

DOCKETED

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June 16, 2017

California Energy Commission
Commissioner Janea Scott
Commissioner Karen Douglas
1516 Ninth Street
Sacramento, CA 95814

**Re: California Independent System Operator Corporation
Special Study
California Energy Commission Docket No. 15-AFC-01**

Dear Commissioners Scott and Douglas:

This letter serves to inform the Puente Power Project AFC Committee (Committee) that the California Independent System Operator Corporation (CAISO) will conduct a special study on reliability in the Moorpark sub-area (Special Study). The Committee's June 9, 2017 Order requests that the CAISO complete the Special Study by July 19, 2017. This timeline would provide time for the contemplated technical analysis, but the CAISO will need additional time to develop necessary study assumptions and scenarios in an open and transparent manner. The CAISO believes that the assumption and scenario development will add approximately four weeks to the CAISO's proposed Special Study timeline and, as a result, the CAISO requests to file the Special Study by August 16, 2017.

Background

At the June 5, 2017 Committee Conference, the CAISO offered to conduct the Special Study at the request of the Committee. The CAISO indicated that the Special Study could be completed in three to four weeks, assuming that the study assumptions and portfolios were sufficiently defined to allow the CAISO to begin work immediately after receiving the Committee's request.

The June 9 Order acknowledged the difficulty of the task of developing study assumptions and portfolios and provided specific parameters and assumptions for the Special Study. These parameters and assumptions include the following:

1. The necessary resources are in place to meet the reliability need in the Moorpark subarea in 2021 with timely Once-Through Cooling (OTC) compliance;

2. The current OTC compliance deadline(s) for Ormond Beach Units 1 & 2 and Mandalay Units 1 & 2 of December 31, 2020 are not extended and the facilities retire;
3. Include presently existing generation, contracted generation, and preferred resources and storage the ISO expects to be on line to meet reliability needs in the Moorpark subarea by 2021; and
4. To the extent that it may be helpful in identifying the type and quantity of new preferred resources and storage that could be available by 2021, the ISO may choose to review and consider SCE's 2015 Preferred Resources Pilot RFO, 2016 Aliso Canyon Energy Storage RFO, and the 2016 Aliso Canyon Design, Build, and Transfer RFP.

The CAISO will incorporate these parameters and assumptions into its Special Study, but additional assumptions and specific resource portfolios must be developed before the CAISO can begin its technical analysis. As stakeholders have already expressed interest in providing input on the resource portfolios and study assumptions,¹ the CAISO believes that it is necessary to develop these inputs in a transparent and open process, as described in more detail below.

With respect to the OTC compliance and retirement dates for Ormond Beach Units 1 & 2 and Mandalay Units 1 & 2, the CAISO agrees that the Special Study should not consider extending the December 31, 2020 compliance deadlines. The CAISO notes that the Special Study will provide information regarding whether it is electrically feasible to retire the Ormond Beach and Mandalay Units with the addition of preferred resource portfolios, but the Special Study will not provide any insight regarding whether those preferred resource portfolios are commercially feasible or can be in place in time to ensure OTC compliance.

Proposed Process for Development of Assumptions and Portfolios

To develop the necessary assumptions and portfolios for the Special Study, the CAISO proposes the following process and timeline:

Step 1: *Consult with Southern California Edison Company (SCE) regarding one or two potential preferred resource portfolios. As the load-serving entity responsible for procurement in the Moorpark sub-area, SCE likely has the greatest level of insight into possible preferred resource alternatives in the Moorpark sub-area. The CAISO expects that this process will take one to two*

¹ See City of Oxnard's Request for Adjustment to Study Schedule, filed June 13, 2017 (TN# 218228).

weeks to develop preliminary preferred resource portfolios that are the most commercially feasible and have potential to meet local reliability needs. The CAISO will begin this process immediately.

Step 2: *Publicly provide preferred resource portfolios and study assumptions in a CAISO-hosted webinar.* After the CAISO develops preliminary preferred resource portfolios, it intends to share those portfolios publicly with its stakeholders and the parties to this proceeding. The CAISO will also host a webinar to discuss the preferred resource portfolios and the study assumptions. During the webinar, participants will have the opportunity to provide feedback regarding the portfolios and assumptions. The CAISO anticipates that Step 2 will take approximately one week.

Step 3: *Finalize preferred resource portfolios and assumptions.* After the public webinar, the CAISO will consider the feedback received and modify preferred resource portfolios and study assumptions as necessary. The CAISO will then post the final resource portfolios and study assumptions on its website and begin its technical analysis. The CAISO expects that Step 3 will take one additional week.

Based on this proposed schedule for the development of preferred resource portfolios and study assumptions, the CAISO will be able to deliver the Special Study by August 16, 2017. The CAISO understands that this extends the timeline proposed in the June 9 Order and is beyond the three to four week period discussed at the June 5 Committee Conference, but the development of detailed portfolios and study assumptions significantly expands the CAISO's scope of work and, as a result, the time required to complete the Special Study.

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Conclusion

The CAISO looks forward to conducting the Special Study on the timeline presented above and will begin work on developing the portfolios and assumptions immediately.

Respectfully submitted,

/s/ Jordan Pinjuv

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