

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

Application of Southern California Edison
Company (U338E) for Approval of the
Results of Its 2013 Local Capacity
Requirements Request for Offers for the
Moorpark Sub-Area.

Application 14-11-016
(Filed November 26, 2014)

**RESPONSE OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO MOTION TO SET ASIDE SUBMISSION AND REOPEN RECORD
TO TAKE ADDITIONAL EVIDENCE**

Pursuant to Rule 11.1(e) and Administrative Law Judge DeAngelis' May 9, 2016 Ruling, the California Independent System Operator Corporation (CAISO) files this response to the Motion to Set Aside Submission and Reopen Record to Take Additional Evidence (Motion) by the California Energy Justice Alliance (CEJA).

I. Introduction

The Commission should deny CEJA's Motion because it is based on factually inaccurate claims regarding both the status of the Ormond Beach Generating Station (Ormond) and the continuing need in the Moorpark sub-area. Approving the new generation in this Application is essential to retiring Ormond Beach in 2020 in compliance with the once-through-cooling regulations while maintaining reliability in the Moorpark sub-area. Contrary to CEJA's assertions, the CAISO's 2017 local capacity requirement (LCR) study confirmed the need for additional resources in the Moorpark sub-area in 2021.

II. Discussion

A. Retirement of Ormond Beach

The CAISO has been an active participant in efforts to ensure that California meets its once-through-cooling regulations while maintaining electric reliability. The CAISO is a member of the State Advisory Committee on Cooling Water Intake Structures (SACCWIS) through which it conducts annual grid reliability studies based on implementation plans and schedules

submitted to the State Water Board by dischargers.¹ In conducting these grid reliability studies, the CAISO has consistently planned the system with the assumption that the Ormond Beach units would retire in compliance with the once-through-cooling policy in December 2020.² With the resources that Southern California Edison Company (SCE) is requesting approval for in this proceeding, the Ormond Beach units can retire, and should be retired, at the end of 2020.

Importantly, NRG California South LP (NRG) recently confirmed this understanding in a May 6, 2016 letter to SACCWIS³ in which NRG stated it “has long expected that Ormond Beach would not continue operating after its compliance date if the studies conducted by the CAISO show that there is not a need for Ormond Beach beyond that date.”⁴ Based on CAISO’s current assessment, it is clear that Ormond Beach will not be needed beyond 2020 if Commissioner Peterman’s Alternate Proposed Decision is approved, and SCE is permitted to procure resources as planned.

B. The CAISO’s 2017 LCR Analysis

CEJA’s Motion seeks to reopen this proceeding to “include the latest forecasts regarding the lack of need for [the] Puente [Power Plant].”⁵ Reopening the record in this proceeding based on the CAISO’s latest LCR analysis is both procedurally and substantively inappropriate.

i. The Commission’s Need Determination in D.13-02-015 is not within the Scope of this Proceeding.

In Decision (D.) 13-02-015, the Commission determined a need for 215 to 290 megawatts (MW) of additional resources in the Moorpark sub-area based in large part on the CAISO’s LCR analysis. Based on this need finding, the Assigned Commissioner’s Ruling and Scoping Memo (Scoping Memo) in this proceeding properly limited the scope to determining whether the result of SCE’s request for offers (RFO) is “a reasonable means to meet the 215 to 290 MW of identified LCR need determined by D.13-02-015.”⁶ Revisiting the need determination in D.13-02-015 is not within the scope of this proceeding.

¹ See SACCWIS Memorandum of Agreement,

http://www.waterboards.ca.gov/water_issues/programs/ocean/cwa316/saccwis/docs/moa.pdf.

² See, for example, the Draft April 2016 SACCWIS Report, p. 22 (“The [CA]ISO plans to continue to model Ormond Beach as offline after 2020 in its transmission planning studies and will continue to provide the results of those studies to SACCWIS.”)

³ NRG’s May 6, 2016 letter to SACCWIS is included as Attachment A to this response.

⁴ Attachment A, p. 1-2.

⁵ CEJA Motion, p. 2.

⁶ Scoping Memo, p. 4.

ii. *The CAISO's 2017 LCR Study Continues to Support the Need Determination in D.13-02-015.*

Not only is it procedurally inappropriate to reopen this proceeding to revisit the need determination in D.13-02-015, but review of the CAISO's 2017 LCR continues to support Commission's need determination for resources in the Moorpark sub-area. The CAISO performed a 2021 analysis for the Moorpark sub-area that showed a total local capacity need of 492 MW.⁷ Based on available capacity, this indicates an unmet Moorpark sub-area need of approximately 214 MW in 2021.⁸ If the Ellwood Generating Station is retired and is not available in 2021 this need would increase.

