

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

Application of San Diego Gas & Electric)
Company (U902 E) for Authority to Enter into)
Purchase Power Tolling Agreements with)
Escondido Energy Center, Pio Pico Energy)
Center and Quail Brush Power)

A.11-05-023

**NOTICE OF EX PARTE COMMUNICATION BY
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

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February 25, 2013

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Pursuant to Article 8 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, the California Independent System Operator Corporation (“ISO”) hereby files this notice of the following oral ex parte communication with Rachel Peterson, Interim Advisor to Commissioner Carla Peterman and Julie Fitch, Interim Chief of Staff to Commissioner Peterman.

On February 21, 2013, from approximately 4:30-4:56 p.m., the ISO had a conference call with Rachel Peterson and Julie Finch. The meeting was requested by the ISO. The following ISO personnel were on the call: Karen Edson, Vice-President, Policy and Client Services; Neil Millar, Executive Director, Infrastructure Development; Greg Van Pelt, External Affairs Manager; and Anthony Ivancovich, Deputy General Counsel-Regulatory. The ISO also provided written materials in connection with the conference call -- entitled *SONGS Contingency Preparedness*. These written materials are attached hereto.

The ISO discussed the content of the *Songs Contingency Preparedness* studies at its February 13, 2013 transmission planning process stakeholder meeting, and the content of the materials is incorporated into and reflected in the ISO’s slide presentation at that meeting. The ISO’s February 11, 2013 slide presentation is publically available and posted to the ISO’s

website on the 2012-2013 Transmission Planning Process webpage, stakeholder meeting, February 11, 2013, Presentation-Draft 2012-2013 Transmission Plan.

During the conference call, the ISO, discussed the *SONGS Contingency Preparedness* materials. These materials address, *inter alia*, the needs of the ISO with the loss of SONGS and the possible mitigation options. The ISO explained that, with respect to mid-term mitigation alternatives for the loss of SONGS (the so-called 2018 case), the ISO would need (1) continued use of synchronous condensers, (2) a new 11-mile 230-kV line from Sycamore to Penasquitos, and (3) either (a) the new/replaced generation and MVAR Static Var Compensator support identified on the left side of slide 4 of the *SONGS Contingency Preparedness* materials, or (b) the new/replaced generation and MVAR Static Var Compensator support identified on the right side of slide 4 of the *SONGS Contingency Preparedness* materials. The ISO indicated that dispersing the generation over a broader area would be more beneficial by reducing reactive support needs.

The ISO also discussed the long-term transmission and generation alternatives necessary to maintain reliability with the loss of SONGS (the so-called 2022 case). These needs are reflected on slides 5 and 6 of the *SONGS Contingency Preparedness* materials, and are in addition to the resources and transmission needed in the 2018 case. For the long-term case, slide 5 shows the long-term generation that would be needed (in addition to the mid-term plan) with no additional transmission lines. Under this approach, the ISO would need either (1) to replace and add new generation in the LA Basin totaling approximately 4,300-4,600 MW, or (2) replace and add new generation totaling approximately 3,800 in the LA Basin, continued reliance on the synchronous condensers at Huntington Beach, and add between 765 and 925 MW of new or replaced generation in the San Diego Area. Slide 6 shows an alternative mitigation to the mitigation solutions on slide 5, which involves both new generation and transmission. These

mitigation measures too would be in addition to the transmission and generation resources needed for the mid-term case. Specifically, the generation and transmission long-term mitigation option would require either (1) replacement of 3,000 MW of existing generation in the LA Basin and up to 660 new MW (for a total of 1600-1700 MW) spread between northwest and southwest San Diego (depending on the location of the mid-term generation), or (b) construction of a 65-mile, 500-kV line from Alberhill to Suncrest and adding up to 850 MVAR (to bring new reactive support up to at least 1,500 MVAR in the LA Basin and San Diego).

The ISO stressed that the mid-term mitigation is necessary to support the long-term solution. The ISO also stated that all three power plants that are the subject of this proceeding are needed for the forecasted period in the *SONGS Contingency Preparedness* studies.

To request a copy of this notice, please contact Anna Pascuzzo (916-351-2212).

