

cc: LE

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

2022 JUN 30 PM 4:25
LA PUBLIC SERVICE
COMMISSION

LOUISIANA PUBLIC SERVICE COMMISSION
EX PARTE

DOCKET NO. R-36263

In re: Consideration of Whether the Commission Should Adopt Minimum Physical Capacity
Threshold Requirements for Load Serving Entities

**CALPINE CORPORATION'S RESPONSES TO LPSC STAFF'S
FIRST SET OF REQUESTS FOR INFORMATION**

NOW COMES, through undersigned counsel, Calpine Corporation ("Calpine"), which respectfully submits its objections and responses to the First Set of Requests for Information propounded by Staff of the Louisiana Public Service Commission ("LPSC" or "Commission").

GENERAL OBJECTIONS

Calpine objects to any Request for Information ("RFI") that seeks highly commercially-sensitive and/or trade secret information. Calpine is not subject to the LPSC's jurisdiction.

Calpine objects to any RFI that seek any privileged information, including information covered by the attorney-client privilege, the work product privilege or any other privilege recognized under applicable law.

Calpine objects to any RFI that requires speculation or requests an official position prior to publication of a proposed rule.

RESPONSES AND SPECIFIC OBJECTIONS

1-1 For Louisiana utilities participating in this docket, please provide all projections that you have for load over the next 10 years.

Calpine's Response to RFI No. 1-1:

This RFI does not apply to Calpine.

Response provided by: Brett Kerr

Hand

1-2 For Louisiana utilities participating in this docket, please provide all projections that you have for your utility's capacity to meet its load projections over the next 10 years and identify all current sources of generation capacity and any proposed capacity additions over the 10-year horizon.

Calpine's Response to RFI No. 1-2:

This RFI does not apply to Calpine.

Response provided by: Brett Kerr

1-3 Please provide all planned retirements of generation that you own over the next 10 years.

Calpine's Response to RFI No. 1-3:

Calpine interprets this RFI as aimed at generation within the state of Louisiana. Calpine does not own any generating assets in Louisiana. That said, Calpine does not have any retirements of generation located in MISO South planned over the next 10 years.

Response provided by: Brett Kerr

1-4 Please provide all planned terminations of PPAs that you have over the next 10 years.

Calpine's Response to RFI No. 1-4:

Calpine interprets this RFI as aimed at PPAs that serve wholesale load within the state of Louisiana. Calpine's PPA, which is a backup / call option 185 MW PPA, with 1803 Electric Cooperative, Inc. ("1803"), approved in LPSC Docket No. U-35927, is scheduled to begin in 2025. The PPA with 1803 has a term of five (5) years and may terminate or be extended at that time.

Response provided by: Brett Kerr

1-5 Please provide all projections that you have regarding the capacity and load within Louisiana over the next ten years.

Calpine's Response to RFI No. 1-5:

This RFI is not applicable to Calpine, as it appears aimed at the Load Serving Entities.

Response provided by: Brett Kerr

1-6 Please provide all projections that you have regarding the capacity and load within MISO Zone 9 over the next ten years.

Calpine's Response to RFI No. 1-6:

Objection. Calpine objects to RFI No. 1-6 on the ground that it seeks highly commercially-sensitive and/or trade secret information which Calpine may not be compelled to produce.

Notwithstanding the foregoing objection, and without waiving same, MISO Zone 9 is located in MISO South which has for years exhibited substantial excess capacity relative to load. There is currently 2,300 MW of excess capacity in MISO South. On top of that excess, there are tens of thousands of projects in the MISO interconnection queue seeking to be constructed in MISO South. Although not all of these projects will ultimately be constructed, even a portion, when constructed, will provide reliability, ancillary services, and energy price benefits to MISO Zone 9.

Response provided by: Brett Kerr

1-7 Please provide your definition of "physical capacity." In doing so, provide specific examples of what types of generation would be included in that definition and what types of generation would not be included in that definition.

Calpine's Response to RFI No. 1-7:

Calpine has not examined the MISO South market in sufficient detail to develop a response to this request. LSEs have the obligation to act in the best interest of their customers and should ensure sufficient amounts of supply are available to them to meet that obligation. If Louisiana were to adopt customer choice, that could be a different matter. In a choice, or limited choice, scenario, load would contract directly with a supplier, and the supplier would have the obligation to secure sufficient amounts of supply. Calpine would also need to see how the phrase "physical capacity" would be used in the context of any proposed rule concerning minimum physical capacity thresholds to assert a position on this topic.

