

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**AES Huntington Beach, LLC**

**Docket No. ER17-275-000**

**MOTION TO INTERVENE AND COMMENTS OF THE CALIFORNIA INDEPENDENT  
SYSTEM OPERATOR CORPORATION**

Pursuant to Rule 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.214, and the Commission’s November 2, 2016 Combined Notice of Filings, the California Independent System Operator Corporation (“CAISO”) submits this motion to intervene and comments in the above-captioned proceeding. In support thereof, the CAISO states as follows:

**I. DESCRIPTION OF THE PROCEEDING**

On November 1, 2016, AES Huntington Beach, LLC (“AES HB”) submitted, pursuant to Section 205 of the Federal Power Act,<sup>1</sup> an amended Reliability Must-Run (“RMR”) Service Agreement (“RMR Agreement”) between AES HB and the CAISO. This filing, made in response to the CAISO’s notice to AES HB to extend the RMR Agreement for the 2017 contract year, is required by Section 4.11 of the RMR Agreement, as previously approved by the Commission.

By its notice issued on November 1, 2016, the Commission established November 22, 2016, as the date motions to intervene are to be filed in the above-

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<sup>1</sup> 16 U.S.C. §§ 824d and 824e.

captioned proceeding.

## **II. DESCRIPTION OF THE CAISO AND COMMUNICATIONS**

The CAISO is a non-profit public benefit corporation organized under the laws of the State of California with its principal place of business at 250 Outcropping Way, Folsom, CA 95630. The CAISO is the Balancing Authority Area Operator responsible for the reliable operation of the electric grid consisting of the transmission systems of a number of utilities, including Southern California Edison Company (“SCE”) and San Diego Gas & Electric Company (“SDG&E”), as well as the coordination of the day-ahead and real-time energy and ancillary services markets in California.

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

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## **III. THE CAISO’S INTEREST**

As the Balancing Authority Area Operator responsible for maintaining reliability of the SCE and SDG&E transmission systems that are part of the CAISO controlled grid and as the counter party to the RMR Agreement, the CAISO has a unique interest in any Commission proceeding that affects this RMR Agreement. Accordingly, the CAISO has a direct and substantial interest in this proceeding and requests that it be permitted to intervene with full rights of a party. Because no other party can adequately represent the CAISO’s interests in this proceeding, the CAISO’s

intervention is in the public interest and should be granted.

#### IV. COMMENTS

The CAISO intervenes in support of the amended RMR Agreement for contract year 2017, for the continued operation on a cost-of-service basis of two synchronous condensers that the CAISO has determined are necessary to provide voltage support in the Los Angeles Basin and San Diego/Imperial Valley local areas as the result of the unexpected shutdown of San Onofre Nuclear Generating Station. The Commission has previously approved the terms and conditions of the RMR Agreement between AES HB and CAISO through the 2017 contract year.<sup>2</sup> The Commission has also accepted the annual filings, most recently for the 2016 contract year.<sup>3</sup>

As originally negotiated, the RMR agreement required AES HB to provide synchronous condenser services from two units, HB 3 and HB 4, for four years and, for the fifth year, which is 2017, only from HB 4. AES HB informed the CAISO that both HB 3 and HB 4 would continue to be available for the 2017 contract year. Because it continues to identify a reliability need for both units, the CAISO, extended the RMR agreement with AES HB for both units, which requires the parties to amend the agreement for the 2017 contract year.

Accordingly, the CAISO and AES HB entered into negotiations to modify the existing rates, terms and conditions in a way that is fully consistent with the costs and rates incorporated into the original RMR agreement. . The amended RMR agreement

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<sup>2</sup> By order issued January 4, 2013, the Commission accepted the RMR Agreement, effective as of January 9, 2013. *AES Huntington Beach, L.L.C.*, Docket No. ER13-351-000, 142 FERC ¶ 61,017 (2013). The Commission accepted revisions to AES HB Rate Schedule No. 2, effective as of June 25, 2013. *AES Huntington Beach, L.L.C.*, Letter Order, Docket Nos. ER13- 1630-000 and -001 (July 25, 2013).

<sup>3</sup> The Commission issued a letter order on December 22, 2015, accepting the extension of the Reliability Must Run Service Agreement through the contract year 2016, effective as of January 1, 2016. See Letter Order: <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=14080398>

provides, at minimal incremental cost, reliability service from both HB 3 and HB 4 compared to the original agreement under which only HB 4 would be available in 2017. This is because the capital costs for HB 3 will be fully paid for under the RMR agreement by the end of the 2016 contract year. Thus ratepayers, who have paid for HB 3 will benefit from an additional year of availability of HB 3 and the reliability services it provides.

**V. CONCLUSION**

For the foregoing reasons, the CAISO respectfully requests that the Commission grant this motion to intervene and accept the amended RMR agreement between the CAISO and AES HB. .

Respectfully submitted,

**By: /s/ Sidney L. Mannheim**

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Counsel for California Independent System  
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Dated: November 22, 2016

## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 22<sup>nd</sup> day of November, 2016.

*/s/ Grace Clark*  
Grace Clark