

Docket: R.12-03-014
ExhibitNo.: _____
Commissioner: MichelP.Florio
ALJ: DavidM.Gamson

**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 12-03-014
(filed March 22, 2012)

**TRACKIPREPAREDTESTIMONYOFHALAN.BALLOUZ
ONBEHALFOFAESSOUTHLAND**

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June 25, 2012

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

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Q. Please state your name and current employment.

A. My name is Hala N. Ballouz. I am the President of Electric Power Engineers, Inc. (EPE).

Q. What is your professional and educational background?

A. My professional and educational background is set out in Exhibit A.

Q. Did you previously testify on behalf of AESL in the 2010 LTTP, R.10-05-006?

A. Yes, I previously testified on AESL's behalf in the 2010 LTTP, and I understand that this testimony has been incorporated into the current record. That testimony described analysis performed by EPE to study the effect of the possible retirement of the generating units at Huntington Beach, Alamitos and Redondo Beach as a result of Once-Through-Cooling (OTC) compliance requirements and any resulting system deficiencies under such conditions.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to compare EPE's analysis results (the assumptions and detailed findings are described in my initial testimony submitted as part of the 2010 LTTP, R.10-05-006) with the Once-Through-Cooling (OTC) studies performed by the CAISO

and described in the testimony of Robert Sparks on behalf of the CAISO. My testimony serves to emphasize that EPE's analysis conforms to the findings of the CAISO OTC study, indicating a) a prompt need for procurement of a minimum of 2,400 MW for the Western Los Angeles Basin; b) procurement of this minimum amount should be from OTC locations having the highest effectiveness factors; and c) procurement of generation at alternative locations would require significantly more MW to reliably serve the Western LA Basin area needs.

Q. Have you reviewed the testimony of Robert Sparks and Mark Rothleder on behalf of the CAISO in this proceeding?

A. Yes, I have.

Q. Is the CAISO recommendation of an OTC replacement need of a minimum of 2,400 MW for the Western Los Angeles Basin sub-area consistent with EPE's prior study?

A. Yes, it is. EPE's analysis, described in my initial testimony in the 2010 LTPP, R.10-05-006, calculated that approximately 2,300 MW (in addition to El Segundo units modeled at 540 MW, Canyon Power units modeled at 200 MW and Walnut Creek units modeled at 500 MW), will be required at certain OTC locations to most reliably serve the loads in the Western LA Basin sub-area.

Q. The CAISO's recommendation is also based upon the assumption that generation is located at the most effective sites for mitigating the Western Los Angeles Basin transmission constraints. Is that consistent with EPE's prior study?

A. Yes, it is. Load-flow calculations, which were completed for the purpose of my initial testimony in R.10-05-006, demonstrated that certain OTC locations are more effective in resolving major transmission thermal constraints that were identified in EPE's analysis (and addressed by the CAISO studies); these transmission constraints are specific to the Western La Basin area and will impact reliability and the ability to serve load when existing OTC plants are retired.

Further, EPE studied whether those major transmission constraints could be resolved by the installation of comparable generation at other than the most effective OTC locations (from the available list of Western LA Basin generators or other planned projects known to EPE in the Western LA Basin Area). EPE's analysis identified that *significantly more* generating capacity will be required at non-OTC locations in order to have an impact, and an inferior one for that matter, on reducing the loading on the major transmission constraints under study.

In fact, as submitted in my testimony as part of R.10-05-006, EPE's analysis demonstrated that adding 3,600 MW at non-OTC locations to the Base Case is significantly less effective than the addition of 1,800 MW at existing OTC locations. The 3,600 MW of non-OTC location generation could only mitigate three of the eight constraints under study, whereas the OTC locations would fully mitigate seven of the eight constraints at only 2,310 MW. EPE's study is therefore in agreement with CAISO's conclusion that a minimum of 2,400 MW of repowered generation is needed for the Western Los Angeles Basin sub-area from the most effective OTC plant locations, and that less effective locations would require significantly more generation to meet Western Los Angeles Basin LCR needs.

Q. Does this conclude your testimony?

A. Yes.