That said, Calpine submits that it is in the midst of a very similar process in ERCOT right now. ERCOT is deregulated, but there have been small providers which have been leaning on short-term capacity markets rather than buying / building long-term.

Response provided by: Brett Kerr

1-8 Please identify any states you are aware of that have implemented a minimum requirement for Load Serving Entities to obtain physical capacity. In doing so, please

explain in narrative fashion the construct adopted by any of those states and provide any documentation that outlines those constructs.

Calpine's Response to RFI No. 1-8:

The issue regarding whether a minimum requirement for Load Serving Entities to obtain physical capacity should be adopted is being reviewed in multiple markets. Calpine directs Staff's attention to the September 2021 report by Energy + Environmental Economics ("E3"), an energy economics consulting firm, for the Public Utility Commission of Texas ("PUCT") (Project No. 52373 – Review of Wholesale Electric Market Design), entitled "The Load-Serving Entity (LSE) Reliability Obligation" ("E3 Report"), a copy of which is attached hereto as Exhibit "A". The report is publicly available.

Response provided by: Brett Kerr

1-9 Please identify and explain any benefits that would result from the LPSC adopting a minimum requirement for Load Serving Entities to obtain physical capacity.

Calpine's Response to RFI No. 1-9:

Calpine believes, at a very high level, that a minimum capacity obligation – if structured carefully – could be in the best interest of ratepayers, but the devil is in the details and much more information is needed regarding how such an obligation would be structured to take a position on this issue. That said, a poorly structured minimum capacity obligation could create perverse market signals by requiring certain amount of LSEs' supply portfolios to be tied to physical generators at a time when MISO South is already over-built. The result would be the construction of unnecessary additional generating capacity and a spike in ratepayers' bills.

Response provided by: Brett Kerr

1-10 Please identify and explain any risks or detriments that would result from the LPSC adopting a minimum requirement for Load Serving Entities to obtain physical capacity. Please include both generic risks or detriments, as well as any risks or detriments specific to you.

Calpine's Response to RFI No. 1-10:

See the response to RFI Nos. 1-8 and 1-9, which are incorporated herein. Further, Calpine points out that the E3 Report asserts, "Strong market monitoring protections are needed to mitigate market manipulation by large market participants that are able to exert market power." Exhibit "A", E3 Report, at 30. It further notes, "From the perspective of the LSE Reliability Obligation, LSEs with excess reliability resources should not be able [to] withhold these resources from the market in an effort to either drive up the value or to impose compliance penalties on competitors as a way to decrease competition." *Id.*

Response provided by: Brett Kerr

1-11 If the LPSC were to adopt a minimum capacity requirement, what should be the time frame over which that initial requirement applies?

Calpine's Response to RFI No. 1-11:

Calpine believes it is too early in the process to determine an appropriate time frame over which to institute any new minimum capacity requirement. That said, Calpine asserts sufficient time should be built into the program to allow for construction of capacity, if needed. Calpine notes that the E3 study was published in September 2021 and ERCOT / PUCT envision establishing rules in 2023, with implementation in 2024. Any time frame for implementation of a minimum capacity requirement should be deliberative and account for future planning.

Response provided by: Brett Kerr

1-12 If the LPSC were to adopt a minimum capacity threshold for Load Serving Entities, what should be the appropriate minimum physical capacity threshold requirement stated as a percentage of load? Please explain the basis for your response.

Calpine's Response to RFI No. 1-12:

See Calpine's responses to RFI Nos. 1-8, 1-9, and 1-10, which are incorporated herein. Additionally, Calpine believes it is too early in the process to determine an appropriate minimum capacity threshold.

Response provided by: Brett Kerr

1-13 If the LPSC were to adopt a minimum capacity threshold for Load Serving Entities, should that minimum threshold include seasonal requirements (e.g., winter and summer)? If so, what should those seasonal requirements be?

Calpine's Response to RFI No. 1-13:

Calpine believes more information is needed regarding the structure of any such proposed rule before it can take a position regarding whether it should include seasonal requirements.

Response provided by: Brett Kerr

1-14 If the LPSC were to adopt a minimum capacity threshold for Load Serving Entities, should that minimum threshold include a locational requirement? If so, what should that locational requirement be?

Calpine's Response to RFI No. 1-14:

Calpine believes more information is needed regarding the structure of any such proposed rule before it can take a position regarding whether it should include locational requirements.

