

RESPONSE TO THE CPUC AUDIT FINDINGS
OF GILROY ENERGY CENTER AND GILROY
COGEN PLANT
JANUARY 8 – JANUARY 11, 2024
(AUDIT NUMBER GA2023-17GE)

May 13, 2024

PUBLIC VERSION

TABLE OF CONTENTS

I. INTRODUCTION	1
II. RESPONSE TO FINDINGS	4
Response to Finding 1: Gilroy promptly identifies, maintains, and resolves equipment condition and performance to support reliable and efficient operations.	4
Response to Finding 2: The [REDACTED] expansion joints are correctly secured and the [REDACTED] keeps up with demand.	4
Response to Finding 3: The [REDACTED] inspection reports incorrectly identify the [REDACTED], rather than the [REDACTED] themselves. This does not represent a safety hazard.	5
Response to Finding 4: Gilroy prioritizes repairs and routine maintenance.	5
Response to Finding 5: De minimis oil seepage from the [REDACTED] does not represent a safety or operational risk.	7
Response to Finding 6: The Piping and Instrumentation Diagram (P&ID) has been updated to reflect decommissioned [REDACTED]	8
Response to Finding 7: Gilroy has replaced the two [REDACTED] pipes in the [REDACTED].	8
Response to Finding 8: Gilroy has updated its Spill Prevention, Control, and Countermeasure (SPCC) Plan and inspection checklist.	9
Response to Finding 9: Gilroy takes corrective actions and preventative measures to address corrosion throughout its facilities.	10
Response to Finding 10: Gilroy has replaced missing or deteriorated signage.	13

Response to Finding 11: Gilroy maintains proper housekeeping practices.	19
Response to Finding 12: Gilroy has repaired defective [REDACTED] lights and loose pump handle on the [REDACTED] [REDACTED]	20
Response to Finding 13: Gilroy will repair damaged insulation [REDACTED] [REDACTED]	22
Response to Finding 14: Gilroy has removed wood structures near equipment.....	22
Response to Finding 15: Gilroy has replaced the missing label on the pipe support; Gilroy will [REDACTED] the [REDACTED] pipe hanger.	23
Response to Finding 16: The [REDACTED] are being monitored; repairs will be conducted [REDACTED] [REDACTED]	24
Response to Finding 17: Gilroy has updated its [REDACTED] to ensure that water levels for the [REDACTED] batteries in the [REDACTED] are timely addressed.....	24
Response to Finding 18: Plant personnel have received the required training.	26
Response to Finding 19: Gilroy does have an anonymous safety suggestion box, which was temporarily removed for painting and has been reattached.....	26
Response to Finding 20: Gilroy has updated its work orders and test documentation.....	27
APPENDIX A – CORRECTIVE ACTION PLAN.....	1

**GILROY ENERGY CENTER AND GILROY COGEN PLANT
RESPONSE TO THE 2024 AUDIT REPORT OF GILROY ENERGY CENTER AND
GILROY COGENERATION (AUDIT NUMBER GA2023-17GE)**

I. INTRODUCTION

Gilroy Energy Center, LLC and Calpine Gilroy Cogen, L.P. (collectively “Gilroy”)¹ appreciate the opportunity to respond to the *California Public Utilities Commission (“CPUC”) Audit Findings of Gilroy Energy Center and Gilroy Cogeneration January 8-January 11, 2024* (“Audit Report”). The Audit Report addresses Gilroy’s compliance with General Order 167-B (“GO 167”), including related Operation, Maintenance, and Logbook Standards. The Audit Report presents “Findings” from the audit conducted by the Commission’s Electric Safety and Reliability Branch (“ESRB”) on January 8 through January 11, 2024 (the “Audit”). As part of the Audit, Gilroy responded to numerous information and data requests from ESRB. Gilroy produced several hundreds of documents in advance of the Audit and spent multiple days with the ESRB team at the facilities, including reviewing additional voluminous documents and data on-site.

The Audit Report contains 20 Findings, which allege potential violations of GO 167 requiring corrective action. While Gilroy disagrees that any of these Findings constitute potential violations of GO 167, Gilroy has taken appropriate action to address the issues identified in the Audit Report. None of the purported issues identified in the Findings pose a significant risk to safety or reliability.

The purpose of GO 167 is:

to maintain and protect the public health and safety . . . , to ensure that electric generating facilities are effectively and appropriately maintained and efficiently operated, and to ensure electrical service reliability and adequacy.²

In addition to the Operation, Maintenance, and Logbook Standards in GO 167, the California Electric Generation Facilities Standards Committee (“Committee”) has published recommended guidelines for Generating Asset Owners seeking to comply with GO 167 (“GO 167 Guidelines”).³ The Committee encouraged Generating Asset Owners to use discretion when implementing the GO 167 Guidelines at their unique facilities, and explained that it “does not intend the [GO 167 Guidelines] to be enforceable [because] there may be reasonable ways of meeting a particular [GO 167 Standard] that do not follow every provision of the associated guidelines.”⁴ The Committee

¹Gilroy’s participation in this GO 167 audit is purely voluntary and Gilroy expressly reserves all rights to assert any privilege or objection to additional requests for information. Gilroy also expressly reserves all rights to challenge the legality and applicability of California Public Utilities Code Section 761.3 and the implementation of such statute by the Commission or any other agency or instrumentality of the State of California.

² GO 167, § 1.

³ See Operation Standards and Recommended Guidelines for Generating Asset Owners, Adopted by the California Electric Generation Facilities Standards Committee on October 27, 2004 (the “Guidelines”).

⁴ *Id.* at 7.

also cautioned that “failure to meet a guideline should not be taken, per se, as a failure to meet the associated [GO 167 Standard].”⁵

Gilroy believes that it appropriately uses its discretion to implement operation, maintenance and safety programs that work most effectively given Gilroy’s unique design and permit limitations. Many of the Findings in the Audit Report are not violations of GO 167 because they relate to issues in which Gilroy’s management has exercised discretion to implement predictive and preventive maintenance, safety mechanisms, and programs which are appropriate for Gilroy, consistent with prudent industry practices and standards, and consistent with the general guidelines set forth in the Operation and Maintenance Standards.

Consistent with the GO 167 Maintenance Standards (“MS”), Gilroy prioritizes maintenance activities with regard to the impact on safety, reliability, and efficiency,⁶ and works closely with Original Equipment Manufacturers (“OEMs”) and outside consultants.⁷

[REDACTED]

Corrective, preventive, and predictive maintenance are also a critical part of Gilroy’s overall safety program. Gilroy has established a work environment and implemented policies and procedures that foster a culture of safety.

[REDACTED]

[REDACTED] Gilroy takes a systematic approach to environmental and safety training and has an established training program to reinforce safety practices and expected behavior that all workers are required to complete.

In addition, Gilroy has established procedures to ensure safety-related information is timely disseminated and all employees have access to such information.

[REDACTED]


To ensure Gilroy and all Calpine power plants continue to operate safely,

[REDACTED]

⁵ *Id.*

⁶ See MS-7, Assessment Guideline A.

⁷ See MS-7, Assessment Guideline D.



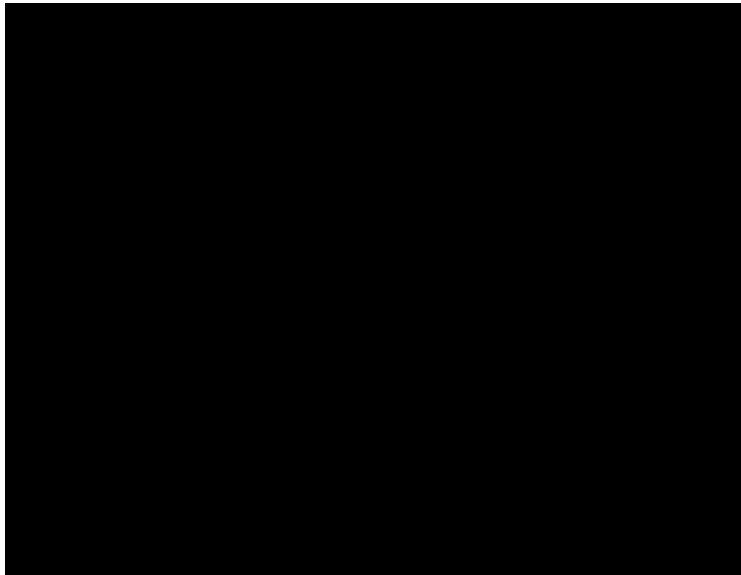
Notwithstanding the tremendous amount of time, effort, and resources that are committed to ensuring Gilroy operates in a safe, reliable, and efficient manner, Gilroy also promotes an environment of continuous improvement and engages in an ongoing and systematic effort to update and further enhance overall safety, operations, and maintenance at the Gilroy. It is within this context that Gilroy has reviewed the Audit Report.

Gilroy has completed or has scheduled corrective maintenance to address issues raised in the Audit Report. In all cases, however, none of the issues addressed in the Audit Report posed a significant risk to worker safety or Gilroy's reliability.

II. RESPONSE TO FINDINGS

Response to Finding 1: Gilroy promptly identifies, maintains, and resolves equipment condition and performance to support reliable and efficient operations.

Gilroy prioritizes critical maintenance without delay, while always keeping safety and reliability at the forefront. The Audit Report notes a crack on the [REDACTED] liner on the [REDACTED]. The [REDACTED] is double lined, and only the outer lining was cracked. The inner lining was intact and performing as intended. Gilroy has removed the cracked liner and replaced it with a new liner.⁸



Response to Figure 1: [REDACTED] liner has been replaced.

Response to Finding 2: The [REDACTED] expansion joints are correctly secured and the [REDACTED] keeps up with demand.

The Audit Report states that nuts on the [REDACTED] expansion joints *appeared* to not be securely tightened against the expansion joint flange, and that Gilroy re-tightened the nuts during the audit. While the ESRB staff did note that the expansion joints appeared to be loose, Gilroy checked and confirmed that the joints were in fact secured to the engineered torque specification.

The Audit Report further notes that there was an outstanding work order for the [REDACTED] which flagged the fact that the [REDACTED]. While a work order had flagged the [REDACTED] for review, Gilroy has determined that the [REDACTED] is operating within allowable parameters. While the [REDACTED], it does not impact operation of the [REDACTED] or the plant as a whole. Nevertheless, Gilroy fully inspected the [REDACTED] and plans to do

⁸ See Audit Report Response (“ARR”) 1.

a further inspection of the [REDACTED] to determine if any improvements can be made.

For all the reasons explained above, the items identified in this finding did not present a safety or reliability risk and thus should not constitute a violation of GO 167.

Response to Finding 3: The IR inspection reports incorrectly identify the temperature of the [REDACTED] rather than the [REDACTED] themselves. This does not represent a safety hazard.

The Audit Report observed that the 2023 Gilroy Energy Center units' infrared (IR) inspection report "highlighted elevated temperatures at the [REDACTED], surpassing the rated temperatures," despite the fact that [REDACTED] was carried out in 2021. However, the 2023 IR inspection report did not find that the [REDACTED] surpassed the rated temperatures. Instead, it noted temperatures of [REDACTED] at the seam on the flanges that [REDACTED] and the [REDACTED], and rated these temperatures as a [REDACTED].

