

**BEFORE THE  
CALIFORNIA ELECTRIC GENERATION FACILITIES STANDARDS COMMITTEE**

**Proposed Operational Standards and Guidelines for  
Generators**

Prepared by the Staff of the  
California Electric Generation  
Facilities Standards Committee  
August 23, 2004

**COMMENTS OF THE  
INDEPENDENT ENERGY PRODUCERS ASSOCIATION  
CONCERNING PROPOSED OPERATIONS STANDARDS AND GUIDELINES  
FOR GENERATORS**

The Independent Energy Producers Association (“IEP”) presents these Initial Comments regarding the Proposed Operation Standards and Guidelines for Generators (dated August 23, 2004). Under the notice provided participants and interested stakeholders, comments are due September 10, 2004 and reply comments are due on September 15, 2004.

**Period for Comment Provides Inadequate Time To Fully Assess Proposed Operational Standards and Guidelines for Generators.** The Proposed Operational Standards and Guidelines for Generators represent 28 new standards. Eleven are related to “common maintenance standards” and the remainder relate to “general operational standards.” While the first eleven are characterized as being “similar to” several Maintenance Standards adopted by the Committee in May 2003, they are not the same and require thoughtful review and assessment. The remaining standards are new, and impact such complex issues as Operations Conduct (Standard 12), Unit Performance Testing (Standard 18), Plant Security (Standard 21), Equipment and Systems (Standard 28). Importantly, many of the standards have the potential to impact employer/employee relations seemingly

unrelated to the issues associated with public health and safety, including Organizational Structure and Responsibilities (Standard 2), Operations Management and Leadership (Standard 3).

Overall, the document represents over 100 pages of detailed, prescriptive proposals. For individual companies to fully review and assess the impact of these proposals as sought by the Committee, they must work closely with operational and management personnel at the facility who have a primary responsibility now of operating their plant in a safe and reliable manner.<sup>1</sup> IEP does not believe that the period provided for review and preparation of comments is sufficient to allow stakeholders to fully review the proposal. Accordingly, we respectfully request that the Committee allow more time for participants and the committee to review and consider these important issues. Specifically, due to the fact that California is presently realizing historically high demand and this high demand is expected to continue for some time, IEP recommends that the Committee postpone consideration of these matters until the “shoulder” season when the safety and reliability of the grid is not so stressed.

**The Committee Workshop Approach Provides a Reasonable Means to Begin the Review and Assessment of the Proposed Operational Standards and Guidelines for Generators.** The Committee has proposed workshops on September 20 and 21 to address the Proposed Operational Standards and Guidelines for Generators. Following the workshops on October 8, the Committee is scheduled to adopt the final version of the operations standards.

IEP agrees that the Workshop approach is the best means for the committee to begin the process of review and adoption of guidelines. However, IEP does believe the Committee should adjust its schedule to provide a reasonable period to (1) complete the Workshop process, (2) prepare

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<sup>1</sup> IEP notes that during the period provided to supply comments, the California CAISO has reported on a number of occasions new, peak records for energy consumption. Obviously, meeting this historic demand from a reliability and safety perspective requires the full attention of plant management and personnel.

and circulate a Proposed Operational Standards and Guidelines for Generators document (as revised appropriately following Workshop Comments), and (3) provide reasonable time for parties to comment on the Proposed Operational Standards (as revised by the inputs from the Workshop) prior to Committee review.

**Issues for Workshop Consideration.** An initial review of the staff Proposed Operational Standards and Guidelines for Generators reveals a number of issues that should be addressed during the planned workshops. At a minimum, IEP recommends that the agenda be structured to specifically address the following general and specific issues.

