BALANCING AUTHORITY OF NORTHERN CALIFORNIA

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September 2, 2022

The Honorable Jennifer Granholm
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 Granholm:

Pursuant to Section 202(c) of the Federal Power Act (FPA),[1] and the Department of Energy (DOE) Administrative Procedures and Sanctions,[2] the Balancing Authority of Northern California (BANC)[3] requests the Secretary of Energy find an electric reliability emergency exists within the State of California that requires intervention, in the form of a Section 202(c) emergency order, to preserve the reliability of the bulk electric power system in California. As described below, an emergency order will allow the BANC Balancing Authority Area (BAA) to request the dispatch of generation within the BANC BAA, specifically set forth and described herein, that may be necessary for the BANC to meet demand in the face of extreme heat. BANC notes that, on September 1, 2022, the California Independent System Operator Corporation (CAISO) made a similar request on behalf of specific resources within its BAA (CAISO Emergency Request). BANC has attached the CAISO Emergency Request as Attachment A to this request. BANC further has incorporated some of the CAISO's description of the background leading to this request, which is equally applicable to BANC as a BAA interconnected to the CAISO BAA and within California. BANC further notes that the DOE has granted the CASIO's request on September 2, 2022, pursuant to Order No. 202-22-1. BANC is including this Order as Attachment B as the findings are relevant to the BANC request.

[1] 16 U.S.C. § 824a(c).

[2] 10 C.F.R. Part 205, Subpart W.

[3] BANC is a joint powers authority established pursuant to Section 6500 *et seq.* of the California Government Code. BANC operates as a public agency and is governed by the BANC Commission, currently made up of an executive representative from each of its members. BANC's members include the Cities of Redding, Roseville, and Shasta Lake, the Modesto Irrigation District, the Sacramento Municipal Utility District, and the Trinity Public Utilities District. While the Western Area Power Administration is not a formal member of BANC, WAPA operates within the BANC Balancing Authority Area and participates in BANC processes and projects through contracts. BANC is a registered Balancing Authority with the North American Electric Reliability Corporation and operates as a neighboring BAA to the CAISO BAA.

BANC respectfully requests that the Secretary issue the requested emergency order as soon as possible, authorizing specific electric generating resources (Covered Resources) located within California to operate at their maximum generation output levels when directed to do so between 2:00 p.m. and 10:00 p.m. by BANC, notwithstanding air quality or other permit limitations. BANC requests that the Secretary make this order effective for an initial period of seven (7) days. The Covered Resources, set forth below and described further herein, subject to this request include:

- **NTT Global Data Centers America, CA1**
- **NTT Global Data Centers America, CA2**

BANC has prepared this request in consultation with the California Energy Commission (CEC), the California Governor's Office, and the CAISO.

BANC estimates that granting this request will provide additional generation supply from the Covered Resources when conditions merit. ***Exhibit A*** includes a list of the Covered Resources, each of which is within the Sacramento Metropolitan Air Quality Management District. This list includes: (1) the name of each Covered Resource and its location by city, zip code, and geographic information system (GIS) coordinates[4]; (2) the owner of the Covered Resource; (3) an estimated amount of additional megawatts this request may allow the BANC to dispatch at each Covered Resource; and (4) permit exceedances that BANC understands may occur, if the BANC dispatches the resources to the levels requested under the emergency order. Each of these generating units utilizes diesel as a fuel supply. ***Exhibit B*** identifies the nearest air quality monitoring station to each Covered Resource.[5] If BANC identifies additional generation units it deems necessary to operate in excess of federal environmental permitting limits to maintain electric reliability, BANC will request authorization to amend the list of Covered Resources.

In accordance with 10 CFR §205.391(a), BANC requests that DOE issue an emergency order at the earliest practical time to remain effective – subject to the conditions described below – for a period of 7 days, without prejudice to the possible issuance of further orders as necessary to address the emergency should it continue or recur. This initial period will ensure additional supply is available when California experiences extreme heat and the potential for insufficient energy and reserves.

I. Background

As noted in Section I (Background) of the CAISO Emergency Request, California is experiencing extreme heat. On Tuesday, August 30, 2022, the National Weather Service issued excessive heat warnings for parts of California.[6] The threat of wildfire to the reliable operation of the bulk power system remains significant and drought conditions are affecting the availability of hydroelectric power. BANC expects abnormally high temperatures to continue over the next week and its operator is forecasting potential supply deficiencies. For the next several days, BANC risks supply deficiencies to meet demand during peak demand hours. Granting this request for an emergency order and authorizing the operation of additional generating capacity identified in this request when conditions merit will support the BANC's efforts to maintain reliability and serve electric demand.

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[4] BANC has obtained these coordinates from NTT.

[5] NTT has obtained this information by comparing the Covered Resource coordinates to the map of Sacramento Metropolitan Air Quality Management District's monitoring stations at Air Monitoring (airquality.org).

[6] More information is available on the National Weather Service website: https://alerts.weather.gov/cap/ca.php?x=1

On August 31, 2022, the Governor of California issued a proclamation declaring a state of emergency regarding electricity from September 2 through September 7, 2022.[7] The proclamation, *inter alia*, authorizes emergency measures so that energy customers can make contingency plans ahead of the Labor Day holiday weekend, including the use of stationary and portable generation to operate outside of state regulation and permitting requirements when an Energy Emergency Alert (EEA) Level 2 or EEA Level 3 is in effect, as declared by the CAISO in its role as Reliability Coordinator. It is BANC's understanding that further amendments to the proclamation continue to be considered based on changes circumstances and evolving grid conditions.