In addition, CEJA's Motion makes several factual errors regarding the load projections in the Moorpark sub-area. First, CEJA points to a decline in the Big Creek/Ventura load forecast, which is irrelevant to the need identified in D.13-02-015. The need for additional resources in D.13-02-015 is based on a deficiency in the Moorpark sub-area, not the greater Big Creek/Ventura area.⁹ Unlike the load forecast in Big Creek/Ventura, loads in the Moorpark sub-area are forecast to rise over the planning horizon (*i.e.*, from 1601 MW in 2017 to 1677 MW 2021).¹⁰ Because Moorpark sub-area loads are projected to increase over the planning horizon, the 2017 LCR results indicate no significant change in local capacity needs.

⁷ See CAISO 2017 Final LCR Study Results: Big Creek/Ventura Local Area, Slide 6.
<http://www.aiso.com/Documents/Presentation-Final2017LCRBigCreekVenturaLocalArea.pdf>

⁸ Assumes the retirement of Ormond Beach and the existing Mandalay Generating Station units. Also includes approximately 18 MW of effective local demand response.

⁹ D.13-02-015, p. 73.

¹⁰ 2017 LCR load forecasts can be accessed through the CAISO's market participant portal.

III. Conclusion

CEJA's motion is both procedurally inappropriate and factually inaccurate. The Commission should reject the Motion and adopt a final decision in this proceeding.

Respectfully submitted,

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May 13, 2016



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May 6, 2016

Via Overnight Delivery

Statewide Advisory Committee on Cooling Water Intake Structures
c/o State Water Resources Control Board
1001 I Street
Sacramento, CA 95814

Re: Comments of NRG California South LP on the April 2016 Draft Report of the Statewide Advisory Committee on Cooling Water Intake Structures

I. Introduction

NRG California South LP (“NRG South”), the owner of the Ormond Beach Generating Station (“Ormond Beach”), submits these comments on the draft April 2016 Report of the Statewide Advisory Committee on Cooling Water Intake Structures (the “SACCWIS”) (“Draft Report”). The Draft Report was prepared for the State Water Resources Control Board (“State Water Board”) in connection with implementation plans submitted by non-nuclear power plant owners on April 1, 2011, and as contemplated by the State Water Board’s Statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (“OTC Policy”). The OTC Policy requires the SACCWIS to advise the State Water Board annually on whether the OTC Policy’s compliance schedule takes into account the reliability of California’s electricity supply, including local area reliability and statewide grid reliability, and permitting constraints. (OTC Policy, Sections 1(I) and 3(B).)

The Draft Report states that the SACCWIS does not recommend a change to the December 31, 2020 compliance date for Ormond Beach, and notes that the California Independent System Operator (“CAISO”) plans to continue to assume in its transmission studies that Ormond Beach will not operate after 2020. (Draft Report at 22.) NRG South agrees with the SACCWIS recommendation. NRG South does not expect to continue operating Ormond Beach after its 2020 compliance date. This is confirmed by NRG South’s update to the compliance plan for Ormond Beach, which is provided below.

Through these comments, NRG South is updating the compliance plan for Ormond Beach, which was addressed most recently in NRG South’s February 12, 2016 letter to the State Water Board (“February Letter”). Since 2011, the compliance plan for Ormond Beach has stated that NRG South would evaluate the feasibility of so-called “Track 2” compliance by conducting impingement and entrainment studies as required by the OTC Policy. This was done for contingency planning to try to retain the capability to operate in case Ormond Beach is needed after 2020 for reliability purposes. NRG South has long expected that Ormond Beach would not

continue operating after its compliance date if the studies conducted by the CAISO show that there is a not a need for Ormond Beach beyond that date. But retaining the Track 2 compliance option was the reasonable and prudent course of action, particularly in light of uncertainties regarding renewable integration, ramping requirements, and the availability of new conventional generating capacity.

As reflected in the Draft Report, the CAISO intends to continue to model Ormond Beach as offline after its December 31, 2020 compliance date. The CAISO studies do not show a need for Ormond Beach after 2020. Absent a need for Ormond Beach, NRG South does not anticipate that there will be opportunities to obtain a contract that provides the necessary revenues to support the significant investment required to conduct feasibility studies, obtain permits, and construct mechanisms to implement Track 2 compliance, the cost of which NRG South recently began incurring. NRG South therefore has decided not to continue to retain a Track 2 compliance option for Ormond Beach. Accordingly, NRG South will discontinue the impingement and entrainment studies. Because completion of the studies is required to utilize Track 2, the decision to discontinue the studies effectively eliminates Track 2 as a compliance option for Ormond Beach. The State Water Board and the SACCWIS should continue to assume that Ormond Beach will not operate after 2020.

