

February 12, 2008

DOCKET	
09-IEP-1B	
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VIA-EMAIL

TO: Docket@energy.state.ca.us

SUBJECT: Docket # 09-IEP_1B Resource Plan_Vernon

Public Resources Code Sections 25216 and 25216.5 authorize the CEC to require California market participants to submit historical data, forecast data, and assessments. The electricity planning assessments provide a foundation for recommendations of the Integrated Energy Policy Report (IEPR).

Electricity resource plan information is requested from every Load Serving Entity (LSE) in the state whose non-coincident peak retail load is greater than 200 MW. Publicly owned utilities are asked to file the following forms:

- S-1 Capacity Resource Accounting Table
 - Forecast of load and resources for 2009 through 2018
- S-1 Monthly Capacity Resource Accounting Table
 - Monthly for 2010 or 2009
- S-2 Energy Balance Accounting Table
 - Forecast of load and resources for 2009 through 2018
- S-2 Monthly Energy Balance Accounting Table
 - Monthly for 2010 or 2009
- S-5 Bilateral Contracts and Power Purchase Agreements

Publicly owned utilities are also asked to provide narrative reports that describe their adopted resource adequacy standards, the procurement requirements made by their balancing area authority and by regulatory authorities, and the LSE's planning protocol used to assure those obligations are being met.

In support of the 2009 IEPR, the City of Vernon submits completed forms listed above and the narrative descriptions about Vernon's resource adequacy obligation and standards. In addition, the City submits the 2008 hourly load data.

If you have any questions, please contact Abraham Alemu at (323) 583-8811 Ext. 250.

Sincerely,

CITY OF VERNON
Light & Power Department

Abraham Alemu
Electric Resource Planning Manager

AA:eo

Enclosures

c: Document Control

City of Vernon

Light & Power Department

Demand Forecast

Planning Reserve Margin

And

Qualifying Capacity Criteria

Background:

On March 13, 2006, the CAISO submitted an amendment to the CAISO Tariff to establish the Interim Reliability Requirements Program (“IRR Program”), which the CAISO proposes to remain effective until the implementation of the Market Redesign and Technology Upgrade (“MRTU”) Tariff, which the CAISO filed on February 9, 2006. The CAISO’s IRR Program is a short-term proposal to implement the Resource Adequacy programs being adopted by state authorities, including the California Public Utilities Commission (“CPUC”) and other Local Regulatory Authorities. The Resource Adequacy provisions set forth in Section 40 of the current draft of the MRTU Tariff are expected to supersede the requirements of the IRR Program at such time as the MRTU Tariff becomes effective. The IRR Program or Section 40 of the current draft of the MRTU Tariff require that the Scheduling Coordinators for Load Serving Entities submit annual Resource Adequacy Plans consistent with approved Demand Forecast, Planning Reserve Margin and the Qualifying Capacity criteria as approved by the Local Regulatory Authority. Therefore, the City Council of the City of Vernon as the Local Regulatory Authority established (1) the Demand Forecast for Vernon’s load, (2) the Reserve Margin for planning purposes, and (3) the criteria for determining resources that would be eligible to provide Qualifying Capacity and for calculating Qualifying Capacity.

Demand Forecast:

Vernon’s municipal load resides within the CAISO control area. The CAISO, as the control area operator, has the responsibility for meeting reliability criteria established by the Western Electricity Coordinating Council (“WECC”). As such the CAISO has entered into agreements with various market participants including, but not limited to, Generators, Scheduling Coordinators, Participating Transmission Owners, Utility Distribution Companies, and Metered Subsystems (“MSS”), which impose certain responsibilities on parties to establish a reliable system. One of those responsibilities is to have operating reserves that meet the WECC minimum requirements.

The CAISO's goal in considering reserve requirements is to balance available capacity with demand across the entire CAISO control area and, therefore, CAISO's primary concern is with the time and amount of peak demand on the CAISO-controlled transmission system (the "system peak"). In order to reduce demand during the period of the system peak (and, therefore, to lower the peak demand on the transmission system), utilities generally offer retail rate structures designed to encourage load shifting away from the on-peak period. Such efforts are intended to achieve on-peak demand reduction and lower the need to build new generation to meet peak demand. Vernon has adopted such a rate structure and has succeeded in shifting the peak demand period for Vernon's system to a time that is generally earlier than the time of the CAISO system peak.