BANC forecasts a potential supply deficiency to meet demand during peak demand hours. BANC is therefore taking all available steps to address this shortfall, including this request for an emergency order from the Secretary of Energy.

II. BANC and the CAISO Collaborate to Address Electric Supply Deficiencies

In collaboration and coordination with the CEC, the CAISO and the Governor's Office, electric utilities inside of BANC have implemented conservation and other extraordinary efforts to procure additional supply beyond the already prudent planning reserves procured by entities within BANC, to bring some relief to the bulk power system during stressed grid conditions. The NTT generators are planned to participate in a CEC-administered program that facilitates availability of resources for emergency purposes.

In consultation with the CEC and NTT, BANC understands that, given their permit limits that restrict operation of the units to very limited circumstances not covered by a grid-wide emergency, the owners of the Covered Resources cannot make additional identified capacity available absent an order from the Secretary under FPA Section 202(c). Authorizing these facilities to operate, notwithstanding permit and other limitations, would help mitigate shortages of expected energy and reserve requirements.

BANC therefore seeks an order from DOE authorizing the Covered Resources to provide additional energy beyond their permitted levels. This authorization will help the BANC meet the existing emergency and serve the public interest by preventing or mitigating power disruptions and the potential curtailment of electricity load within the BANC BAA. To minimize any adverse impact on the environment, BANC will make reasonable efforts to only dispatch the generating units identified in this request above their permitted levels during its peak demand hours.

III. Relief Requested

The emergency for which BANC seeks relief could have a meaningful impact on its ability to serve load in its BAA. BANC therefore respectfully requests that DOE issue an order, effective for 7 days, that allows the generating units identified in Exhibit A that are subject to permit limits to operate at their maximum levels. BANC proposes that DOE grant this relief subject to the following and any additional conditions DOE may deem appropriate:

[7] https://www.gov.ca.gov/wp-content/uploads/2022/08/8.31.22-Heat-Proclamation.pdf?emrc=78e3fc.

1. Use of the generating capacity of Covered Resources may create permit exceedances during the pendency of an Energy Emergency Alert condition or greater between the peak demand hours of 2:00 p.m. and 10:00 p.m. after exhausting all reasonably and practically available resources, or otherwise consistent with applicable Emergency Proclamations issued by the Governor of California.

2. Report to DOE at requested intervals on emergency operations, permit exceedances, and other DOE-specified information.

3. Support with data from BANC for any environmental impact review DOE may be required to undertake regarding the effects of the emergency order, including analysis of or modeling to assess the impact on NO_2 and ozone levels.

BANC 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,

James R. Shetler
General Manager
Balancing Authority of Northern California

Attachment A

September 1, 2022

The Honorable Jennifer Granholm
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 Granholm:

Pursuant to Section 202(c) of the Federal Power Act (FPA),[1] and the Department of Energy (DOE) Administrative Procedures and Sanctions,[2] the California Independent System Operator Corporation (CAISO)[3] requests the Secretary of Energy find an electric reliability emergency exists within the State of California that requires intervention, in the form of a Section 202(c) emergency order, to preserve the reliability of the bulk electric power system in California. As described below, an emergency order will allow the CAISO to dispatch additional generation that may be necessary for the CAISO to meet demand in the face of extreme heat.

The CAISO respectfully requests that the Secretary issue the requested emergency order by Friday, September 2, 2022, or a soon as possible thereafter, authorizing specific electric generating resources (Covered Resources) located within California to operate at their maximum generation output levels between 2:00 p.m. and 10:00 p.m., when directed to do so by the CAISO, notwithstanding air quality or other permit limitations. The CAISO requests that the Secretary make this order effective for an initial period of seven days. The Covered Resources subject to this request include:

- The Alamitos Energy Center in Long Beach, California
- The Huntington Beach Energy Project in Huntington Beach, California
- The Walnut Creek Energy Park in the City of Industry, California

[1] 16 U.S.C. § 824a(c).

[2] 10 C.F.R. Part 205, Subpart W.

[3] The CAISO is a non-profit public benefit corporation organized under the laws of the State of California. The CAISO is a balancing authority responsible for the reliable operation of the electric grid comprising the transmission systems of numerous utilities.

The CAISO has prepared this request in consultation with the California Energy Commission (CEC) and the California Air Resources Board (CARB). These state entities have informed the CAISO they will support any reporting DOE may require under an emergency order.

The CAISO estimates that granting this request will provide approximately 28 MW of additional generation supply from the Covered Resources when conditions merit. ***Exhibit A*** includes a list of the Covered Resources, each of which is within the South Coast Air Quality Management District. This list includes: (1) the name of each Covered Resource and its location by city, zip code, and geographic information system (GIS) coordinates[4]; (2) the owner of the Covered Resource; (3) an estimated amount of additional megawatts this request may allow the CAISO to dispatch at each Covered Resource; and (4) permit exceedances that the CAISO understands may occur, if the CAISO dispatches the resources to the levels requested under the emergency order.[5] Each of these generating units utilizes natural gas as a fuel supply. ***Exhibit B*** identifies the nearest air quality monitoring stations to each Covered Resource. If the CAISO identifies additional generation units it deems necessary to operate in excess of federal environmental permitting limits to maintain electric reliability, the CAISO will request authorization to amend the list of Covered Resources.

