UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Oakland Power Company LLC) Docket No. ER23-254-000

MOTION TO INTERVENE AND PROTEST 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 California Independent System Operator Corporation ("CAISO") hereby submits a motion to intervene and protest in response to the October 28, 2022 filing by Oakland Power Company LLC ("Oakland") of amendments to and an information filing for the Reliability Must-Run Service Agreement between Oakland and the CAISO ("Agreement"). The CAISO requests the Commission accept the Agreement for filing, permit it to become effective on January 1, 2023, the date requested by Oakland, subject to refund, and set the filing for hearing and settlement procedures.

I. MOTION TO INTERVENE

The CAISO is a non-profit public benefit corporation organized under the laws of the State of California. The CAISO is the balancing authority responsible for the reliable operation of the electric grid comprising the transmission systems of a number of utilities. As part of its mandate to operate the electric grid, the CAISO's Tariff contains provisions that give it the authority to designate units as necessary for reliability purposes and enter into reliability must-run agreements. This gives the CAISO an interest in this proceeding that cannot be represented adequately by any other party. Thus, the CAISO requests that the Commission permit it to intervene in this proceeding.

The CAISO requests that communications and notices concerning this motion and these proceedings be provided to:[1]

Mary Anne Sullivan
Hogan Lovells US LLP
555 13th Street, N.W.
Washington, D.C. 20004
(202) 637-3695
Maryanne.sullivan@hoganlovells.com

Sidney Mannheim
Assistant General Counsel
California Independent System Operator Corp.
250 Outcropping Way
Folsom, CA 95630
(916) 608-7144
smannheim@caiso.com

II. BACKGROUND AND DESCRIPTION OF PROCEEDING

The CAISO is responsible for the reliability of the CAISO controlled grid. One tool the CAISO has to ensure reliability is authorization under its FERC-approved tariff to enter into reliability must-run agreements ("RMR Agreements"). The Oakland Power Plant is a 110 MW jet fuel-fired, multi-unit combustion turbine peaker, located in Oakland, California (the "Facility") that has been operating since approximately 1978.[2] Of particular relevance here, the Facility has been operating under an RMR Agreement with the CAISO that has been extended for more than 20 years, through multiple changes of ownership of the Facility.[3] Unit 2 ceased operations at the end of

[1] These individuals are designated to receive service pursuant to Rule 203(b)(3) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.203(b)(3).
[2] The capacity was reduced from 165 MW to 110 MW when Unit 2 was shutdown to facilitate completion of the Oakland Clean Energy Project, a battery storage project.
[3] The Facility was originally part of the Pacific Gas & Electric Co. (PG&E") generation fleet. PG&E sold the Facility to Duke Energy Oakland LLC in the late 1990's, which in turn sold it to LS Power

2020. At a CAISO Board of Governors meeting on August 31, 2022, the Board approved CAISO Management's request to extend the Agreement for Units 1 and 3, which extends the Agreement to meet local reliability needs in the Oakland area through 2023.

On October 30, 2020, pursuant to Section 205 of the Federal Power Act,[4] Oakland filed, in Docket No. ER21-292-000, revisions to certain Rate Schedules of its RMR Agreement with the CAISO. Oakland also submitted an informational filing detailing proposed changes to its Annual Fixed Revenue Requirement ("AFRR") pursuant to Schedule F of Oakland's RMR Agreement, and an unexecuted RMR Agreement to cover 2021 operations, with a request that the filing be made effective January 1, 2021.

On October 29, 2021, in Docket No. ER22-290-000, Oakland filed revisions to certain Rate Schedules of its RMR Agreement with the CAISO. Oakland also submitted an informational filing detailing proposed changes to its AFRR pursuant to Schedule F of Oakland's RMR Agreement ("Schedule F Filing"), to cover 2022 operations, with a request that the filing be made effective January 1, 2022.

The CAISO, Oakland and other parties[5] have been engaged in discussions about some of the costs Oakland proposed to include in both its 2021 and 2022 rates, but the parties have been unable to reach agreement on final terms. More time is needed to conclude those discussions, which the CAISO hopes will result in a

---

Group in 2006. Oakland acquired the LS Power Group assets, including the Oakland Facility, in 2007. Oakland merged with Vistra in 2018.

