

**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)

REPLY COMMENTS OF NRG ENERGY, INC. ON SCHEDULING ISSUES

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September 13, 2013

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These reply comments, respectfully submitted by NRG Energy, Inc. (NRG) in accordance with instructions provided by Administrative Law Judge (ALJ) David Gamson at the September 4, 2013 Pre-Hearing Conference held in this proceeding, respond to September 10, 2103 comments submitted by parties on scheduling proposals made by the California Independent System Operator Corporation (CAISO) and ALJ Gamson.

I. The Timeline For Meeting San Diego Area Local Generation Needs Identified By The CAISO Requires Prompt Action

While several parties, including the Independent Energy Producers Association, NRG, Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and The Utility Reform Network (TURN),¹ recommend proceeding with an interim decision authorizing procurement prior to the CAISO having available preliminary results from its Transmission Planning Process (TPP), a number of parties recommend waiting to issue any decision on procurement until the preliminary TPP results are brought into Track 4 .

If time were of no consequence, waiting until all possible information that could be brought to bear on a procurement decision is brought to bear would be rational. However, as the CAISO's August 5 testimony indicates, time is of the essence in this proceeding. The CAISO testimony clearly identifies a need for an additional 520 MW of generation in the San Diego sub-

¹ *COMMENTS OF THE INDEPENDENT ENERGY PRODUCERS ASSOCIATION ON THE SCHEDULE FOR TRACK 4* at 1-2; *OPENING COMMENTS OF THE SOUTHERN CALIFORNIA EDISON COMPANY (U-338E) ON SCHEDULE* (SCE Comments) at 5-6; *COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U-902-E) REGARDING PROPOSED MODIFICATION OF THE PROCEDURAL SCHEDULE FOR TRACKS 2 AND 4 OF THE LONG-TERM PROCUREMENT PLAN PROCEEDING* (SDG&E Comments) at 7; *COMMENTS OF THE UTILITY REFORM NETWORK ON TRACK 2 AND 4 SCHEDULING PROPOSALS* (TURN Comments) at 3-4.

area by 2018.² As this moment, approaching the end of 2013, it is highly unlikely – in fact, practically impossible – that any transmission alternative that could eliminate the need for this local area generation could be designed, constructed and in service by 2018.

As such, the modest procurement authority sought by SDG&E in its August 26 testimony (500-550 MW) aligns with both the magnitude and timing of the San Diego area need identified by the CAISO. Generation to meet that need could be on-line by 2018 to allow for the scheduled 2017 retirement of OTC generation at Encina – but only if generation procurement is authorized, enacted, and approved in a timely manner. Waiting for the results of the TPP has no bearing on this need, because no transmission solution could be brought to bear in time to fill the 2018 need. As a result, the Commission should move forward with authorizing San Diego area procurement on the initially proposed schedule, and should not wait for the TPP results to be litigated in this proceeding.

II. Initial Procurement Authorization Should Not Be Limited Only To Preferred Resources

Several parties, including the Division of Ratepayer Advocates and the coalition of the National Resources Defense Council, the California Energy Efficiency Industry Council, the Vote Solar Initiative, and the Clean Coalition, advocate that any interim procurement authorized should be limited to preferred resources.³

While it is clear that preferred resources will be a key part of whatever procurement authority is granted to meet the local Los Angeles Basin and San Diego reliability needs in this proceeding, limiting initial procurement authority to only preferred resources fails to recognize that the rules for determining how preferred resources count towards meeting local reliability needs have not been established. On September 4 the CAISO posted on its web site a white paper intended to launch a CAISO stakeholder process to determine how non-conventional preferred resources could be used to meet local reliability needs in lieu of conventional

² *TRACK 4 TESTIMONY OF ROBERT SPARKS ON BEHALF OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION* at 19:13.

³ *THE DIVISION OF RATEPAYER ADVOCATES' COMMENTS ON THE PROPOSED SCHEDULE FOR TRACKS 2 AND 4* at 3, 7; *COMMENTS OF THE NATURAL RESOURCES DEFENSE COUNCIL (NRDC), THE CALIFORNIA ENERGY EFFICIENCY INDUSTRY COUNCIL (CEEIC), THE VOTE SOLAR INITIATIVE (VSI), AND THE CLEAN COALITION ON THE SCHEDULES PROPOSED AT THE SEPTEMBER 4, 2013 PRE-HEARING CONFERENCE* at 2, 6-7.

generation or transmission.⁴ This stakeholder process, the initial results of which the CAISO intends to feed into its 2013-2014 Transmission Planning Process, would seek to fundamentally reconfigure a decade of CAISO policy and practice with regards to how local reliability needs are met. This process is complex and likely to be contentious, but until it is complete, and the results adopted by the CPUC, the question of how many MW of preferred resources must be procured to meet a given MW amount of local capacity requirements cannot be answered. As a result, limiting interim procurement authorization in Track 4 – which is scheduled to take place before the TPP results are introduced and litigated in this proceeding - to preferred resources would not be reasonable.

III. NRG Agrees With SCE's Observation Regarding Initial Procurement Authorization

In its comments, SCE notes that any procurement authority that could subsequently be reduced is problematic.⁵ As a result, SCE's comments oppose any interim procurement authority that could later be reduced.⁶ As explained in NRG's comments, NRG agrees with SCE that procurement authority that could later be reduced is unlikely to result in any procurement.⁷ Any interim procurement authorized by the Commission should be for a binding amount that cannot later be reduced.

IV. NRG Supports Modest Delays In Submitting Initial And Rebuttal Testimony

Several parties, including SDG&E and TURN, propose rescheduling the date for certain parties to submit opening testimony and for all parties to submit rebuttal testimony. TURN proposes that intervenors submit initial testimony on September 30 and all parties submit rebuttal

⁴ *Consideration of alternatives to transmission or conventional generation to address local needs in the transmission planning process*, available at <http://www.aiso.com/Documents/Paper-Non-ConventionalAlternatives-2013-2014TransmissionPlanningProcess.pdf>.

⁵ SCE Comments at 3.

⁶ SCE Comments at 4.

⁷ *COMMENTS OF NRG ENERGY, INC. IN RESPONSE TO SCHEDULING ISSUES RAISED AT THE SEPTEMBER 4, 2013 PREHEARING CONFERENCE* at 2.

testimony on October 14.⁸ SDG&E proposes that intervenors submit initial testimony on September 30 and all parties submit reply testimony on October 21.⁹

Assuming that these modest delays will not significantly delay a decision on interim procurement authority, NRG supports delaying initial testimony to September 30 and delaying rebuttal testimony until either October 14 or 21. These delays will facilitate responding to the additional issues raised by ALJ Gamson at the September 4 Pre-Hearing Conference while not significantly delaying an initial decision on procurement.

Respectfully submitted,

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⁸ TURN Comments at 2.

⁹ SDG&E Comments at 7.