

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Application of Southern California Edison
Company (U338E) for Approval of the
Results of Its 2013 Local Capacity
Requirements Request for Offers for the
Moorpark Sub-Area.

Application 14-11-016
(Filed November 26, 2014)

**COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION
ON THE PROPOSED DECISION**

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I. Introduction

Pursuant to the Rule 14.3 of the Commission’s Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) submits these comments in response to the *Proposed Decision in Phase 2 on Results of Southern California Edison Company Local Capacity Requirements Request for Offers for Moorpark Sub-Area Pursuant to Decision 13-02-015* (Proposed Decision). If the Proposed Decision is approved, the CAISO recommends that the Commission and Southern California Edison Company (SCE) move forward expeditiously to close any residual local capacity requirement (LCR) gap consistent with the understanding that Mandalay Unit 3 will retire in the near future.

II. Discussion

A. Residual LCR Need

The Proposed Decision properly finds that “[w]ithout Ellwood, a residual 29.6 MW need for local capacity resources will exist in the Moorpark sub-area when there is a voltage collapse caused by the N-2 Contingency.”¹ The Proposed Decision nevertheless finds that “it is premature to approve Ellwood for the purpose of meeting a reliability need of 29.6 MW in the Moorpark sub-area.”² The CAISO-identified reliability LCR need arises after the retirement of the Mandalay and Ormond Beach once-through-cooling units that are slated to retire by the end of 2020. If the Proposed Decision is approved, the SCE and the Commission should work

¹ Proposed Decision, p. 25. At page 8, the Proposed Decision notes that the parties “acknowledge that no existing Commission-requirement or standard exists under which consideration of this project would result in approval, including reliability.” The CAISO recommends that the Commission clarify the Proposed Decision to note that this reference is specific to Goleta area needs as opposed to Moorpark sub-area needs.

² Proposed Decision, p. 26.

expeditiously to procure and permit the necessary resources to meet the CAISO-identified reliability needs.

B. Mandalay Unit 3

The Commission also rejects the Ellwood contract on the basis that Mandalay Unit 3 could meet the CAISO-identified LCR needs. The CAISO urges the Commission not to rely on the continued operation of Mandalay Unit 3 to meet LCR needs in the Moorpark sub-area. As the CAISO stated in testimony, the assumptions and scenarios developed by the Commission direct the CAISO to consider units retired if they will be 40 years or older in the relevant study year. Mandalay Unit 3 will be in excess of 40-years-old in 2021 and should be considered retired for long-term reliability planning. Whether or not Mandalay Unit 3 is actually retired by 2021, the Commission should plan and direct procurement to avoid artificially extending the life of this old, inefficient generating resource based on LCR requirements in 2021 and beyond.

III. Conclusion

If the Commission approves the Proposed Decision, the CAISO recommends that the Commission and SCE move forward expeditiously to close the residual LCR gap identified in the Moorpark sub-area.

Respectfully submitted

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