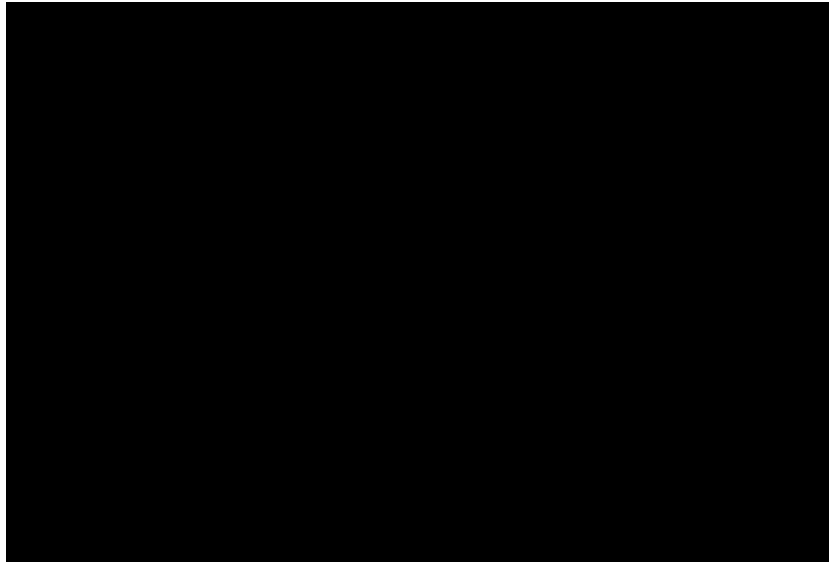
The [REDACTED] of the IR inspection report temperature scale is a general guideline, rather than a determination that a specific component's rated temperature has been surpassed. Elevated temperatures at the [REDACTED] itself indicate [REDACTED] which protects the [REDACTED] from direct heat related damage. However, in the case of Gilroy Energy Center, the [REDACTED] are operating well within the design temperature [REDACTED], indicating that all components associated with the [REDACTED] are intact and operating as designed. Moreover, a [REDACTED] is very common, which is why the area is prohibited from access by site personnel. Gilroy will continue to perform [REDACTED] surveys. Should any issues be noted, the Plant will generate a work order and investigate at the [REDACTED].

Response to Finding 4: Gilroy prioritizes repairs and routine maintenance.

The Audit Report observes certain conditions that require repairs, including broken gauges, leaks, and improper or loose attachments. There will always be ongoing maintenance with respect to various equipment and systems. The existence of repairs, scheduled repairs, and other routine maintenance is not a violation of GO 167. In addition, certain conditions identified by the Audit Report (i.e. the removal of specific handles) are intentional security measures undertaken by the Plant.

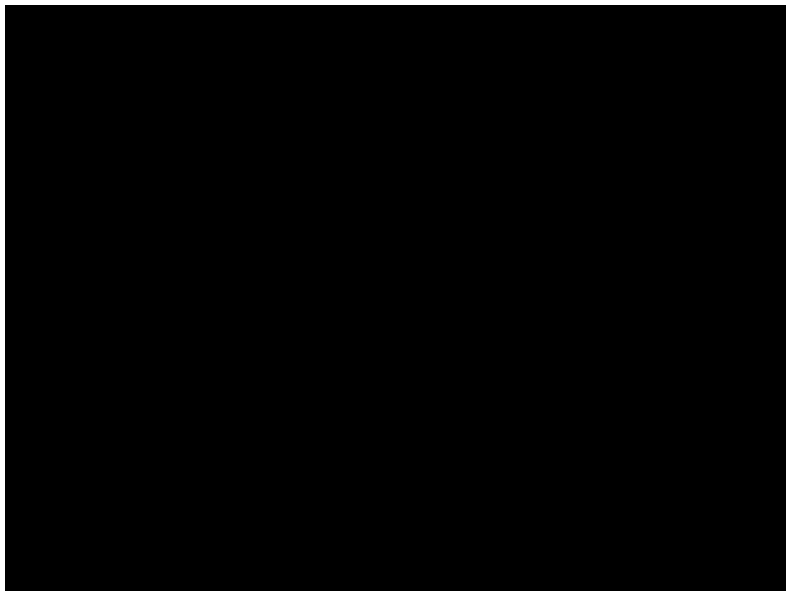
1. The Audit Report found that several valves leading to the instruments on the [REDACTED] [REDACTED] were missing handles. The Plant intentionally removed those handles to avoid inadvertent tripping of the unit through human error. The valves in question are not utilized during plant operations. The valves are only utilized when the unit is already shut down and something needs to be replaced. In such instances, the valves can be opened with existing tools, such as a crescent wrench, and therefore do not require handles.

2. The Audit Report notes that a bungee cord was mounted to electrical conduits and a pipe to support electrical wires. This temporary arrangement did not compromise safety or operations. Nonetheless, the Plant has removed the bungee cord and permanent bracing has been installed.



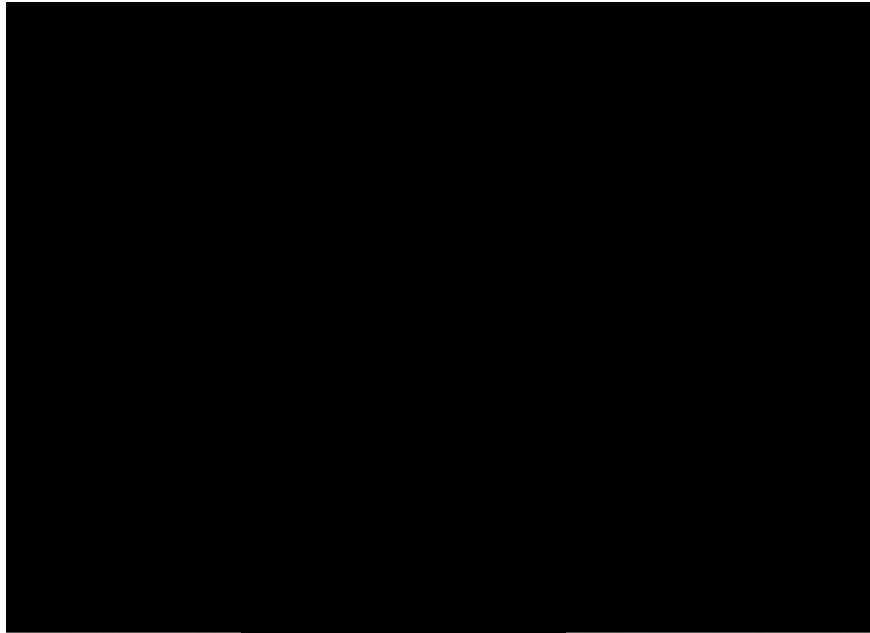
Response to Figure 4: Permanent bracing has been installed.

3. The Audit Report notes that an electrical conduit that holds the wires for a [REDACTED] [REDACTED] was detached. One end of the [REDACTED] had come unthreaded. Gilroy has straightened and reconnected the [REDACTED].



Response to Figure 5: Electrical conduit has been reattached.

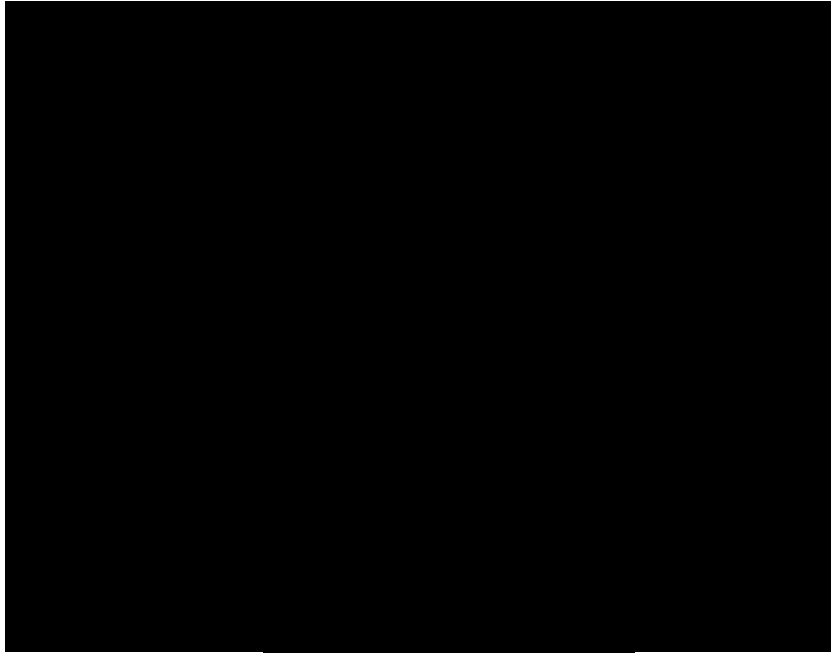
4. The Audit Report notes that there was water leakage on the [REDACTED]. Gilroy replaced the [REDACTED] less than a year ago, but the minor leak has returned. Gilroy will replace the [REDACTED] again, with a [REDACTED]. The timing of this replacement will be based on the [REDACTED] during which Gilroy staff can take the [REDACTED] apart. This will likely take place during the [REDACTED].
5. The Audit Report identifies three gauges on the [REDACTED] that were “not in proper operating condition.” Although the gauges in question exhibited some corrosion and/or clouding of the glass, they did operate correctly. Nevertheless, the Plant has replaced 3 gauges on the [REDACTED].



Response to Figure 7: [REDACTED] gauges have been replaced.

Response to Finding 5: De minimis oil seepage from the [REDACTED] does not represent a safety or operational risk.

The Audit Report notes that [REDACTED] showed evidence of oil leaks. Gilroy routinely performs operational rounds, which includes [REDACTED]. Thus, oil leaks are typically identified and addressed promptly. At the location in question, there is a [REDACTED] on the [REDACTED] that experiences minor seepage (~ one drip every 10-15 minutes). Gilroy has cleaned up the location and [REDACTED] to monitor any continued seepage. Given the rate of seepage, it does not affect the oil level on the system and does not pose any reliability concerns to the unit. Further, Gilroy has other methods to monitor the oil reservoir levels, including [REDACTED] and [REDACTED].



