

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

California Electricity Generation Facilities Standards)
Committee – Proposed Operations Standards and Guidelines)
_____)

**COMMENTS OF AES ALAMITOS, LLC, AES HUNTINGTON BEACH, LLC,
AND AES REDONDO BEACH, LLC ON
THE PROPOSED OPERATIONS STANDARDS AND GUIDELINES FOR
GENERATORS**

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September 10, 2004

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AES Alamitos, LLC; AES Huntington, LLC; and AES Redondo Beach, LLC (“AES Generators”) submit the following Comments on the proposed Operations Standards and Guidelines for Generators in response to the invitation of Carl Wood, Presiding Officer of the California Electricity Generation Facilities Standards Committee (“Committee”), presented in his letter of August 23, 2004, and as part of a continuing effort to work cooperatively with the Committee despite their continuing jurisdictional objections.¹ Although the AES Generators have had only a limited amount of time to review the draft Operations Standards and Guidelines, the Generators hope that this initial set of Comments assist in providing a framework for the upcoming workshops on the Standards and Guidelines.

¹ These Comments are being submitted to the Committee pursuant to the provisions set forth at pages 42-43 of the transcript of the February 10, 2003 Prehearing Conference in R.02-11-039. In submitting these Comments and otherwise participating in this proceeding, each of the entities that comprise AES Generators expressly reserves all of their respective rights to challenge fully, in an appropriate forum, the legislation enacted in Chapter 19 of the 2001-2002 Second Extraordinary Legislative Session and the authority conferred on the California Public Utilities Commission therein, as well as any requirement that the CPUC may attempt to impose on any of the entities that comprise the AES Generators, pursuant to such authority or otherwise. The foregoing reservation includes, without limitation, a reservation of all rights to obtain relief from a federal court for violations of federal law or the U.S. Constitution. The submission of these Comments and any prior or subsequent participation in this proceeding by any of the entities that comprise the AES Generators, is purely voluntary and shall not operate as a waiver of any of the foregoing rights, or an admission that the Commission possesses authority to impose any requirement on AES Alamitos, LLC, AES Huntington Beach, LLC or AES Redondo Beach, LLC, or on their facilities or operations, including, without limitation, authority to require participation in this proceeding.

The AES Generators' comments on the draft Operations Standards and Guidelines are of two types: first are comments that generally address the draft Operations Standards and Guidelines; second are comments that address specific Operation Standards ("Standards"). As a general proposition, and given the limited time available for them to review the draft prior to the due date for these Comments, the AES Generators will not address the specific Guidelines that are set forth under each of the Standards.

I. General Comments

The draft Operations Guidelines and Standards will ultimately apply to a wide variety of generation operations, including widely varied methods of generation and modes of operation, a wide range of technologies and a broad spectrum of size and capacity (utilization) factor, as well as to generators subject to a wide range of commercial and contractual arrangements that affect how and when they operate. The Committee's objectives appear to recognize this wide variation in the generation facilities to which the Standards and Guidelines will ultimately be applied, and profess an intent to design Standards and Guidelines that are flexible and may be applied to all generation facilities. The AES Generators wish to emphasize, however, that the Standards and Guidelines must be scalable based upon the size of operations, the capacity factor, and the commercial and contractual boundaries within which generators may operate to ensure that the Standards can be applied in way that is both practical and economically feasible. The AES Generators believe that they meet the intent of the Standards, but the Standards will not serve their purpose unless the Committee ensures that the Standards give generators sufficient flexibility to achieve that intent in the most practical and economical fashion possible. Generators need the flexibility to be able to make prudent business decisions suitable to the commercial and contractual realities within which each generator operates. Standards which fail to provide such flexibility will increase business risks and costs for generators and will in the end be counterproductive.

The AES Generators note, consistent with the above concern, that many of the Standards, by liberal use of the term "all," are overly broad, and would impose unnecessary and burdensome requirements. For example, Standard 13 would require that "*all* areas of plant operations are *continually monitored*...." Standard 6 would require "*a formal* site-specific training program covering *all* aspects of site operations...." Standard 7 defines Operations procedures as "*all* systems and states of those systems necessary for the operation of the unit."

The Standards must be carefully crafted to impose requirements only where necessary. Overly broad Standards will only result in a waste of time and resources, and will in the end be less effective than Standards that are more narrowly tailored.

