

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

Application of Southern California Edison  
Company (U338E) for Approval of the  
Results of Its 2013 Local Capacity  
Requirements Request for Offers for the  
Moorpark Sub-Area.

Application 14-11-016

**REPLY BRIEF OF THE  
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Roger E. Collanton  
General Counsel  
Anthony Ivancovich  
Deputy General Counsel  
Anna McKenna  
Assistant General Counsel  
Jordan Pinjuv  
Counsel  
California Independent System  
Operator Corporation  
250 Outcropping Way  
Folsom, CA 95630  
Tel.: (916) 351-4429  
Fax: (916) 608-7222  
[jpinjuv@caiso.com](mailto:jpinjuv@caiso.com)

Attorneys for the California Independent  
System Operator Corporation

August 5, 2015

## Table of Contents

I.	Introduction.....	1
II.	Discussion.....	1
A.	CAISO Analysis Confirms the Need for the Selected RFO Resources.....	2
i.	The CAISO’s Updated Analysis Confirms the Continuing Need for the Selected RFO Resources.....	2
ii.	The McGrath Peaker Was Modeled in the CAISO’s D.13-02-015 Analysis.....	3
iii.	The Ellwood Peaker Was Modeled in All the CAISO Analyses.....	3
B.	The Selected Resources Are an Electrically Efficient Means of Meeting Identified LCR Needs.....	4
C.	SCE’s Consultations with the CAISO Were Necessary and Appropriate to Ensure that the Selected RFO Resources Met LCR Needs.....	4
i.	The Consultations Between the CAISO and SCE Were Based on Commission Direction to Procure Resources to Meet LCR Needs.....	5
ii.	The 20-Minute Maximum Response Time Is Rooted in Established Local Reliability Criteria.....	5
III.	Conclusion and Recommendation.....	6

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

Application of Southern California Edison  
Company (U338E) for Approval of the  
Results of Its 2013 Local Capacity  
Requirements Request for Offers for the  
Moorpark Sub-Area.

Application 14-11-016

**REPLY BRIEF OF THE  
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

**I. Introduction**

In the March 13, 2015 Assigned Commissioner’s Ruling and Scoping Memo (Scoping Memo), the Commissioner established the relevant issues and procedural schedule for Southern California Edison Company’s (SCE’s) application for Approval of the results of its 2013 local capacity requirements (LCR) request for offers (RFO) for the Moorpark sub-area. Consistent with the schedule set forth in the Scoping Memo, the California Independent System Operator Corporation (CAISO) filed testimony on April 8, 2015 concluding that (1) the results of SCE’s 2013 LCR RFO for the Moorpark sub-area enhance the safe and reliable operation of SCE’s electrical service area; and (2) the results of SCE’s 2013 LCR RFO for the Moorpark sub-area is a reasonable means to meet a portion of the identified LCR need determined by Decision (D.) 13-02-015. The procedural schedule adopted for this proceeding established August 5, 2015 as the due date for reply briefs. Consistent with this schedule, the CAISO submits its reply brief.

**II. Discussion**

The CAISO continues to support approval of the selected RFO resources in order to meet identified LCR needs. In this reply brief, the CAISO addresses the arguments put forth by parties that oppose approval of SCE’s 2013 Moorpark RFO. Generally, the CAISO addresses the following issues: (1) the continuing need for local capacity resources in the Moorpark area, (2) the ability of the selected resources to meet the identified needs, and (3) the propriety of

certain discussions between SCE and the CAISO regarding resource characteristics necessary to meet local capacity needs.

**A. CAISO Analysis Confirms the Need for the Selected RFO Resources.**

*i. The CAISO's Updated Analysis Confirms the Continuing Need for the Selected RFO Resources.*

The CAISO 2014-2015 transmission planning analysis confirms the need for the RFO resources. Based on the assumptions in the transmission plan, the CAISO identified a 230 MW deficiency in 2024 without the selected RFO resources.<sup>1</sup> Notably, this analysis assumes that 93 MW of additional achievable energy efficiency will also be available to meet reliability needs.

The 2014-2015 transmission plan analyzed the same contingency as that identified in D.13-02-015, namely, a voltage collapse from the potential loss of transmission lines serving the Big Creek/Ventura area.<sup>2</sup> Despite the fact that the Commission confirmed the use of this contingency for procurement planning in D.13-02-015,<sup>3</sup> the Center for Biological Diversity (CBD) argues that the Commission should now review the need determination under a different standard.<sup>4</sup> CBD's argument is both contrary to planning requirements and procedurally defective.