Response to Figure 8: [REDACTED] *has been cleaned.*

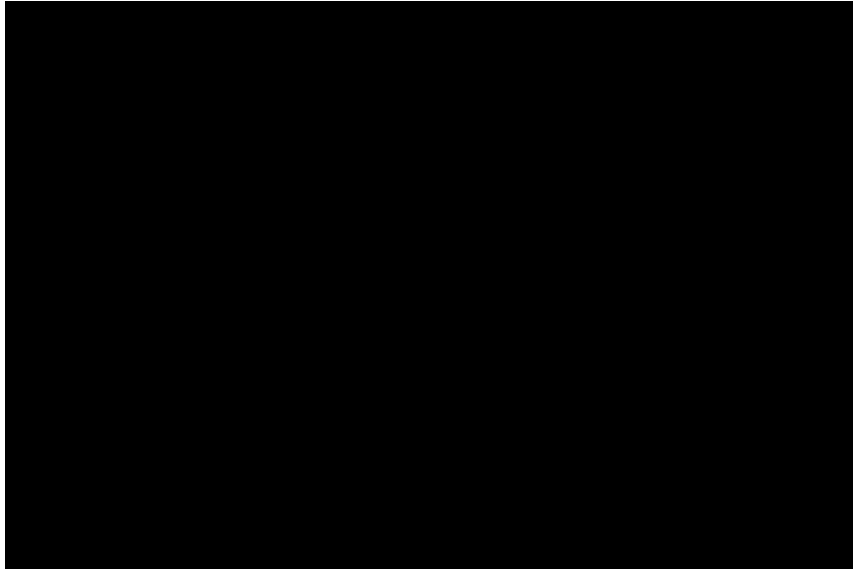
Response to Finding 6: **The Piping and Instrumentation Diagram (P&ID) has been updated to reflect decommissioned [REDACTED] pump.**

The Audit Report notes that a [REDACTED] pump has been removed from service and appears to be decommissioned, but the P&ID for the [REDACTED] system still showed this equipment as in service. Gilroy has updated the P&ID drawings to reflect that the [REDACTED] pump in question has been decommissioned.⁹

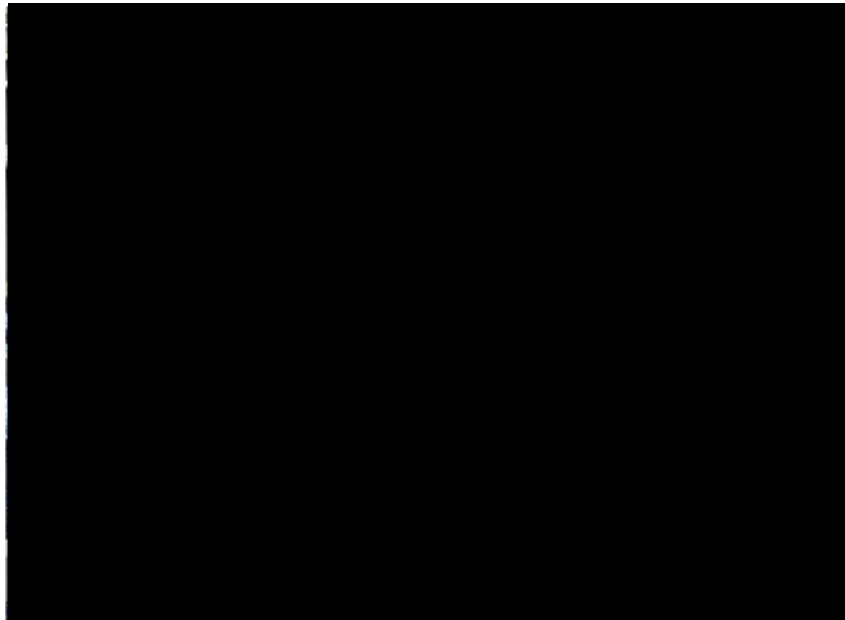
Response to Finding 7: **Gilroy has replaced the two [REDACTED] pipes in the [REDACTED] [REDACTED].**

The Audit Report found evidence of damaged [REDACTED] piping for the [REDACTED] [REDACTED] system. Gilroy has replaced the piping in question.

⁹ See ARR 6.



Response to Figure 10: Damaged piping on the [REDACTED] has been replaced.



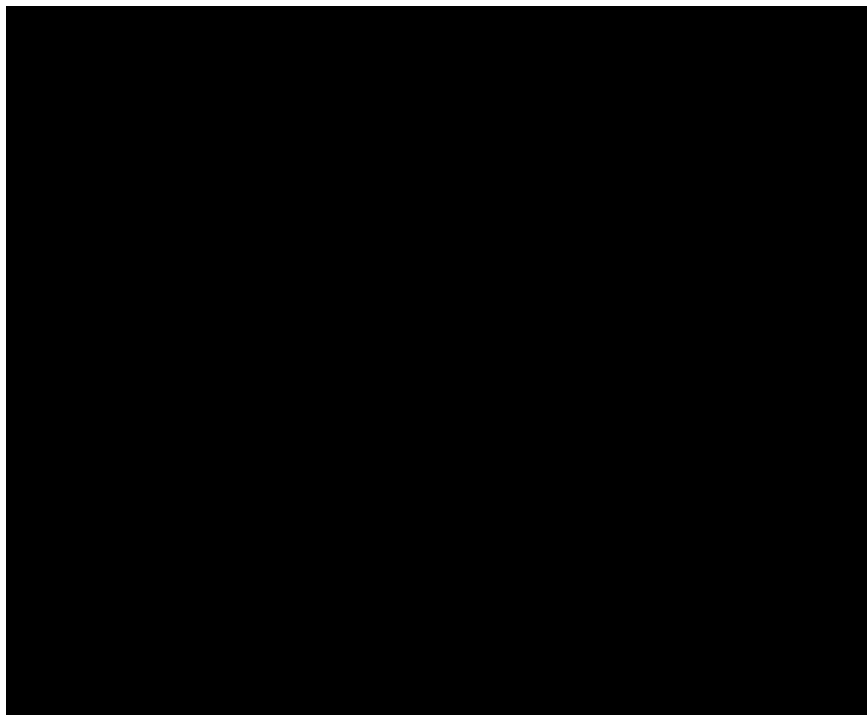
Response to Figure 11: Damaged [REDACTED] on the [REDACTED] has been replaced.

Response to Finding 8: Gilroy has updated its Spill Prevention, Control, and Countermeasure (SPCC) Plan and inspection checklist.

The Audit Report found that Gilroy must update its SPCC to accurately reflect the equipment and alarms that are available on the [REDACTED]. Gilroy has updated its SPCC to remove incorrect references to a [REDACTED].¹⁰

¹⁰ See ARR 8.

The Audit Report further noted that SPCC has a checklist that references [REDACTED] for the [REDACTED], which Gilroy has indicated is not applicable. Gilroy has updated the checklist to black-out items that are not applicable.



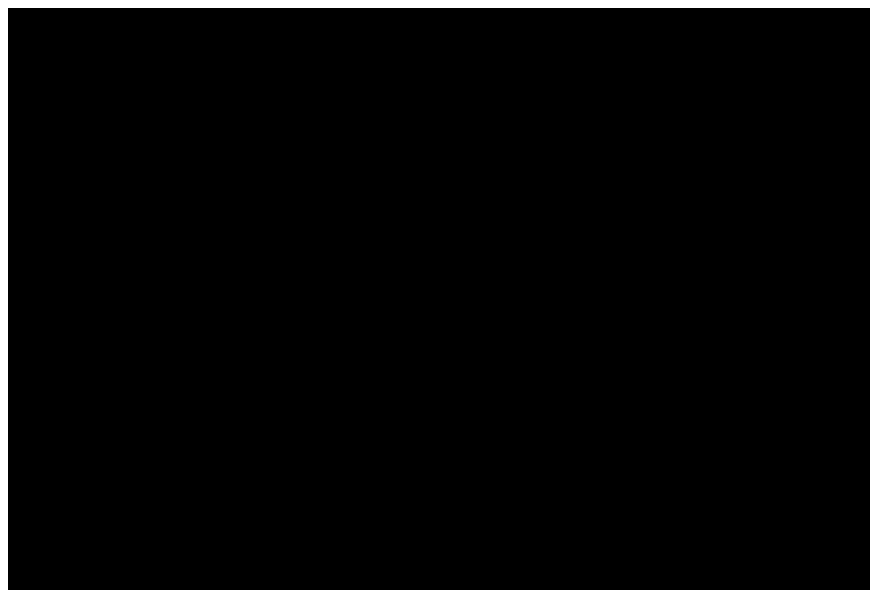
Response to Finding 8: SPCC checklist items that are not applicable have been blacked-out.

Response to Finding 9: Gilroy takes corrective actions and preventative measures to address corrosion throughout its facilities.

The Audit Report identified corrosion in various locations around the Plant. Environmental corrosion (e.g., rust) is not by itself an indication of the presence of safety or reliability risk nor does it indicate a violation of GO 167. Consistent with the GO 167 Maintenance Standards, Gilroy prioritizes maintenance activities with regard to their impact on safety, reliability and efficiency. As part of its corrective and preventive maintenance programs, Gilroy reviews plant piping, equipment and flange corrosion and repairs or applies coating based on corrosion severity, equipment integrity and effects on equipment or plant availability. There is significant value to both reliability and safety to not perform unnecessary maintenance. In order to paint many of the plant surfaces, Gilroy needs to [REDACTED]. Gilroy will continue to perform corrective and preventive maintenance to ensure safe and reliable operation. Such focus on safety and reliability fosters a positive environment that encourages Gilroy's employees to prioritize safe and reliable operations.

Even so, Gilroy is acting to correct the instances of corrosion identified in the Audit Report and notes that this will be [REDACTED]. Gilroy has reviewed the items identified in the Audit Report and [REDACTED] the projects according to [REDACTED]. Gilroy intends to paint the [REDACTED]. Other corrosion projects will be addressed during [REDACTED].

1. Figure 12 identifies corrosion on the [REDACTED]. These [REDACTED] will be repainted [REDACTED].
2. Figure 13 identifies corrosion on the [REDACTED] valve. This corrosion will be addressed in [REDACTED].
3. Figure 14 is labeled as showing cracking on the [REDACTED] casing. However, the [REDACTED] casing is intact. It is the [REDACTED] that is cracked. Gilroy will fix all identified [REDACTED]¹¹
4. Figure 15 identifies corrosion on the [REDACTED] casing. This will be addressed in [REDACTED].
5. Figure 16 identifies corrosion on the [REDACTED] casing. This will be addressed in [REDACTED].
6. Figure 17 identifies corrosion on the [REDACTED]. This will be addressed in [REDACTED].
7. Figure 18 identifies corrosion on [REDACTED]. This will be addressed in [REDACTED].
8. Figure 19 identifies corrosion on and around [REDACTED] electrical conduits. This will be addressed in [REDACTED].
9. Figure 20 identifies corrosion on an electrical junction on top of the [REDACTED]. Gilroy has replaced the electrical junction in question.



Response to Figure 20: Electrical junction has been replaced.

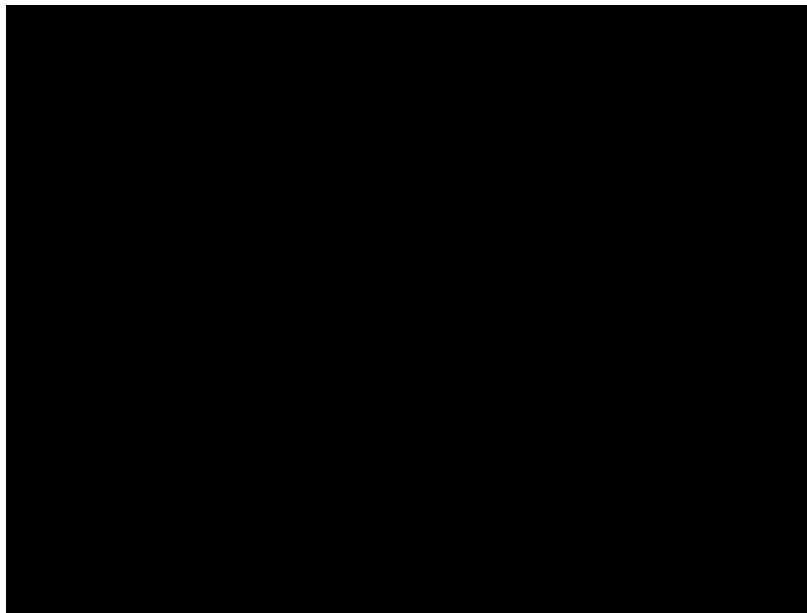
¹¹ See ARR 13.

