Written comments with CAISO reply
Submitted after the
March 5 Stakeholder Meeting regarding the Draft 2015 and 2019 Local Capacity Requirement (LCR) Results

Comments of Pacific Gas and Electric Company
on the Draft 2015 & 2019 Local Capacity Technical Study Results

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to participate in the CAISO's 2014 Local Capacity Technical Study Process. PG&E appreciates the considerable work that the CAISO staff has put into this year's technical studies to identify the capacity requirement for the various local areas. Upon review of the draft study results, PG&E submits the following question to the CAISO during the comment period ending March 19, 2014.

Comments

Compared to last year's local capacity requirements, we recognize there is a substantial capacity need increase in the Fresno Area in 2015. Considering the 2015 Fresno area load is lower than the previous year (roughly 30 MW), and there is no major network change in the Wilson Sub-Area, it is difficult to understand the Fresno Area requirement would increase by such large amount. However, we observe the 2015 Fresno Area generation (NQC) is lower than the 2014 by at least 100 MW. It is unclear if generation reduction (with loss of effective units) is the driver behind the change in local capacity requirement. As such PG&E asks the CAISO to review the draft study results and provide a detailed explanation for the 666 MW requirement increase in the Fresno Area.

PG&E looks forward to continued participation in the local capacity technical study process.

ISO response: The 2013 LCR results did not include the LCR needs required to mitigate the loss of Gregg-Helms #1 & #2 230 kV lines. This contingency requires less resources than the Melones-Wilson 230 kV line outages (with one Helm unit off-line) however all of Helm is taken out by this contingency therefore making it ineffective. Once the second

worst contingency is mitigated by using all the remaining resources in the area, then part of Helms can be turned on-line to further mitigate for the loss of Melones-Wilson 230 kV line. The increase in total Fresno LCR need comes from the fact that the rest of resources in Fresno are less effective in mitigating the main constraint however they are needed to mitigate the Gregg-Helms #1 & #2 230 kV line outage.

CAISO 2015 and 2019 Local Capacity Requirements Study Plan:
Radback Energy Stakeholder Comments

Radback Energy is the owner and developer of the Oakley Project (also known as the Contra CostaGenerating Station LLC). Radback appreciates the opportunity to provide comments on the CAISO 2015/19 Study Plan.

The Oakley Project should remain included in the study process. CCGS has a fully developed CEC approved project with financing in place. We have a contract with PG&E. We are confident the project will be built and come on line in a timely manner. The status of any sort of contract is not a criteria to exclude projects from the study. If this indeed is a criteria, then the length and period of contracts for ALL projects should be reviewed in detail and ALL of those projects should be evaluated for elimination/inclusion from the planning database for those periods.

ISO response: The Oakley Project was modeled in the 2019 LCR studies. The base case assumptions have been finalized at the October 30, 2013 stakeholder meeting; base cases have been posted for review on January 15, 2014 and the comment period has ended January 29, 2014.

Comments of The Utility Reform Network (TURN)

Regarding the CAISO's

2015 and 2019 Draft Local Capacity Requirements Study Results

submitted by TURN on March 19, 2014

The Utility Reform Network (TURN) offers the following comments on the CAISO's 2015 and 2019 Draft LCR Study Results – Greater Bay Area (GBA Study), which was posted March 3, 2014 and discussed on a stakeholder teleconference on March 5.[1]

Slides 5 and 15 of the GBA Study both state that the Oakley Generating Station (Oakley) was added to Bay Area resources for modeling the year 2019. TURN appreciates that this assumption, at the time the data sets for the GBA Study were made final, may have been appropriate. But the assumption that Oakley will be available in 2019 is no longer reasonable. In February, a state appellate court annulled the CPUC's approval of PG&E's purchase of Oakley.[2] The CPUC then removed Oakley from the resource assumptions that it and the CAISO will use to evaluate system need in the 2014 Long-Term Procurement Plan.[3] Given these events, TURN does not know of any reasonable basis for assuming that Oakley will be available in 2019.

Further, the existence of Oakley is likely a key assumption for the GBA Study. As Oakley would have been owned by PG&E,[4] it would presumably be "modeled on-line" in the CAISO's simulations,[5] thus affecting all of the CAISO's GBA Study results. The assumption regarding the status of Oakley could significantly affect study results.

[1] This Study is available in PowerPoint format at http://www.caiso.com/Documents/Presentation_Draft2015-2019LocalCapacityRequirement_GreaterBayArea.pdf .
[2] See http://www.courts.ca.gov/opinions/documents/A138701.PDF.
[3] See http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M088/K489/88489746.PDF, p. 3.
[4] See CPUC Decision 12-12-035, p. 2.
[5] 5 See page 8 of Final Manual, 2015 Local Capacity Area Technical Study, November 2013, available at http://www.caiso.com/Documents/2015LocalCapacityRequirementsFinalStudyManual.pdf.

Though this year's 2019 LCR results will not set local capacity procurement requirements, this year's 2019 LCR study for the Greater Bay Area will not be credible unless Oakley is removed entirely from the data set.

ISO response: The Oakley Project was modeled in the 2019 LCR studies. The base case assumptions have been finalized at the October 30, 2013 stakeholder meeting; base cases have been posted for review on January 15, 2014 and the comment period has ended January 29, 2014. Furthermore the ISO was aware that power purchase agreement was under review by different courts and decided to include Oakley in the studies with unknown status for its PPA, therefore making it eligible under the third resource option (see the final 2015 LCR manual at: http://www.caiso.com/Documents/2015LocalCapacityRequirementsFinalStudyManual.pdf) after QF/Nuclear/State/Federal and after resources with known long-term contractual status. Due to this fact and due to all other resources effectiveness factors within the Contra Costa pocket as well as the Greater Bay area overall requirement the ISO can confirm that modeling if the Oakley power plant had little to no effect in the results of this study.