Vernon's share of needed capacity to meet CAISO control area requirements may be established by determining the amount of Vernon's load that contributes to the CAISO system peak. The Demand Forecast (forecast of Vernon's coincidental peak demand relative to the CAISO monthly peak demand) for Vernon is developed by first forecasting Vernon's peak load for each month without regard to the time of day, and then applying a coincidental peak factor to reflect the portion of Vernon's peak load that contributes to the CAISO's control area peak demand. The monthly Demand Forecast is, therefore, the monthly product of Vernon System peak demand forecast and the **coincidental peak factor** as further described below.

Planning Reserve Requirement

A Reserve Margin of 15% is adopted for planning purposes as set forth in section 40.4 (c) of the filed CAISO Tariff.

Qualifying Capacity:

The following criteria are approved for determining the type of resources that may be eligible to provide Qualifying Capacity and for calculating Qualifying Capacity for such eligible resource types.

1. One existing power supply contract through the WSPP Agreement Schedule C “firm” that was entered into in 2000 shall be eligible to count as Qualifying Capacity through 2010. The amount of Qualifying Capacity is 25 MW.
2. The two existing power supply contracts through the WSPP Agreement Schedule C “firm” that were entered into in 2008 shall be eligible to count as Qualifying Capacity through 2009. The amount of Qualifying Capacity is 30 MW
3. Vernon Purchase Power Contract with SCPPA for 4.9% of SCPPA’s share of Palo Verde Nuclear Generating Station (Palo Verde) shall be eligible as Qualifying Capacity. The power is scheduled as an import generally at Westwing Substation through the CAISO’s entitlement of transmission from Westwing to SP-15.
4. Contract NO DE-MS65-86WP39587 between United States Department of Energy Western Area Power Administration Boulder Canyon Project and City of Vernon, California for Electric Service shall be eligible to count as Qualifying Capacity. The power is scheduled as an import at Mead Substation generally through the CAISO’s entitlement of transmission from Mead Substation to SP-15. The amount of Qualifying Capacity will be based on the most current schedule for the available capacity from the Boulder Canyon Project at the time of submittal of the Resource Adequacy Plan.
5. Generating units and system units (but excluding Vernon diesel generating units) within Vernon’s MSS: Malburg Generating Station and H.Gonzales units (two), shall be eligible to count as Qualifying Capacity. The amount of Qualifying Capacity of such units will be based on the projected dependable gross output capacity on a day when the ambient air temperature is 90 degrees Fahrenheit.
6. All other capacity from a Participating Generator, a System Unit, or a System Resource, as defined in the CAISO Tariff, shall be eligible as Qualifying Capacity. System Resources, however, must have a firm transmission path from source to the

CAISO control area. Such criteria for firm transmission facilities over the CAISO control area can be satisfied with the possession of a Firm Transmission Right from the CAISO on the path associated with the System Resource. Firm Transmission Rights provide physical priority right to schedule over congested paths.

7. The following scheduled outage criteria should be used for determining the level of Qualifying Capacity (“QC”) of any resource.

Scheduled Outages	
Time Period	Description of How Qualifying Capacity of Resources Is Counted
Summer May through September	Any month where days of scheduled outages exceed 25% of days in the month, the resource cannot be counted as Qualifying Capacity. If scheduled outages are less than or equal to 25% of the days in the month, the resource is counted as Qualifying Capacity.
Non-Summer Months October through April	<p>For scheduled outages of less than 1 week, the resource is counted as Qualifying Capacity.</p> <p>For scheduled outages of 1 week to 2 weeks, the Qualifying Capacity of the resource is prorated using the formula: $[1 - (\text{days of scheduled outage} / \text{days in month}) - 0.25] * \text{MW} = \text{QC}$ The formula will allow resources to be counted at between 50% and 25% of what would otherwise be their Qualifying Capacity.</p> <p>For scheduled outages over 2 weeks, the resource cannot be counted as Qualifying Capacity.</p>