**A. General Issues Associated With Staff Proposal:**

- How consistent are the Proposed Generation Standards with existing standards under the CAISO tariff? Where are there conflicts?
- What should be the treatment of facilities that are not operating within the CAISO control area? How will conflicting operational orders, if any, be implemented and resolved?
- To what extent do various “readiness” requirements conflict with existing tariffs and/or contractual relations? What will be the standard for compensation for various “readiness” requirements (e.g. Standard 22) and who will be the responsible party?
- To what extent do various “readiness” requirements conflict with non-CAISO control areas located within California?
- To what extent are these maintenance standards (particularly Standards 1 – 11) consistent or inconsistent with previously articulated standards?<sup>2</sup> To what extent does this foster unnecessary and costly duplication of implementation and compliance efforts by the Commission and the affected parties?
- What are the estimated costs of compliance to the proposed Standards and Guidelines? Will cost recovery for all generator owners be the same and, if not, what impacts will this have on business retention and a competitive marketplace?
- To what extent are the various staff proposed Standards and Guidelines consistent or inconsistent with the standards and guidelines already imposed by other state and federal

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<sup>2</sup> The staff Proposal suggests that this new language is consistent with prior Committee decisions. However, IEP notes that the language is not the same, and we have concerns that the lack of exactness in this case may foster uncertainty and unnecessarily raise the specter of disputes.

regulatory agencies? To what extent do the staff proposed Standards and Guidelines add incremental work/costs to generator owners and operators? <sup>3</sup>

- To what extent are specific standards vague, unnecessary, or unreasonable? For example, under Standard 22, is the generator committing a violation if the CAISO requests power in excess of its current Pmax rating? Is a generator in violation if it fails to achieve an expected ramp-rate over the course of an hour? What are “credible, severe operating conditions”? How do we know when these conditions apply? For another example, Standard 19 (Energy Grid Operations) requires the GAO to “prepare and operate” during emergencies. Will operations conducted pursuant to the CAISO Tariff in situations of System Emergencies be compliant?
- What conflicts or lack of meaningful applicability arise when the standards are applied to intermittent resources?

## **B. Issues Associated with Specific Staff Proposed Standards:**

- To what extent is Standard 12 (that seems to impose an obligation to “optimize power production”) consistent with the CAISO's Tariff provisions that emphasize optimization of grid operations?
- To what extent do staff proposed Standards 22-26 constitute new policy regarding availability of generation and ability of asset owners to dispose of or retire assets? If these standards constitute new policy as regards Exempt Wholesale Generators, what are the implications from a property/ownership perspective?
- To what extent is staff proposed Standard 23 (that imposes a 90-day prior notice requirement) inconsistent with the CAISO Must Offer Waiver mechanism? Will the notice work if it applies to shutdowns (as many plants are regularly cycled off-line consistent with CAISO’s MOW procedures)? Does a failure to provide 90 day notice of change in plant status constitute a single violation or multiple events?
- What are the implications of staff proposed Standard 24 which requires an “affirmative declaration” from the CPUC that a change in status could occur “after consultation with CAISO”? Does this mean the CPUC would provide some limits on the duration of the change in status?
- Standard 24 includes a caveat that the standard only applies if there is an approved mechanism to compensate the GAO for the services provided. To what extent will actual compensation be required (as opposed to simply the presence of some mechanism)?
- To what extent does Standard 25 imply CPUC (or CAISO) authority over the disposition of an asset? To what extent do jurisdictional conflicts with FERC arise vis-à-vis Standard 25’s implication of such authority to the CPUC?
- To what extent is the staff proposed Standard 26 requirement (i.e. a 30-day prior notice to the Commission and the CAISO before a “change in the availability status” of a generator) consistent with the “change in plant status” mentioned in Standards 23 and 24?<sup>4</sup>

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<sup>3</sup> For example, Std 14 on clearances--is there anything beyond what OSHA or CEC might require that is required by the Standard or Guidelines, or is compliance with other license or regulatory requirements sufficient for purposes of the Standards?

<sup>4</sup> If this includes shutdown of a facility, but not retirement or decommissioning, then besides the 90-day notice requirement under Standard 23, the GAO is required to submit plans for storage of unit 30 days prior to the 90-day notice. The coordination of Standard 26 with CAISO OCP is necessary.

- What are the implications of Standard 28 (52 pages) from a reporting and compliance perspective? To what extent is the degree of micromanagement implied in Standard 28 required to ensure the public's health and safety?

We appreciate the opportunity to provide these comments.

Dated: September 10, 2004

Respectfully submitted,

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