Respectfully submitted,

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Dated: February 25,, 2013

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ATTACHMENT

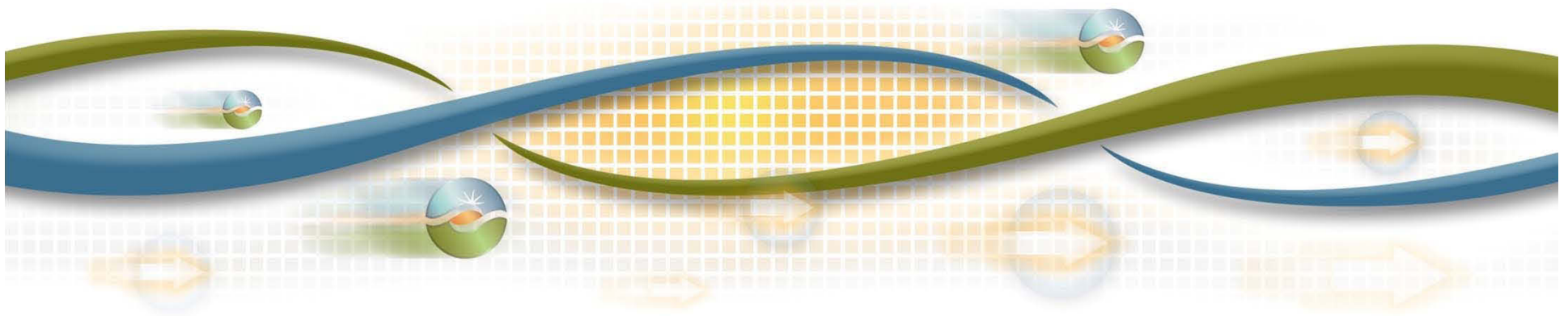
SONGS Contingency Preparedness



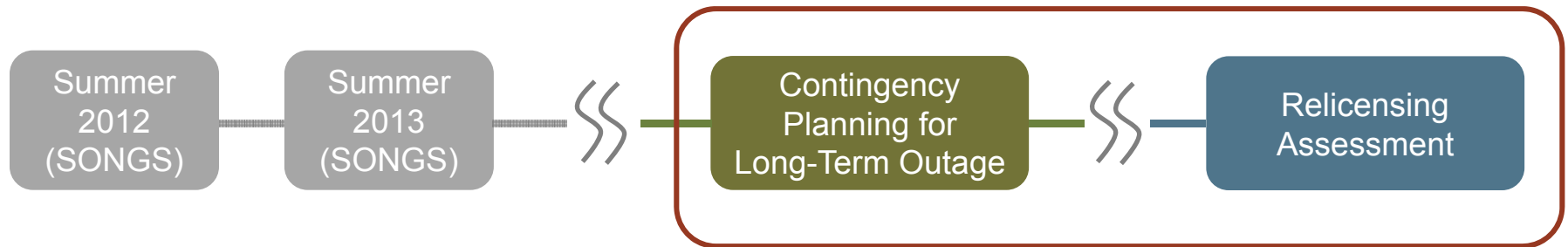
California ISO
Shaping a Renewed Future

SONGS Contingency Preparedness

February 19, 2013



Nuclear Generation Study efforts



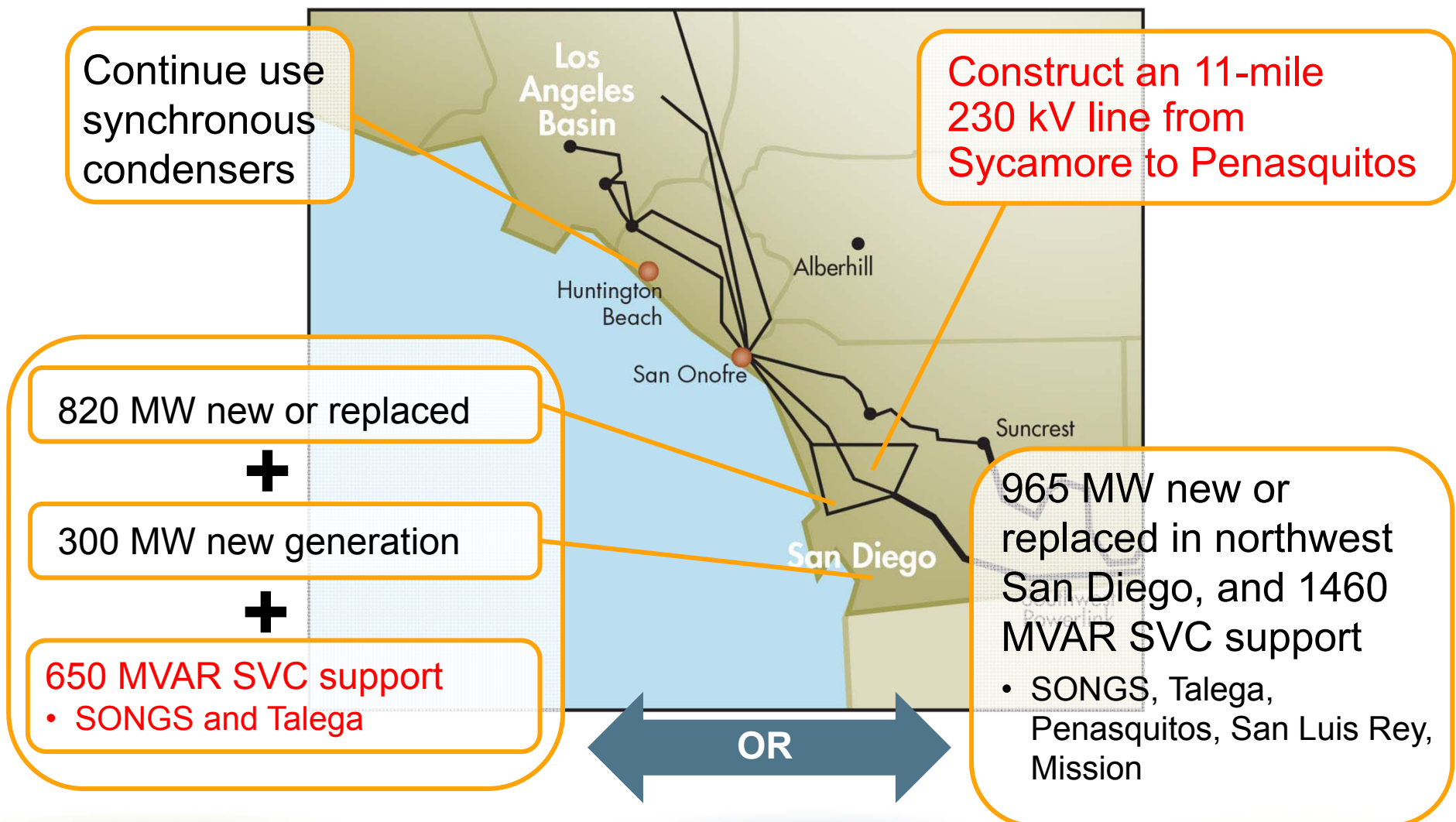
- Mid Term Study – Contingency Planning (2018)
 - Considers what elements of the long term plan should be initiated immediately to help mitigate future unplanned extended outages
- Long Term Study – Relicensing Assessment (2022)
 - Studies focus on transmission system implications of loss of SONGS and DCPP
 - Resource requirements, such as planning reserve criteria and flexible resource needs, require further study



