# AGENDA

**CPUC Rule Making #R.08-02-007**

# Inter-Agency Analysis of Generation and Transmission Options for Eliminating Reliance upon Once-Through Cooling Power Plants

## July 28, 9:30 am – 5:30 pm

## California Energy Commission Building
## Hearing Room A
## 1516 Ninth Street
## Sacramento CA 95814

**9:30 – 9:45: Introductions and announcements – agenda review (Suzanne Korosec, IEPR lead)**

- Goals for the day - Stakeholders will share ideas regarding the impacts on existing resource planning processes of the State Water Board's recently announced rule on use of Once-Through Cooling at California's power plant fleet.
- Review of Topics for today

**9:45 – 10:00: Opening Comments from Agency Representatives**

- Commissioner Byron and Vice Chair Boyd, CEC
- Commissioner Bohn, CPUC
- Mr. Yakout Mansour, Chief Executive Officer, California ISO

**10 – 11: Energy Agencies' Proposal on impact of OTC plants on state procurement processes**

- Presentation by Michael Jaske, Energy Commission
- Clarifying questions of Energy Agencies' joint proposal

**11 – Noon: Panel 1: Changes to IOU procurement from a generator/ developer/ bidder point of view (Moderated by Simon Baker)**

- Overview of CPUC procurement rules (Simon Baker)
- Panel Participants:
    - Alan Comnes, NRG Energy
    - Matthew Barmack, Calpine
    - Don Vawter, AES
    - Vafa Mohtashami, RRI Energy

- Doug Davie, Wellhead
- Will Mitchell, CPV
- Dale Fredericks, DG Power

**Noon –** Lunch Break

**1:15 – 2:15: Panel 2: Changes to procurement from an LSE/IOU/consumer point of view (Moderated by David Vidaver)**

- Panel Participants:
  - Rob Anderson, SDG&E
  - Kevin Cini, SCE
  - Marino Monardi, PG&E
  - Matthew Tisdale, CPUC/DRA
  - Mike Florio, TURN
  - V. John White, CEERT
  - Hamid Nejad, LADWP

**2:15 – 3:15: Panel 3: Changes to power plant licensing (Moderated by Eileen Allen)**

- Panel Participants:
  - Mohsen Nazemi, SCAQMD (invited)
  - Suzanne Phinney, League of Women Voters of California
  - Jesus Arredondo, NRG Energy
  - David Pettit, NRDC
  - Jeff Harris, Ellison, Schneider & Harris, LLP

**3:15 – 3:30 –** Break

**3:30 – 4:30: Panel 4: Changes to California ISO and other Balancing Authority transmission planning processes (Moderated by Mark Hesters)**

- Panel participants:
  - Laura Manz, California ISO, VP
  - Pat Arons, SCE
  - Mark Esguerra, PG&E
  - Mohammed Beshir, LADWP

**4:30 – 5:00: Public Comment**

**5:00 – 5:30: Next Steps/Action Items**

- Energy Agency staff summary of the day's discussion
- General comments/reactions to panels from participants
- Review of Action Items

# QUESTIONS

## Panel 1

**Changes to procurement from a generator/developer/bidder point of view**

1. Can OTC replacement be done via the IOU's RFO process?

2. How should an RFO be structured? What changes are needed from the current process, to facilitate competition between possible greenfield sites, building new units on existing sites, and repowers that replace cooling systems?

3. How should RFO products be targeted to a particular location/product type?

4. Do the current markets provide adequate incentives to design plants to provide ancillary services (e.g. regulation, etc) to integrate renewables into the system?

5. What length of contract would be optimal?

6. How would a repowering via AB 1576 be conducted/approved/completed?

## Panel 2

**Changes to procurement from an LSE/utility/consumer point of view**

1. How should an RFO be structured? What changes are needed from the current process, to facilitate competition between possible greenfield sites, building new units on existing sites, and repowers that replace cooling systems?

2. How should an RFO be targeted to a particular location/product type?

3. How would a repowering via AB 1576 be conducted/approved/completed?

4. For LSEs who own fossil OTC units, given the SWRCB proposed OTC policy issued June 30, 2009, what combination of retrofit, repowering or retirement of various units at power plant facilities seems most likely?

5. What are the LSE/PTO's plans to meet their RA and energy requirements without generators using OTC, either temporarily, as repowering construction activities make a unit unavailable or permanently, if a unit is retired?

## Panel 3

**Power plant licensing**

1. Is there any advantage to a repower project, which could be provided with a long-term cost plus contract per AB 1576, versus a greenfield project in the Energy Commission process as it exists today? Should there be in the future?

2. What are the pros and cons of a possible policy resulting in air districts reserving scarce air credits for plants identified as OTC replacement capacity and denying air credits to others?

3. Please discuss the advantage/disadvantage to alternative sequencing:
   - Energy Commission permit, then a power purchase agreement; or
   - Power purchase agreement, then an Energy Commission permit.

4. Using the terminology of the joint Energy Agencies proposal, given the analyses (Step 2) and eventual decisions made (Step 3) , should the Energy Commission siting process attempt to ensure that new power plants have the necessary operating and environmental characteristics to replace those of OTC capacity that is retired?

5. What are the most environmentally and economically feasible technological alternatives, if any, to gas-fired generation for OTC replacement? Please discuss the generation options (both distributed and centralized) that you think will be available and practical within 10-15 years, assuming similar air quality constraints in regions such as the South Coast Air Basin.

## Panel 4

### Changes to California ISO and other Balancing Authority transmission planning processes

1. Do you agree that Step 2 of the joint proposal properly identify the types of studies that are needed to identify alternatives to OTC generators?

2. Can we rely upon the existing transmission planning processes to examine alternatives to current OTC generation, as suggested by Step 7 of the joint proposal, or do we need a new process? In existing transmission planning processes, how would transmission solutions be compared to generation or demand-side solutions?

3. As a general rule, how long would it take to complete studies of the transmission solutions that allow OTC plants to be eliminated? Are there unusual data requirements and or agency approvals for these anticipated studies?

4. How do the transmission project approval/permitting processes have to change to facilitate transmission solutions to eliminate reliance on OTC facilities? Who would be responsible to propose and evaluate non-transmission solutions? Would changes be accomplished within an organization, require a stakeholder process, or necessitate a tariff modification or legislative actions?

5. To what extent should increased interconnection between California ISO and neighboring balancing authorities, such as LADWP, be investigated as an element of the solution to OTC power plant retirement and the complexities of constructing new units in the Southern California area?