

Department of Water and Power



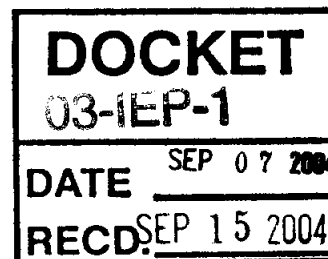
the City of Los Angeles

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September 7, 2004



California Energy Commission
Docket Unit, MS-4
1516 Ninth Street
Sacramento, CA 95814-5504

To Whom It May Concern:

Re: Docket No. 03-IEP-01

Enclosed herewith are comments submitted in response to the workshop held on August 26, 2004 concerning the California Energy Commission's Aging Power Plant Operations and Retirements. These comments were also submitted electronically at docket@energy.state.ca.us on September 7, 2004.

If any additional information is required concerning this matter, please contact Mr. Walter Hall at (213) 367-0308.

Sincerely,

Randy S. Howard
Executive Assistant to the General Manager - Power System

RS:dw
Enclosure
c: Mr. Walter D. Hall

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**STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION**

In the Matter of:)	Docket 03-IEP-01
Informational Proceeding and)	Draft Staff White Paper, 100-04-005D
Preparation of the 2004)	<u>Resource, Reliability and Environmental</u>
Integrated Energy Policy)	<u>Concerns of Aging Power Plant</u>
Report Update)	<u>Operations and Retirements</u>

Comments of the Los Angeles Department of Water and Power
on the Draft Staff White Paper
August 13, 2004

The Los Angeles Department of Water and Power (LADWP) welcomes this opportunity to provide comments concerning matters discussed in the draft staff white paper.

Benefits of Repowering: The LADWP has filed previous comments in this docket, dated June 15, 2004, which propound the benefits of repowering of aging power plants. We echo comments made at the August 26, 2004 Committee Workshop held to discuss the staff white paper: the benefits accrued from repowering existing sites, in both reliability and economic terms, is given inadequate attention in the staff draft white paper. As a vertically integrated utility, LADWP's system was planned as an integrated whole. Our ongoing repowering of existing resources maximizes the benefits of existing sites, and vastly reduces, if not eliminates the need for transmission additions and upgrades and associated expenses. In more detail, the benefits of repowering aging power plants include the following:

- Electrically, unless there is a substantial increase in plant output (which LADWP did not pursue), the existing transmission system will handle the megawatt output of the plant, the same as it did before the repowering.
- Maintaining generation at key locations on the transmission system eliminates the need for expensive upgrades and/or new transmission. Generation in new locations inherently requires system upgrades far beyond the location of the interconnection.
- Existing infrastructure is utilized, including switchyards, natural gas pipelines, and water conveyance systems.
- Repowered generation provides necessary local voltage support.
- Repowered local generation ensures the ability to provide system security. The combination of local generation and imported power provides a higher level of system security while allowing for the resource diversity that imported power bestows.
- The existing labor pool and the local economy is supported.
- Repowered sites generally result in improved efficiency, lower emissions, decreased water use, etc. The draft white paper specifically addresses the

uncertain viability of aging power plants in anticipation of future changes to new 316(b) regulations. It is well to note here that megawatt for megawatt, a combined-cycle replacement for an existing conventional steam turbine generator, both using once-through water cooling, requires significantly less water.

Reliability Analysis: The Commission has rightfully stressed the importance of the impact on system reliability posed by the retirement of aging plants. California's transmission owners and transmission operators, if they weren't at all adequately appreciative of this reality, are so now. As demonstrated above, LADWP clearly has considered the role to be played by its aging power plants in meeting its future needs. Where studies need to be conducted, it's the transmission owners and operators that have the expertise and system knowledge necessary to perform meaningful studies, subject to critical review by affected parties. The studies performed by Commission staff, results of which are reported in the draft white paper, have not been subject to this kind of review. The LADWP finds a statement such as "These amounts [the level of SCIT imports] could be decreased by approximately 800 MW if generation in the LADWP area is maximized and additional generation is scheduled to SCE.", that appears in the section titled *Transmission Analysis Conclusions* of Chapter 3, likely not to be sustainable when examined in the light of LADWP's reliability and security constraints.

Data Gathering: With respect to the draft report's assertion that submittals should be made by municipal utilities of future data to the NERC Generating Availability Data System (GADS), LADWP notes here that it already regularly submits such data on a voluntary basis. It is not clear to us that a data gathering problem exists. Lacking the details of the data CEC staff may specifically be seeking in the 2005 IEPR, we nonetheless stand ready to cooperate with the Commission in collection of power plant availability information.

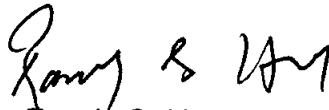
Resource Adequacy: Recognizing the need for resource adequacy, the LADWP's Integrated Resource Plan (IRP), approved by the Los Angeles City Council in August 2000, includes repowering of LADWP's four Los Angeles area natural gas fired generating stations. These resource-planning decisions have been made consistent with LADWP's obligation to serve the electricity needs of the City (in addition to using WSCC criteria in establishing its reserve requirements). The statement: "Extending a resource adequacy requirement to the municipally-owned utilities might further discourage the retirement of aging plants by providing a certain revenue stream for some fixed period of time", clearly does not pertain to LADWP. While we cannot speak for all municipal utilities, we do think that it is fair to observe that entities that have a clear obligation to serve their retail customers in a cost effective manner are already addressing planning for resource adequacy consistent with their unique situations.

Community Concerns: The draft report cites LADWP's Haynes Generating Station as being of concern to the surrounding community. Community issues that may arise at Haynes are similar to those for other plants located in California and the reference to it in the draft report should be viewed as purely anecdotal and probably inappropriate.

The LADWP will continue to address the concerns of neighboring communities to its facilities and work with these communities and individuals to mitigate their concerns. Anecdotal, when repowering is complete at Haynes, noise, visual and air emission impacts will clearly have been reduced. Additionally, the draft report cites release of a June 24, 2004 Notice of Preparation (NOP) initiating an EIR process for a proposed modernization of Haynes. This NOP was made consistent with LADWP's decision to repower Units 5 and 6 in lieu of our previous plan to repower Units 1 and 2. It does not signal possible additional impact on the surrounding community.

Dated: September 7, 2004

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Randy S. Howard".

Randy S. Howard

Executive Assistant to the General Manager - Power System

Document Management Form (Revised 4/29/04)

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03-IEP-1	
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