

DOCKET	
07-AFC-6	
DATE	APR 04 2012
RECD.	APR 04 2012

STATE OF CALIFORNIA
Energy Resources Conservation
And Development Commission

In the Matter of:

**Application for Certification
for the Carlsbad Energy Center Project**

Docket No. 07-AFC-6

**COMMISSION STAFF RESPONSE TO CITY OF CARLSBAD’S REQUEST
TO REOPEN PROCEEDINGS**

On March 28, 2012, City of Carlsbad (City) filed a request to “Reopen Proceedings and Consider New Information from the California Independent System Operator.” The Carlsbad Siting Committee should reject that request. On the same date the City filed data requests directed to Staff. Staff objects to these requests.

The basis for the requests is that the California Independent System Operator (CAISO) is revising its testimony for the California Public Utilities Commission (CPUC) proceeding that will determine whether the Power Purchase Agreements (PPAs) for three projects --Pio Pico, Quail Brush, and Escondido (the “PPA Alternatives”)—should be approved. The CAISO testimony is being revised to account for recent changes in the reliability categorizations for transmission used by the Western Energy Coordinating Council that may change how the Sunrise Powerlink/IV-Miguel transmission lines are regarded.¹

As the Committee is well aware, the CPUC is currently involved in a comprehensive review of what projects are needed for electric reliability in the San Diego region. This review will be informed by the CAISO reliability studies, which will be scrutinized by all parties, including the City, the CPUC staff, and San Diego Gas & Electric. The CPUC process will ultimately determine the menu of generation and transmission projects necessary to assure electric reliability. The decision regarding which projects should get PPAs (i.e., are “needed”) will be made in that CPUC process, and on timelines that may extend into next year.

¹ The CAISO became aware of this change in WECC categories after San Diego Gas & Electric informed the CAISO that the transmission towers for the two lines are separated by less than 250 feet for less than three miles of their respective lengths. Under new WECC reliability criteria, this changes the reliability category from a category “C” to category “D” contingency, requiring the CAISO to re-assess its local reliability studies.

Prior to 1996, regulators assumed that generation projects would be funded with ratepayer money, and were thus sensitive to committing such money to projects that were not needed. In those days, the Energy Commission was required to make a finding of "project need" to approve an AFC. After the 1996 "deregulation" of generation, generation projects are built by third parties using private capital, with the electricity purchased by utilities under contracts approved by the CPUC. As a result, the Legislature eliminated the "need finding" requirement from the Warren-Alquist Act. The subsequent surrogate to the determination of "need" (for investor-owned utility areas) is the CPUC's Long Term Procurement Process (LTTP).

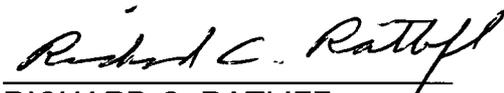
That process (or those successive processes) is playing out, and will determine what projects are needed and will receive PPAs. The City is a party to that process. If the LTTP process ultimately determines that CECP is needed for reliability, it will be because CECP is the best answer to reliability issues, based on a combination of generation attributes and cost. If the LTTP process determines otherwise, CECP will not be built.

Some months ago the City and others insisted that the Energy Commission should delay its process to determine the outcome of whether CECP will receive a separate federal air permit. The Commission wisely declined that invitation. The City is now urging the Energy Commission to hitch the siting approval process to the CPUC's various LTTP proceedings. Again, that invitation for more needless delay should be rejected. CECP should receive its license so that it can be among the available projects that may be necessary to solve San Diego's reliability issues. The "need" finding will come later, in the CPUC forum.

Finally, Staff objects to the City's latest data requests. These data requests similarly attempt to litigate in the Energy Commission forum the very issues that will be determined over the next year in the CPUC forum. As explained above, the issues being determined in that forum are not within the purview of this agency. Thus, there is no "good cause" that supports such late data requests.

Date: April 4, 2012

Respectfully submitted,



RICHARD C. RATLIFF
Staff Counsel IV
California Energy Commission
1516 9th Street, MS 14
Sacramento, CA 95814
Tel: (916) 653-1653
Fax: (916) 654-3843
E-mail: dratliff@energy.state.ca.us

DECLARATION OF SERVICE

I, Pamela Fredieu, declare that on April 4, 2012, I served and filed a copy of the attached "Commission Staff Response to City of Carlsbad's Request to Reopen Proceedings". This document is accompanied by the most recent Proof of Service list, located on the web page for this project at: www.energy.ca.gov/sitingcases/carlsbad/index.html.

The document has been sent to the other parties in this proceeding (as shown on the Proof of Service list) and to the Commission's Docket Unit or Chief Counsel, as appropriate, in the following manner:

(Check all that Apply)

For service to all other parties:

- Served electronically to all e-mail addresses on the Proof of Service list;
- Served by delivering on this date, either personally, or for mailing with the U.S. Postal Service with first-class postage thereon fully prepaid, to the name and address of the person served, for mailing that same day in the ordinary course of business; that the envelope was sealed and placed for collection and mailing on that date to those addresses marked "hard copy required."

AND

For filing with the Docket Unit at the Energy Commission:

- by sending an original paper copy and one electronic copy, mailed with the U.S. Postal Service with first class postage thereon fully prepaid and e-mailed respectively, to the address below (preferred method); **OR**
- by depositing an original and 12 paper copies in the mail with the U.S. Postal Service with first class postage thereon fully prepaid, as follows:

CALIFORNIA ENERGY COMMISSION – DOCKET UNIT
Attn: Docket No. 07-AFC-6
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512
docket@energy.state.ca.us

OR, if filing a Petition for Reconsideration of Decision or Order pursuant to Title 20, § 1720:

- Served by delivering on this date one electronic copy by e-mail, and an original paper copy to the Chief Counsel at the following address, either personally, or for mailing with the U.S. Postal Service with first class postage thereon fully prepaid:

California Energy Commission
Michael J. Levy, Chief Counsel
1516 Ninth Street MS-14
Sacramento, CA 95814
mlevy@energy.state.ca.us

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, that I am employed in the county where this mailing occurred, and that I am over the age of 18 years and not a party to the proceeding.

Pamela Fredieu /s/ signed original