Additionally, the Audit Report found that the Plant must create a plan to resolve the root cause of the hotspots and associated corrosion on the [REDACTED] and must repair the areas with significant damage. The root cause of the hotspots is the [REDACTED], and will be addressed by [REDACTED], which will be done [REDACTED]

As a temporary protective measure, Gilroy has placed barriers around the [REDACTED] hotspot areas. The Plant is currently seeking quotes to replace the [REDACTED]. Due to the nature of the work, the [REDACTED] will need to be replaced [REDACTED]. The Plant will work with the [REDACTED] to schedule the remaining [REDACTED].

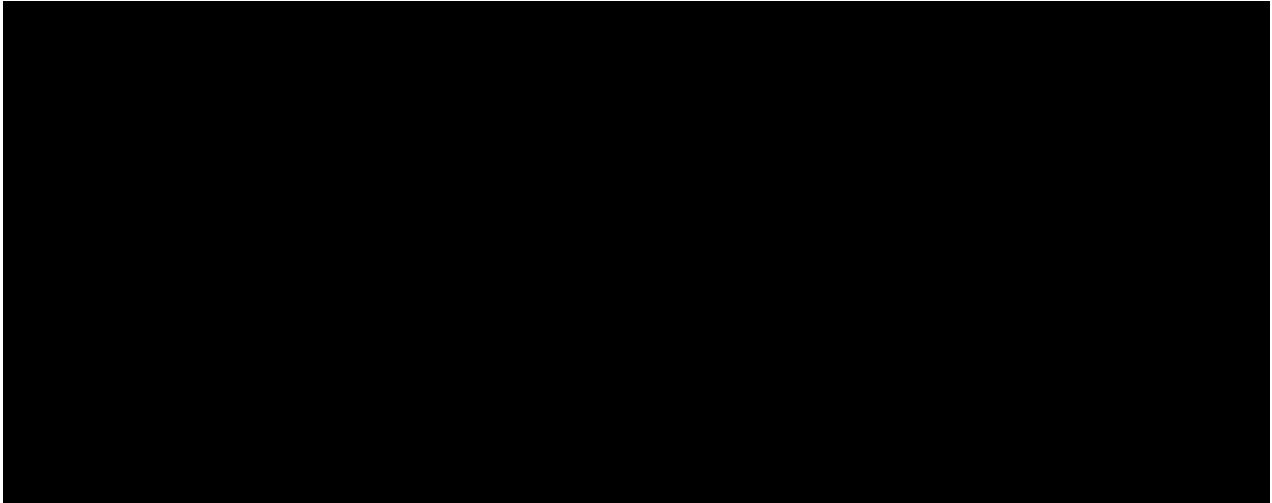
10. Figure 21 identifies corrosion and a crack on the [REDACTED]. Figure 23 identifies [REDACTED] corrosion. Corrosion will be addressed in [REDACTED]. The [REDACTED] will be replaced in [REDACTED].

11. Figure 22 identifies corrosion and a crack on the [REDACTED]. Gilroy has [REDACTED] the identified crack. The [REDACTED] will be replaced in [REDACTED].



Response to Figure 22: Crack has been [REDACTED].

12. Figure 24 identifies hot spots around an [REDACTED] as well as loose insulation on an electrical cabinet. Gilroy has set up [REDACTED] around the hot spots as a temporary protective measure. Gilroy has also removed the loose insulation from the electrical cabinet. This will be addressed in [REDACTED]. The [REDACTED] will be replaced in [REDACTED].

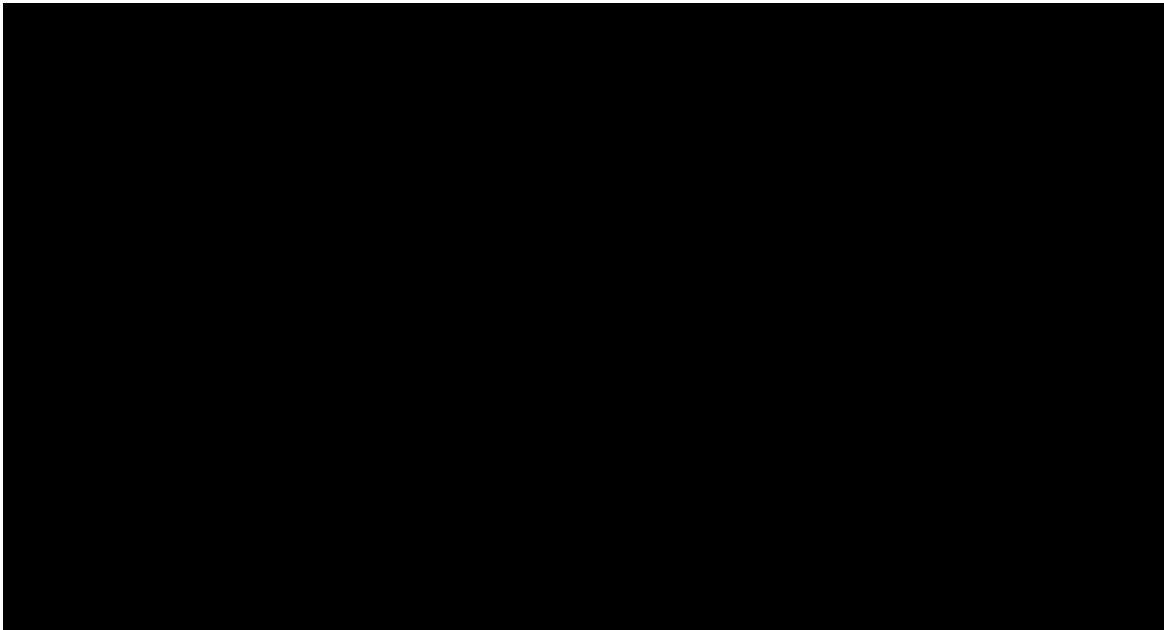


Response to Figure 24: [REDACTED] erected as temporary protective measure.

Response to Finding 10: Gilroy has replaced missing or deteriorated signage.

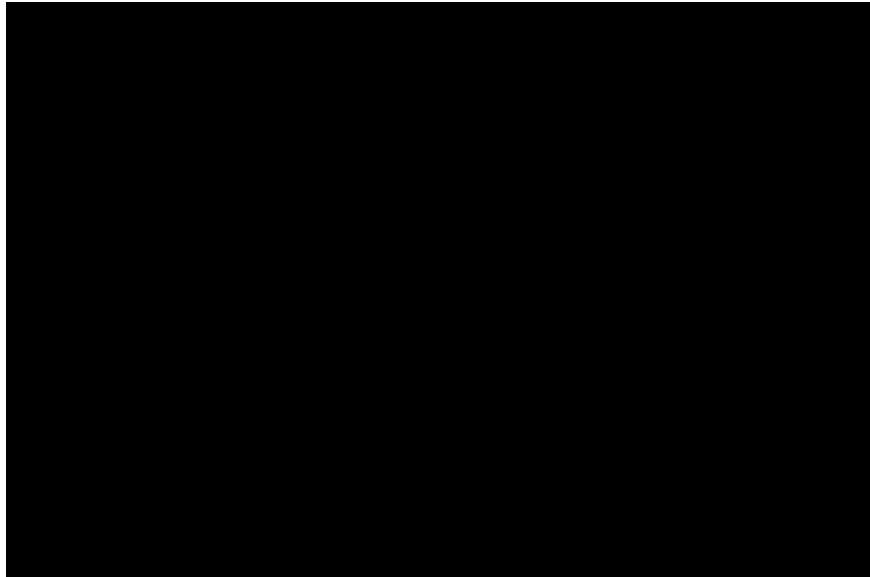
The Audit Report observed certain missing or faded labels. Depending upon the timing of an audit, there will likely always be ongoing maintenance with respect to various Plant equipment and systems. Such ongoing maintenance includes refreshing faded signs that result from normal wear and tear and is not an indication of a violation of GO 167.

1. The Audit Report identified two blank “notice” tags on the [REDACTED]
[REDACTED] These tags were re-written during the audit.



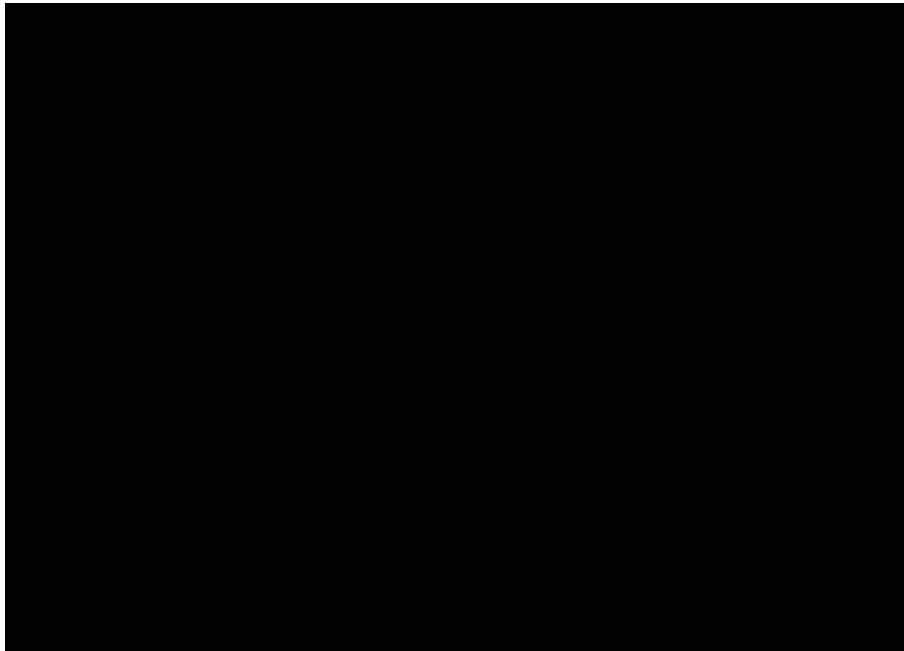
Response to Figure 25: Notice tags have been re-written.

2. The Audit Report identifies a damaged PPE requirement label on a [REDACTED] in the [REDACTED]. This label was an unnecessary [REDACTED] label. The sticker has been removed.