Response provided by: Brett Kerr

1-15 If the LPSC were to adopt a minimum capacity threshold for Load Serving Entities, what basis should it use for generator accreditation?

Calpine's Response to RFI No. 1-15:

Calpine believes more information is needed regarding the structure of any such proposed rule before it can take a position regarding the basis which any such proposed rule should use for generator accreditation. That said, Calpine directs Staff to NERC's nameplate capacity requirements for reserve requirements which could provide useful guidance.

Response provided by: Brett Kerr

1-16 Do you believe that you are subject to LPSC jurisdiction for purposes of determining the appropriate level of resource adequacy? Please explain your response.

Calpine's Response to RFI No. 1-16:

Objection. Calpine objects to this RFI as it calls for a legal conclusion.

Nonetheless, and without waiving such objection, Calpine is not subject to LPSC jurisdiction for purposes of determining the appropriate level of resource adequacy. Calpine is not an LSE and is not otherwise an LPSC-jurisdictional entity.

Response provided by: Luke Piontek

1-17 If the LPSC were to adopt a minimum capacity threshold for Load Serving Entities, what is your opinion on how such a requirement would affect the capacity and energy markets in Louisiana?

Calpine's Response to RFI No. 1-17:

See Calpine's responses to RFI Nos. 1-8, 1-9, and 1-10, which are incorporated herein. In addition, Calpine believes that, if done right, a minimum capacity threshold for LSEs could spur development, increase reliability, and lower costs for ratepayers. Conversely, if done wrong, such a rule could have negative effects on the capacity and energy markets in Louisiana. For

example, a rule that would allow LSEs to gold plate everything in their Integrated Resource Plans and apply a 20% reserve margin would be a terrible idea. Again, the devil is in the detail and much more information regarding the structure of any such rule is needed to assert an informed position on this issue.

Response provided by: Brett Kerr

Respectfully submitted:

**ROEDEL, PARSONS, BLACHE, FONTANA
PIONTEK & PISANO**

8440 Jefferson Highway, Suite 301

Baton Rouge, LA 70809

Telephone: (225) 929-7033

Facsimile: (225) 928-4925

By: _____



Luke F. Piontek (Bar Roll #19979)

George W. Hardy (Bar Roll # 38012)

Daniel T. Price (Bar Roll #39500)

Counsel for Calpine Corporation

CERTIFICATE

I hereby certify that on this day a copy of the foregoing Calpine Corporation's Responses and Responses to LPSC Staff's First Set of Requests for Information has been sent to the official service list by email, and served by United States mail, postage prepaid, through their representatives, at the following addresses:

All Commissioners

Lauren Evans LPSC Staff Attorney P.O. Box 91154 Baton Rouge, LA 70821 E: lauren.evans@la.gov	Donnie Marks LPSC Staff P.O. Box 91154 Baton Rouge, LA 70821 E: Donnie.marks@la.gov
Robin Pendergrass LPSC Staff P.O. Box 91154 Baton Rouge, LA 70821 E: robin.pendergrass@la.gov	R. Lane Sisung 201 St. Charles Avenue Suite 4240 New Orleans, LA 70170 E: lane@sisung.com
Paul Chastant 201 St. Charles Avenue Suite 4240 New Orleans, LA 70170 E: paul@sisung.com	Julie Viviano 201 St. Charles Avenue Suite 4240 New Orleans, LA 70170 E: julie@sisung.com
Tom McGunkin 201 St. Charles Avenue Suite 4240 New Orleans, LA 70170 E: tom@sisung.com	Taylor Dunne Taylor Porter P.O. Box 2471 Baton Rouge, LA 70821-2471 E: Taylor.dunne@taylorporter.com
Kara B. Kantrow 10202 Jefferson Highway Building C Baton Rouge, LA 70809 E: kara@mklawla.com	Thomas D. Gildersleeve Taylor Porter P.O. Box 2471 Baton Rouge, LA 70821-2471 E: Tommy.Gildersleeve@taylorporter.com

