

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Greenleaf Energy Unit 2, LLC ) Docket No. ER20-1947-000**

**MOTION TO INTERVENE OF THE DEPARTMENT OF MARKET MONITORING OF  
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rules 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. §§385.212 and 385.214, the Department of Market Monitoring (DMM), acting in its capacity as the Independent Market Monitor for the California Independent System Operator Corporation (“CAISO”), submits in the captioned proceeding this motion to intervene for the reasons discussed herein.

**I. MOTION TO INTERVENE**

DMM respectfully requests that the Commission afford due consideration to this motion to intervene, and afford DMM full rights as a party to this proceeding. The CAISO’s tariff describes the mission of DMM as follows:

To provide independent oversight and analysis of the CAISO Markets for the protection of consumers and Market Participants by the identification and reporting of market design flaws, potential market rule violations, and market power abuses.<sup>1</sup>

---

<sup>1</sup> CAISO Tariff Appendix P, Section 1.2.  
[http://www.aiso.com/Documents/AppendixP\\_CAISODepartmentOfMarketMonitoring\\_asof\\_Apr1\\_2017.pdf](http://www.aiso.com/Documents/AppendixP_CAISODepartmentOfMarketMonitoring_asof_Apr1_2017.pdf).

See also FERC Order 719, at p. 188, where the functions of a Market Monitor include: “evaluating existing and proposed market rules, tariff provisions and market design elements, and recommending proposed rule and tariff changes not only to the RTO or ISO, but also to the Commission’s Office of Energy Market Regulation staff and to other interested entities [ ...]”

The CAISO tariff states that “DMM shall review existing and proposed market rules, tariff provisions, and market design elements and recommend proposed rule and tariff changes to the CAISO, the CAISO Governing Board, FERC staff, the California Public Utilities Commission, Market Participants, and other interested entities.”<sup>2</sup> As this proceeding involves RMR contract provisions with the potential to impact many facets of the CAISO market, this proceeding involves matters within DMM’s purview under the CAISO tariff.

## II. COMMENTS

DMM believes several components of the cost filing for the Greenleaf plant warrant further explanation, review and/or additional supporting information.

### Fixed O&M

In Schedule F Greenleaf provides an Annual Fixed O&M value of \$4,682,255.<sup>3</sup> Dividing this by the 49.2 MW size of the plant gives a Fixed O&M value of \$93/kW-yr. Based on DMM’s review of similar natural gas plants as well as previous RMR filings, Greenleaf’s annual fixed O&M appears to be much higher than may be expected for a plant of its size.

In 2018 two similarly sized natural gas units had RMR agreements with CAISO, Yuba City Energy Center and Gilroy Energy Center. Similar to Greenleaf each of these plants included annual fixed O&M in their Schedule F.<sup>4</sup> Yuba City’s

---

<sup>2</sup> CAISO Tariff Appendix P, Section 5.1.

<sup>3</sup> Transmittal Letter, p. 90.

<sup>4</sup> Gilroy Energy Center, LLC submits tariff filing per 35.1: Gilroy RMR Agreement Filing to be effective 1/1/2018 under ER18-230.

<https://elibrary.ferc.gov/IDMWS/common/OpenNat.asp?fileID=14739583>

annual fixed O&M was about \$19/kW-yr<sup>5</sup> and Feather River's was \$24/kW-yr.<sup>6</sup>

Greenleaf's annual fixed O&M is about four times higher than either of these units.

DMM also downloaded fixed O&M data from S&P Global Market Intelligence for every 40 to 50 MW natural gas plant in California.<sup>7</sup> There are 54 plants in the dataset and their average fixed O&M is about \$8/kW-yr. The maximum is \$27/kW-yr. Thus, the Greenleaf plant is reporting a fixed O&M cost about three times higher than the maximum fixed O&M cost in these data. DMM believes this warrants further explanation, review and/or additional supporting information.

### **Depreciation expense**

Greenleaf writes that the depreciation expense in its cost-of-service schedule is based on:

“[...] Natgas Greenleaf's acquisition of Greenleaf in June 2016. Natgas Greenleaf's acquisition cost for the Greenleaf 2 Facility was \$7,900,558. This acquisition cost was allocated \$3,712,000 to plant and \$4,188,558 to the PPA for internal accounting purposes.”<sup>8</sup>

The value for depreciation expense in Schedule F is \$1,770,434.<sup>9</sup> Greenleaf's work papers break down the Schedule F depreciation expense into \$579,761 from Plant Depreciation and \$1,190,673 from PPA Amortization.<sup>10</sup>

As noted by Greenleaf, Schedule F is based on historical books and records. Specifically, Schedule F is based on data from July 2018 to June 2019.<sup>11</sup> Greenleaf

---

<sup>5</sup> Id p. 313.

<sup>6</sup> Id p. 310.

<sup>7</sup> Data downloaded from S&P's online screener tool. S&P Global Market Intelligence. <https://platform.mi.spglobal.com> (subscription required).

<sup>8</sup> Transmittal Letter, p. 12.

<sup>9</sup> Transmittal Letter, p. 88 (Schedule F).

<sup>10</sup> Transmittal Letter, p. 229 (Attachment H – Work Papers).

<sup>11</sup> Transmittal Letter, p. 11.

also notes that its PPA was amortized over the period June 2016 to December 2019.<sup>12</sup> Therefore, amortization of the PPA is included in the RMR Agreement's Schedule F calculations even though the PPA is appears to have been fully amortized by the time the RMR agreement begins in June of 2020.<sup>13</sup>

The inclusion of Greenleaf's PPA amortization in the depreciation expense increases the Annual Fixed Revenue Requirement (AFRR) that will be paid to Greenleaf by \$1,190,673.

### **III. CONCLUSION**

As explained above, several components of the cost filing for the Greenleaf plant warrant further explanation, review and/or additional supporting information.

Respectfully submitted,

**/s/ Eric Hildebrandt**

Eric Hildebrandt, Ph.D.

Executive Director

Brett Rudder

Senior Analyst

Department of Market Monitoring

California Independent System

Operator Corporation

250 Outcropping Way

Folsom, CA 95630

Tel: 916-608-7123

[ehildebrandt@caiso.com](mailto:ehildebrandt@caiso.com)

Independent Market Monitor for the California

Independent System Operator Corporation

Dated: June 22, 2020

---

<sup>12</sup> Transmittal Letter, p. 12.

<sup>13</sup> Transmittal Letter, p. 1.

## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, CA this 22<sup>st</sup> day of June, 2020.

*/s/ Candace McCown*  
Candace McCown