II. Discussion

A. NRG South does not expect to continue operating Ormond Beach after 2020.

The Draft Report notes that the CAISO will continue to model Ormond Beach as offline after its December 31, 2020 compliance date, and states that the SACCWIS “does not recommend a change in compliance dates for the Ormond Beach facility.” (Draft Report at 22.)

NRG South agrees with the SACCWIS recommendation. NRG South does not expect to continue operating Ormond Beach after its 2020 compliance date. This is confirmed by NRG South’s update to the Ormond Beach compliance plan, as explained below.

B. NRG South has decided not to retain a Track 2 compliance option for Ormond Beach.

Section 2(A) of the OTC Policy (titled “Compliance Alternatives”) specifies that an owner or operator of an existing power plant must comply with either “Track 1” or “Track 2.” To comply with Track 1, an owner or operator must reduce intake flow rate at each unit, at a minimum, to a level commensurate with that which can be attained by a closed-cycle wet cooling system. (OTC Policy, Section 2(A)(1).) To comply with Track 2, an owner or operator must demonstrate to the State Water Board’s satisfaction that compliance with Track 1 is not feasible, and the owner or operator must reduce impingement mortality and entrainment of marine life for the facility, on a unit-by-unit basis, to a comparable level to that which would be achieved under Track 1, using operational or structural controls, or both. (OTC Policy, Section 2(A)(2).) Track 2 compliance requires impingement and entrainment studies that, at a minimum, cover a 36-month period, and the studies must be completed and submitted to the State Water Board in advance of the compliance deadline. (OTC Policy, Sections 4(A)(1) and 4(B)(1).)

The Draft Report confirms that Track 1 compliance was determined not to be feasible for Ormond Beach. (Draft Report at 21.) This left Track 2 as the available compliance option. The Ormond Beach compliance plan therefore proposed to evaluate the feasibility of Track 2 compliance by conducting the requisite impingement and entrainment studies. Additionally, the original compliance plan submitted in 2011 stated that an assured revenue stream would be needed to support the significant cost of implementing Track 2 compliance, even if the Track 2 measures were otherwise feasible from a technical, logistical, and environmental perspective. Although NRG South attempted to retain a Track 2 compliance option for Ormond Beach, the significant uncertainties regarding feasibility and revenue support have not been resolved.

Notwithstanding those uncertainties, to date NRG South has attempted to retain the option to utilize Track 2 compliance. This was done for contingency planning to try to retain the capability to operate in case Ormond Beach is needed after 2020 for reliability purposes. Any such need determination would originate with the CAISO and the California Public Utilities Commission. NRG South has long expected that Ormond Beach would not continue operating after its 2020 OTC compliance date if the CAISO's planning studies show that there is not a need for Ormond Beach beyond that date. But retaining the Track 2 compliance option was the reasonable and prudent course of action, particularly in light of uncertainties regarding renewable integration and ramping requirements, and the long lead-times required for building new gas-fired generation that could meet local capacity requirements in the Moorpark sub-area of the Big Creek Ventura Reliability Area, where Ormond Beach is located. NRG South therefore attempted to retain the option to utilize Track 2.

To evaluate feasibility, NRG South submitted a plan for the required impingement and entrainment studies, and stated that it would conduct the studies during 2016-2018. The February Letter referenced the previously submitted plan for evaluating Track 2 compliance, and confirmed that the plan had not changed. The next step in that plan would be to undertake the required impingement and entrainment studies.

As reflected in the Draft Report, the CAISO intends to continue to model Ormond Beach as offline after its December 31, 2020 compliance date. The CAISO studies do not show a need for Ormond Beach after 2020. Absent a need for Ormond Beach, NRG South does not anticipate that there will be opportunities to obtain a contract that provides the necessary revenues to support the significant investment required to conduct feasibility studies, obtain permits, and construct mechanisms to implement Track 2 compliance, the cost of which NRG South recently began incurring. NRG South therefore has decided not to continue to retain a Track 2 compliance option for Ormond Beach. Accordingly, NRG South will discontinue the impingement and entrainment studies. Because completion of the studies is required to utilize Track 2, the decision to discontinue the studies effectively eliminates Track 2 as a compliance option for Ormond Beach. The State Water Board and the SACCWIS should continue to assume that Ormond Beach will not operate after 2020.

III. Conclusion

NRG South appreciates the opportunity to present these comments. Please do not hesitate to contact the undersigned at (415) 627-1650 or john.chillemi@nrg.com should you have questions or require additional information.

Respectfully submitted,



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