<p>Kyle Marionneaux 10202 Jefferson Highway Building C Baton Rouge, LA 70809 E: kyle@mklawla.com</p>	<p>Hunter Odom, III 10202 Jefferson Highway Building C Baton Rouge, LA 70809 E: hunter@mklawla.com</p>
<p>David L. Guerry 3080 Svendsen Drive Baton Rouge, LA 70809 E: dlg@dlguerry.com</p>	<p>Jeremy Kliebert 112 Telly Street New Roads, LA 70760 E: Jeremy.kliebert@cleco.com</p>
<p>Paul Guarisco Phelps Dunbar 400 Convention Street, Suite 1100 Baton Rouge, LA 70802 E: paul.guarisco@phelps.com</p>	<p>Nathan Huntwork Phelps Dunbar 365 Canal Street, Suite 2000 New Orleans, LA 70130 E: Nathan.huntwork@phelps.com</p>
<p>John Shirley Phelps Dunbar 400 Convention Street, Suite 1100 Baton Rouge, LA 70802 E: John.shirley@phelps.com</p>	<p>Taylor Boudreaux Phelps Dunbar 400 Convention Street, Suite 1100 Baton Rouge, LA 70802 E: Taylor.boudreaux@phelps.com</p>
<p>Elizabeth Ingram Entergy Services, LLC 4809 Jefferson Highway Mail Unit L-JEF-357 Jefferson, LA 70121 E: eingram@entergy.com</p>	<p>Lawrence Hand, Jr. Entergy Louisiana, LLC 639 Loyola Avenue Mail Unit L-ENT-26E New Orleans, LA 70113 E: lhand@entergy.com</p>
<p>Mark Kleehammer Entergy Services, LLC 4809 Jefferson Highway Mail Unit L-JEF-357 Jefferson, LA 70121 E: mkleeha@entergy.com</p>	<p>Erin Murphy Entergy Louisiana, LLC 639 Loyola Avenue Mail Unit L-ENT-26E New Orleans, LA 70113 E: emurph6@entergy.com</p>
<p>Gordon Polozola Kean Miller P.O. Box 3513 Baton Rouge, LA 70821 E: Gordon.polozola@keanmiller.com</p>	<p>Randy Young Kean Miller P.O. Box 3513 Baton Rouge, LA 70821 E: Randy.young@keanmiller.com</p>

<p>Carrie Tournillon Kean Miller 909 Poydras Street Suite 3600 New Orleans, LA 70112 E: Carrie.tournillon@keanmiller.com</p>	<p>Janet Boles Boles Law Firm 7914 Wrenwood Boulevard Suite A Baton Rouge, LA 70809 E: janet@boleslaw.com</p>
<p>Julie Friedberg Kindle Energy, LLC 500 Alexander Park Drive Suite 300 Princeton, NJ 08540 E: julie.friedberg@kindle-energy.com</p>	<p>Grace Kurdian Kindle Energy, LLC 500 Alexander Park Drive Suite 300 Princeton, NJ 08540 E: grace.kurdian@kindle-energy.com</p>
<p>Edward H Bergin Jones Walker 201 St. Charles Avenue 49th Floor New Orleans, LA 70170 E: nbergin@joneswalker.com</p>	<p>Brian J. Murphy 700 Universe Boulevard Juno Beach, FL 33408 E: Brian.j.murphy@nee.com</p>
<p>Jennifer J. Vosburg P.O. Box 956 New Roads, LA 70760 E: jjv@jenniferjvosburg.com</p>	<p>Myron Lambert P.O. Box 160 New Roads, LA 70760 E: mlambert@pcemc.org</p>
<p>Simon A. Mahan 11610 Pleasant Ridge Road Little Rock, AR 72223 E: simon@southernwind.org</p>	<p>Theodore Edwards P.O. Box 2908 Lafayette, LA 70501 E: gedwards@davidsonmeaux.com</p>
<p>Elizabeth Bonnette P.O. Box 2908 Lafayette, LA 70501 E: lleblanc@davidsonmeaux.com</p>	<p>Hoa Nguyen P.O. Box 2908 Lafayette, LA 70501 E: hnguyen@davidsonmeaux.com</p>
<p>Christopher Piasecki P.O. Box 2908 Lafayette, LA 70501 E: cpiasecki@davidsonmeaux.com</p>	<p>Cynthia Brady Constellation Energy Generation 4300 Winfield Road Warrenville, IL 60555 E: Cynthia.brady@constellation.com</p>

John Orr Constellation Energy Generation Houston, TX 77002 E: John.orr@constellation.com	Jonathan McCarney 400 Travis Street Suite 1700 Shreveport, LA 71101 E: jmccartney@wcglawfirm.com
Bobby Gilliam 400 Travis Street Suite 1700 Shreveport, LA 71101 E: bgilliam@wcglawfirm.com	

Baton Rouge, Louisiana, this 30th day of June, 2022.



Luke F. Piontek