

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

Order Instituting Rulemaking to Integrate and Refine Procurement Policies and Consider Long-Term Procurement Plans.

Rulemaking 12-03-014

**REPLY COMMENTS OF THE CALIFORNIA INDEPENDENT
SYSTEM OPERATOR CORPORATION ON PROPOSED DECISION
DENYING PETITION FOR MODIFICATION**

Pursuant to Rule 14.3(d), the California Independent System Operator Corporation (CAISO) hereby submits reply comments on the July 29, 2014 proposed decision (PD) denying Terra-Gen Power, LLC’s (Terra-Gen) petition to modify D.13-02-015. The CAISO supports the PD and urges the Commission to disregard the comments submitted by Terra-Gen for the reasons set forth below.

I. TERRA-GEN IGNORES THE CAISO’S COMMENTS AND MISCHARACTERIZES THE CAISO’S EVALUATION OF LOCATIONAL EFFECTIVENESS FACTORS.

Terra-Gen’s comments appear to be nothing more than a “rehash” of its petition for modification of D.13-02-015 and provide no basis for the Commission to make changes to the PD. In particular, Terra-Gen continues to assert that the CAISO arbitrarily “shifted” its locational effectiveness factor (LEF) evaluation mid-way through SCE’s RFO process, without providing any basis for this change, and that SCE then unreasonably used this information to eliminate certain resource locations from procurement consideration.¹ Later in the comments, Terra-Gen opines that the CAISO has not “revealed” how the zonal LEFs were determined,² and follows up with the statement that SCE is “elevating” LEFs as a level of resource eligibility based on “inaccurate and incomplete” information and that billions of dollars of contract commitments should not be based on an evaluation that has not been “vetted.”³

¹ Terra-Gen comments, p. 3-4.

² *Id.*, p. 5.

³ *Id.*, p. 6.

Once again, Terra-Gen’s arguments conveniently ignore the fact that the SONGS closure had widespread impacts on the power flows in the western LA Basin local area and that this topic was thoroughly addressed in both Track 4 and in the CAISO’s 2013-2014 transmission planning cycle. With its comments on the PD, Terra-Gen now has chosen to ignore both this substantial change to the grid and the detailed explanation about the LEF evaluation that the CAISO provided in response to the petition to modify, filed on June 20, 2014.

Indeed, in its response, the CAISO presented all of the information and assumptions about the LEF evaluation that Terra-Gen submits have not been “revealed.”⁴ The CAISO also pointed out that the dramatic changes to resource effectiveness in the SONGS area was made sufficiently clear such that Terra-Gen and other stakeholders had ample notice and an opportunity to participate in the analysis at approximately the same time that SCE’s RFO was underway.⁵

Terra-Gen asserts that “it seems contrary to the physical traits of the electric system” that a unit in one location can be highly effective and a unit with “similar relationship to the grid” would have no effectiveness.⁶ While this basic fact may seem illogical to Terra-Gen, it provides no basis for modifying the PD. As the CAISO explained, after the SONGS retirement, voltage stability collapse became the limiting constraint, which produces a much larger range of effectiveness factors because the voltage collapse is more heavily localized in the southern Orange County area. This change in the LEF range requires significantly more generation at less effective locations, which made a nodal analysis impractical.⁷ Terra-Gen’s comment- that due to the CAISO’s nodal evaluation, resources of “lesser value” at more effective locations could be selected- is mere speculation and at odds with the current topology and physics of the southwestern LA Basin area. The PD appropriately rejects such speculation.

II. CONCLUSION

Terra-Gen has chosen to ignore the information provided by the CAISO regarding the basis for the updated LEFs and the fact that this data was considered in an open process in which interested parties could have participated. Furthermore, Rule 14.3(c) provides that comments on

⁴ CAISO response to Terra-Gen petition, pp. 6-8.

⁵ *Id.*, pp. 4-6.

⁶ Terra-Gen comments, pp. 5-6.

⁷ CAISO response to Terra-Gen petition, pp. 7-8.

proposed decisions must focus on “factual, legal or technical errors” and that comments failing to do so shall be accorded no weight. By simply re-stating the arguments in its petition, Terra-Gen has failed to comply with the rule requirements and its comments on the PD should be accorded little weight.

For all of these reasons, the PD should not be changed and D.13-02-015 should not be modified.

Respectfully submitted,

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