



*Pacific Gas and
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VIA ELECTRONIC MAIL

Commissioner Carl W. Wood
California Public Utilities Commission
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Re: Pacific Gas and Electric Company's Supplemental Comments on the California Electricity Generation Facilities Standards Committee's Proposed Operations Standards and Guidelines for Generators

Dear Committee Members:

Pacific Gas and Electric Company ("PG&E") hereby offers its supplemental comments on the California Electricity Generation Facilities Standards Committee's ("Committee") proposed Operations Standards and Guidelines for Generators, issued August 23, 2003 (the "Operations Standards").

PG&E greatly appreciated the opportunity to participate in the workshops held on September 20 and 21, 2004. The workshops provided an excellent opportunity for Committee staff and generators to better understand both the intent of the Operations Standards and the specific concerns of the parties. PG&E was pleased to hear staff clearly state that the guidelines accompanying the Operations Standards are not intended to be enforceable requirements, but rather guidance to assist generators in preparing programs that meet the intent of the standards. PG&E was also pleased to hear Commissioner Wood clearly state that the Committee's intent was to ensure that the standards reflect a flexible, common sense approach to operations. PG&E whole-heartedly agrees with these concepts. To that end, PG&E has joined with numerous other generators to prepare a modified version of the proposed standards, which PG&E believes better reflects the intent of the Committee. This joint proposal is being submitted under separate cover.

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Most significantly, the joint proposal contains a series of changes aimed at clearly identifying the guidelines as non-enforceable guidance intended to assist generators in developing plans, procedures and training programs to support the Operating Standards. This is reflected not only in the introductory description of the guidelines, but throughout the document as well. For example, all references to “minimum” requirements within the guidelines have been removed, and language has been added to clearly indicate that the guidelines are simply a tool to be used by generators in preparing their own programs. The joint proposal also recommends that all of the guidelines be moved to a separate appendix to further distinguish them from the enforceable standards. While PG&E continues to believe that many of the guidelines (particularly the guidelines to Standards 26 and 28) are entirely too detailed and prescriptive and should be deleted in their entirety, *at a minimum* the Committee should adopt the changes included in the joint proposal. PG&E believes these changes are essential to ensure that the guidelines do not take on an unintended role as minimum, enforceable obligations.

PG&E notes that while it supports the joint proposal as an acceptable alternative to the initial version of the standards issued by staff, it continues to assert that many of the proposed Operations Standards are unnecessary and should be deleted in their entirety. *See e.g.*, Operations Standards 1 – 11 (which duplicate obligations already contained in the Maintenance Standards); Standard 19 (which overlaps with existing CAISO Tariff obligations); Standards 1 and 14 (which duplicate and overlap with existing Cal-OSHA obligations). PG&E addressed this issue in its initial comments and will not repeat those arguments here. However, to the extent these standards are retained at all, PG&E urges the Committee to modify these standards as shown in the joint proposal.

Finally, as noted in its initial comments on the Operations Standards, PG&E continues to assert that FERC-licensed hydroelectric facilities must be exempted from the Operations Standards. Under Part I of the Federal Power Act, FERC has “occupied the field” of hydroelectric operations and maintenance, and the state is preempted from supplementing this jurisdiction through its own regulation. *Sayles Hydro Assoc. v. Maughan*, 985 F.2d 451, 455 - 456 (9th Cir. 1993).¹

¹ PG&E hereby incorporates by reference its earlier comments on this issue. *See* PG&E’s December 6, 2002 Prehearing Conference Statement at pp. 7 – 9; Attachment to PG&E’s January 17, 2003 comments on the Committee’s draft Generator Maintenance Standards at pp. 11-12, PG&E’s March 3, 2003 Comments and Proposals on the Commission’s Implementation and Enforcement of Generator Maintenance Standards at pp. 1 – 2; PG&E’s June 20, 2003 Comments and Proposals on the Commission’s Implementation and Enforcement of the Revised General Duty Standards at pp. 3 – 4; and PG&E’s March 18, 2004 Comments On The Draft Decision Adopting General Order Implementing And Enforcing Electric Generator General Duty Standards For Operation And Maintenance, Maintenance Standards, And CAISO’s Outage Coordination Protocol at p. 2.

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Once again, PG&E would like to thank the Committee for the opportunity to participate in the workshops and to provide these supplemental comments. PG&E strongly urges the Committee to adopt the changes included in the joint proposal prepared by the generators. With these changes, PG&E believes the Operations Standards will achieve their intended purpose of ensuring safe and reliable operation, while maintaining the necessary flexibility for generators.

Sincerely,

/s/
Janet C. Loduca

cc: Electronic Service List, Rulemaking 02-11-039