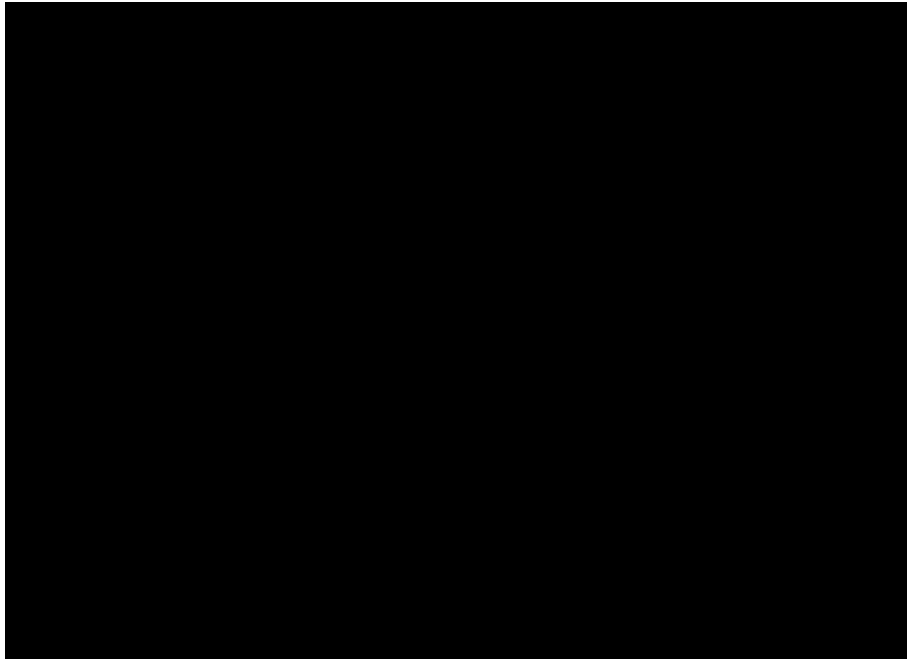
Response to Figure 26: Unnecessary label has been removed.

3. The NFPA diamond label near the [REDACTED] area has been updated to include the COR label.



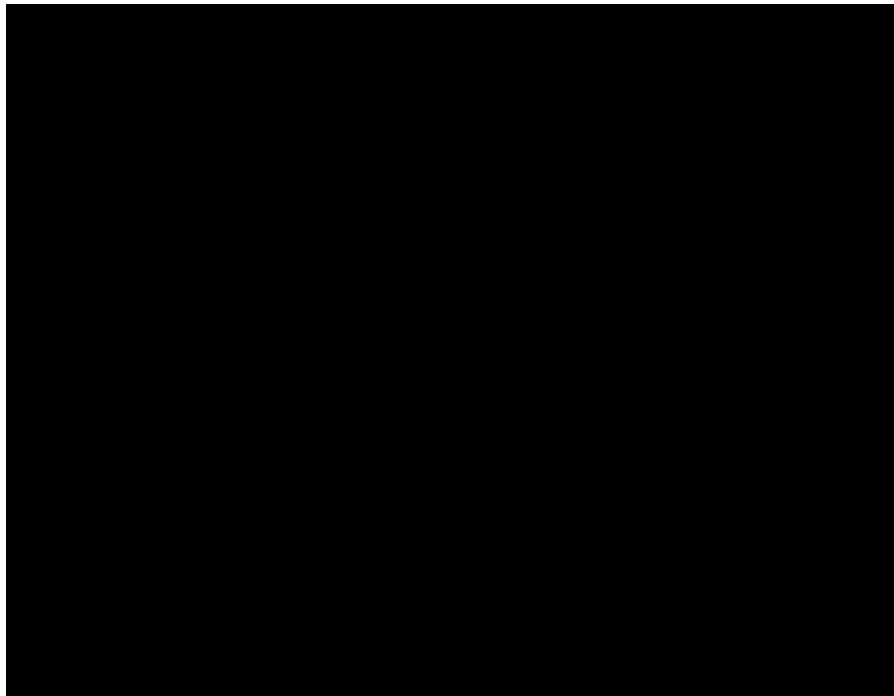
Response to Figure 27: NFPA label has been updated.

4. The NFPA diamond label for the container with [REDACTED] has been updated to include the number “1” in the yellow Reactivity Hazard diamond.



Response to Figure 28: NFPA label has been updated.

5. A NFPA diamond label has been added to the [REDACTED] outside of the [REDACTED] area.



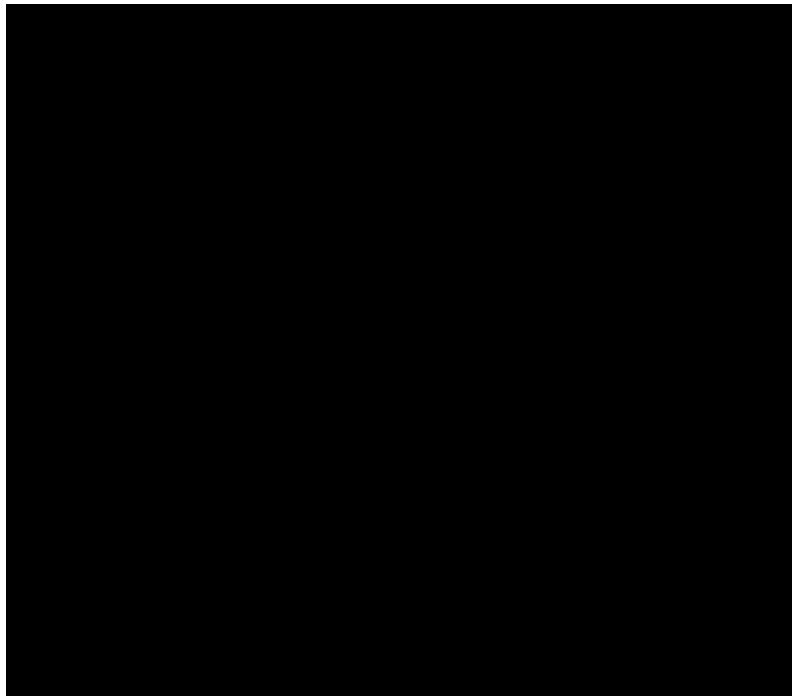
Response to Figure 29: NFPA labels have been added.

6. Gilroy has replaced the damaged confined space sign on the [REDACTED].



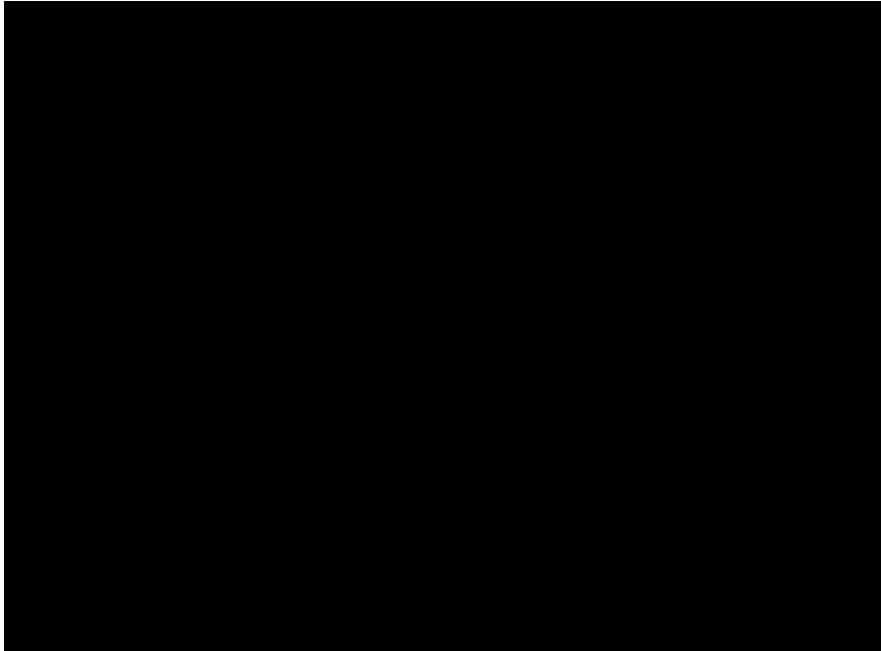
Response to Figure 30: Confined space label has been added.

7. Gilroy has replaced the faded confined space signs on the [REDACTED].



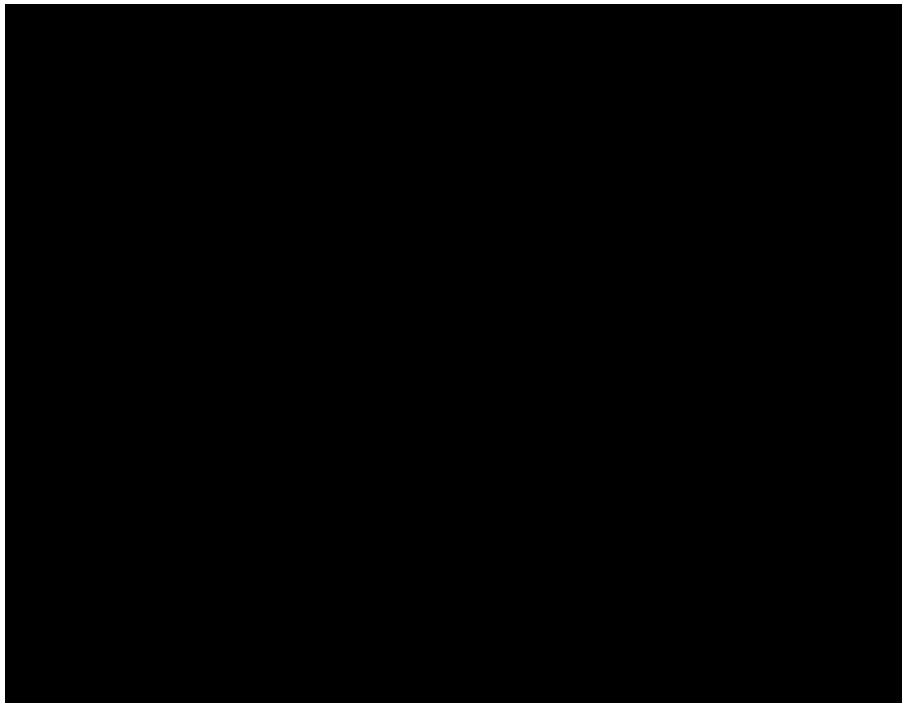
Response to Figure 31: Confined space labels have been replaced..

8. Gilroy has replaced the faded [REDACTED] pipe labels for the [REDACTED] system.



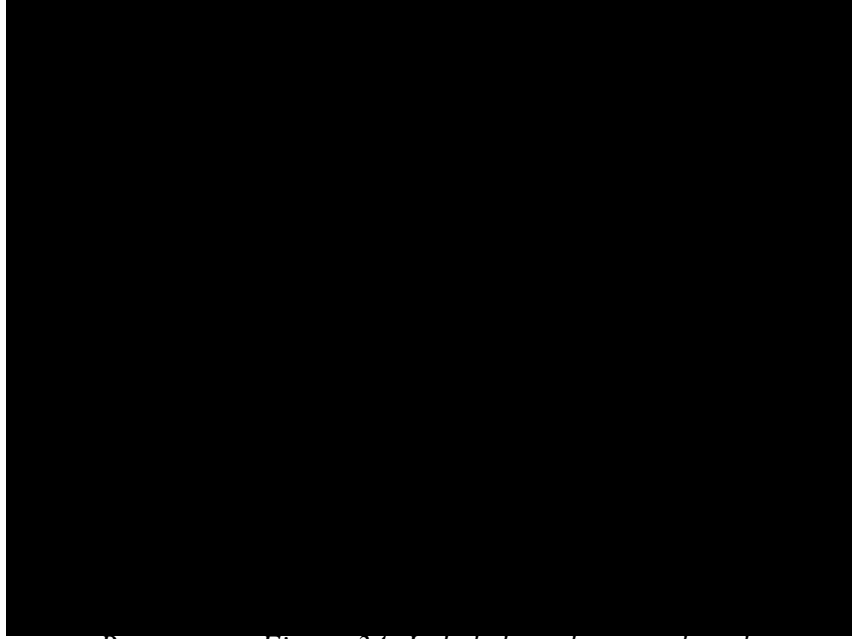
Response to Figure 32: [REDACTED] pipe labels have been refreshed.

