

**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. 13-12-010
(Filed December 19, 2013)

**COMMENTS OF COGENTRIX ENERGY POWER MANAGEMENT, LLC
AND CALPEAK POWER, LLC ON PRELIMINARY SCOPING MEMO**

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February 3, 2014

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Cogentrix Energy Power Management, LLC (“Cogentrix”) and CalPeak Power, LLC (“Cogentrix Energy Power Management, LLC (“Cogentrix”) and CalPeak Power, LLC (“CalPeak”) jointly submit these comments on the Preliminary Scoping Memo provided in the Order Instituting Rulemaking (“OIR”) in this 2014 Long-Term Procurement Plan (“LTPP”) Proceeding.

I. THE SCOPE OF THE PROCUREMENT PLANNING PROCEEDING ISSUES SHOULD INCLUDE VOLTAGE SUPPORT

Reliability of the bulk power grid depends on maintaining appropriate voltage support. In the wake of the retirement of the San Onofre Nuclear Generating Station (“SONGS”) and pending retirements of once-through cooling (“OTC”) and other older generating resources, the need to ensure an adequate supply of reactive power throughout California will become increasingly important. Indeed, other State agencies have recognized the need to study and consider resources that can supply reactive power in ongoing planning efforts. As noted by the California Energy Commission in its recent 2013 Integrated Energy Policy Report, “[t]he California [Independent System Operator] will evaluate transmission alternatives, including synchronous condensers and other forms of reactive power support, to maintain reliability in its 2013-2014 Transmission Planning Process, which is underway.”¹ Such resources should be actively considered by the Commission in this 2014 LTPP process as well.

Accordingly, Cogentrix and CalPeak encourage the Commission to revise paragraph (1) of Section 3.1, which sets out the general issues for the 2014 procurement planning cycle to read:

Identify CPUC-jurisdictional needs for new resources to meet local or system resource adequacy (RA), operational flexibility, **voltage support**,

¹ California Energy Commission, 2013 Integrated Energy Policy Report at p. 9, *available at*: <http://www.energy.ca.gov/2013publications/CEC-100-2013-001/CEC-100-2013-001-CMF.pdf>.

or other requirements and to consider authorization of IOU procurement to meet that need. This includes issues related to long-term renewable planning and need for replacement generation infrastructure to eliminate reliance on power plants using OTC.

II. THE COMMISSION SHOULD IMPLEMENT THE REVISED SCOPE BY ENCOURAGING PROCUREMENT OF SYNCHRONOUS CONDENSER RESOURCES TO PROVIDE VOLTAGE SUPPORT

While newly developed generation resources could be used to mitigate voltage support shortfalls, the Commission should not default to greenfield development as the only solution. Instead, in this 2014 planning cycle, the Commission should adequately consider the substantial benefits of procuring reactive power from synchronous condenser units.

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. Several such upgrade opportunities exist throughout the State, including assets owned by CalPeak Power, LLC. The investor-owned utilities should consider these third-party opportunities when filling future voltage support needs, rather than just defaulting to utility-owned projects which may be less cost-effective. In implementing the revised scope of the Procurement Planning Proceeding Issues, the Commission should thus consider directing the utilities to procure voltage support resources to meet identified reliability needs.

Respectfully submitted,

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