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 No. 12-03-014 (Filed March 22, 2012)

TRACK 4 OPENING BRIEF OF CALPEAK POWER, LLC

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November 25, 2013

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CalPeak Power, LLC ("CalPeak") respectfully submits this Opening Brief in Track 4 of this Long Term Procurement Plan ("LTPP") proceeding. This Opening Brief is submitted pursuant to the Instructions for Briefs issued by Administrative Law Judge ("ALJ") Gamson.

On October 22, 2013, CalPeak moved for party status in this proceeding. Although ALJ Gamson has not yet ruled on the Motion for Party Status, CalPeak notes that the Motion was uncontested by any other party in this proceeding, and respectfully requests that this Opening Brief be entered into the record for this proceeding pending the Motion being granted.

I. INTRODUCTION

In addition to providing energy and capacity to San Diego Gas and Electric ("SDG&E") and Southern California Edison ("SCE"), the San Onofre Nuclear Generating Station ("SONGS") provided critical voltage support to the transmission system relied upon by both utilities.[1] In order to maintain grid reliability, such voltage support will need to be replaced in some form. Although new generation resources can help mitigate the voltage support problem

[1] *See, e.g.,* Opening Testimony of California Independent System Operator ("CAISO") witness Robert Sparks, August 5, 2013 (noting that in addition to base load generation, "SONGS . . . provided 1,000 [mega volt ampere reactive] of dynamic reactive support to both SCE and San Diego local capacity areas"); Opening Testimony of William A. Monsen, witness for Independent Energy Producers Association, September 30, 2013, at p. 3 ("SONGS . . . not only provided a significant amount of capacity and energy, . . . it also provided critical network services to the electric grid. These services included voltage support and inertia.")

by providing both real and reactive power, the Commission should not overlook the considerable benefits of procuring only reactive power from synchronous condenser units. Indeed, throughout this proceeding, it has been undisputed that synchronous condensers can help meet the voltage support gap left in the wake of the SONGS closure.[2]

Synchronous condensers can be developed extremely quickly and cost-effectively, especially when upgrading pre-existing energy generation resources to add the additional capability to also operate in synchronous condenser mode. In this proceeding, SDG&E has discussed its consideration and modeling of various dedicated synchronous condenser projects.[3] However, there may be several other synchronous condenser opportunities that the utilities could explore, some of which may provide more cost-effective solutions to the reactive power gap caused by the SONGS outage, if given the authorization and direction to do so by this Commission.

II. ISSUES PRESENTED BY ALJ GAMSON

CalPeak sets forth below its responses to the third and fourth issues presented by ALJ Gamson in his Instructions for Briefs. CalPeak declines to address the other three issues at this time, but respectfully reserves the right to address those issues in its Reply Brief.

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[2] *See, e.g.,* Opening Testimony of Office of Ratepayer Advocates witness Robert Fagan, September 30, 2013, at p. 16 (explaining that a December 2012 Briefing to the CAISO Board of Governors "highlighted the importance of reactive power by including continuous use of synchronous condensers and SVC [static var compensators] support in the primary options for mitigating the loss of SONGS"); Reply Comments of Natural Resources Defense Council, October …. At p. 5 ("SONGS's retirement created reactive power needs that could be met by various transmission system enhancements and technologies that provide reactive power (such as synchronous condensers)").

[3] *See, e.g.,* Opening Testimony of SDG&E witness Jontry at pp. 4-5 (explaining that SDG&E has studied and considered the effects of "two conceptual dynamic reactive power installations" in the form of synchronous condensers located at Suncrest (providing +/- 240 MVAR) and Cannon/Encina (also providing +/- 240 MVAR)); Reporter's Transcript at p. 1749, cross-examination of SDG&E witness Jontry (explaining SDG&E's submission to the CAISO transmission planning process of two possible 230 kV synchronous condenser projects at Mission and Sycamore Canyon substations).

A. SDG&E and SCE Should be Authorized to Procure Synchronous Condenser Resources

The third issue presented by the ALJ is as follows: "*What additional resources, if any, should be authorized to fill procurement needs? Should there be any requirements or restrictions on procurement amounts for any specific resources or categories of resources?*"

To the extent that the Commission authorizes any new procurement in this proceeding for SDG&E or SCE, it should require both utilities to consider the use of synchronous condensers to meet or reduce a portion of the identified need. It should further direct the utilities to explore the use of existing resources which may be able to operate as synchronous condensers while retaining their ability to operate as synchronous generators before directing the development of new reactive power facilities. In doing so, the Commission would help address some of the post-SONGS grid reliability concerns while minimizing ratepayer costs and potential environmental impacts.

B. SDG&E and SCE Should Procure Synchronous Condenser Resources through Competitive Solicitation Processes

The fourth issue presented by the ALJ is as follows: "*What process should the utilities use to fill any procurement amounts authorized at this time?*"

The utilities should use competitive solicitation processes to procure resources, during which they should be required to consider synchronous condensers to help meet reliability needs. SDG&E and SCE should be further directed to prioritize those synchronous condenser units located in the relevant local capacity areas that can begin operation in the quickest and most cost-effective manner. To that end, the Commission should ensure the utilities undertake an open solicitation process ahead of or in parallel to any project they may have of their own.

III. CONCLUSION

For the reasons stated above, CalPeak requests that the Commission include in any procurement authorization resulting from this proceeding a requirement that SDG&E and SCE explore procuring reactive power from cost-effective synchronous condensers from existing resources prior to procuring new generation resources.

Respectfully submitted,

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Dated: November 25, 2013