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# California State Senate

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December 16, 2011

*By E-Mail and Electronic Submission ([ppettingill@caiso.com](mailto:ppettingill@caiso.com))*

California Independent System Operator  
P. O. Box 639014  
Folsom, CA

**Re: Support - Basis and Need for Capacity Procurement Mechanism Designation of Sutter Energy Center**

Dear Mr. Pettingill:

The *California ISO Report on Basis and Need for CPM Designation for Sutter Energy Center dated December 6<sup>th</sup>, 2011*, has come to our attention. As state and local representatives of Sutter County where the Sutter Energy Center (SEC) is located, we are writing to offer our full support for your plan, including seeking a FERC waiver, to designate the SEC as capacity at risk of retirement in 2012, pursuant to the provisions of the CAISO Tariff regarding the Capacity Procurement Mechanism (CPM).

The Sutter Energy Center is a vital contributor to the local economy providing employment for 26 residents with an annual payroll of \$3million and generating over \$2.6 million in annual property tax revenue. Calpine has been an excellent community partner for a decade. The Sutter Energy Center not only funds local programs in the Yuba-Sutter community but it has provided \$2.5 million over 10 years for levee and drainage improvements through the Calpine Levee and Flood Control Improvement Act. Over 100 local contractors provide services to the SEC. Sutter County's unemployment rate is around 19%, well-above the States' average and we simply cannot afford to lose these high-wage jobs and property taxes.

We support the representations that if the plant were to be mothballed until it was needed in 2017/18 that it would not be able to return to commercial operation due to permitting issues. We can personally attest to the highly contentious permitting difficulties we experienced 10 years ago when the plant was originally permitted, and can only imagine

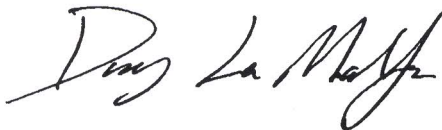
how much more difficult, if not impossible, it would be to re-permit the SEC under new U.S. Environmental Protection Agency standards.

Finally, we are perplexed as to how California's current energy market would result in a situation where a fairly new, highly efficient, flexible and dry-cooled facility would be at risk of retirement while much older, less efficient power plants continue to operate.

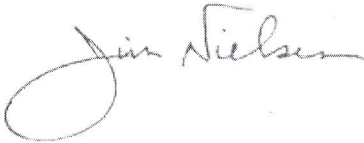
Nonetheless, we understand from your report that you intend to complete a stakeholder process this year to develop longer-term capacity procurement mechanisms to keep plants like the SEC in operation. The short-term and longer-term solutions you have outlined in your report seem to us to be the most prudent and cost-effective course of action not only for Sutter but for the State; and therefore, we offer our support.

Please keep us informed of the ongoing process and let us know how we can be of assistance.

Sincerely,



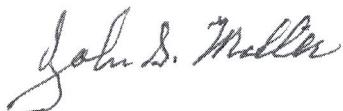
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California State Senate



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California State Assembly



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