

MIDDLE RIVER POWER

Comments on August 15, 2019 Discussion Draft of Potential Changes to the Regulation for Reducing Sulfur Hexafluoride Emissions from Gas Insulated Switchgear

August 29, 2019

Middle River Power is an owner, operator and investor in utility-scale power plants in California and elsewhere in the United States. MRP's California portfolio includes both combined cycle and simple cycle natural gas power plants that are used to cost effectively maintain system reliability and integrate the growing demand for renewable energy resources. MRP also operates the Coso geothermal project and is developing a new 108 MW solar project in Southern California.

MRP appreciates the efforts of the ARB staff to account for the fact that this Regulation affects differently situated entities – i.e., generators and transmission / distribution owners. MRP remains concerned that the August 15, 2019 Draft Regulation would lead to new costs and risks of operating generation resources that are needed to maintain system reliability, particularly as the State seeks to integrate more intermittent renewable energy resources. The need to maintain the existing fleet and plan for new capacity was highlighted by the California Independent System Operator (“CAISO”) in its recent comments at the California Public Utilities Commission (“CPUC”). In commenting on the need for new system capacity in the CAISO, the CAISO found an “operational deficiency reaching maximums of 2,300 MW, 4,400 MW, and 4,700 MW in 2020, 2021, and 2022, respectively.”¹ This significant need for new system capacity highlights the importance of maintaining the availability of existing capacity. The ongoing availability of generation resources needed to maintain system reliability should be a key consideration in this proceeding.

MRP remains concerned that the Draft Regulation could pose new risks to the ongoing availability of flexible capacity generation resources and recommends several changes to address these concerns:

1. The de-minimis threshold should be 10,000 MTCO₂(e), which would not materially affect the total emissions reductions achievable in this Regulation, would maintain consistency with the Mandatory Reporting Regulation and would considerably reduce the risk of disruptions in the availability of flexible capacity generation resources.
2. The baseline should be calculated by voltage classification and should be calculated at the time of the phase out year for each voltage classification.
3. Individual switch gear components that need to be replaced quickly to minimize outage times should not be subject to the phase out, assuming there is no change to the capacity of SF₆ stored in the existing device.
4. The ARB should not restrict the replacement of defective SF₆ GIE based on a warranty period, particularly for individual components that may not be covered by a warranty.

¹ See CPUC R.16-02-007, CAISO Reply Comments on Procurement Track Ruling, available at p. 2, available at: <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M311/K582/311582922.PDF>

5. The technical feasibility exemption should consider retrofitting costs in the analysis of whether an alternative technology is technically feasible.
6. The ARB should include retrofit costs in its economic analysis.

MRP appreciates the opportunity to provide these comments and looks forward to working with the ARB to ensure that this Regulation achieves its environmental objectives at least cost to regulated entities and end-use consumers.

Respectfully submitted,

/s/

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