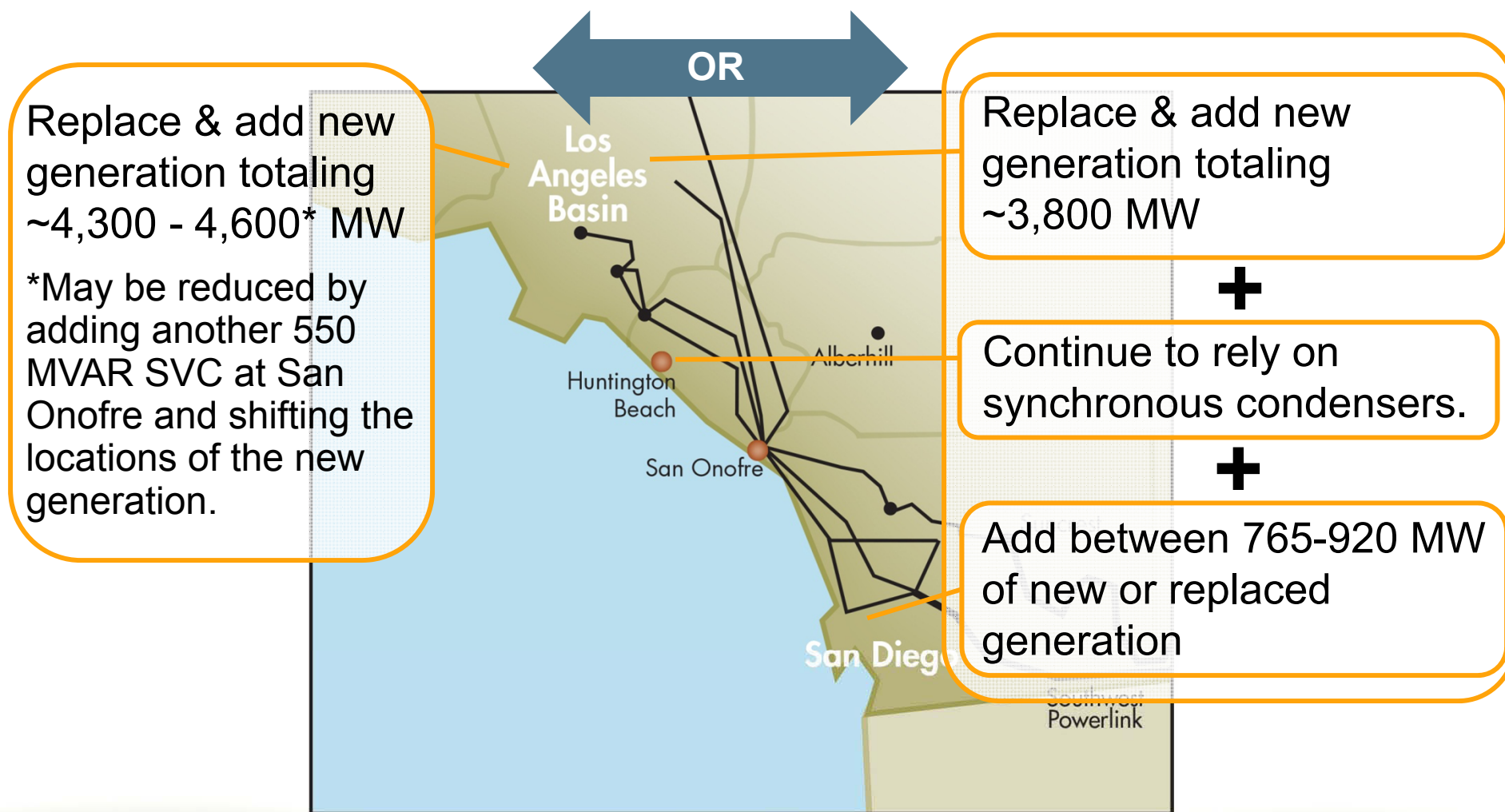
Results are preliminary

- Preliminary conclusions:
 - No material mid or long term transmission system impacts associated with Diablo Canyon
 - Loss of SONGS creates transmission impacts (thermal overloading, voltage stability) in LA Basin and San Diego
- Possible mitigations for SONGS have been explored, and are presented on the following slides.