In accordance with 10 CFR §205.391(a), the CAISO requests that DOE issue an emergency order by September 2, 2022 to remain effective – subject to the conditions described below – for a period of seven days, without prejudice to the possible issuance of further orders as necessary to address the emergency should it continue or recur. This initial period will make additional supply available when California experiences extreme heat and the potential for insufficient energy and reserves.

I. Background

California is experiencing extreme heat, which is forecast to continue into the first full week of September. On Tuesday, August 30, 2022, the National Weather Service issued excessive heat warnings for parts of California.[6] The threat of wildfire to the reliable operation of the bulk power system remains significant, and drought conditions are affecting the availability of hydroelectric power. The CAISO expects abnormally high temperatures to continue over the next week. The CAISO also anticipates high

[4] The CAISO has obtained these coordinates from the CEC which maintains them in its publicly available power plant dataset: https://cecgis-caenergy.opendata.arcgis.com/datasets/CAEnergy::california-power-plants/about

[5] The CEC has identified potential permit exceedances relate to nitrogen oxide emissions. Additional permit exceedances may relate to fuel throughput and maximum output levels.

[6] More information is available on the National Weather Service website: https://alerts.weather.gov/cap/ca.php?x=1

temperatures across the West, which will affect the ability of the CAISO to rely on electricity supply from other parts of the region.

Despite efforts undertaken by state regulators and electric utilities over the last 12 months to secure additional resources to meet reliability needs, the CAISO is forecasting potential supply deficiencies. For the next several days, the CAISO forecasts a supply deficiency to meet demand during peak demand hours. Granting this request for an emergency order and authorizing the operation of additional generating capacity identified in this request when conditions merit will support the CAISO's efforts to maintain reliability and serve electric demand.

A. The State of California is experiencing extreme heat and an expected energy supply shortfall

The CAISO is forecasting extreme heat and high electric demand over the next several days. Fire remains a significant variable for electric grid reliability in California and other western states and could exacerbate electric grid reliability issues at any time. On August 31, 2022, the Governor of California issued a proclamation declaring a state of emergency through September 7, 2022.[7] The proclamation authorizes emergency measures so that energy customers can make contingency plans ahead of the Labor Day holiday weekend. Among other things, the proclamation authorizes the use of stationary and portable generation to operate outside of state regulation and permitting requirements when an Energy Emergency Alert Level 2 or Energy Emergency Level 3 is in effect. The proclamation would excuse the requirement for ocean-going vessels berthed in California ports to use shore power when these conditions are in effect and for a reasonable period thereafter. The proclamation also directs the CARB to implement its Climate Heat Impact Response Program (CHIRP) to mitigate emissions arising from operation of permitted sources pursuant to the proclamation.

The CAISO forecasts a supply deficiency to meet demand during peak demand hours Based on the current forecasts, this supply deficiency could exceed 3000 MW during evening hours and lead to load curtailment at a time when Californians will need electricity for both health and safety. Accordingly, the CAISO is taking all available steps to address this shortfall, including submitting this request for an emergency order from the Secretary of Energy.

[7] A copy of the Governor's Proclamation is available here: https://www.gov.ca.gov/wp-content/uploads/2022/08/8.31.22-Heat-Proclamation.pdf?emrc=78e3fc

B. The CAISO and state entities continue to take steps to address electric supply deficiencies this summer

Based on an assessment of available electric supply to meet expected electricity demand and input from California state energy officials, the CAISO has taken steps to respond to and mitigate the power shortage condition it faces. The CAISO has denied requests of generating facilities that notified the CAISO of their intent to mothball or retire. The CAISO instead designated those facilities as Reliability Must-Run units to run as cost-of-service units under the terms of the CAISO tariff. This has preserved more than 400 MWs of existing generation that was at risk of being lost. [8] In addition, the CAISO has worked with the owner of Midway Sunset Cogeneration under its Reliability Must Run agreement to deploy emission controls at one of its units and make an additional 80 MW available to the CAISO system. Working with state regulators and utilities, California has also increased the size of its resource fleet by adding over 1500 MW of electric storage within the California balancing authority area since the summer of 2021.

Working in consultation with the California Public Utilities Commission (CPUC), electric utilities have implemented an emergency load reduction program that provides some relief to the bulk power system during stressed grid conditions. The program seeks to reduce energy consumption or increase electricity supply during periods of electrical grid emergencies.[9] In addition, the California Department of Water Resources (CDWR), subject to licenses issued by the CEC in response to the July 30, 2021 emergency proclamation, has deployed 4 mobile, modular General Electric TM2500 aero-derivative gas turbine generators at existing generating facility sites. Each unit has a nameplate capacity of approximately 30 MW and is available to operate during emergency conditions.

Efforts are underway to address the longer-term needs in California in response to increasing heat waves and drought conditions, and thereby reducing the need to seek emergency relief in the future. The CPUC has issued an order directing its jurisdictional load serving entities to procure 11,500 MW of new electricity resources to come online between the years 2023 and 2026.[10] In addition, California enacted Assembly Bill 205 this year, which adopts various measures to enhance electric grid

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[8] Some of those generating units have since resumed operating as market units.

