

Exhibit No.: \_\_\_\_\_ (GEN-1)

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

Order Instituting Rulemaking to Integrate and  
Refine Procurement Policies and Consider  
Long-Term Procurement Plans.

Rulemaking 10-05-006  
(Filed May 6, 2010)

**TRACK III DIRECT TESTIMONY OF  
JOHN CHILLEMI ON BEHALF OF GENON CALIFORNIA NORTH, LLC**

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August 4, 2011

1 **I. INTRODUCTION**

2 **Q. What is your name, employer and title?**

3 A. My name is John Chillemi, and I am Vice President of GenOn Energy, Inc. ("GenOn"). I  
4 also serve as President of certain subsidiaries comprising GenOn's western business unit,  
5 including GenOn West, L.P., GenOn California North, LLC, GenOn Delta, LLC, and  
6 GenOn Marsh Landing, LLC ("GenOn Marsh Landing").

7 **Q. Please describe your professional and educational background.**

8 A. In my current role, I oversee GenOn's California business, including the operation of  
9 seven natural gas-fired power generating stations with a total capacity of approximately  
10 5,400 megawatts of electricity. I also lead GenOn's West Coast business development  
11 efforts to increase operations through the construction of new power generating facilities.  
12 I held a similar position at Mirant prior to December 2010, when the merger between  
13 Mirant and RRI resulted in the creation of GenOn. Also at Mirant, I served as director  
14 trading operation for California and the West from 2004 to 2007. From 1997 to 2004 I  
15 worked in a variety of positions for Mirant, including serving as assistant to the executive  
16 vice president and as managing director of Mirant's Italian office. After graduating  
17 college until 1997, I worked for a Southern Company subsidiary, Georgia Power, in sales  
18 and marketing. I have a combined 25 years of experience in the energy industry with  
19 GenOn and predecessor companies.

1 I serve on the steering committee of the Bay Delta Conservation Plan and the boards of  
2 directors of the California Foundation on the Environment and the Economy, the  
3 California Council for Environmental and Economic Balance and the Independent  
4 Energy Producers Association.

5 I have a bachelor's degree in mechanical engineering from Georgia Institute of  
6 Technology and a master's in business administration from Georgia State University.

7 **Q. Please describe GenOn's operations in California.**

8 A. Through the subsidiaries identified above, GenOn owns and operates seven natural gas-  
9 fired electric generating facilities in California with total capacity of approximately 5,400  
10 megawatts, broken down as follows:

11	<u>Generating Station</u>	<u>MWs</u>
12	Contra Costa	674
13	Coolwater	658
14	Ellwood	54
15	Etiwanda	640
16	Mandalay	560
17	Ormond Beach	1,516
18	Pittsburg	1,311

1 The Contra Costa and Pittsburg Generating Stations are located in the Greater Bay Area  
2 local capacity area. Ellwood, Mandalay and Ormond Beach Generating Stations are  
3 located in the Big Creek-Ventura local capacity area. Etiwanda is located in the Los  
4 Angeles Basin local capacity area.

5 In addition, GenOn Marsh Landing is in the process of constructing the Marsh Landing  
6 Generating Station, a 760 MW natural gas-fired peaking facility located at a site adjacent  
7 to the site of the Contra Costa Generating Station, which is within the Greater Bay Area  
8 local capacity area. The Marsh Landing Generating Station is scheduled to commence  
9 operations in 2013.

10 **Q. Please summarize the topics you will address in your testimony.**

11 A. Under Track III, I express GenOn's opposition to the proposal attached to the  
12 Administrative Law Judge's ruling of June 13, 2011 that would limit contracting with  
13 units that rely on once-through cooling ("OTC").

14 **II. TRACK III TESTIMONY – OTC POLICY ISSUES**

15 A. **GenOn Proposals Related to the OTC Policy.**

16 **Q. Please describe GenOn's interest in the State's OTC Policy.**

17 A. GenOn currently operates four power plants that rely on OTC. The plants are: Contra  
18 Costa Generating Station and Pittsburg Generating Station in Northern California and  
19 Mandalay Generating Station and Ormond Beach Generating Station in Southern

1 California. GenOn entered into a contractual obligation to retire the Contra Costa  
2 Generating Station in May 2013, which is four years prior to the compliance deadline  
3 established in the State Water Resource Control Board's ("SWRCB's") OTC policy. The  
4 other generating stations are also subject to the SWRCB's OTC policy and have  
5 compliance dates ranging from 2017 to 2020.

6 **Q. Do you believe the Commission must adopt specific policies regarding OTC**  
7 **generation at this time?**

8 A. I believe the Commission should first understand the local capacity requirement impacts  
9 associated with the possible retirement of OTC facilities before adopting OTC-specific  
10 policies. Conclusions drawn from that analysis may provide the path toward compliance  
11 with the SWRCB's OTC policy.

12 **B. The Commission Should Deny the One Year OTC Contracting Proposal.**

13 **Q. Does GenOn support the proposal to limit contracts with OTC facilities to one-year**  
14 **terms as outlined in the attachment to the administrative law judge ruling issued on**  
15 **June 13, 2011?**

16 A. No.

17 **Q. Please outline the basis for your opposition to the one-year limit.**

18 A. GenOn opposes the proposed one-year limit on contracting with OTC facilities for a  
19 number of reasons. Most importantly, the policy would severely compromise contracting

1 for resource adequacy, which would unnecessarily drive up costs and could threaten  
2 reliability. Imposing a one year contract limitation on OTC facilities interferes with  
3 operation of the market, which in turn leads to inefficiency, which in turn leads to higher  
4 costs borne by ratepayers. Furthermore, the proposed policy severely compromises the  
5 ability of OTC owners to make reasoned decisions about essential investments to  
6 maintain and modify those facilities. At a time when the Commission should be  
7 exploring options to allow OTC operators to make reasoned decisions regarding  
8 competing alternatives to compliance with the OTC policy, the one year limit reduces  
9 viable options for compliance. Accordingly, the Commission should reject the proposed  
10 one year limit on contracting with OTC facilities.

11 **Q. Does this conclude your testimony?**

12 A. Yes, it does.