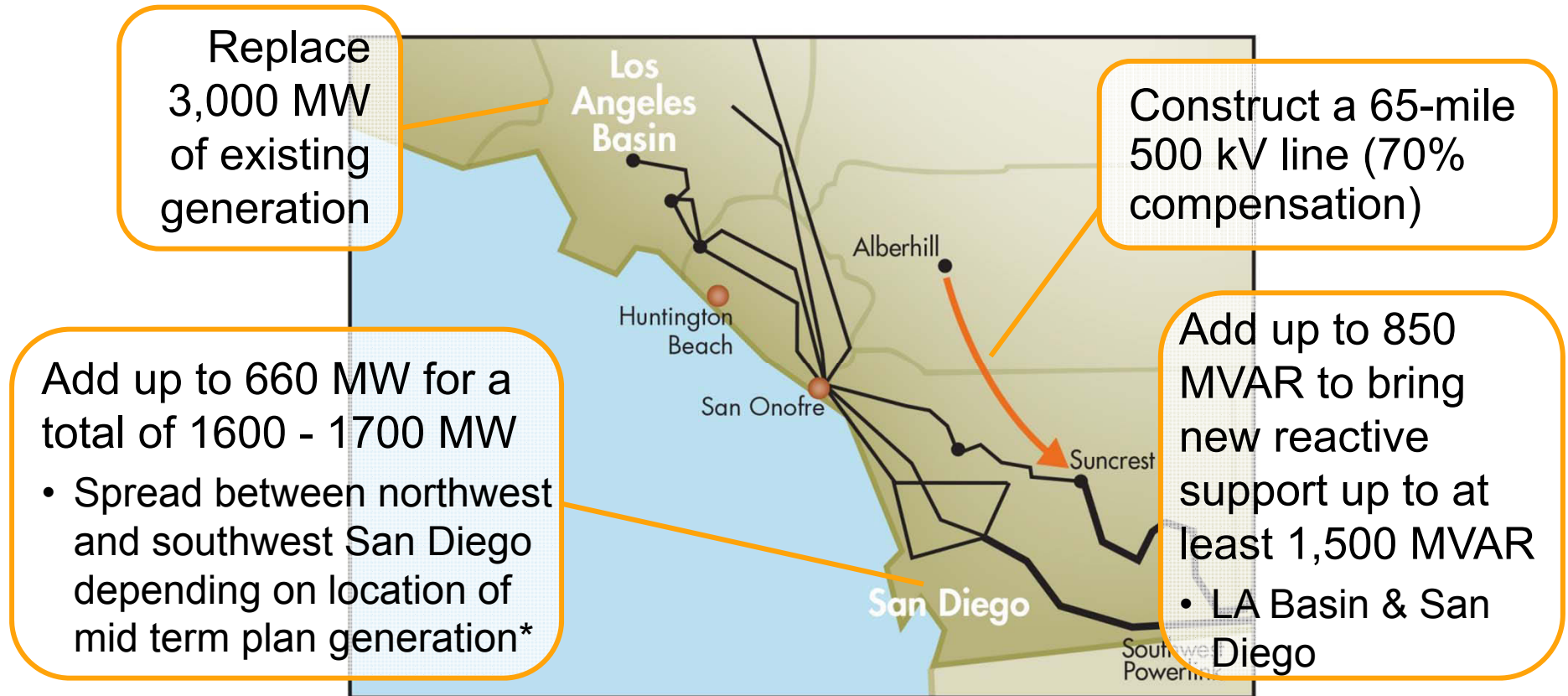
Mid term mitigation alternatives for loss of SONGS:



Long term generation mitigation alternatives – no added transmission lines (in addition to mid term plan)



Long term transmission and generation alternative (in addition to mid term plan)

