

**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
(Filed March 22, 2012)

**REPLY COMMENTS OF CALPINE CORPORATION ON TRACK 2 AND 4
SCHEDULING PROPOSALS**

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September 13, 2013

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**REPLY COMMENTS OF CALPINE CORPORATION ON TRACK 2 AND 4
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Pursuant to the direction of assigned Administrative Law Judge Gamson (“ALJ Gamson”) at the September 4, 2013 prehearing conference (“PHC”), Calpine Corporation (“Calpine”) submits the following reply to comments regarding proposed changes to the Track 2 and Track 4 schedules.

At the PHC, the California Independent System Operator (“CAISO”) requested that Track 2 be deferred until the completion of Track 4 and that the Track 4 schedule be delayed until the results of the CAISO’s Transmission Planning Process (“TPP”) are available.¹ As an alternative proposal, ALJ Gamson proposed to keep the current procedural schedule for the most part but to issue an interim Track 4 decision, subject to potential revision based on the results of the TPP.

In its opening comments regarding the CAISO’s proposed changes to the Track 2 schedule, The Utility Reform Network (“TURN”) indicated that it was willing to support the proposed Track 2 deferral if *all* parties agreed “that, prior to the resolution of Track 2, no new procurement will be initiated specifically to satisfy perceived unmet system integration needs.”² Calpine agrees with TURN that any delay in the Track 2 schedule must be contingent upon a procurement moratorium for any perceived unmet system integration needs. In addition, as

¹ See September 5, 2013 e-mail from the CAISO to the service list.

² TURN Comments at 4 (September 10, 2013).

TURN notes, this moratorium should also apply to any attempt to “create solicitation preferences or bid adders (whether for renewable or conventional resources) relating to system integration until a Track 2 decision has been issued.”³

As discussed in Calpine’s Track 1 Opening Testimony, “[w]hile local and system reliability needs have traditionally been treated as two distinct sets of reliability requirements, the procurement of resources to meet these needs are, in several respects, interrelated.”⁴ Given this *interrelatedness*, ideally, procurement to fill both local and system reliability needs should occur simultaneously. If, instead, procurement authorized in Track 4 to fill local need precedes procurement authorized in Track 2 to fill system needs, then any procurement authorized in Track 4 should not prejudice the outcome of Track 2. To assume a need for system resources when no need has been established could lead to excess procurement or excess costs associated with the procurement of resources with attributes that are not necessary to address local reliability issues.

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³ TURN Comments at 4.

⁴ Calpine/Barmack, Exh. Calpine-1, R.T. at 2 (June 25, 2013).