

Caithness Operating Company, LLC
Ellen Allman
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DOCKET	
02-REN-1038/ 03-RPS-1078	
DATE	JAN 22 2007
RECD.	JAN 22 2007

Comments and Issues

Implementation of Renewables)	Docket No. 02-REN-1038
Investment Plan Legislation)	Renewable Energy Program
And)	
Implementation of Renewables)	Docket No. 03-RPS-1078
Portfolio Standard Legislation)	RPS Proceeding
)	
)	Notice of Committee Workshop
)	Re: Guideline Revisions for Renewable
)	Energy Program and RPS Implementation

Caithness Operating Company, LLC (Caithness) is a renewable energy provider with a long term purchase power contract with Southern California Edison (SCE) for all the output from a 49.8 MW geothermal power plant owned by Caithness Dixie Valley, LLC (Dixie) and operated by Caithness, located in central Nevada. That power plant is known as the Dixie Valley Geothermal Plant (Dixie Valley). Caithness affiliates also own, operate and develop wind generating facilities and other solar and geothermal power plants within the Western Electricity Coordinating Council (WECC) and California for a total renewable portfolio of over 725 MW. On behalf of Dixie, Caithness respectfully submits these comments and seeks clarification on several issues pertaining to the two above-listed dockets.

I. Eligibility of Supplemental Energy Payments (SEP's) and RPS requirements. Caithness would like clarification that the Renewables Portfolio Standard Eligibility Guidebook, CEC-300-2006-007ED2SD does indeed indicate that an out-of-state plant like Dixie Valley that has its first point of interconnection in California will be considered an in-state facility. As such, the existing facility and any re-power would qualify for the RPS and SEP's without the 10% limitation for those facilities that are connected to the WECC, but do not have their first point of interconnection in California. Page 27, Section D states "Facilities that have their first point of interconnection to the WECC transmission system within the state are considered to be in-state facilities and are not subject to the requirements of this section for purposes of RPS or SEP eligibility". Page 29, Section E states "For purposes of RPS compliance, electricity is deemed delivered if it is either generated at a location within the state, or is scheduled for consumption by California end-use retail customers as specified in the Public Resources Code Section 25741, subdivision (a). Consequently, electricity generated by facilities located in-state or having their

first point of interconnection to the WECC transmission system in-state satisfies California RPS-delivery requirements.”

II. Time of Use (TOU) Swaps. Caithness requests the CEC address the issue of transmission congestion with respect to compliance with the Renewables Portfolio Standard Eligibility Guidebook, CEC-300-2006-007ED2SD, page 30, Section E, sub 1 requirement that “...the Facility must either (a) engage in an interchange transaction with the CA ISO to deliver the facility’s generation to the market hub or substation in the CA ISO control area or (b) engage in an interchange transaction with another balancing authority to deliver the facility’s generation to an in-state location that satisfies applicable CPUC rules for delivery location.” Transmission that could be constrained within control areas adjacent to and or interconnected to the CA ISO is subject to the CA ISO and other control area balancing and swaps to meet contract delivery requirements. Caithness suggests that clarifying language be included that addresses these situations to assure compliance and inclusion in the RPS and SEP funding.

IV. Renewing Certification. Renewables Portfolio Standard Eligibility Guidebook, CEC-300-2006-007ED2SD, page 51, section IV states, “The Energy Commission will use an interim generation tracking system until the electronic system is operational. In the interim, the Energy Commission staff culls data from various self-reported sources to verify procurement.” Page 36, section B states. “Certification and pre-certification must be renewed at least every two years to confirm that facilities certified as renewable energy resources remain eligible for the RPS.” Caithness suggests a self certification, streamlined process for those facilities that have no operating characteristic changes from the original certification. For example, a renewable facility that does not change its fuel source and continues to operate within the permit guidelines should be allowed to self-certify.

Caithness appreciates the opportunity to make the above comments to the CEC. The CEC is to be applauded for their thorough and prompt response to Senate Bills 107, 1250, 1038 and 1078. Caithness looks forward to the opportunity assisting California retail sellers meeting 20% of their retail sales with renewable resources.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ellen Allman', with a stylized, flowing script.

Ellen Allman
Business Manager
Caithness Operating Company