

Summary of ISO Participation in the Southern California Edison Company's (SCE's) Moorpark Sub-area Request for Offers (RFO)

- Background: Approximately 2,000 MW of gas-fired generation in the Moorpark area will be retired by 2020 in compliance with the state's once-through-cooling (OTC) regulations. The latest ISO studies show a need for approximately 350 MW of new resources in Moorpark sub-area to replace the OTC generation. Approximately 114 MW of this need is assumed to be met by Additional Achievable Energy Efficiency (AAEE) that has not yet been identified.
- In Track 1 of the 2012 California Public Utilities Commission's (CPUC's) long-term procurement plan (LTPP), the CPUC authorized SCE to procure between 215-290 MW of resources through an all-source RFO in the Moorpark sub-area to meet local capacity requirements (LCR). This authorization was based in large part on the ISO's local capacity requirement studies of the Moorpark sub-area. In the course of the 2012 LTPP, the ISO specified that all use-limited resources had to respond in less than 30 minutes in order to allow the grid operator to reassess and redispatch the system.
- In compliance with the CPUC's procurement decision, SCE consulted with the ISO to identify RFO resources that would meet the ISO-identified local reliability constraint. The ISO studied conceptual resource portfolios developed by SCE to determine whether resources were effective at reducing local capacity needs. The conceptual portfolios included varying levels of preferred resources. The maximum preferred resource portfolio for Moorpark included 41 MW of demand response (with a 20-minute response time), 55 MW of storage and solar distributed generation and 194 MW of non-preferred resources. The ISO indicated to SCE that this maximum preferred resource portfolio would have met the LCR needs.
- Some have suggested that the ISO changed response time requirements as a result of consultations with SCE, or at some time during the RFO. In fact, consistent with NERC reliability standards, local capacity area resources must allow the ISO to reposition the system within 30 minutes of an N-1 contingency event, in preparation for a possible second contingency. To effectively reposition the system within 30 minutes, the ISO requires fast-responding resources that are only available post-contingency to respond within 20 minutes because the CAISO must plan for a 10 minute manual readjustment period to effectively assess the situation and take the necessary steps to reposition the system within the allotted 30 minutes. These response time requirements are not new; the ISO has noted in its 2013-2014 and 2014-2015 TPPs that use-limited resources must be capable of responding within 20 minutes in order to count toward LCR needs and the ISO has used this criterion in past LCR studies.
- SCE initially issued the RFO with a pro-forma demand response contract that included a 1-hour response time for DR resources. This initial RFO response time requirement was not consistent with the LTPP decision authorizing procurement because such resources would not effectively meet the ISO-identified reliability constraints. SCE subsequently changed its pro-forma contract to reflect a 20-minute response time requirement.

- Contrary to the views of some parties, the consultations between SCE and the ISO were not confidential. SCE shared the results with its RFO participants and its cost allocation mechanism group. The ISO shared high-level results (focusing on SCE's similar RFO for the Los Angeles Basin) in the 2013-2014 Transmission Planning Process (TPP).
- SCE's RFO application requests approval of 274 MW of new resources to ensure long-term reliability in the Moorpark sub-area. SCE accepted all final offers for preferred resources in Moorpark (which totaled 12 MW) and a gas-fired generation project known as the Puente Project (262 MW). Based on the results of the RFO, the ISO considers these resources to be a timely means for meeting LCR needs in that area.
- The OTC plants will retire at the end of 2020 and it does not appear that available preferred resources are capable of providing the necessary capacity. In addition, the ISO is still counting on the materialization of 114 MW of additional achievable energy efficiency to meet local capacity needs.
- Like many power project installations, Puente will require review and permitting by both the CPUC and CEC. Some have suggested that the project should await CEC approval prior to moving into the CPUC permitting phase. The ISO acknowledges that the CEC's review of environmental issues is important, but should not be conducted sequentially because it will delay the in-service date of the Puente Project, thereby threatening compliance with OTC regulations.