[9] More information about the Emergency Load Reduction Program is available the CPUC's website: https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-costs/demand-response-dr/emergency-load-reduction-program

[10] CPUC Decision No. 21-06-035 - Decision Requiring Procurement To Address Mid-Term Reliability (2023-2026) issued June 30, 2021: http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=389603637

reliability.[11] Among these, the bill authorizes creation of a strategic reserve for use to meet electric demand in extreme events such as heatwaves. The strategic reserve will consist of new emergency and temporary generators, new storage systems, clean generation projects, and potential funding for extension of existing generation, including potentially the Diablo Canyon Nuclear Power Plant.

The CAISO will continue to utilize its day-ahead market to ensure it has secured sufficient supply to meet its forecast of demand for the next operating day and its real-time market to increase incremental supply to meet changes in the day-ahead demand forecast. When there is insufficient supply in the day-ahead timeframe, the CAISO activates emergency procedures, which can include restricting transmission and generator maintenance activities, calling for voluntary conservation, requesting additional supply bids to meet expected energy and reserve requirements, seeking emergency assistance from neighboring balancing authorities, and deploying emergency demand response. The CAISO will also direct generators to produce more MW than their interconnection capacity for specific hours and day(s) during the emergency event if reliability studies find the transmission system can support their increased output. However, it increasingly appears that these measures may be insufficient to avoid load curtailments in the coming days. Issuing the emergency order the CAISO requests will provide another tool for the CAISO to help mitigate this risk.

II. The relief requested is necessary to access additional generating capacity but should not create a disproportionate impact on any individual community

In consultation with the CEC and CARB, the CAISO understands that, given their permit limits, the owners of the Covered Resources cannot make additional identified capacity available absent an order from the Secretary under FPA 202(c). The CAISO further understands 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, heat output, and fuel throughput. Accordingly, 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 CAISO anticipates that, collectively, these constraints will preclude CAISO dispatch of approximately 28 MW of available generating capacity. Authorizing these facilities to operate, notwithstanding permit and other limitations, will help mitigate shortages of expected energy and reserve requirements.

The CAISO seeks an order from DOE authorizing the Covered Resources to provide additional energy beyond their permitted levels. This authorization will help the CAISO meet the existing emergency and serve the public interest by preventing or

[11] A copy of Assembly Bill 205 is available here: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB205

mitigating power disruptions and the potential curtailment of electricity load within the CAISO balancing authority area. To minimize any adverse impact on the environment, the CAISO will only dispatch the generating units identified in this request above their permitted levels during peak demand hours - from 2 p.m. to 10 p.m. - and only if necessary to meet exceptional levels of electricity demand or to address a transmission emergency that would otherwise create the risk of curtailing electric demand.

The CAISO appreciates the importance of the environmental permit limits that are at issue. However, losing power to homes and businesses in the areas affected by curtailments presents a greater risk to public health and safety than the temporary and limited exceedances of air emission permit limits that would occur under the requested emergency order. Authorizing the Covered Resources to operate notwithstanding permit requirements will reduce that risk. The affected power plants are located in different communities throughout southern California. Accordingly, the CAISO does not anticipate a disproportionate impact on any single community. In addition, this request does not seek to exempt Covered Resources requirements under CARB's Mandatory Reporting of Greenhouse Gas Emissions Regulation (MRR) and the Cap-and-Trade Regulation. Covered Resources will need to report and verify their greenhouse gas emissions and secure any applicable offsets or allowances associated with their emissions. The Governor's August 31, 2022 emergency proclamation does not waive obligations under those programs, and the Covered Resources will be required to meet them to the extent applicable. In addition, any Section 202(c) order should not grant relief from MRR or Cap-and-Trade Program compliance obligations because that relief would not be necessary to carry out the order's purposes.

III. The CAISO requests authority to direct operation of the Covered Resources above permitted levels pursuant to an emergency order under specified conditions and commits to report on the Covered Resources' operation

The CAISO performs short-term forecasting to assess electricity supply and demand in its balancing authority area and coordinates outages of transmission and generation facilities. The CAISO closely monitors the potential impacts of various factors, including wildfire threats, which can cause sudden de-rates of transmission capability on its system. Additionally, the CAISO closely monitors forced de-rates of generating facilities that can occur from lack of fuel and extreme heat, or units forced out of service because of mechanical reasons. These conditions can give rise to sudden needs for electricity supply.

As part of its day-ahead market, the CAISO undertakes a process to commit additional supply for reliability based on the CAISO's forecast of demand in its balancing authority area. This process follows the CAISO's economic market clearing process and usually is completed before 3:00 p.m. Pacific Time on the day before an operating day. If the CAISO observes a deficiency, it will issue a grid alert to solicit additional supply during the specified hours it is short for the next day. The CAISO also plans to

call for voluntary conservation during specified hours. To request voluntary conservation, the CAISO issues a Flex Alert and activates media to communicate that there is a predicted shortage of energy supply, which threatens reliable electricity system during certain hours.[12] If the CAISO projects a deficiency during the operating day, it will issue a grid warning for specified hours and mobilize emergency demand response. The CAISO's issuance of a grid warning is synonymous with an Energy Emergency Alert, Level – 1 condition. Once in an Energy Emergency Alert, Level – 1 condition, the CAISO may deploy emergency demand response, *i.e.* reliability demand response resources, which then triggers an Energy Emergency Alert, Level - 2.

