



December 16, 2020

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VIA EMAIL

Angelina Galiteva, Chair
Ashutosh Bhagwat
Severin Borenstein
Mary Leslie

Re: Midway Sunset Cogeneration Company RMR Designation

Dear ISO Board of Governors:

Midway Sunset Cogeneration Company (MSCC) submits the following public comment letter concerning agenda item 9 of the December 17, 2020 General Session of the Board of Governors Meeting.

MSCC is a California general partnership that owns a natural gas-fueled Multi-Stage Generator comprised of three combustion turbines (CTs) that commenced commercial operation in 1989. The 2020 MSCC net qualifying capacity (NQC) ranges from 230 MW in July and August to 248 MW in January and December. MSCC most recently operated under a tolling power purchase agreement (PPA) with PG&E pursuant to which MSCC provided resource adequacy capacity from all 3 three units, two of which operated in simple-cycle mode as dispatched by CAISO (units A and B) and the third which operated as baseload energy (unit C). The PPA provided for termination of unit C operation on September 30, 2020 and units A and B effective December 31, 2020. MSCC submitted a mothball notice to CAISO for unit C effective September 30, 2020 and for units A and B effective December 31, 2020.

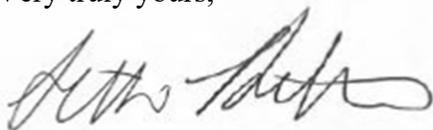
MSCC does not object to being designated as an RMR facility. However, several permitting and maintenance hurdles would need to be addressed for MSCC to operate as an RMR facility in 2021. Those hurdles include:

1. Condition 14 in MSCC's APCD air permits, which are federally enforceable under Title V, requires that it "operate as a cogeneration facility pursuant to Public Resources Code section 25134 for TEOR operations unless prior District and CEC [California Energy Commission] approval is granted to operate otherwise". MSCC is in the process of seeking such approval from the APCD and the CEC.

2. Condition AQ-15 in MSCC's CEC License is substantially similar to Condition 14 and requires both APCD and CEC approval to operate the facility as other than a cogeneration facility.
3. Unit C has historically met the permitted NOx emission rate by operating its Selective Catalytic Reduction (SCR) unit, which can only be utilized when operating in cogeneration mode. MSCC currently has no steam host. Dispatchable operation of unit C in simple cycle mode would require amendment to the facility's APCD permits and CEC License. For 2021 operation, such amendment would have to permit operation at a higher NOx emission rate (presumably limited to times when unit C is required to avoid or mitigate CAISO System Emergencies). Capital investment to upgrade combustion hardware would enable compliance with the currently permitted NOx emission rate by Summer 2022, subject to obtaining APCD and CEC License amendments approving such upgrade. MSCC is willing to seek the required permit and license amendments if requested to do so by CAISO.
4. MSCC CTs will require major maintenance to be available for reliable, dispatchable operation after December 31, 2020 as per the OEM guidelines. Work will need to commence promptly and likely before an RMR contract is finalized. MSCC needs assurance of recovery of such costs from January 1, 2021 through commencement of the RMR contract term.

MSCC appreciates the ISO Board's consideration of these issues as it decides whether to designate MSCC as an RMR facility.

Very truly yours,



Seth D. Hilton
Counsel for MSCC