9. The damaged sticker on the [REDACTED] was a shipping label and is not needed. It has been removed.



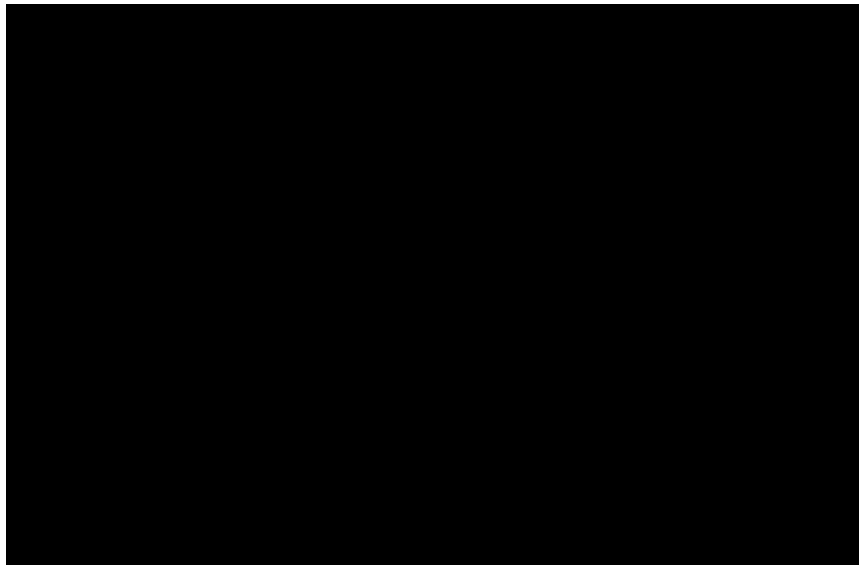
Response to Figure 33: Unnecessary label has been removed.

10. Gilroy has replaced the labels for the [REDACTED].



Response to Figure 34: Labels have been replaced.

11. Gilroy has updated the evacuation map in the [REDACTED].



Response to Figure 35: Evacuation map has been updated.

12. A confined space sign has been added to the [REDACTED] tank.

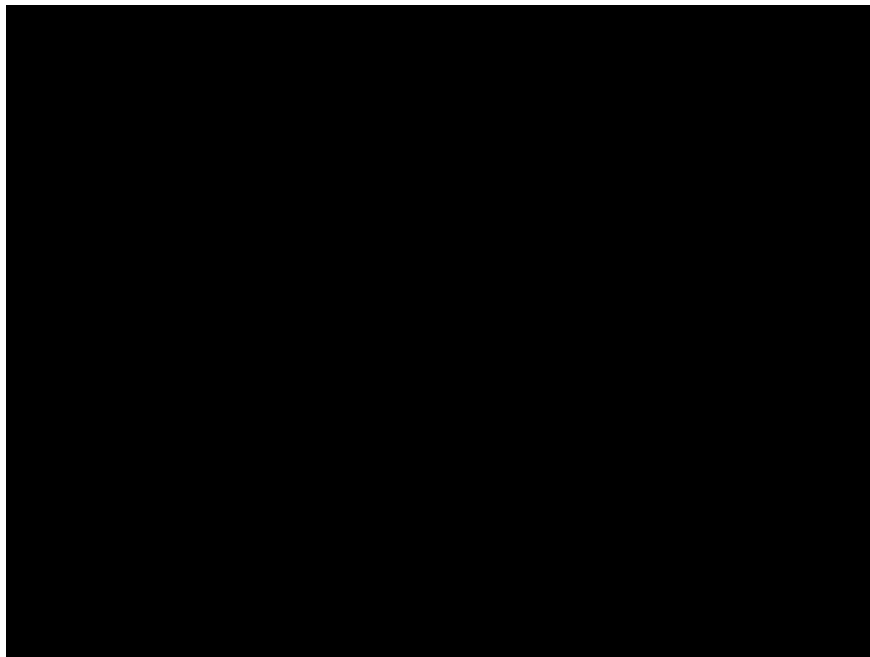


Response to Finding 10.12: Confined Space label has been added.

Response to Finding 11: Gilroy maintains proper housekeeping practices.

Gilroy is committed to a standard of excellence in its preventive and corrective maintenance programs, including regular housekeeping of the Plant. To meet this standard, [REDACTED]
[REDACTED] The housekeeping items identified in the Audit Report did not pose significant safety or reliability risks. However, both items have been resolved.

1. As noted in the Audit Report, Gilroy immediately closed the identified secondary containment valve during the audit.
2. Gilroy has re-routed the [REDACTED] line.

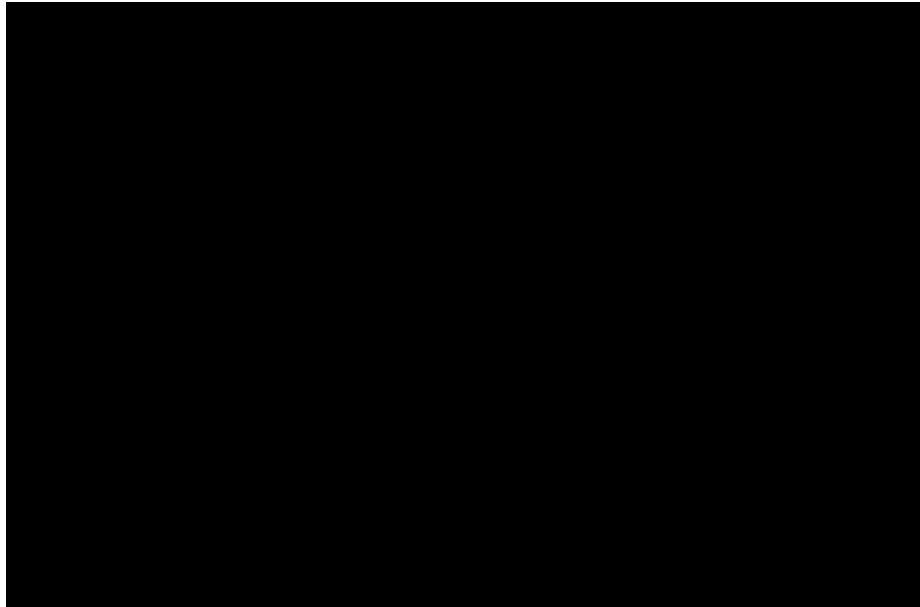


Response to Figure 37: [REDACTED] line has been rerouted.

Response to Finding 12: Gilroy has repaired defective [REDACTED] lights and loose pump handle on the [REDACTED].

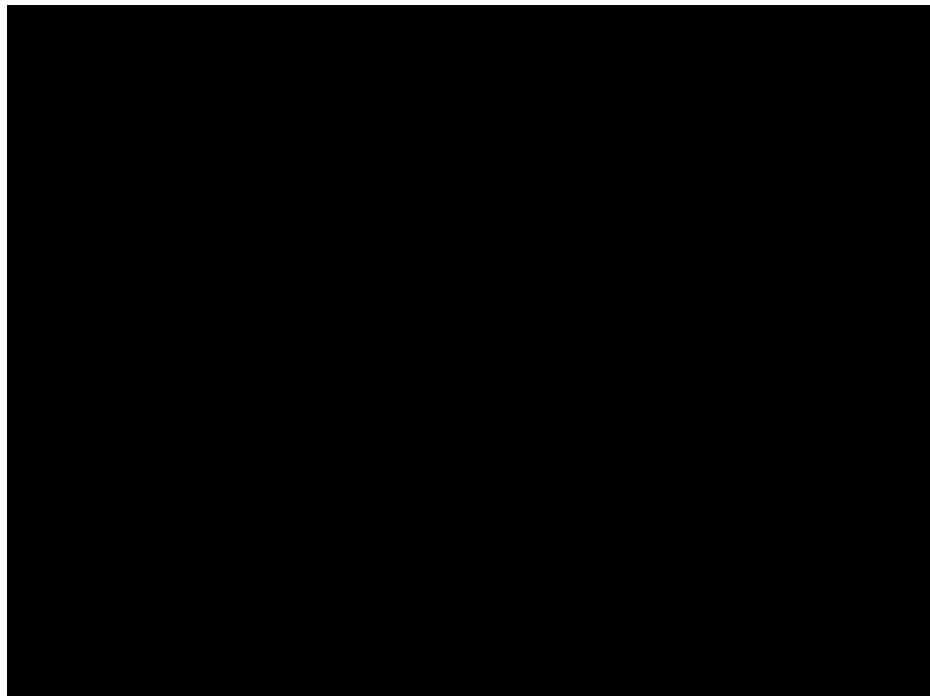
The Audit Report identified certain issues with the [REDACTED] and [REDACTED] equipment. Gilroy has remedied, or is in the process of investigating, all identified issues.

1. The Audit Report identifies certain defective lights on the [REDACTED]. These indicator lights are a secondary and redundant feature of the Plant. The equipment is tied directly into the [REDACTED]. The [REDACTED] are not operated locally; the [REDACTED] is the primary method for operators to monitor plant operations. While the indicator lights are not essential to safety or reliability, Gilroy has replaced the defective bulbs identified in the Audit Report. Furthermore, at the upcoming [REDACTED], Gilroy will remind its employees to check for faulty indicator lights during Gilroy's [REDACTED] inspection of lights at the Plant.



Response to Figures 38 and 39: Lights have been replaced.

2. The Audit Report notes that the breaker handle for the [REDACTED] in [REDACTED] appeared to be loose, which made it difficult to determine whether it was on or off position. Gilroy has tightened the handle and added arrows to indicate the ON and OFF positions.



Response to Figure 40: Handle has been tightened and marked.