The CAISO has established minimum standards for local capacity area resources in its Federal Energy Regulatory Commission- (FERC) approved tariff based on North American Electric Reliability Corporation (NERC) reliability standards. CAISO Tariff Section 40.3 specifically identifies that the CAISO will conduct an annual Local Capacity Technical Study<sup>5</sup> to determine the amount of Local Capacity Area Resources needed to meet identified contingencies.<sup>6</sup> The CAISO applies methods for resolving contingencies consistent with NERC Reliability Standards and the CAISO Reliability Criteria.<sup>7</sup> Section 40.3.1.1(2) specifically provides that "no voltage collapse or dynamic instability shall be allowed for a Contingency in Category D –extreme event (any B1-4 system readjusted (Common Mode) L-2)." The Moorpark contingency is a local area voltage collapse event. Use of this contingency for system planning

---

<sup>1</sup> Exhibit CAISO-1 at Exhibit 1, p. 94.

<sup>2</sup> D.13-02-015, p. 68.

<sup>3</sup> D.13-02-015, p. 120, Finding of Fact 8.

<sup>4</sup> CBD Opening Brief p. 14-15.

<sup>5</sup> Terms not otherwise defined herein are used as defined in the CAISO tariff.

<sup>6</sup> CAISO Tariff Sections 40.3.1 and 40.3.1.1.

<sup>7</sup> CAISO Tariff Section 40.3.1.1

is consistent with the Commission's findings in D.13-02-015 and is required by the CAISO tariff.

From a procedural standpoint, if CBD believed that D.13-02-015 was based on an incorrect assumptions, it should have raised this issue in an appropriate petition for modification or rehearing of that decision. The purpose of this proceeding is to determine whether the selected resources meet the identified LCR needs, not to reconsider the fundamental assumptions of the procurement authorization in D.13-02-015.

*ii. The McGrath Peaker Was Modeled in the CAISO's D.13-02-015 Analysis.*

The 2011-2012 transmission plan modeling was used for the CAISO's power flow analysis that ultimately formed the basis for procurement in D.13-02-015.<sup>8</sup> CBD's opening brief makes the completely unsupported assertion that the McGrath Peaker was not included in the 2011-2012 CAISO transmission plan modeling and, as a result, claims that the need finding in D.13-02-015 was overstated.<sup>9</sup> In making this claim, CBD completely ignores the testimony of the CAISO, the only party with first-hand knowledge of the transmission plan modeling.

CBD's attorney repeatedly questioned CAISO witness Robert Sparks about whether the McGrath Peaker was modeled in the CAISO's 2011-2012 transmission plan. Mr. Sparks consistently indicated that the McGrath Peaker was modeled in the CAISO's analysis.<sup>10</sup> Mr. Sparks also pointed CBD to a specific section in the transmission plan that referenced the McGrath Peaker and gave an effectiveness factor for the facility.<sup>11</sup> The fact that unit had an effectiveness factor clearly indicates that it was included in the CAISO's 2011-2012 modeling. To be clear, a unit that is not modeled cannot have an effectiveness factor because it cannot be used to address any identified contingency.

*iii. The Ellwood Peaker Was Modeled in All the CAISO Analyses.*

The Ellwood Peaker unit was modeled in both the CAISO's analysis relied on in D.13-02-015 and the CAISO's 2014-2015 transmission plan presented in this proceeding. The CAISO

---

<sup>8</sup> RT at p. 468.

<sup>9</sup> CBD Opening Brief, p. 9.

<sup>10</sup>See, for example, RT at p. 471, lines 16-18. "Based on the ISO's records including that cite, which I just provided, the McGrath Peaker was included in the Track 1 analysis."

<sup>11</sup> RT at p. 469.

notes that if the Ellwood Peaker is not refurbished, and instead retires, the LCR needs in the Moorpark sub-area will increase.

**B. The Selected Resources Are an Electrically Efficient Means of Meeting Identified LCR Needs.**

D.13-02-015 found it appropriate to authorize SCE to procure between 215 and 290 megawatts (MW) of capacity in the Moorpark area.<sup>12</sup> The Commission recognized that setting too specific a procurement target was not warranted, especially given the numerous factors that may change LCR need.<sup>13</sup> The selected RFO resources are well within the range authorized by the Commission.

The CAISO notes that the selected RFO resources will not be sufficient on their own to meet all identified LCR needs in the Moorpark sub-area. In the updated 2014-2015 transmission planning analysis, the CAISO assumed the presence of 93 MW of additional achievable energy efficiency (AAEE) in the Moorpark sub-area by 2024. In contrast, the studies on which D.13-02-015 authorized procurement did not take into account uncommitted energy efficiency.<sup>14</sup> This was part of the reason why the Commission did not authorize procurement to fill the entire 430 MW deficiency identified by the CAISO.<sup>15</sup> SCE's RFO results request approval of only 6 MW of energy efficiency. As a result, 87 MW of incremental AAEE must be realized by 2024 in order to meet LCR needs in the Moorpark sub-area.

