative,” local reliability would
5 be dependent upon the extended operation of MGS Unit 3 for an unspecified period of time.

6 **6. The CAISO Board was not made aware of significant concerns expressed by**
7 **Southern California Edison regarding the assumptions behind**
8 **Mr. Caldwell’s “preferred resources alternative.”**

9 In a recent filing before the California Public Utilities Commission (CPUC), Southern
10 California Edison (SCE) pointed out that Mr. Caldwell’s “preferred resources alternative” is
11 based upon “some inaccuracies or misunderstandings regarding SCE’s current activities.”⁴¹ The
12 faulty assumptions identified by SCE are summarized below.

- 13 • *Caldwell Assumption:* “Southern California Edison conducted an LCR [Request for
14 Offers] in Orange County called the ‘Preferred Resource Pilot 2.’”⁴²

15 *SCE Response:* “In fact, SCE’s Second Preferred Resources Pilot Request for Offers
16 (“RFO”) was not an LCR RFO; the 2013 LCR RFO is the only RFO SCE has run to date
17 that was directed at soliciting resources to meet the LCR procurement authorizations in
18 the Long Term Procurement Plan proceeding Track 1 and 4 decisions, D.13-02-015 and
19 D.14-03-004 respectively.”⁴³

- 20 • *Caldwell Assumption:* “On March 3, 2017, Southern California Edison issued an LCR
21 RFO for up to 55 MW of distributed resources in the ‘Goleta’ sub-area to mitigate an N-2
22 contingency for the transmission corridor into Santa Barbara.... Any resources acquired

23 ⁴⁰ Supplemental Caldwell Testimony, p. 12.

24 ⁴¹ Southern California Edison’s Motion to Strike the City of Oxnard’s Reply Comments (“SCE
25 Motion to Strike”), filed May 16, 2017, California Public Utilities Commission, A.14-11-016,
26 Application of Southern California Edison Company (U 338-E) for Approval of the Results of
its 2013 Local Capacity Requirements Request for Offers for the Moorpark Sub-Area.

27 ⁴² Supplemental Caldwell Testimony, p. 8.

28 ⁴³ SCE Motion to Strike, p. 4.

1 through this RFO would count against the Moorpark LCR need as well as the Goleta
2 LCR need.”⁴⁴

3 *SCE Response:* “Again, SCE has not issued an LCR RFO since 2013. The reference
4 above is to SCE’s Goleta Area RFO, issued on March 3, 2017, the purpose of which is to
5 meet resiliency needs in Santa Barbara/Goleta area in the event of an N-2 contingency.
6 Moreover, as discussed above, there is currently no outstanding LCR need in the
7 Moorpark sub-area as the 215-290 MW procurement target has been satisfied. Also,
8 Goleta is not a sub-area with its own LCR needs.”⁴⁵

- 9 • *Caldwell Assumption:* “As part of its 2014 Energy Storage RFO, Southern California
10 Edison signed contracts for 15 MW/60 MWH of LCR capacity with a 20 MW/80 MWH
11 battery storage facility at the Wakefield substation in Santa Paula. 5 MW of this
12 installation has already been energized and cost recovery approved under the Aliso
13 Canyon Resolution to mitigate that gas reliability need. This installation not only counts
14 towards filling the Moorpark LCR need, but also supplies 20 MVAR of dynamic voltage
15 support to the region that raises the reactive margin and additionally reduces the LCR
16 need.”⁴⁶

17 *SCE Response:* “The referenced energy storage contracts have been terminated, thus, the
18 referenced 5 MW installation has not been ‘energized.’”⁴⁷

- 19 • *Caldwell Assumption:* “There are 45 MW of so called ‘slow response’ [demand
20 response] in the Moorpark region. This existing resource currently does not count
21 towards mitigation of the LCR need because it takes longer than 20 minutes to activate.
22 This activation time, along with the 10 minutes required to dispatch the resource
23 following the contingency event, means that the resource is not available in time to meet
24 the NERC/WECC/CAISO reliability standard of returning the system to a secure state
25 within 30 minutes of the N-1 event. Therefore, it cannot be counted as mitigation of the
26 LCR need. However, the EGT package retrofitted to the McGrath peaker has sufficient
27 battery storage to be used to bridge that 10-30 minutes of time to activate the slow start
28 demand response. Together the EGT package and the slow response DR add 45 MW of
LCR mitigation that neither alone can provide.”⁴⁸

SCE Response: “The McGrath peaker, and its net qualifying capacity of 47.2 MW, is
already counted as an available resource for the Moorpark sub-area LCR. McGrath is
assumed to be available and operating during peak load for the area. Utilizing McGrath to
bridge the time gap to permit “slow response” demand response to appear faster does not

24 ⁴⁴ Supplemental Caldwell Testimony, pp. 8-9.

25 ⁴⁵ SCE Motion to Strike, p. 5.

26 ⁴⁶ Supplemental Caldwell Testimony, p. 9.

27 ⁴⁷ SCE Motion to Strike, p. 5.

28 ⁴⁸ Supplemental Caldwell Testimony, pp. 9-10.