3. Gilroy's investigation of the active [REDACTED] alarm in [REDACTED] is ongoing. A preliminary inspection by the alarm's contractor indicated that the issue may be with a

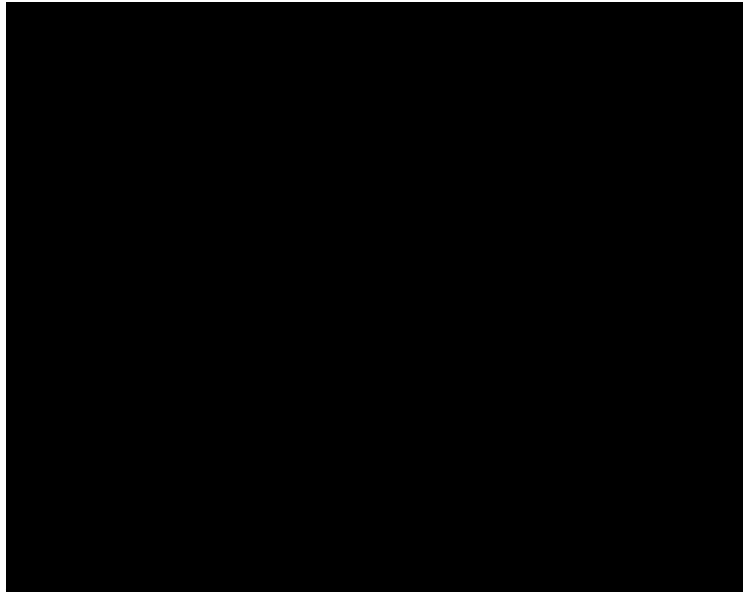
[REDACTED]¹². Gilroy is in the process of coordinating with the contractor to [REDACTED]

Response to Finding 13: Gilroy will repair damaged insulation during [REDACTED].

The existence of repairs, scheduled repairs, and other routine maintenance is not a violation of GO 167. Gilroy performs regular inspections of piping insulation through its routine housekeeping activities and daily rounds. Gilroy will fix all identified insulation issues in the upcoming [REDACTED].¹³

Response to Finding 14: Gilroy has removed wood structures near equipment.

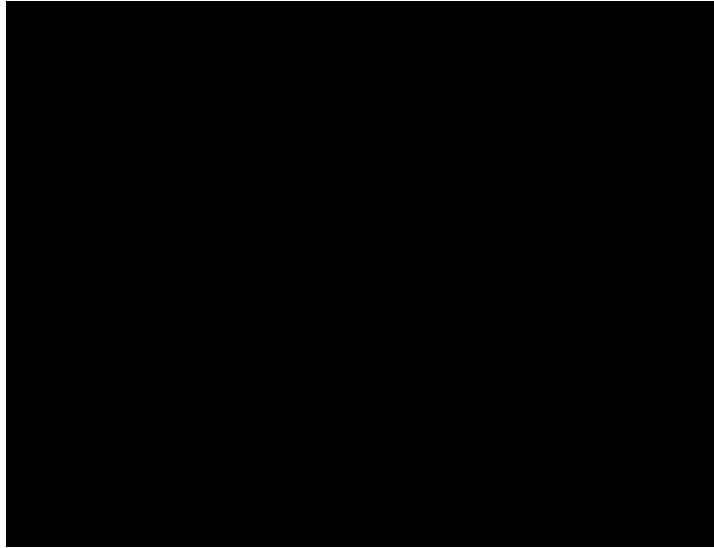
The Audit Report expressed concern that two wood enclosures and a wood walkway were constructed out of a flammable material. Gilroy has removed the wood structures.



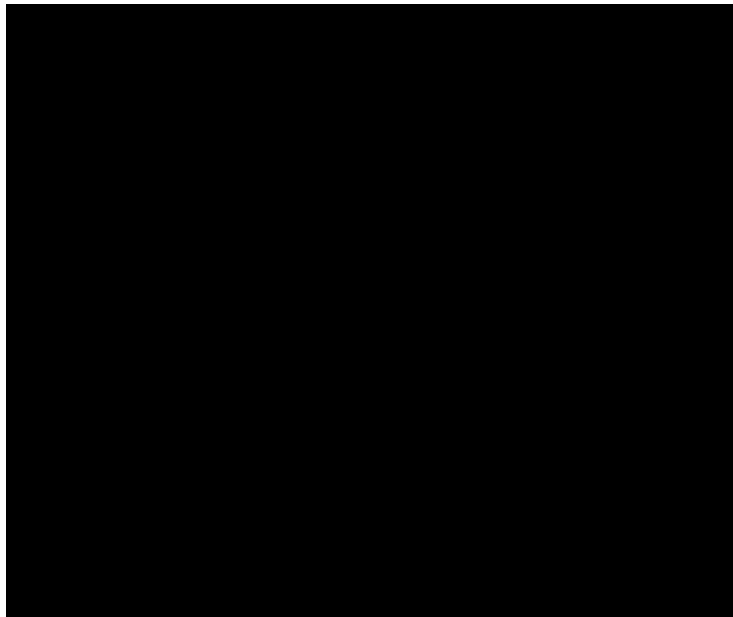
Response to Figure 45: Wood structure has been removed.

¹² See ARR 12.

¹³ See ARR 13.



Response to Figure 46: Wood structure has been removed.

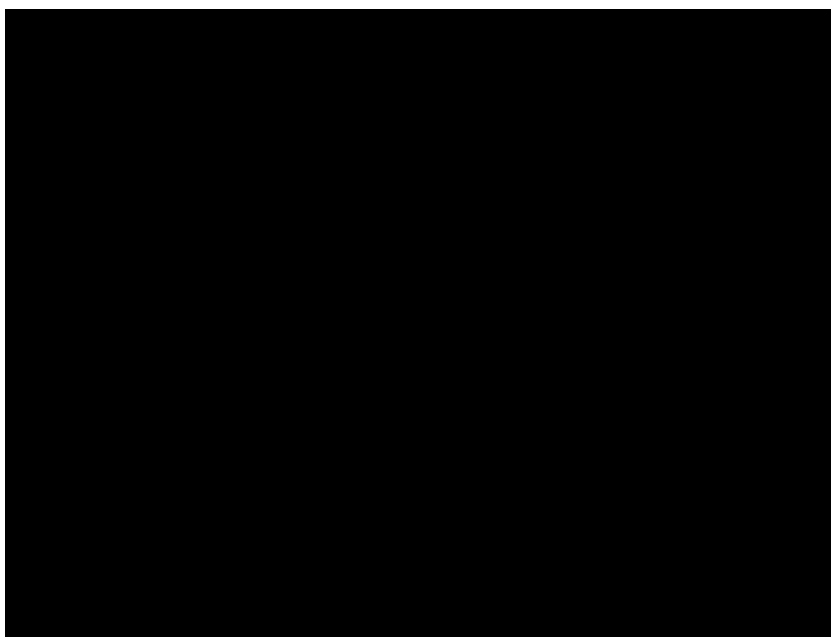


Response to Figure 47: Wood structure has been removed.

Response to Finding 15: Gilroy has replaced the missing label on the pipe support; Gilroy will [REDACTED] the [REDACTED] pipe hangar.

1. The Audit Report observed that the pipe support label for the [REDACTED] is damaged. Gilroy is seeking a replacement label from the original manufacturer or, in the alternative, will work with the [REDACTED] to develop a new label.¹⁴ As an interim measure, Gilroy has added markings for hot and cold loading positions.

¹⁴ See ARR 15.1.



Response to Figure 48: Hot and fold loading positions have been marked.

2. The Audit Report notes that the [REDACTED] pipe hanger exceeds the maximum cold position. An engineer from the [REDACTED] was on site on [REDACTED] to examine the pipe hanger. As an initial measure, the [REDACTED] the pipe hanger. If it cannot be [REDACTED] Gilroy will

¹⁵

Response to Finding 16: The [REDACTED] are being monitored; repairs will be conducted during [REDACTED].

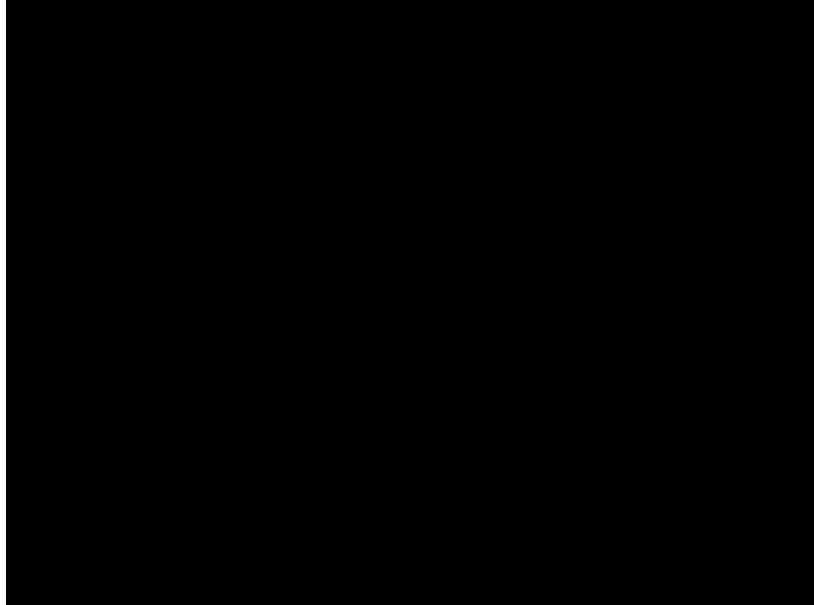
Audit Report observed oil leaking from the [REDACTED] at the [REDACTED]. Gilroy has identified the sources of the leaks. There are three separate minor seepage leaks that will not affect the operation of the equipment. Gilroy will continue to monitor them pending repairs. Gilroy is in the process of seeking quotes for the repairs and will work with the [REDACTED] to schedule these repairs during an [REDACTED].

Response to Finding 17: Gilroy has updated its [REDACTED] to ensure that water levels for the [REDACTED] batteries in the [REDACTED] are timely addressed.

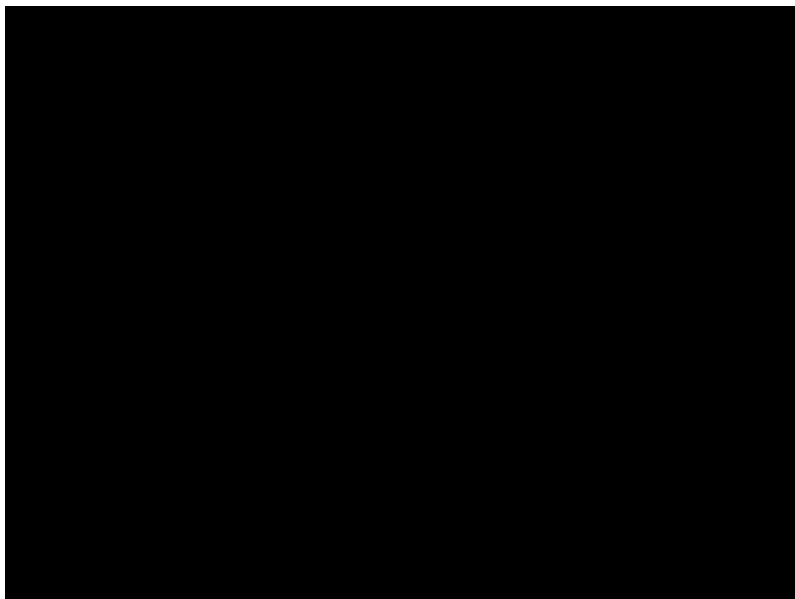
The Audit Report observed that the electrolytic liquid levels for some of the [REDACTED] batteries in the Cogen [REDACTED] and the Gilroy Energy Center [REDACTED] were low. Gilroy has topped up the water levels for the batteries and integrated the [REDACTED] into the operator rounds. Low level will [REDACTED].

¹⁵ See ARR 15.2.