The SCE RFO results are appropriately sized because together with expected AAEE, they will address the identified reliability issues in the Moorpark sub-area.

**C. SCE's Consultations with the CAISO Were Necessary and Appropriate to Ensure that the Selected RFO Resources Met LCR Needs.**

Several parties take issue with the RFO's minimum requirements for demand response resources. Specifically, parties challenge (1) the institution of a 20-minute maximum response time for demand response resources to count toward local capacity requirements and (2) the nature of the consultation process between SCE and the CAISO to assure that RFO resources met identified reliability constraints.<sup>16</sup>

---

<sup>12</sup> D.13-02-015, p.73.

<sup>13</sup> D.13-02-015, p. 72.

<sup>14</sup> D.13-02-015, p. 121, Finding of Fact 12.

<sup>15</sup> D.13-02-015, p. 122, Conclusion of Law 19.

<sup>16</sup> See Opening Brief of EnerNoc, Inc. (EnerNoc), pp. 23-28.

*i. The Consultations Between the CAISO and SCE Were Based on Commission Direction to Procure Resources to Meet LCR Needs.*

Several parties take issue with SCE's consultations with the CAISO conducted in accordance with Commission's directive in D.13-02-015 to "meet the identified reliability constraint identified by the CAISO" and "use the most up-to-date effectiveness ratings."<sup>17</sup> During these consultations, the CAISO relayed the information regarding NERC and CAISO reliability requirements for manual readjustment of the system in Local Capacity Technical Studies. The CAISO also relayed information regarding the Commission's minimum four-hour requirement for DR resources to count toward system resource adequacy requirements.<sup>18</sup> The Commission requested these consultations and the information the CAISO gave was based on publicly available reliability requirements. These consultations were ultimately effective in ensuring that the selected resources meet LCR needs.

*ii. The 20-Minute Maximum Response Time Is Rooted in Established Local Reliability Criteria.*

The 20-minute maximum response time for demand response resources is rooted in meeting local area reliability requirements. Similar to the local capacity requirements for avoiding voltage collapse discussed above, the Local Capacity Technical Study conducted pursuant to CAISO tariff Section 40.3 also specifies a maximum manual adjustment time of 30-minutes after the first contingency to prepare for the system for the next contingency.<sup>19</sup> This 30-minute requirement applies to all resources, not solely demand response, and is consistent with NERC Reliability Standards<sup>20</sup> and the CAISO Reliability Criteria.<sup>21</sup> Based on the CAISO tariff and the NERC Reliability Standards, it is clear that the 1-hour response time initially included in the SCE RFO would have been insufficient to meet local capacity requirements.

The CAISO has stated on numerous occasions that in order to manually readjust the system within the NERC-mandated 30-minute window, some amount of time must be reserved for operator action and market dispatch.<sup>22</sup> The institution of a 20-minute window for demand

---

<sup>17</sup> D.13-02-015, p.13.

<sup>18</sup> See the Commission's 2015 Filing Guide for System, Local and Flexible Resource Adequacy (RA) Compliance Filings, issued September 9, 2015. <http://www.cpuc.ca.gov/NR/rdonlyres/70C64A46-89DE4D90-83AB-93FD840B4251/0/Final2015RAGuide.docx>.

<sup>19</sup> CAISO Tariff Section 40.3.1.1(1).

<sup>20</sup> TOP-004 and TOP-007.

<sup>21</sup> CAISO Tariff Section 40.3.1.1

<sup>22</sup> Reporter's Transcript (RT), p. 493, lines 7-11.

response resources to respond allows 10 minutes for CAISO operator adjustment and market dispatch.

### **III. Conclusion and Recommendation**

For the reasons set forth above and in its Opening Brief, the CAISO supports approval of the SCE-selected RFO resources for the Moorpark sub-area.

Respectfully submitted

**By: /s/ Jordan Pinjuv**

Roger E. Collanton

General Counsel

Anthony Ivancovich

Deputy General Counsel

Anna McKenna

Assistant General Counsel

Jordan Pinjuv

Counsel

California Independent System

Operator Corporation

250 Outcropping Way

Folsom, CA 95630

Tel.: (916) 351-4429

Fax: (916) 608-7222

[jpjuv@caiso.com](mailto:jpjuv@caiso.com)

Attorneys for the California Independent  
System Operator Corporation

August 5, 2015