For purposes of dispatching the Covered Resources at levels exceeding their permitted values, the CAISO proposes to put them on call in the day-ahead timeframe if the CAISO issues a grid alert for specified hours. This will allow operators of these resources additional time to prepare for their operation and secure necessary fuel. The CAISO will direct these units to operate only after the CAISO has entered an Energy Emergency Alert – Level 2 condition, *i.e.* after the CAISO has initiated the dispatch of reliability demand response resources. In addition, the CAISO requests authority to direct the operation of the Covered Resources above permitted levels during any hour in which transmission emergency requires operation of the Covered Resource to mitigate the risk of load curtailment during any operating hour. The Covered Resources would operate outside of permitted levels only as needed to help mitigate the risk the CAISO may need to curtail native load.

The CAISO commits to report on the operation of the Covered Resources at the frequency determined by DOE. The CAISO proposes to report on the Covered Resources' hours of operation, MWhs generated at each Covered Resource, and emissions that exceed permitted limits at each Covered Resource. Based on information and belief, the CAISO understands each of the Covered Resources operate continuous emissions monitoring systems and can report emissions data on an hourly basis. The CAISO will coordinate any such reports with the CEC, CARB, local air districts, and the operators of the Covered Resources to determine the excess emissions that result from operations of the Covered Resources under a DOE emergency order. .

IV. Relief Requested

The emergency for which the CAISO seeks relief could have serious consequences regarding the CAISO's ability to serve load in California and meet its reserve obligations. Accordingly, the CAISO requests that DOE issue an order,

[12] More information about the CAISO's Flex Alert program is available on the following website: https://www.flexalert.org/

effective for seven days, that allows the generating units identified in Exhibit A that are subject to permit limits to operate at their maximum levels. The CAISO proposes that DOE grant this relief subject to the following and any additional conditions DOE may deem appropriate:

- Using the generating capacity of Covered Resources may create permit exceedances during the following conditions:

  (1) the pendency of an Energy Emergency Alert - Level 2 condition or greater between the peak demand hours of 2:00 p.m. and 10:00 p.m. after exhausting all reasonably and practically available resources; or

  (2) a transmission emergency that requires operation of the Covered Resource to mitigate the risk of load curtailment during any operating hour.

- Covered Resources comply with the requirements of CARB's Mandatory Reporting Regulation and Cap-and-Trade regulation, to the extent applicable, because such relief is not necessary to carry out the purpose of the emergency order requested.

- Report to DOE at requested intervals on emergency operations, permit exceedances, and other DOE-specified information.

- Support from the CAISO for any environmental impact review DOE may be required to undertake regarding the effects of the emergency order, including analysis of or modeling to assess the impact on NO_2 and ozone levels.

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,

Mark Rothleder
Senior Vice President and Chief Operating Officer
MRothleder@casio.com
Tel. (916) 608-5883

Exhibit A - List of Covered Resources

Exhibit A - List of Covered Resources

Power plant and location	Owner/Operator	Estimated MW affected by limitation	Permit Exceedances
Alamitos Energy Center Long Beach, California 90803 Coordinates: Power Plant Latitude: 33.769295 Power Plant Longitude: -118.101155 Switchyard Latitude: 33.7713325 Switchyard Longitude: -118.1002474	AES Southland Development, LLC	5 MW Alamitos Energy Center is a 640 MW combined-cycle electric generating station comprised of natural gas-fired turbines (power block 1) and the steam turbine (power block 2). The two gas turbines in power block 1 can each generate an additional 2.5 MW of supply using peak firing software.	Nitrogen oxide emissions
Huntington Beach Energy Project Huntington Beach, California 92646 Coordinates: Power Plant Latitude: 33.644395 Power Plant Longitude: -117.978672 Switchyard Latitude: 33.6459679 Switchyard Longitude: -117.9778218	AES Huntington Beach Energy, LLC	6 MW Huntington Beach Energy Project. Huntington Beach Energy Project is a 640-MW combined-cycle facility, comprised of two natural gas-fired turbines and a steam turbine generator. The two combustion turbines can each produce 3.0 MW of additional supply using peak firing software	Nitrogen oxide emissions
Walnut Creek Energy Park City of Industry, California 91745 Coordinates: Power Plant Latitude: 37.48777 Power Plant Longitude: , -120.895557 Switchyard Latitude: 34.0082706 Switchyard Longitude: -117.9499278:	Clearway Energy	17 MW Walnut Creek Energy Park is s a 500-MW natural gas-fired, simple cycle facility that can produce additional MW as a result of a modification to its hourly fuel input and ammonia flow rates,	Nitrogen oxide, ammonia and carbon monoxide emissions

Exhibit B –

Nearest Air Quality Monitoring Stations for each Covered Resource

Exhibit C - Nearest air quality monitoring stations for each Covered Resource

Power Plant	Nearest Air Quality Monitoring Station
Alamitos Energy Center Long Beach, California 90803	Long Beach - Signal Hill EPA AQS Site ID: 60374009 PM10, PM2.5: The South County Los Angeles County 2 (SCLA2) -South Long Beach station is located approximately 4.6 miles northwest of the project site PM2.5: The South County Los Angeles County 1 (SCLA1) -North Long Beach station (SCLA1) is located 6.4 miles northwest of the project site NO_2, PM10: The South Coastal Los Angeles 3 (SCLA3) -Hudson Long Beach station is located approximately 7.2 miles northwest of the project site
Huntington Beach Energy Project Huntington Beach, California 92646 :	Anaheim - Loara School EPA AQS Site ID: 60590007 O3, NO2, SO2, and CO: North Coastal Orange County monitoring station data, located about 3.5 miles northeast from the project site PM10 and PM2.5: North Long Beach station, approximately 17 miles to the northwest of the project site
Walnut Creek Energy Park City of Industry, California 91745	La Habra EPA AQS Site ID: 60595001 Ozone, CO, NO2: La Habra Station, about 5.8 miles to the south; PM10, PM2.5, SO2: LA-North Main St, about 16.7 miles to the northwest.

