

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

In the Matter of the Application of
SOUTHERN CALIFORNIA EDISON
COMPANY (U338E) for a Certificate of
Public Convenience and Necessity for the
Coolwater-Lugo Transmission Project.

Application 13-08-023
(Filed August 28, 2013)

**COMMENTS OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to the California Public Utilities Commission's ("Commission") order issued on December 3, 2014 in the above-captioned docket, the California Independent System Operator Corporation ("CAISO") submits the following comments regarding the retirement of the Coolwater Generating Station ("Coolwater") by NRG California South LP ("NRG").¹

The CAISO's comments are limited to providing information concerning NRG's options for Coolwater in light of NRG's decision to retire these units. Unless NRG notifies the CAISO that it will not seek to repower Coolwater, the Coolwater location will continue to retain its Full Capacity Deliverability Status.² As the CAISO has explained in its Business Practice Manual ("BPM") for Reliability Requirements and in other proceedings,³ a generating unit must operate or be capable of operating at the capacity level associated with its rated

¹ NRG submitted a letter to the Commission and the CAISO on December 23, 2014 stating that in lieu of mothballing Coolwater, NRG would retire Coolwater permanently effective January 1, 2015. The letter did not address whether NRG would seek to repower.

² All capitalized terms not defined here shall have the meanings set forth in Appendix A of the CAISO tariff.

³ See, e.g., *California Independent System Operator Corp.*, Answer to Protests of Transmission Agency of Northern California, FERC Docket Nos. ER15-223, ER15-227, & ER15-322 (not consolidated) (Dec. 5, 2014), *available at* http://www.aiso.com/Documents/Dec5_2014_Answer_TANC_Protest_ER15-223etal.pdf.

operating level to retain its Full Capacity Deliverability Status.⁴ The generating unit will lose its Full Capacity Deliverability Status in an amount reflecting the loss of generating capability only where the unit becomes incapable of operating for any consecutive three-year period, or if it notifies the CAISO that it will not seek to repower.⁵ The Full Capacity Deliverability Status will extend beyond the expiration of the three-year period if the owner can demonstrate that it is actively engaged in the construction of replacement generation to be connected at the bus associated with the retired generating units. Under such circumstances, the owner and the CAISO will identify specific milestones to be reflected in an interconnection agreement. Pursuant to the CAISO's policy, the maximum megawatt amount eligible for repowering is based on the retired resources' capability. Any increase in capacity is ineligible for repowering and must be considered in the CAISO's generator interconnection process.⁶

The purpose of the CAISO's policy is to allow market participants to retain Full Capacity Deliverability Status and interconnection rights for existing plants during a limited period to allow the owner to decide whether to repower. This policy promotes modernization and reuse of existing infrastructure by avoiding situations where market participants would lose deliverability status or have to re-enter the CAISO interconnection queue when an owner chooses to repower without adding additional capacity.

⁴ <http://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Reliability%20Requirements>.

⁵ Section 5.1.3.4 of the CAISO BPM for Reliability Requirements; see also Section 7.1 of the CAISO BPM for Generator Management.

⁶ *Id.*

As of the date of these comments, NRG has yet to notify the CAISO whether it will repower the Coolwater location. NRG thus remains within its three-year window to repower or sufficiently demonstrate to the CAISO that it is actively engaged in the construction of replacement generation. Until the window closes or NRG notifies the CAISO that it will not seek to repower Coolwater, the CAISO will preserve the interconnection and deliverability status for this location.

Although Full Capacity Delivery Status will be retained, any capacity that is unused as a result of retirement or during a repowering period will be available to other interconnection customers in the form of interim deliverability. The CAISO annually re-allocates unused capacity through its operational partial and interim Deliverability Assessment as part of the Phase II Interconnection Study.⁷ Through this process, interconnection customers that are unable to receive Full Capacity Deliverability Status or must wait for transmission facilities to be placed into service may receive Interim Deliverability Status where capacity is available on the CAISO system. This designation allows interconnection customers that have requested Full Capacity Deliverability Status or Partial Capacity Deliverability Status to obtain a Net Qualifying Capacity above zero, pending the in-service date of all the required network upgrades required for its requested Deliverability Status. The process for allocating interim deliverability is set forth in the CAISO's BPMs.⁸

⁷ See Section 6.2.7.3 of the CAISO BPM for Generator Interconnection and Deliverability Allocation Procedures.

⁸ See *id.* The operational deliverability assessment follows the CAISO's on-peak deliverability assessment methodology, available at <http://www.caiso.com/Documents/On-PeakDeliverabilityAssessmentMethodology.pdf>.

In the event that NRG notifies the CAISO that it will not seek to repower at Coolwater (or NRG's three-year window elapses), the capacity for Coolwater immediately would become available to other interconnection customers in the form of Full Capacity Deliverability to be allocated by the CAISO as part of its annual study process.

Respectfully submitted,

By: /s/ William H. Weaver

Roger E. Collanton

General Counsel

Sidney Mannheim

Assistant General Counsel

William H. Weaver

Counsel

California Independent System

Operator Corporation

250 Outcropping Way

Folsom, CA 95630

T – (916) 608-1225

F – (916) 608-7222

bweaver@caiso.com