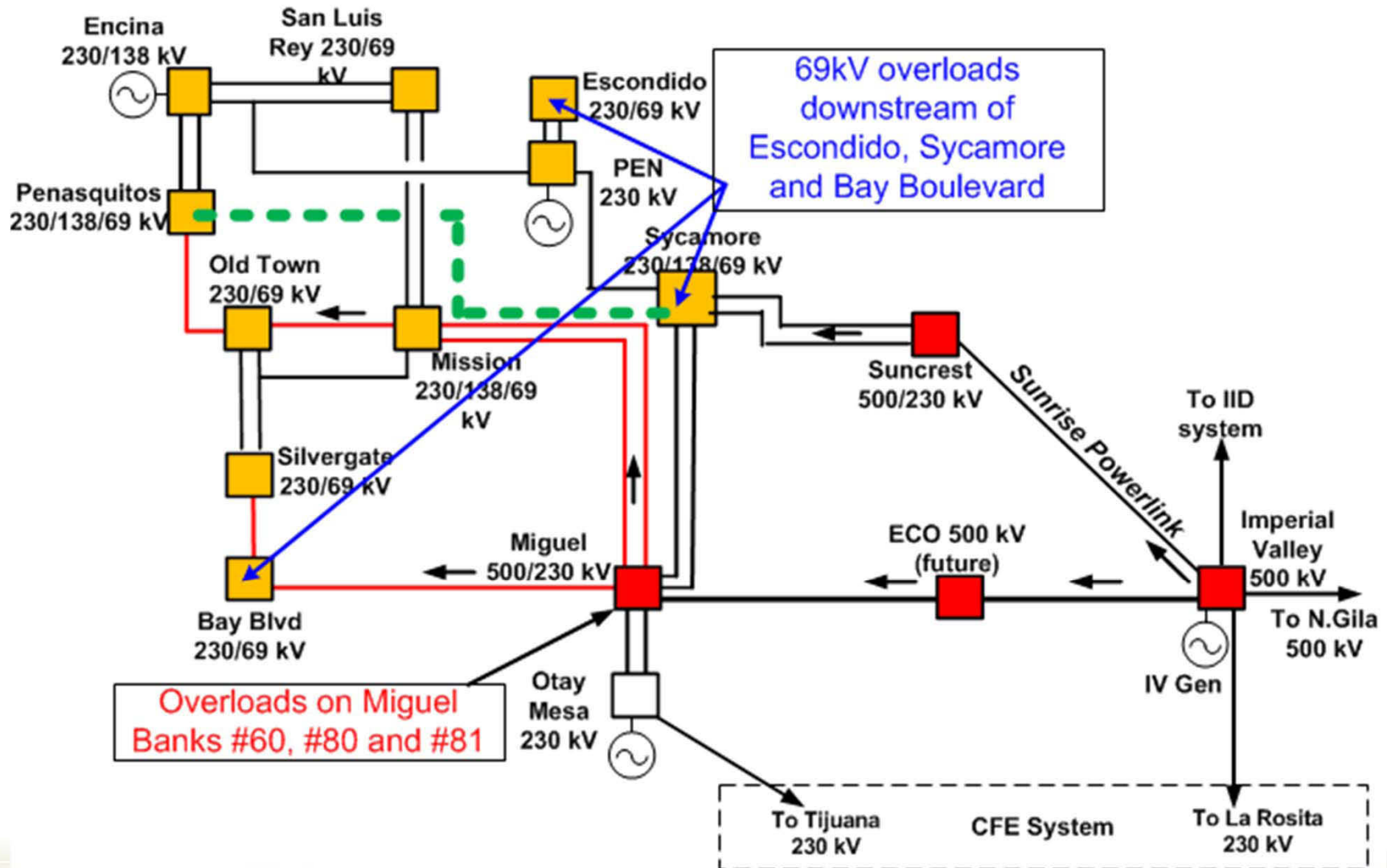


***Approximately 700 MW of generation in San Diego can be displaced by additional reactive support, transformer upgrades and 66 kV transmission upgrades in the LA Basin and upgrading line series capacitors and additional transformer upgrades.**

February 7 Briefing to ISO Board of Governors for summer 2013 - Next Steps

- Continue to press forward for Huntington Beach Synchronous Condensers
- Complete transmission improvements
 - Split Barre-Ellis 220 kV circuits
 - Install capacitors at Santiago, Johanna, and Viejo
- Consider seeking Board approval in March for additional mitigation:
 - South Orange County SVC (400 to 500 MVAR) for 2014
 - Sycamore – Penasquitos 230 kV transmission line
 - Talega area SVC (or equivalent)
- Continued analysis and support regarding demand side management

2012/13 Policy Driven Transmission Alternative Sycamore – Penasquitos 230kV Line (Feb 11)



Sycamore – Penasquitos 230kV Line

Needs: (estimated need date: 2018)

- Thermal overload issues in Commercial Interest and Environmental portfolios → (1) Old Town – Penasquitos 230kV line, (2) Miguel – Mission #1 and #2 230kV lines, (3) Mission – Old Town 230kV line, (4) Silvergate – Bay Boulevard 230kV line, (5) Sweetwater – Sweetwater Tap 69kV line, (6) Escondido – San Marcos 69kV line, (7) Miguel 500/230 kV #1 and #2 transformers (SPS to trip generation needed in addition to proposed upgrade) and (8) Sycamore – Scripps 69kV line
- To support the delivery of renewable generation in Arizona, Imperial, San Diego South and Baja CREZs.
- Mid-term as well as long-term mitigation plans for the outage of SONGS units

Project Scope: Construct a new 230kV line between Sycamore and Penasquitos 230kV substations.

Cost: \$111 - \$221 million

Other Considered Alternatives:

- Individual upgrades of all the overloaded elements
- A combination of individual upgrades and SPS to mitigate all the overload issues

Expected In-Service: June 1, 2017

Interim Plan: NA

ISO Determination: Continue the policy discussions to coordinate between RPS needs and nuclear back-up mitigation needs before the March Board of Governors meeting.

Current situation suggesting ISO proceed with SONGS area dynamic reactive support and Sycamore Penasquitos line:

- SONGS area SVC (or similar) support and Sycamore Penasquitos 230 kV line identified in near term mitigation analysis for future unplanned long term outages to SONGS
- SONGS area reactive support also provides a backup plan if plan for synchronous condensers at Huntington Beach is not successful (possibly as early as summer 2014)
- Sycamore Penasquitos 230 kV line is an enhanced alternative to a large number of smaller (and potentially less expensive) upgrades to meet policy requirements (2017 likely):
 - Other upgrades are not necessary if Sycamore Penasquitos line is completed
 - The other upgrades are not sufficient if SONGS remains off-line into the mid-term period.