Attachment B

Department of Energy
Washington, DC 20585

Order No. 202-22-1

Pursuant to the authority vested in the Secretary of Energy by section 202(c) of the Federal Power Act (FPA), 16 U.S.C. § 824a(c), and section 301(b) of the Department of Energy Organization Act, 42 U.S.C. § 7151(b), and delegated to the Deputy Secretary of Energy by paragraph 1.12(A) of Delegation Order No. S1-DEL-S2-2022 (Mar. 14, 2022), and further delegated by the Deputy Secretary by email correspondence (Sept. 2, 2022), and for the reasons set forth below, I hereby determine that an emergency exists in California due to a shortage of electric energy, a shortage of facilities for the generation of electric energy, and other causes, and that issuance of this Order will meet the emergency and serve the public interest.

Emergency Situation

On September 1, 2022, the California Independent System Operator Corporation (CAISO), the Independent System Operator whose service territory includes most of California and a portion of Nevada, filed a *Request for Emergency Order Pursuant to Section 202(c) of the Federal Power Act* (Application) with the United States Department of Energy (Department) "to preserve the reliability of the bulk electric power system in California."

California has experienced several periods of extreme heat, drought conditions, and threat of wildfires. Such conditions are expected to occur over the next several days and threaten the reliable operation of the bulk electric power system in California. Application at 2-3.

On August 31, 2022, California Governor Gavin Newsom issued a proclamation declaring a state of emergency regarding electricity from September 2 through September 7, 2022. In declaring a statutory emergency, the proclamation cited a number of factors and observations, including the following:

- A significant heat wave will bring temperatures "in excess of 100 degrees throughout the State and is forecast to bring record temperatures 10–20 degrees above normal throughout the State, exceeding 110 degrees in some areas"

- The extreme heat will put a significant demand and strain on California's energy grid and is forecast to be a "West-wide event" meaning that energy demand will be high across the region and "California will have limited ability to import energy from [out of state]"

- The CAISO issued a Heat Bulletin forecasting high electric demand during the extreme heat event that will "stress the energy grid, with peak load for electricity projected to reach its highest level of the year, exceeding 48,000 megawatts on September 5, 2022"

- The CAISO is forecasting supply deficiencies of "over 3,000 megawatts during evening hours from September 4, 2022, through September 6, 2022" and advised that emergency interventions would allow energy customers to make contingency plans ahead of the Labor Day holiday weekend.

The proclamation authorizes several measures aimed at mitigating the emergency and avoiding jeopardizing public health or safety, including directing the California Air Resources Board (CARB) to "implement its State-funded Climate Heat Impact Response Program (CHIRP) to mitigate emissions from any operation pursuant to this Proclamation." The proclamation also directs the California Energy Commission (CEC) to "provide information requested by [CARB] to assist with its implementation" of CHIRP.

The Application includes a statement that the CAISO prepared its request in consultation with both CEC and CARB. Application at 2. Furthermore, the CAISO states that both state entities have informed the CAISO they will support any reporting DOE may require under an emergency order. *Id.*

Description of Mitigation Measures

In its Application, the CAISO described actions it has taken in order to alleviate the generation shortfall, including: 1) utilizing its day-ahead market to ensure it has secured sufficient supply to meet its demand for the next operating day and its real-time market to increase incremental supply to meet changes in the day-ahead demand forecast; 2) directing generators to produce more megawatts than their interconnection capacity for specific hours and day(s) during the emergency event if reliability studies find the transmission system can support their increased output; 3) denying requests of generating facilities that notified the CAISO of their intent to mothball or retire and designating those facilities as Reliability Must-Run units to run as cost-of-service units under the terms of the CAISO tariff; and 4) working with the owner of Midway Sunset Cogeneration under its Reliability Must Run agreement to deploy emission controls at one of its units and make an additional 80 megawatts available to the CAISO system. *Id*. at 4-5. In addition, the Application explains that the California Department of Water Resources (CDWR) has "deployed [four] mobile, modular General Electric TM2500 aero-derivative gas turbine generators at existing generating facility sites." *Id*. at 4.

California is also engaged in long-term efforts to mitigate the supply shortfall and address the reliability of the bulk electric power system in California in response to increasing climate change-induced heat waves and drought conditions. The California Public Utilities Commission (CPUC) has issued an order directing its jurisdictional load serving entities to procure 11,500 megawatts of new electricity resources to come online between the years 2023 and 2026. *Id.*; *see also* CPUC Decision No. 21-06-035, Decision Requiring Procurement To Address Mid-Term Reliability (2023-2026), June 30, 2021. Additionally, California enacted Assembly Bill 205 this year, which adopts various measures to enhance electric grid reliability, including the creation of a strategic reserve for use to meet electric demand in extreme events, such as heatwaves. Application at 4–5.

