

September 6, 2020

The Honorable Dan Brouillette
Secretary of Energy
United States Department of Energy
1000 Independence Ave, SW
Washington DC 20585

RE: Request for Emergency Order Pursuant to Section 202 (c) of the Federal Power Act

Dear Secretary Brouillette:

Pursuant to Section 202(c) of the Federal Power Act (“FPA”),¹ and the Department of Energy’s (“DOE”) Administrative Procedures and Sanctions,² the California Independent System Operator Corporation (“CAISO”) respectfully requests the Secretary of Energy (“Secretary”) find that an electric reliability emergency exists within the State of California that requires intervention by the Secretary, in the form of a Section 202(c) emergency order, to preserve the reliability of bulk electric power system. The CAISO respectfully requests that the Secretary issue an order immediately, effective September 6, 2020, authorizing specific electric generating units located within the CAISO balancing authority area to operate at their maximum generation output levels when directed to do so by the CAISO, notwithstanding air quality or other permit limitations.

The electric generating units that are the subject of this request include:

- Units 1 - 5 at the Walnut Creek Energy Park in the City of Industry, California;
- Units 5/6 and 7/8 at the El Segundo Energy Center in El Segundo, California; and
- Units 1 - 4 at the Long Beach Generating Station located in Long Beach, California.

The CAISO has attached a list of the affected units as Exhibit A hereto, including an estimated amount of additional megawatts (MW) this request may allow the CAISO to dispatch at the identified units. The CAISO estimates granting this request will allow the CAISO to dispatch up to as much as 100 MW of additional generation supply.

¹ 16 U.S.C. § 824a(c).

² 10 C.F.R. Part 205, Subpart W.

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In accordance with 10 CFR §205.391(a), the CAISO requests that such order be entered today, September 6, 2020, and remain effective for a period of seven (7) days, without prejudice to the possible issuance of further orders as necessary to address the emergency. This period will ensure additional supply is available during a period in which California may continue to experience extreme weather and wildfires that have forced generation out of service.

I. Background

California is experiencing its second extreme heat storm of the summer. The CAISO has forecast high temperatures to continue into the week of September 7. Forecasts of electricity demand are at levels well above those envisioned for managing the reliable operation of the bulk electric power system within the CAISO's balancing authority area and exceed the amount of supply available to the CAISO.

On August 14 and 15, 2020, during a prior similar heat storm, the CAISO directed load curtailment prior to losing its contingency reserves, a loss that would have further exacerbated its ability to maintain system reliability and could have caused a larger impact to the electricity system in the western United States. Without these reserves, the CAISO operations would have placed the interconnected electricity system in the western United States at an unacceptable risk of instability or collapse. Under the CAISO's direction, a 1,000 MW curtailment occurred on August 14, and a 470 MW curtailment occurred on August 15. The CAISO estimates that these curtailments affected millions of homes and businesses. But for unprecedented conservation efforts as well as the support of participating generators and neighboring balancing authority areas, the CAISO would have again directed load curtailment on August 17 and 18, 2020.

On September 3, 2020, the Governor of California issued a Proclamation of a State Emergency regarding the extreme heat event.³ In part, this proclamation suspends state and local permitting requirements for electric generators that restrict the amount of power that a facility may generate, restrict the amount of fuel that a facility may use, or impose air quality requirements that prevent the facility from generating additional power during peak demand hours, from 3:00 p.m. to 10:00 p.m. or as otherwise needed to respond to the extreme heat event. However, this proclamation does not suspend permitting requirements that arise from federal law.

³ See Proclamation of the Governor of California dated September 3, 2020
<https://www.gov.ca.gov/wp-content/uploads/2020/09/9.3.20-Extreme-Heat-Event-Proclamation.pdf>

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Electric demand forecasts have continued to increase since the issuance of the California Governor's emergency proclamation and the CAISO balancing authority area has lost additional generation supply because of wildfires. The peak demand forecast within the California balancing authority area for September 6, 2020 now exceeds 49,000 MW and the net peak demand forecast (after solar resources have ceased producing) exceeds 48,000 MW. Additionally, on September 5, 2020, the CAISO lost approximately 1,600 of MW of generation on its system as a result of wildfires forcing transmission out of service.

