

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.

R.12-03-014

**REPLY COMMENTS OF
THE COGENERATION ASSOCIATION OF CALIFORNIA
ON TRACK I: LOCAL CAPACITY REQUIREMENTS**

The Cogeneration Association of California¹ provides these reply comments on the proposed decision (PD) of Administrative Law Judge David Gamson on Track 1 issues in this proceeding. These comments are filed in accordance with Rule 14.3 of the Commission's Rules of Practice and Procedure.

CAC supports the PD's finding that the Local Capacity Requirements (LCR) need for new generating capacity in the Los Angeles Basin and Ventura County local reliability areas should be based on the Sensitivity Analysis for the Environmentally Constrained Scenario modeled by the California Independent System Operator. That sensitivity analysis was performed at the request of the Commission and the California Energy Commission, and included projections of development of uncommitted Combined Heat and Power (CHP) and other preferred resources. As the PD concludes, those projections of preferred resources are reasonable, are likely to be realized, and are consistent with state policies for their encouragement. The Commission should

¹ CAC represents the combined heat and power and cogeneration operation interests of the following entities: Coalinga Cogeneration Company, Mid-Set Cogeneration Company, Kern River Cogeneration Company, Sycamore Cogeneration Company, Sargent Canyon Cogeneration Company, Salinas River Cogeneration Company, Midway Sunset Cogeneration Company and Watson Cogeneration Company.

reject the comments of the CAISO arguing that “uncommitted” resources must not be included in this procurement.²

The Commission’s decision on this track should authorize the procurement of all available CHP facilities, including both existing capacity and new incremental capacity, to meet LCR. The projections of potential CHP contained in the Environmentally Constrained Scenario are not, as the CAISO pleads, “overly optimistic.”³ Certain existing CHP capacity, clearly ready and available to meet local requirements, was not included in the CAISO LCR study and should be considered as a preferred resource. In performing its study, the CAISO started with the CEC’s load and resources analysis from its 2009 Integrated Energy Procurement Report (IEPR), and the scenarios for long-term planning provided by the CPUC Energy Division.⁴ These studies omitted certain existing generation which was identified by Mr. Ross in Table 1 of his testimony.⁵ These units can contribute 60 MW to the relief of the local capacity requirement in the Western LA Basin, and the Commission’s decision in this track should ensure that all available existing generation is identified and utilized. Mr. Sparks testified that this existing capacity, because it is not “committed” by contract, would be considered by the CAISO as “uncommitted,” and would not be relied upon.

In addition to these existing resources, there are rigorous state programs encouraging the development of new CHP, as described in CAC’s brief in this case. Mr. Sparks testified that in drafting his testimony to exclude uncommitted CHP he was

² *Comments of the California Independent System Operator*, filed January 14, 2013, p. 4-5.

³ *Id.*, at p. 4.

⁴ *Supplemental Testimony of Robert Sparks*, p. 6; *Transcript*, August 7, 2012, p. 95.

⁵ Ex. CAC-1, p. 8.

unaware of the state programs and incentives for CHP.⁶ He stated that it was reasonable to include some uncommitted capacity from renewable resources because there were state mandates for such capacity. But he was unaware of the comparable mandates for CHP. Such mandates from the QF/CHP Settlement and from other state programs will help ensure the projected, uncommitted CHP will be developed, and can be relied upon to meet the local capacity requirements. It is not “optimistic” to rely on the timely development of new CHP to meet a portion of the LCR need identified.

Respectfully submitted,

A handwritten signature in cursive script that reads "Donald Brookhyser". The signature is written in dark ink on a light-colored background.

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⁶ Transcript, p. 96.