DOCKETED

Docket Number:	16-IEPR-06
Project Title:	Southern California Electricity Infrastructure Reliability
TN #:	213629
Document Title:	Presentation - Cogentrix Energy Power Management, LLC Comments: Appemdix B - IEPR Comments 2016-08-29 Workshop
Description:	N/A
Filer:	System
Organization:	Cogentrix Energy Power Management, LLC/Greg Blue
Submitter Role:	Public
Submission Date:	9/12/2016 4:32:03 PM
Docketed Date:	9/12/2016

Comment Received From: Greg Blue
Submitted On: 9/12/2016
Docket Number: 16-IEPR-06

Appemdix B - IEPR Comments 2016-08-29 Workshop

Additional submitted attachment is included below.

Cogentrix

2016 Integrated Energy Policy Report Update
Docket # 16-IEPR-06

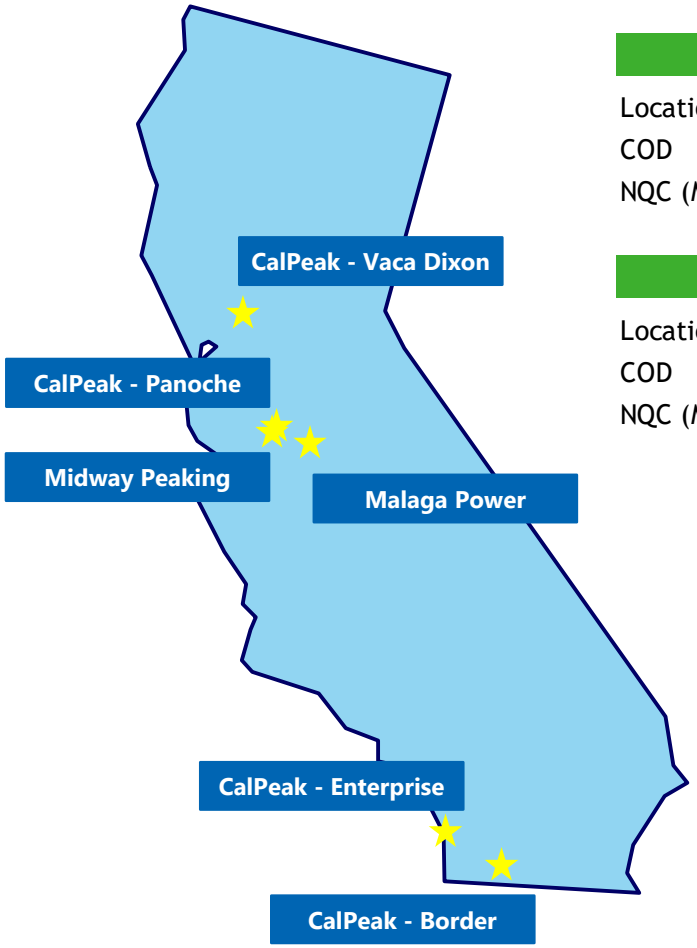
SoCal Electricity Infrastructure Reliability Workshop

California Energy Commission

Sacramento, CA

August 29, 2016

Cogentrix California Portfolio Overview – Fast Start Flexible Peakers



Merchant Facilities

CalPeak - Border	
Location	San Diego, CA
COD	October 2001
NQC (MW)	48

CalPeak - Enterprise	
Location	Escondido, CA
COD	October 2001
NQC (MW)	48

CalPeak - Panoche	
Location	Firebaugh, CA
COD	December 2001
NQC (MW)	48

CalPeak - Vaca Dixon	
Location	Vacaville, CA
COD	June 2002
NQC (MW)	48

Malaga Power	
Location	Fresno, CA
COD	September 2005
NQC (MW)	96

Contracted Facilities

Midway Peaking	
Location	Firebaugh, CA
COD	May 2009
NQC (MW)	111

Cogentrix

Staff Report: Mitigation Options for Contingencies Threatening Southern California Electric Reliability

