



September 23, 2013

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Dr. Mike Jaske  
California Energy Commission  
Sacramento, CA

**Via email**

RE: Electricity Infrastructure Issues Docket #13-IEP-1D

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The Western Power Trading Forum (WPTF) is pleased to submit the comments below in response to the IEPR workshop held last September 9 regarding Southern California Reliability in the absence of the San Onofre Nuclear Generating Station (SONGS). We concur that SONGS was critically located between the two major load pockets in the region, and thus its retirement calls for timely consideration of new supply resources, including conventional generation, “preferred” resources, and transmission facilities.

WPTF comments herein are on three items that were discussed at the workshop:

- CAISO proposal to implement a preferred-resources multi-year forward reliability services auction of the nature and type currently being discussed in the Joint Reliability Framework by the CAISO and the CPUC;
- timing sequence of the CAISO assessing transmission upgrades and projects in advance of the CPUC authorizing generation additions for the two utilities in the region under its jurisdiction;
- advisability of authorizing the utilities to utilize the CEC’s Notice of Intention protocol to pre-qualify generation sites.

1. **Preferred Resources Auction:** WPTF supports the CAISO’s proposal to implement a multi-year forward capacity auction, and supports having preferred resources, including demand response, energy efficiency, and renewable resources participate in such an auction so long as their performance obligations are generally equivalent to those of conventional generation resources. Indeed, the transparency of an auction is highly preferable to limiting such procurement exclusively through non-transparent bilateral contracts. Vendors providing the preferred resources need to see a market price for these resources if California consumers are going to enjoy the benefits of the least-cost, best-fit resources. However, WPTF does not believe that reliability needs or competitive market principles will be adequately met through an auction that permits participation by only a subset of the resources that can meet the reliability needs, and therefore a multi-year forward auction should include conventional resources as well as preferred resources. The efficiency gained through an auction is not limited to preferred resources. The CPUC’s continued hesitancy to entertain a full

reliability services auction seems shortsighted compared to the urgency before the State to quickly and efficiently address reliability issues in the absence of SONGS. A multi-year forward auction is the right course to fill the reliability gap in a timely manner; and the benefits that the CPUC recognizes for such an auction to secure preferred resources is equally applicable to conventional resources as well.

2. **Timing sequence:** WPTF conditionally agrees that the CAISO should be given an extra six months to complete its reliability assessments with incremental transmission upgrades or new facilities. Yet WPTF notes that many existing conventional resources can provide much needed reliability services (energy, reactive power, and contingent availability with 30-minute notice), and these resources have been routinely ignored in the CAISO's transmission assessments to date. If the CAISO would be more rigorous in its current transmission planning assumptions and reflect in them that there are critical existing power plants in the region that can provide reliability services, then WPTF's support would be unconditional.
  
3. **CEC Notice of Intention:** Finally, the CEC Notice of Intention to pre-qualify generation-development sites introduces another level of regulatory encumbrance to the Application for Certification (AFC) approval process. If the Notice of Intention process is permitted, the utilities will be in the role of pre-engineering the type of resource(s) that can be sited, pre-qualifying the design before they have received any competitive bids from competitive vendors that outline the actual equipment and emissions profile. As a result, the Notice of Intention process, although perhaps well intentioned, will only serve to delay the development process. Developers have considerable ability to obtain qualified sites for conventional generation, which is fully reviewed by the CEC in its review of a developer's AFC application. That way the equipment is specified, the emissions profile quantified, water resources are known, and the sources of air-permit credits can be fully reviewed. The Notice of Intention would inadvertently put the utilities back in the generation development business at the risk and expense of its ratepayers.

WPTF looks forward to offering more comments as the CEC and its sister agencies develop a functional plan to replace the SONGS capacity and affirm the region's reliability needs.

Sincerely,

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