The CAISO continues to work with affected utilities, generators and neighboring balancing authorities to encourage conservation and secure adequate supply to meet expected energy and reserve requirements. Additionally, the CAISO and affected utilities are encouraging maximum conservation measures by electricity customers. However, these measures may not prove sufficient to avoid curtailments, and the CAISO expects the extreme temperatures and shortages of electricity supply to continue. The CAISO is forecasting shortages starting today.

Given these circumstances, the CAISO has started to direct all generators in its balancing authority area to produce to their maximum capability during certain times of the day and expects to do so during the continuing heat storms. Where it has been determined it to be reliable and safe based on currently operating conditions, the CAISO has also allowed certain generators to generate more than their interconnection capacity to provide additional power to the grid. However, on September 5, 2020, the operator of the facilities identified in Exhibit A informed the CAISO that it could not produce to its maximum generation capability without exceeding its federal air quality or other permit limitations.

For this reason, the CAISO seeks an immediate order from DOE to authorize the provision of additional energy from the natural gas fired resources listed on Exhibit A that face a generation constraint because of limitations set forth in their air quality or other permits. The CAISO is informed and believes these limitations involve both permit limitations under federal law for nitrogen oxide emissions and ammonia releases as well as a limitations regarding fuel and ammonia throughput.

Such authorization is needed to meet an emergency and serve the public interest by preventing or mitigating power disruptions and the potential curtailment of electricity load within the CAISO balancing authority area. To minimize any adverse impact, the CAISO does not plan to request the units identified in this request that have reached their permitted levels to produce to their maximum generation capability unless

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necessary to meet the exceptional levels of electricity demand that the CAISO anticipates. The CAISO recommends DoE make this a condition of any order.

II. Potential Permit Exceedances

The CAISO does not lightly request the authorization it seeks here. It understands the importance of the environmental permit limits that are at issue. However, in the CAISO's judgment, the loss of power to homes and local businesses in the areas affected by curtailments present a greater risk to public health and safety than the limited departures from those permit limits the CAISO requests here.

The CAISO is informed and believes that the electric generating units identified in this request have de-rated their facilities based on conditions set forth in their permits regarding nitrogen oxide emissions and ammonia releases as well as a limitation regarding fuel throughput. Based on initial review, the CAISO anticipates these constraints may have stranded potentially 100 megawatts of available generating capacity to serve the CAISO balancing authority area. Authorizing this supply to operate, notwithstanding permit and other limitations, would help mitigate shortages to meet expected energy and reserve requirements.

Specifically, the CAISO anticipates that the emergency order it is requesting may result in exceedance of National Ambient Air Quality Standards (NAAQS) under the Clean Air Act. The order will affect the plants identified above between the hours of 2:00 p.m. and 10:00 p.m. on days when the demand on the CAISO system exceeds expected energy and reserve requirements. The CAISO recommends DoE make this a condition of any order. As reflected in Exhibit A, the affected power plants are located in different communities within the state of California although within the same local air quality management district. The CAISO does not anticipate any disproportionate impact on a single community.

III. Relief Requested

The emergency for which the CAISO seeks relief is already occurring. It is having ongoing and serious consequences on the bulk power supply in California, as evidenced by the curtailments the CAISO has been required to implement and may need to implement again. Accordingly, the CAISO requests that DOE immediately issue an order that frees the generating units identified in Exhibit A that are subject to permit limits that may impair their ability to respond to the extraordinary levels of electricity demand California is experiencing. The CAISO stands ready to provide whatever additional supporting information DOE may request, but the CAISO urges

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DOE not to delay the issuance of the initial order sought here pending the provision of additional information. The CAISO commits to respond to any requests for additional information on an expedited basis. The CAISO greatly appreciates DOE's expedited consideration of this request.

Please do not hesitate to contact the undersigned if you have any questions or require additional information in order to act on this request.

Respectfully submitted,



Steve Berberich
President and Chief Executive Officer

Cc: Bruce Walker, Assistant Secretary, DoE
Mark Robeck, Deputy General Counsel, DoE
Katherine Konieczny, Assistant General Counsel, DoE

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California Independent System Operator Corporation

Exhibit A – Preliminary List of Affected Power Plants

Power plant and location	Owner/Operator	Estimated MW affected by limitation
El Segundo Energy Center Units 5/6 and 7/8	El Segundo Energy Center LLC	20-40 MW
Walnut Creek Energy Park Units 1 - 5 located in City of Industry, California	Walnut Creek Energy, LLC	15-25 MW
Long Beach Generating Station Units 1 - 4	Long Beach Generation LLC	36 MW