Some of the Standards also appear to assume that all generators have a traditional utility structure. The AES Generators do not necessarily follow that model, and the Committee needs to ensure that the Standards recognize that diversity. For example, Standard 9 refers to “Engineering,” and “Engineering personnel,” Standard 3 refers to “Operations Managers,” and Standard 16 refers to “Operations personnel.” The AES Generators do not use these types of job titles or job descriptions. Those Standards therefore need some clarification so that it will be clear how the Committee intends those Standards to apply to generators who do not have a traditional utility structure.

The AES Generators also note that a number of the capitalized terms used throughout the Standards are not defined anywhere. For example, Standard 13 refers to “Routine Inspections Procedure,” but does not define the term.

Finally, the AES Generators recognize that the Committee has indicated that generators will not necessarily be required to comply with the Guidelines, and that the Committee recognizes that “there may be equally valid ways of meeting the standard that do not follow every provision of the Guidelines.” Draft Standards and Guidelines at p. 8. The AES Generators wish to emphasize, however, the importance of maintaining the Guidelines as just that—guidelines—and allowing generators the freedom to individually determine the best method of complying with the Committee’s Standards. The AES Generators believe that an inordinate amount of emphasis was placed on compliance with the guidelines the Committee previously prepared for the Maintenance Standards. The Commission ultimately required generators to report whether they were complying with each and every one of the Maintenance guidelines. The AES Generators do not believe it would be appropriate for the Operations guidelines to be similarly emphasized.

II. Specific Comments

The AES Generators have the following comments on specific Standards.

Standard 8

This Standard is vague, overly broad, and duplicative of existing Maintenance Standards.

Standard 10

This Standard merely duplicates existing state and federal laws, and is also duplicative of existing Maintenance Standards.

Standard 12

Standard 12D does not define “unsafe situations,” but generally this principal should prevail over many of the other proposed Standards. The AES Generators must and will always proceed in a manner that ensures the safety of personnel and equipment.

Standard 17

This Standard, and the requirement that all records be kept for a minimum of at least five years, is overly broad. The Committee should also make it clear that any records required to be kept by this Standard will only be required on a going forward basis. Some records required to be maintained by this Standard may not have been kept in the past, and generators should not be required to recreate information for prior years for purposes of this Standard.

Standard 18

The mandatory testing contemplated by this Standard and as outlined in the table set forth in the Guidelines for this Standard would be extremely costly and is simply not feasible. The Standard is also overly broad. The AES Generators do not dispatch their units, but instead operate pursuant to operating instructions from a third party under a long term contract.

Standard 19

The Standard is overly broad, and should be limited by Standard 12D, recognizing that operating in a manner that ensures personnel and equipment safety is a generator’s paramount concern. The phrase “operates during periods of stress....” should be replaced by the phrase “is available to operate during periods of stress....” The AES Generators will make their plants available to run during periods of stress, consistent with making prudent business decisions, but it would be economically infeasible for AES plants to run continuously during periods of stress. As noted above, the AES Generators do not dispatch their units, but instead operate pursuant to operating instructions from a third party under a long term contract.

Standard 19D should also be modified to read “... consults with CAISO before taking maintenance/*planned* outages and defers *maintenance/planned* outages....” (added text italicized).

Standards 22-26

These proposed Standards overlap with the requirements of the CAISO Tariff, and would appear to impose additional obligations that are neither warranted nor that the Committee has the authority to impose. The terms “full power” and “reasonable notice” are vague and ambiguous, and fail to adequately clarify exactly what obligations the Committee intends to impose on generators. These Standards should be deleted.

Standard 27

This is a maintenance, not an Operations Standard, and it has already been covered by, and is duplicative of, the Maintenance Standards already adopted by the Committee. The Standard should be deleted.

Standard 28

This Standard seeks to prevent “unnecessary accelerated degradation,” yet at the same time requires generators to ensure reliability and availability, obligations that may at many times be at odds with preventing accelerated degradation. The Standard should be modified to recognize the potentially conflicting nature of these obligations.

The AES Generators thank the Committee for the opportunity to comment on the draft Standards and Guidelines, and look forward to the opportunity to work with the Committee and other participants during the scheduled workshops.

Dated: September 10, 2004

Respectfully submitted,

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