[4] 16 U.S.C. 824d.

[5] There are different intervenors in ER21-292-000 and ER22-290-000.

settlement. The terms of that settlement will define the starting point for the 2023 rates.

As a result of the delay in reaching agreement on the 2021 and 2022 rates, CAISO and Oakland did not have an opportunity to begin discussions regarding the 2023 rates, and this resulted in Oakland filing its 2023 rate filing without any review by the CAISO. Further, Oakland failed to provide adequate supporting documentation, as required under the terms of the RMR Agreement, to support the cost increases included in the 2023 rate filing.

III. PROTEST

The CAISO's local reliability studies demonstrate that continued operation of Units 1 and 3 of the Facility is required to meet reliability requirements in the Oakland area. Thus, in accordance with its rights under the RMR agreement, the CAISO has once again extended the term of the Agreement through 2023. In response to this extension, Oakland has made its annual Schedule F Filing proposing changes to rates under the existing Agreement. Because the parties did not have an opportunity for consultation on the 2023 filing, and in particular on certain cost elements of that filing, the CAISO is filing this Protest. The CAISO requests that the Commission set Oakland's Schedule F Filing for hearing and establish settlement procedures so the parties can attempt to reach a final resolution on just and reasonable terms for the provision of RMR service.

Of particular concern to the CAISO are the unexplained increases in Oakland's proposed 2023 AFRR. The cost increases in the revenue requirement over 2022 levels total more than $1 million, or 24.5%. This follows steady annual increases since 2019 that are now approaching a near doubling in the AFRR over five years, notwithstanding the shutdown of one of three units at the end of 2020.

The largest components of the increase in the proposed 2023 AFRR are unexplained one-year increases of over 100% in fuel inventory expense and over 65% in fixed operations and maintenance costs (excluding fuel). The CAISO will be seeking information from Oakland about the sharp increase in the AFRR that Oakland is proposing.

Oakland has proposed other significant increases in rates and charges as well, including proposed increases in prepaid startup charges of over 500% for unit 1and over 400% for unit 3. Additionally, they have proposed to increase hourly availability charges by more than 30%. All of these significant increases require additional analysis and support before they can be found just and reasonable.

Further, as Oakland explained in its filing, the parties have not yet reached a settlement on the 2021 or 2022 rates. The final terms of the settlement, specifically with respect to capital improvements to the Facility, could also affect 2023 rates.[6] The 2021 and 2022 rate settlement negotiations are actively underway, and all parties to the 2021 and 2022 proceedings are hopeful a final settlement can be reached shortly, thus finalizing capital cost surcharges for 2023 rates.

The CAISO is continuing its review of Oakland's 2023 rate filing, and additional issues may come to light during its review that relate to costs legitimately

---

[6] In footnote 10 to its transmittal letter, Oakland "reserves the right to revisit the classification of these expenses in the event that the efforts to resolve outstanding issues related to the pending filings for Contract Years 2021 and 2022 are unsuccessful."

recoverable under the RMR Agreement. The CAISO reserves the right to raise any such issues that may come to light.

IV. CONCLUSION

For the foregoing reasons, the CAISO requests that the Commission accept this motion and grant the CAISO party status, and accept the Agreement for filing, effective January 1, 2023, subject to refund, and set the matter for hearing and settlement procedures.

Respectfully submitted,

/s/ Mary Anne Sullivan
Mary Anne Sullivan

HOGAN LOVELLS US LLP
555 13th Street, N.W.
Washington, D.C. 20004
Tel: (202) 637-5600
Fax: (202) 637-5633
Maryanne.Sullivan@hoganlovells.com

Counsel for the California Independent System Operator Corporation

November 18, 2022

CERTIFICATE OF SERVICE

I hereby certify that I have this 18th day of November 2022, caused to be served a copy of the forgoing Motion to Intervene and Comments upon all parties listed on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.

/s/Mary Anne Sullivan
Mary Anne Sullivan
HOGAN LOVELLS US LLP
555 13th Street, N.W.
Washington, D.C. 20004