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BEFORE THE ARIZONA CORPORATION COMMISSION

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JIM O'CONNOR
Chairman
LEA MRQUEZ PETERSON
Commissioner
ANNA TOVAR
Commissioner
KEVIN THOMPSON
Commissioner
NICK MYERS
Commissioner

Arizona Corporation Commission

DOCKETED

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DOCKETED BY

APPLICATION FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY FOR THE DEVELOPMENT OF A NATURAL GAS FIRED, NOMINAL 600 MEGAWATT SIMPLE CYCLE PEAKING POWER GENERATING FACILITY LOCATED ABOUT 4 MILES SOUTHWEST OF COOLIDGE, ARIZONA.

DOCKET NO. L-00000W-00-0107-00000

DECISION NO. 79189

ORDER

ARIZONA PUBLIC SERVICE COMPANY'S APPLICATION TO AMEND DECISION NO. 63863 PURSUANT TO A.R.S. SECTION 40-252

Open Meeting
November 29, 2023
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

Background

1. On July 9, 2001, the Arizona Corporation Commission ("ACC" or "Commission") issued Decision No. 63863 which granted a Certificate of Environmental Compatibility ("CEC" or "CEC 107") to PPL Sundance Energy, LLC to construct the Sundance Plant ("Sundance" or "Plant").

2. The Plant is a 540 megawatt ("MW") natural gas-fired generating facility and was authorized for twelve LM6000 peaking units in two phases. Phase I consisted of 10 units, which were constructed and placed into service in 2002. Phase II involved the final two units. In 2006, the authorization to construct Phase II of Sundance expired.

3. Arizona Public Service Company ("APS") acquired the Plant in 2005 and, at the time, did not have a need for the Phase II Units. However, current market conditions have changed, and APS is in need of flexible but firm generation to ensure reliability.

1 4. On October 5, 2023, APS submitted an application to the Commission requesting the
2 Commission modify Decision No. 63863 pursuant to Arizona Revised Statutes (“A.R.S.”) § 40-252
3 to reauthorize the construction of the final two units at Sundance. More specifically, APS requests
4 the Commission reauthorize the construction of the two additional units and set a new term
5 expiration date five years from the date the CEC amendment is approved. In addition, the application
6 requests the Commission eliminate outdated legacy conditions as outlined in Exhibit C of the
7 application and bring CEC 107 in line with current utility practice.

8 **Staff Analysis and Recommendations**

9 5. In its application, APS states the two Phase II units will be constructed within the
10 existing perimeter of the Sundance Plant on the power block originally designed and set aside for
11 the Phase II units. The application also states the reauthorization of the two Phase II units will have
12 minimal environmental impacts and no adverse impacts to the bulk electric system.

13 6. Sundance is interconnected to transmission lines owned and operated by the Western
14 Area Power Administration (“WAPA”). When the CEC was granted in 2001, the Coolidge to
15 Rogers 230 kilovolt (“kV”) Line had sufficient capacity for the Phase I units. However, there were
16 capacity and reliability concerns with the addition of the Phase II units. Thus, the CEC conditioned
17 the construction of the Phase II units on performing certain transmission studies and enhancements
18 to the Coolidge to Rogers Line.

19 7. In order to fully analyze any potential effects on the bulk transmission system from
20 the addition of the Phase II units, APS commissioned a preliminary transmission impact study that
21 analyzed the interconnection of the two Phase II Units. The conclusions of this study indicated that
22 the addition of the remaining two units could lead to a transmission line loading violation on the
23 Coolidge to Rogers 230 kV transmission line under certain scenarios and would require
24 enhancements or upgrades to address. In addition, the conclusions of the study indicated that
25 upgrading the equipment at the Coolidge substation would be sufficient to mitigate the potential
26 loading violation. APS also states in its application that it will not commence commercial operation
27 of the Phase II units until a System Impact Study (“SIS”) analyzing the addition of the Phase II units
28

1 to the Sundance Plant has been performed and provided to the Commission as originally required
2 by the CEC.

3 8. APS also requests the Commission grant the option to use a Remedial Action Scheme
4 (“RAS”), subject to approval by WAPA, if the required upgrades cannot be completed prior to the
5 Phase II units being placed into service. More specifically, the RAS would only be used on an
6 interim basis until the aforementioned upgrades could be completed and its use would allow APS to
7 construct and operate the Phase II units while also ensuring safe and reliable operation of the electric
8 system.

9 9. Based on Staff’s review of the application, Staff does not believe that an evidentiary
10 hearing is needed because the application does not propose a substantial change to CEC 107 and
11 there are minimal environmental impacts associated with reauthorization of the units. Staff also
12 concludes there is a need for firm and flexible generation in the Southwest and believes the two
13 Phase II units can assist APS fill this need.

14 10. Staff therefore recommends the Commission grant the 40-252 request and amend the
15 CEC to reauthorize construction of the Phase II units for a period of five years, permit the interim
16 use of a Remedial Action Scheme, if needed, and eliminate outdated conditions in the CEC in
17 exchange for updated ones.

18 CONCLUSIONS OF LAW

19 1. The Commission has jurisdiction over Arizona Public Service Company and the
20 subject matter contained herein pursuant to Article XV of the Arizona Constitution and Arizona
21 Revised Statutes §§ 40-252 and 40-360 et seq.

22 2. Notice of the proceeding has been given in the manner provided by law.

23 3. The Commission, having reviewed and considered the motion to amend Decision No.
24 63863 and the Staff Memorandum, concludes that it is in the public interest to grant the request
25 pursuant to A.R.S. § 40-252 and modify Decision No. 63863 to reauthorize construction of the Phase
26 II units for a period of five years, permit the interim use of a Remedial Action Scheme, if needed,
27 and eliminate outdated conditions in the CEC in exchange for updated ones.

28 . . .

ORDER

IT IS THEREFORE ORDERED that the request pursuant to A.R.S. § 40-252 be granted and Decision No. 63863 is modified to reauthorize construction of the Phase II units for a period of five years; permit the interim use of a Remedial Action Scheme, if needed; and eliminate outdated conditions in the CEC in exchange for updated ones, as outlined in Exhibit C of the application.

IT IS FURTHER ORDERED that all other aspects of Decision No. 63863 shall remain in effect.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

James P. O'Connor
CHAIRMAN O'CONNOR

Lea Marquez Peterson
COMMISSIONER MARQUEZ PETERSON

EXCUSED
COMMISSIONER TOVAR

Ken Thompson
COMMISSIONER THOMPSON

WJ3
COMMISSIONER MYERS



IN WITNESS WHEREOF, I, DOUGLAS R. CLARK, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 12th day of December, 2023.

Douglas R. Clark
DOUGLAS R. CLARK
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

RSP BAB:RW:jn/