The Application describes emergency procedures the CAISO can use to meet insufficient supply in the day-ahead market, such as "restricting transmission and generator maintenance activities, calling for voluntary conservation, requesting additional supply bids to meet expected energy and reserve requirements, seeking emergency assistance from neighboring balancing authorities, and deploying emergency demand response." *Id.* at 5. The CAISO plans to "direct generators to produce more MW than their interconnection capacity for specific hours and day(s) during the emergency event if reliability studies find the transmission system can support their increased output." *Id*. However, the CAISO Application indicates "that these measures may be insufficient to avoid load curtailments in the coming days" and issuing an emergency Order will "provide another tool for the CAISO to help mitigate this risk." *Id*.

Request for Order

The CAISO "requests that the Secretary issue the requested emergency order by Friday, September 2, 2022, or a[s] soon as possible thereafter, authorizing specific electric generating resources (Covered Resources) located within California to operate at their maximum generation output levels between 2:00 p.m. and 10:00 p.m., when directed to do so by the CAISO, notwithstanding air quality or other permit limitations." *Id*. at 1. The Covered Resources that this Order pertains to are the three natural gas-fired electric generating facilities listed below and more fully described in Application Exhibit A – List of Covered Resources:

- The Alamitos Energy Center in Long Beach, California;
- The Huntington Beach Energy Project in Huntington Beach, California;
- The Walnut Creek Energy Park in the City of Industry, California;

The CAISO indicates that "the owners of the Covered Resources cannot make additional identified capacity available absent an order from the Secretary under FPA [section] 202(c)." *Id*. at 5. The CAISO noted that the electric generating units identified in its Application "have de-rated their facilities based on conditions set forth in their permits regarding nitrogen oxide emissions, heat output, and fuel throughput." *Id.* Accordingly, the CAISO anticipates that, if the Covered Resources are dispatched in exceedance of their permit limits pursuant to the emergency order it has requested, there will be an increase in nitrogen oxide, ammonia, and carbon monoxide emissions that "may result in exceedance of National Ambient Air Quality Standards (NAAQS) under the Clean Air Act." *Id*. The CAISO expects that, in the absence of an order under FPA section 202(c), these constraints will collectively preclude CAISO dispatch of approximately 28 megawatts of available generating capacity. *Id*. "Authorizing these facilities to operate, notwithstanding permit and other limitations, would help mitigate shortages of expected energy and reserve requirements." *Id*.

ORDER

Given the emergency nature of the expected load stress and generation shortfall, the responsibility of the CAISO to ensure maximum reliability on its system, and the ability of the CAISO to identify and dispatch generation necessary to meet additional load if an order is issued, I have determined that additional dispatch of the Covered Resources is necessary to best meet the emergency and serve the public interest for purposes of FPA section 202(c). These factors, including as declared in the Governor's August 31 emergency proclamation and as described in the Application, have led to my determination that an emergency exists in California due to a shortage of electric energy, a shortage of facilities for the generation of electric energy, and other causes, and that issuance of this Order will meet the emergency and serve the public interest. In line with the emergency proclamation's anticipation of near-term energy shortages, this Order is limited to a 7-day period. Because the additional generation may result in a conflict with environmental standards and requirements, I am authorizing only the necessary additional generation, under the conditions and with reporting requirements as described below.

FPA section 202(c)(2) requires the Secretary of Energy to ensure that any order that may result in a conflict with a requirement of any environmental law be limited to the "hours necessary to meet the emergency and serve the public interest, and, to the maximum extent practicable," be consistent with any applicable environmental law and minimize any adverse environmental impacts. The CAISO anticipates that this Order may result in exceedance of NAAQS under the Clean Air Act and other conflicts with environmental law. Based on the CAISO Application, while all three Covered Resources are located in Southern California—two in Los Angeles County and one in Orange County—no two Covered Resources are located in the same community. This will limit the cumulative burden of the Order on any one community. *See Id.* at 6. To minimize adverse environmental impacts, this Order limits operation of dispatched units to the times and within the parameters determined by the CAISO for reliability purposes, and subject to the conditions set forth in this Order.

Based on my determination of an emergency set forth above, I hereby order:

A. From September 2, 2022, to September 8, 2022, in the event that the CAISO determines that generation from the Covered Resources is necessary to preserve the reliability of the bulk electric power system in California, I direct the CAISO to dispatch such unit or units and to order their operation solely under the following conditions:

   i. the issuance and continuation of an Energy Emergency Alert Level 2[1] condition or greater between the hours of 14:00 Pacific Daylight Time and 22:00 Pacific Daylight Time after exhausting all reasonably and practically available resources; or,

[1] For the purposes of this Order, "Energy Emergency Alert Level 2" has the meaning set forth in Section 3.6.3 of the California ISO System Emergency Operating Procedure, Procedure No. 4420, Version 14.0, Effective Date May 1, 2022 (CAISO Emergency Operating Procedure).

ii. a transmission emergency[2] that requires operation of the Covered Resource to prevent or mitigate load curtailment during any operating hour.

B. Consistent with good utility practice, the CAISO shall exhaust all reasonably and practically available resources, including demand response and identified behind-the-meter generation resources to the extent that such resources provide support to maintain grid reliability, prior to dispatching the Covered Resources.

