

September 29, 2017

California Energy Commission
Commissioner Janea Scott
Commissioner Karen Douglas
Hearing Officer Paul Kramer
1516 Ninth Street
Sacramento, CA 95814

**Re: California Independent System Operator Corporation
Post-Hearing Comments
California Energy Commission Docket No. 15-AFC-01**

Dear Commissioners Scott and Douglas and Hearing Officer Kramer:

The California Independent System Operator Corporation (CAISO) appreciates this opportunity to submit post-hearing comments regarding the Application for Certification (AFC) for the Puente Power Project (Puente Project) and the results of the CAISO's Moorpark Sub-Area Local Capacity Alternative Study (Moorpark Study).¹ The CAISO provides comments in response to issues raised regarding the Moorpark Study and potential options for meeting Moorpark sub-area local capacity requirements with preferred resource alternatives.

A. The CAISO's Moorpark Study Shows that the Preferred Resource Alternatives Are Technologically Feasible to Meet Local Capacity Requirements.

The Moorpark Study demonstrates that preferred resource alternatives are technologically feasible to meet local capacity requirements in the Moorpark sub-area. Several parties raised concerns regarding the specific resource portfolios studied by the CAISO, but these concerns do not detract from the central finding that a combination of preferred resources and/or reactive power devices can meet the local capacity requirements for the Moorpark sub-area if procured and implemented in a timely manner. Given this finding, the CAISO has not engaged in a point-by-point response to intervenor criticisms of the Moorpark Study because these issues are largely academic until an actual alternative resource portfolio is procured.

¹ The CAISO filed the Moorpark Study on August 16, 2017 and provided additional oral testimony at the California Energy Commission's (Commission) September 12, 2017 hearing on the Puente AFC. The CAISO is not a formal party to this proceeding, but wishes to comment on several issues raised in testimony responsive to the Moorpark Study. As a result, the CAISO submits these comments rather than a post-hearing brief.

The Moorpark Study establishes a baseline quantity of resources that should be targeted in any new request for offer (RFO) conducted in the Moorpark sub-area, but it did not seek to optimize the specific suite of preferred resources that should be targeted in a new RFO. Should a new RFO be conducted, the CAISO can then study the actual resources procured to determine whether local capacity requirements have been met. With the baseline needs established in the Moorpark Study, no additional analysis is necessary to determine that preferred resources represent a technologically feasible solution to meet the Moorpark local capacity needs.

B. The Economic Feasibility of the Preferred Resource Alternatives Can Only Be Established Through a New RFO.

The CAISO believes that the economic feasibility of the preferred resource portfolios can only be established through a new RFO. The CAISO's Moorpark Study included a high-level capital cost comparison based on publicly available information for the portfolios studied. This comparison was not meant to substitute for a comprehensive analysis of the costs and benefits of these portfolios over the lifetime of the resources, nor does it reflect the general downward trend in preferred resource costs since the CAISO's source data was compiled.

Furthermore, the capital costs provided in the Moorpark Study do not render the preferred resource portfolios economically infeasible. An economically feasible option need not be the least expensive option, especially given the environmental and performance issues that are unique to each portfolio. A new RFO would provide an opportunity for Southern California Edison Company (SCE) and the California Public Utilities Commission (CPUC) to analyze and review the net present value of the preferred resource alternatives and their respective impacts on ratepayer costs. Without such an analysis, the CAISO does not believe there is sufficient information to establish that the preferred resource alternatives are economically infeasible.

C. Any New RFO Should Be Expedited to Meet Local Capacity Needs While Maintaining Compliance State Policies.

To the extent a new RFO is authorized, this Commission should work with the CPUC, the CAISO, SCE and other interested parties to ensure that the new RFO is expedited to meet local reliability needs. Currently, the Ormond Beach and Mandalay 1 and 2 generation facilities are scheduled to retire in compliance with the state's once-through-cooling policy at the end of 2020. To maintain this compliance schedule, new local capacity resources should be in place and operational prior to the summer 2021 peak-load period. As a result, SCE and the CPUC would need to expedite any new RFO for preferred resources in the Moorpark sub-area.

With just over three years before the once-through-cooling compliance deadline, there appears to be an opportunity to conduct an expedited RFO and operationalize preferred resources prior to the summer 2021 timeframe. The CAISO also notes that the 130 MW

Mandalay 3 unit is not subject to the once-through-cooling policy and can reduce the local capacity requirement deficiency in the Moorpark sub-area by 130 MW if it remains in service. In such a circumstance, the Mandalay 3 unit could serve as a component of a short-term bridge to meeting local capacity requirements until there are sufficient preferred resources to meet reliability needs.

D. Conclusion

The CAISO appreciates the opportunity to file these comments and looks forward to collaborating with the Commission and all interested parties to maintain long-term electric reliability in the Moorpark sub-area.

Respectfully submitted,

/s/ Jordan Pinjuv

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