

**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)

**COMMENTS OF CALPINE CORPORATION
ON TRACK 3 PROPOSED DECISION MODIFYING
LONG-TERM PROCUREMENT PLANNING RULES**

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February 18, 2014

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Pursuant to Rule 14.3 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, Calpine Corporation (“Calpine”) submits these comments on the Track 3 proposed decision modifying long-term procurement planning rules (“PD”).

**I. THE PD SHOULD BE REVISED TO EXPRESSLY PROHIBIT
DISCRIMINATION BETWEEN DIFFERENT VINTAGES OF CAPACITY**

Calpine is pleased that the PD would allow upgrades to existing resources to compete in long-term solicitations for new resources. The PD, however, stops short of specifically prohibiting the IOUs from excluding resources from the Request for Offers (“RFO”) process based on vintage. Discriminatory procurement policies and practices are inefficient and ultimately raise customer costs. As Calpine previously noted, a diverse cross-section of parties either support, or have affirmatively stated that they do not oppose, allowing existing generation to participate in long-term RFOs.¹ Consistent with the position of these parties and the desire to eliminate “bias” in the RFO process, the PD should be revised to expressly prohibit the IOUs from excluding existing resources from long-term RFOs if the existing resource can otherwise provide the product or attributes being sought in the solicitation.

¹ See Reply Comments of Calpine Corporation on Track III Rules Issues at 2-3. This cross-section of parties includes Green Power Institute, Sierra Club California, the Independent Energy Producers Association, Competitive Power Ventures, Power Development Inc., and San Diego Gas & Electric Company.

II. THE PD SHOULD BE REVISED TO CLARIFY THE DEFINITION OF “UPGRADED PLANTS”

The PD defines “upgraded plants” to include upgrades that either “expand” generation capacity, or “enhance” operational flexibility.² While this definition identifies expansions and enhancements as distinct types of upgrades, the definition could be read to suggest that only expansions, i.e., upgrades that result in incremental MW, would be eligible to compete in long-term solicitations for new resources:

Upgrades are defined as expanding the generation capacity at, or enhancing the operation of, a generation facility, *so long as such incremental MW* can provide the necessary attributes that the Commission has authorized the utility to procure.³

To correct this flaw, the definition of upgraded plants should be revised to make clear that upgrades to existing plants that enhance operating characteristics, such as ramp rate or start-up times, but do not increase capacity, also would be eligible to compete in long-term solicitations for new resources. To this end, the definition of “upgraded plants” should be revised to state:

- Upgraded plants: Upgrades are defined as expanding the generation capacity at, or enhancing the operation of, a generation facility, so long as such incremental MW and/or enhanced operating characteristics can provide the necessary attributes that the Commission has authorized the utility to procure. An upgraded plant or a plant with incremental capacity additions would be a plant where the main generating equipment is retained and continues to operate.

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² PD, mimeo at 29.

³ PD, mimeo at 29 (emphasis added).

Calpine supports the end of procurement policies and practices that arbitrarily differentiate resources based on vintage (*e.g.*, new, existing, repowered, upgraded). While the PD begins to move beyond such distinctions, further steps are still needed.

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APPENDIX A

Proposed Changes

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Upgraded plants: Upgrades are defined as expanding the generation capacity at, or enhancing the operation of, a generation facility, so long as such incremental MW and/or enhanced operating characteristics can provide the necessary attributes that the Commission has authorized the utility to procure. An upgraded plant or a plant with incremental capacity additions would be a plant where the main generating equipment is retained and continues to operate.