C. All operation of the Covered Resources must comply with applicable environmental requirements, including but not limited to monitoring, reporting, and recordkeeping requirements, to the maximum extent feasible while operating consistent with the emergency conditions. This Order does not provide relief from any obligation to purchase offsets or allowances for emissions that occur during the emergency condition or to use other geographic or temporal flexibilities available to generators. Covered Resources must comply with the requirements of the CARB MRR and California's Cap-and-Trade regulation, to the extent applicable.

D. The CAISO shall provide such additional information regarding the environmental impacts of this Order and its compliance with the conditions of this Order, in each case as requested by the Department from time to time. By October 10, 2022, the CAISO shall report source-specific data for all dates between September 2, 2022, and September 8, 2022, on which the Covered Resources were operated, including, for each unit, (1) the hours of operation, as well as the hours in which any permit limit was exceeded, and (2) a preliminary description of each permit term that was exceeded and the manner in which such exceedance occurred. The CAISO shall also submit a final report by November 14, 2022, with any revisions to the information reported on December 12, 2022. The environmental information submitted in the final report shall also include the following information:

i. Emissions data in pounds per hour for each Covered Resource unit, for each hour of the operational scenario, for CO, NOx, PM2.5, PM10, volatile organic compounds (VOC), and SO_2;

ii. Emissions data must include the actual emissions (lbs/hr), permitted operating/emission limits, and the actual incremental emissions above the permit limits, except that for emissions units not equipped with continuous emission monitoring systems, actual emissions shall be calculated using source test data;

iii. Stack parameters for each Covered Resource unit: stack height, exit diameter, exit gas temperature, and exit velocity (or volumetric flow

[2] For the purposes of this Order, "transmission emergency" has the meaning set forth in Section 3.5 of the CAISO Emergency Operating Procedure.

rate). Temperature and velocity must be the values applicable to the operations above permit limits;

iv. The actual hours that each Covered Resource unit operated in excess of permit limits or operated without otherwise-required permits;

v. Information provided to the CARB in response to the CARB's development and implementation of the plan to mitigate the effects of additional emissions authorized by the August 31, 2022 proclamation;

vi. Additional information requested by DOE as it performs any environmental review relating to the issuance of this Order; and

vii. Information provided by Covered Resources describing how these requirements were met by the Covered Resources while operating under the provisions of this Order.

E. The CAISO shall inform all affected communities where all Covered Resources operate that the CAISO has been issued this Order, in a manner that ensures that as many members of the community as possible are aware of the Order, and explains clearly what the Order allows the CAISO to do. The CAISO shall describe the actions taken to comply with this paragraph in the reports delivered to the Department pursuant to paragraph D above.

F. This Order shall not preclude the need for any Covered Resource to comply with applicable state, local, or Federal law or regulations following the expiration of this Order.

G. The CAISO shall be responsible for the reasonable third-party costs of performing analysis of the environmental and environmental justice impacts of this Order, including any analysis conducted pursuant to the National Environmental Policy Act.

H. This Order shall be effective upon its issuance, and shall expire at 23:59 Pacific Daylight Time on September 8, 2022, with the exceptions of paragraphs F and G and the reporting and analysis requirements in paragraphs D and E. Renewal or amendment of this Order, should it be needed, must be requested before this Order expires.

Issued in Washington, D.C. at 16:00 Eastern Time on this 2nd day of September, 2022.

Kathleen Hogan
Acting Under Secretary for
Infrastructure

Exhibit A - BANC List of Covered Resources

Exhibit A - BANC List of Covered Resources

Power plant and location	Owner/Operator	Estimated MW affected by limitation	Permit Exceedances
NTT Global Data Centers Americas, CA1 1200 Striker Ave Sacramento, CA 95834 Coordinates, Mechanical Yard Lat: 38.649968 Long: -121.489737	NTT Global Data Centers Americas, Inc	32MW of generation capacity across 16 diesel generators. Back up capacity designed to support 12.6MW of critical IT load with built in redundancy.	Nitrogen oxide emissions
NTT Global Data Centers Americas, CA2 1312 Striker Ave Sacramento, CA 95834 Coordinates, Mechanical Yard (East) Lat: 38.649918 Long: -121.491378 Coordinates, Mechanical Yard (West) Lat: 38.649908 Long: -121.492920	NTT Global Data Centers Americas, Inc	48MW of generation capacity across 24 diesel generators. Back up capacity designed to support 26.1MW of critical IT load with built in redundancy	Nitrogen oxide emissions

Exhibit B –

Nearest Air Quality Monitoring Stations for each Covered Resource

Exhibit B - Nearest air quality monitoring stations for each Covered Resource

Power Plant	Nearest Air Quality Monitoring Station
NTT Global Data Centers Americas, CA1 1200 Striker Ave Sacramento, CA 95834	Sacramento - Bercut Drive Lat: 38.59333 Long: -121.50375 Date Est.: 2015 Operating Agency: Sacramento Metro. AQMD Pollutants: CO, NO2, PM2.5, BC, Met Real-time Data: Yes http://www.arb.ca.gov/aqmis2/aqdselect.php
NTT Global Data Centers Americas, CA2 1312 Striker Ave Sacramento, CA 95834	Sacramento - Bercut Drive Lat: 38.59333 Long: -121.50375 Date Est.: 2015 Operating Agency: Sacramento Metro. AQMD Pollutants: CO, NO2, PM2.5, BC, Met Real-time Data: Yes http://www.arb.ca.gov/aqmis2/aqdselect.php