



Thursday, October 10, 2013

California ISO  
Attn: regionaltransmission@caiso.com  
250 Outcropping Way  
Folsom, CA 95630

Re: Stakeholder Input for 2013/2014 Transmission Plan

Ladies and Gentlemen:

CalPeak Power, LLC ("CalPeak") is pleased to provide comments on the Transmission Planning Process Study Results presented at the Transmission Planning Process Stakeholder Meeting on September 25-26, 2013. These comments concern several cost-effective non-transmission alternatives for consideration in the 2013-2014 Transmission Planning process. CalPeak will also be submitting an associated study request before the request window closes.

CalPeak owns four flexible natural gas-fired simple cycle generation units (nominally 50 megawatts each) which are also capable of providing additional service to the CAISO grid as synchronous condensers. These units are the CalPeak Power Border Unit 1 located in San Diego at the SDG&E Border 69 KV Substation, the CalPeak Power Enterprise Unit 1 located in Escondido at the SDG&E Escondido 69 KV Substation, the CalPeak Power Panoche Unit 1 located in Fresno County at the PG&E Panoche 115 KV Substation, and the CalPeak Power Vaca Dixon Unit 1 located in Vacaville at the PG&E Vaca Dixon 115 KV Substation.

The 2013/2014 Transmission Planning Process Stakeholder Meeting on September 25-26, 2013 indicates that SDG&E is proposing to add four +60/-30 MVAR Synchronous Condensers operated at 13.8 kV to the Sycamore and/or Mission Substation 230 kV Bus. SDG&E estimates that it will cost in the range of \$126 to \$158 million dollars for both the Sycamore and Mission sites. CalPeak proposes to modify and operate two of its existing assets (CalPeak Power-Border Unit 1 and CalPeak Power- Enterprise Unit 1) as synchronous condensers at a significantly lower cost, with less environmental impact, and with an earlier in-service date than the solution offered by SDG&E. These plants would have the ability to operate as synchronous condensers without sacrificing their ability to deliver energy and flexible capacity as peaking plants. The primary modifications required to allow the plants to operate as synchronous condensers are minor software changes.

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In its stakeholder presentation, SDG&E provided ample justification for adding reactive power support, stating that it is necessary to meet NERC 2.5% and 5% reactive margin requirements by 2020 and to partially replace the inertia and dynamic reactive capability of retiring once-through-cooling (OTC) generation (South Bay in 2010, SONGS in 2013 and Encina in 2017). The project would further the Renewable Integration objectives of the State of California and the CAISO by providing dynamic reactive capabilities that wind and photovoltaic solar generation cannot provide while at the same time reducing the risk of voltage collapse during high import conditions. It would also provide improved voltage control and increase the secure operating range for the Grid Operators.

Earlier this year, CAISO approved the installation of synchronous condensers at the Talega substation to be placed into service prior to Summer 2015 and is considering converting one of San Onofre generators into a synchronous condenser.

For the reasons cited above, CalPeak also proposes to modify its existing units in PG&E's service territory (CalPeak Power-Panoche Unit 1 and CalPeak Power-Vaca Dixon Unit 1) to provide reactive power support as synchronous condensers while maintaining their existing electric generation capability. PG&E is proposing their Gill Ranch 115 kV Tap Load Interconnection project. This project is to interconnect a new customer owned substation via a tapped connection to PG&E's Gill Ranch 115 kV Tap and to reliably serve the maximum proposed 17 MW load, the addition of 30 MVar voltage support is proposed at Mendota (under 90% post-project voltage for Category B contingencies). The proposed In Service Date is June 1, 2014. Estimated Cost for the interconnection is between \$1M to \$2M and the network upgrades are another \$5M to \$10M. CalPeak Power's Panoche facility is ideally situated to provide some of the reactive power need that PG&E proposes to meet with voltage support at Mendota.

We believe the above solutions offer benefits superior to those provided in the 2013/2014 Transmission Planning Process Stakeholder Meeting on September 25-26, 2013. These solutions:

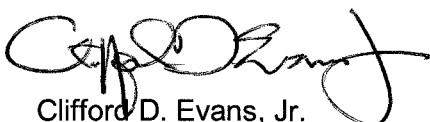
- Can be available within a few months
- Offer less expensive solutions than those proposed
- Have no known environmental impacts or required permit modifications
- Can help meet revenue requirements necessary to keep much needed peaking plants without Power Purchase Agreements

A second area we would like to have studied relates to the point of interconnection for the Border and Enterprise units. These facilities are currently interconnected at the 69kV level, but the point of interconnection could be relocated to the 230kV system if the reactive power support is more beneficial at that level. The relocation of the Border Unit 1 interconnection to the Otay Mesa 230kV Substation would also resolve an issue identified in the 2012 Grid Assessment Study related to dispatch limitations for the Border Gens 1, 2 and 3 which has not yet been corrected.

Additionally, we believe our proposals address the need for procurement of reactive power from alternate sources as presented by FERC in its February 4, 2005 Staff Report entitled "Principles for Efficient and Reliable Reactive Power Supply and Consumption".

We appreciate the opportunity to provide these comments and request that the CAISO withhold approval of the utilities' proposals to provide reactive support until the CAISO has fully studied our proposal. If the use of these existing peaking plants for reactive voltage support is determined to be, as we believe, an efficient and economical component of the solution to the identified grid needs, we ask that CAISO and/or the utilities enter into negotiations with us regarding an agreement with CalPeak for this service.

Sincerely,



Clifford D. Evans, Jr.  
Vice President, CalPeak Power, LLC