- The staff report analyzes only two options:
  1. Delay OTC compliance deadlines – This option keeps 40 to 50 year old coastal power plants running which will result in further damage to sea life and the ecology of the ocean and possible delays to state mandated GHG goals
  2. Maintain a pool of permitted power plants – This option if exercised in order to build one or two new large scale generation plants will increase cost for the SCE and SDG&E ratepayers
- The report recognizes the need for PPAs or must run contracts to keep both options viable
- A third option that needs to be analyzed is Contracting Existing Merchant Generation
- Uncontracted Flexible Generation needs to be prioritized
- The Local Capacity Area Assessment Tool (LCAAT) is premised on an incorrect assumption that all existing merchant fossil generation will remain on line
- This provides a false sense of security and timing needed for the two current options

Advantages of Proposed Option Three - Contracting Existing Merchant Generation

- Contracting with existing merchant generation (especially flexible generation like Cogentrix CalPeak Plants) is a better solution than extending the life of coastal power plants or bringing new fossil plants online because;
  - Existing generation already has both electric and gas interconnections compared to new build
  - Peakers offer greater flexibility;
    - Shorter start times
    - Shorter minimum run times
    - Multiple starts per day
    - Much smaller environmental footprint
    - Can be contracted for at a fraction of new build cost
- In order for local flexible uncontracted generation to remain available to CA, utilities need to be required to enter into PPA's or RMR contracts like other two options

Cogentrix

Conclusion

- Loss of existing flexible generation will result in increased cost to ratepayers to support new generation or increased environmental harm caused by keeping OTC plants open beyond their scheduled shutdown
- A long-term solution is urgent: as more units continue to roll off long-term contracts, additional downward pressure will be applied to the merchant RA and energy markets exacerbating the ability of generators to remain viable
- Peakers are particularly at-risk given their reliance on RA contracts for cash flow visibility
- Weakening economics in the RA and energy markets will force peakers to forego required maintenance or shutdown, similar to the Sutter and La Paloma facilities
- Since report states it is a work in progress, Cogentrix urges the CEC to add a third option of Contracting Existing Merchant Generation to the list of mitigation options

Fast-Start Peakers: Key Component of California's Infrastructure Needs

In its "CalPERS for California 2015" report, CalPERS highlighted its investment in CalPeak Power and Midway Peaking noting the importance of the assets to the long-term infrastructure needs of the state of California

CalPERS

Case Study: CalPeak Power and Midway Peaking

The California Peaker Portfolio, comprised of CalPeak Power and Midway Peaking, is a portfolio of five natural gas-fired peaking power plants located throughout the state of California. Peaking power plants are facilities that only operate during periods of high demand for electricity, rapidly starting up to contribute power during these peak times. The four 50 megawatt plants within the CalPeak portfolio are located in close proximity to major population centers, with two located near San Diego, one near San Francisco, and one outside of Fresno. The Midway facility is a 120 megawatt plant also located outside of Fresno. While the Midway plant operates under a contract with Pacific Gas & Electric through 2024, the CalPeak plants sell electricity generation capacity to a number of utilities under shorter, year-long contracts. All of the facilities are overseen by a central control center located near San Diego. In total, the portfolio employs 16 individuals in California.

CalPERS has invested $5.2 million in the CalPeak and Midway facilities through its infrastructure investments with global asset manager The Carlyle Group. CalPeak and Midway represent attractive long-term investments given the increasing role peaking power plants will play in meeting California's energy needs as the state progresses towards its renewable energy goals. Since acquiring CalPeak Power and Midway Peaking, hours of plant operation at the facilities have increased, indicating growing need for peaking plant energy generation to meet demand and ensure reliable electricity delivery.

CalPERS investment in the CalPeak and Midway facilities demonstrates its commitment to investing in California infrastructure to produce stable, attractive returns while also addressing California's long-term infrastructure needs.

Source: CalPERS for California 2015, page 21