1 enable this type of demand response to decrease any LCR need in the Moorpark sub-
2 area.”⁴⁹

- 3 • *Caldwell Assumption*: “A very inexpensive and proven short term solution to the loss of
4 synchronous generation is readily available and consistent with the transition to any
5 permanent plan—the immediate retirement of Mandalay 1 & 2 and conversion of these
6 now retired gas fired facilities to duty as synchronous condensers.” And “[c]onversion to
7 synchronous condenser operation at Mandalay would directly cost less than \$1M....”⁵⁰

8 *SCE Response*: “The conversion of conventional power plants, such as Mandalay 1 & 2,
9 to synchronous condensers would not cost less than \$1 million. It is SCE’s understanding
10 that the cost of conversion would be, at a minimum, over \$10 million.”⁵¹

11 **7. The requested study, even if it was warranted which it is not, could not be**
12 **completed within the timeframe suggested by Mr. Caldwell and established**
13 **by the Committee for review of the Puente Project.**

14 Mr. Caldwell has suggested that the requested CAISO study could be completed within
15 the course of the CAISO’s regular planning activities and within the timeframe of the
16 Committee’s recently issued schedule for completing the Puente Project proceedings. This is
17 clearly not the case. In order to maintain the Committee’s schedule, any supplemental
18 testimony, which would include any additional information from the CAISO, must docketed by
19 June 15, 2017. Mr. Caldwell requested that the CAISO fold the study into its work on the 2017-
20 2018 Transmission Plan, which will not be finalized until March of 2018. CAISO staff
21 confirmed at the May 1, 2017 CAISO Board meeting that work leading up to finalization of the
22 plan “. . . wouldn’t be done until the end of the year [2017].”⁵² Even if the CAISO could conduct
23 the requested study outside the scope of its standard planning process, it would still likely take
24 months to complete. Clearly, what has been requested by Mr. Caldwell cannot be achieved
25 without substantial delay to the CEC proceedings.

25 ⁴⁹ SCE Motion to Strike, p. 6.

26 ⁵⁰ Supplemental Caldwell Testimony, p. 13.

27 ⁵¹ SCE Motion to Strike, p. 6.

28 ⁵² 5/1/17 RT at 14:20-22.

1 **8. Contrary to Mr. Caldwell’s suggestions, the requested study would not**
2 **contribute meaningful information pertaining to the feasibility of his**
3 **“preferred resources alternative.”**

4 While specific parameters and objectives of the CAISO study proposed by Mr. Caldwell
5 are unclear, given the CAISO’s expertise, it is difficult to understand how any study it might
6 conduct would materially contribute to an understanding as to whether or not Mr. Caldwell’s
7 proposal is a feasible alternative to the Puente Project. As Applicant understands the request, it
8 seeks an analysis of whether or not, from the perspective of the CAISO, the reliability needs of
9 the Moorpark subregion could be addressed through what Mr. Caldwell describes as preferred
10 resources⁵³ without the Puente Project. This is a purely theoretical exercise, and contrary to
11 suggestions from Mr. Caldwell, would not demonstrate that the “preferred resources alternative”
12 is feasible.

13 “Theoretically possible” from a transmission planning perspective, and “feasible” are two
14 very different thresholds. Even a cursory review of the elements contained in his “preferred
15 resources alternative” and listed above reveals a myriad of favorable assumptions regarding
16 regulatory processes and actions, contracting arrangements, permitting processes and actions,
17 and physical project implementation involving many entities over which neither the Applicant
18 nor the CEC has any authority or control. A detailed list of the feasibility issues associated with
19 each of the elements of the “preferred resources alternative” is well beyond the scope of this
20 filing, and certainly goes well beyond the CAISO study requested by Mr. Caldwell.

21 **C. Conclusion**

22 Applicant has the utmost respect for the CAISO, the excellent work that it does within the
23 scope of its expertise, and the role it plays in California’s complex system of energy planning
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25 ⁵³ As noted above, these “preferred resources” include the continued operation of three gas-fired
26 generating units that are less efficient and higher-polluting than the proposed project, as well
27 as continued operation of MGS Units 1 and 2 as synchronous condensers along the Oxnard
28 Coast, in direct contradiction to the City’s stated objective of shutting down and dismantling
the entire Mandalay Generating Station.

1 and procurement. Applicant also acknowledges the desire of individual CAISO Board members
2 to expand the integration of preferred resources into California's electricity grid, and agrees that
3 preferred resources are an important element of a fully integrated grid designed to maintain
4 electric system reliability and protect environmental quality. However, it is important for the
5 CEC to appropriately weigh the input of the CAISO and its Board Members.

6 As explained above, in the case of the Puente Project, the CEC is fully complying with its
7 obligations to evaluate alternatives, including preferred resources. While the specific proposal
8 advocated by Mr. Caldwell is not feasible for many reasons that go well beyond anything that the
9 CAISO might study, his active participation in the Puente Project proceedings has contributed to
10 a thorough and robust record on preferred resources, and there is no need for additional lengthy
11 studies that would not materially augment the existing record. Therefore, the Committee should
12 reject any suggestion that such a study is necessary, and decline any offer to conduct such a
13 study.

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Respectfully submitted,

/s/ Michael J. Carroll

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