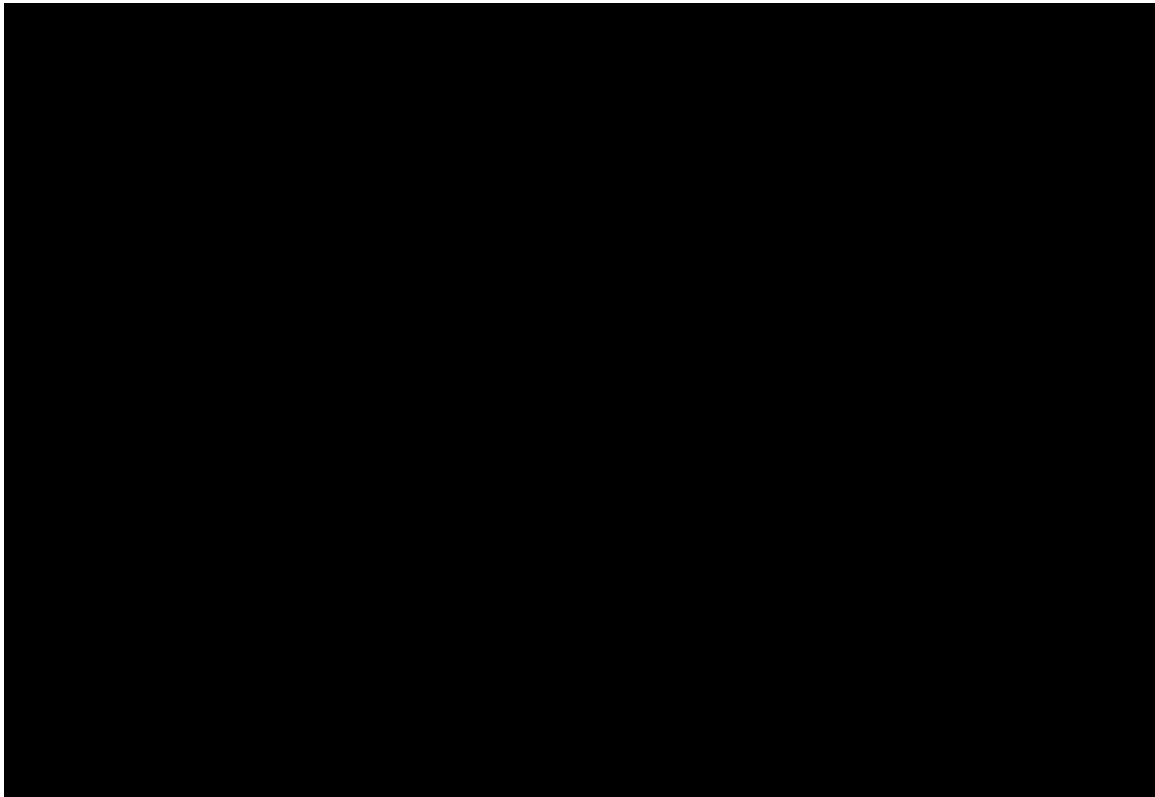
The Audit Report further states that containment under the [REDACTED] batteries is too small. However, the containment under the [REDACTED] batteries is the standard equipment supplied by the battery manufacturer, and works as intended. The secondary containment was designed to account for any battery leaks on that specific system.



Response to Figure 53



Response to Figure 54



Response to Finding 17: [REDACTED] have been added to operator rounds.

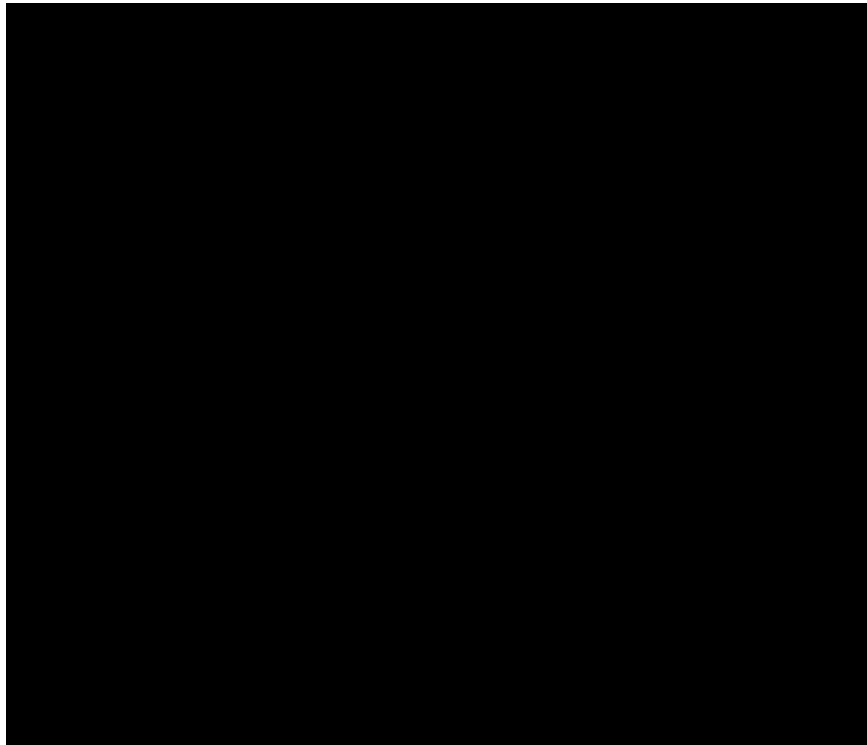
Response to Finding 18: Plant personnel have received the required training.

The Audit Report did not find evidence that the Plant performed the Cal/OSHA required Lock Out Tag Out (LOTO) and Confined Space annual trainings for 2023. Gilroy completed a [REDACTED] on the LOTO and Confined Space standards.¹⁶

Response to Finding 19: Gilroy does have an anonymous safety suggestion box, which was temporarily removed for painting and has been reattached.

The Audit Report notes that the Plant's anonymous safety suggestion box was missing. The box had been removed during a recent paint job and was reattached during the audit.

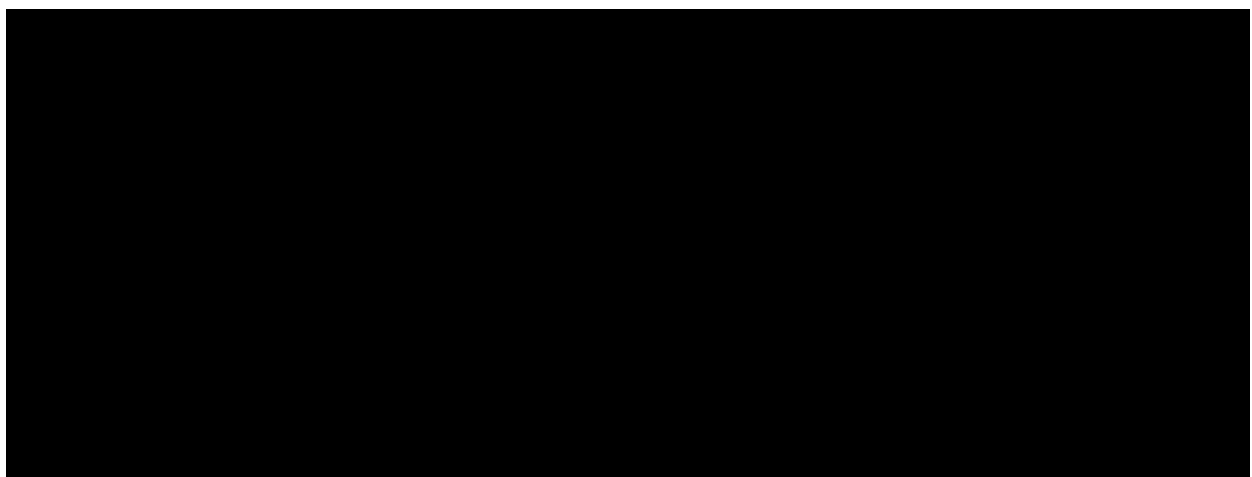
¹⁶ See ARR 18.



Response to Finding 19: Safety suggestion box has been replaced.

Response to Finding 20: Gilroy has updated its work orders and test documentation.

The Audit Report notes that the [REDACTED] inspection done on [REDACTED], identified certain corrective actions to address paint chipping and corrosion, but that there is there is no work order or follow-up documentation regarding these corrective actions. A work order had been created for the identified corrective actions, but appears to have been closed out prematurely in error. Gilroy has addressed the paint chipping and corrosion identified in the inspection report. See images below.



Response to Finding 20: Paint chipping and corrosion has been addressed.

The Audit Report also notes that, for the [REDACTED] for the [REDACTED] test, there was no task to record the [REDACTED] of the pump. For

the [REDACTED], the [REDACTED] noted that the asset that required the test was the [REDACTED], which is the incorrect asset. Gilroy has updated its [REDACTED] accordingly.¹⁷

Finally, the Audit Report notes that the test records for the Gilroy Energy Center units do not indicate which of the [REDACTED] units the tests correspond to. Gilroy has spoken to the third party contractor that conducts the test, and the contractor has updated their reporting template accordingly.

¹⁷ See ARR 20.1 and ARR 20.2.

Appendix A – Corrective Action Plan

Gilroy Energy Center And Gilroy Cogen Plant’s

Corrective Action Plan

The Gilroy Energy Center and Gilroy Cogen (“Gilroy”) Corrective Action Plan (“Plan”) outlines actions to address items identified in the *California Public Utilities Commission (“CPUC”) Audit Findings of Gilroy Energy Center and Gilroy Cogeneration’s January 8-January 11, 2024* (“Audit Report”). As discussed in detail in Gilroy’s *Response to the 2024 Audit Report of Gilroy Energy Center and Gilroy Cogeneration* (Audit No. GA2023-17GE) (“Gilroy Response”), Gilroy disagrees that any of the Audit Report’s findings constitute “violations” of General Order 167-B (“GO 167”). Voluntary implementation of the corrective actions outlined below does not and should not be construed as assuming such actions are required by GO 167.

Audit Report Findings	Corrective Actions	Complete/Estimated Completion
Finding 1:	Replace [REDACTED] liner.	Complete.
Finding 2:	No corrective action needed. [REDACTED]	[REDACTED]
Finding 3:	No corrective action is needed.	N/A.
Finding 4:	1. No corrective action needed. 2. Install permanent bracing. 3. Reconnect electrical conduit. 4. Replace [REDACTED] 5. Replace gauges.	1. N/A. 2. Complete. 3. Complete. 4. [REDACTED] 5. Complete.
Finding 5:	No corrective action needed.	N/A.
Finding 6:	Update P&ID	Complete.
Finding 7:	Replace [REDACTED] pipes.	Complete.
Finding 8:	Update SPCC.	Complete.
Finding 9:	1. Address corrosion. 2. Install temporary protective barrier. 3. Replace [REDACTED].	1. [REDACTED] will be painted in [REDACTED]. Other corrosion projects will be addressed [REDACTED] [REDACTED]

Audit Report Findings	Corrective Actions	Complete/Estimated Completion
		2. Complete. 3. Replacement of the [REDACTED] will be conducted [REDACTED]. [REDACTED].
Finding 10:	Replace signage.	Complete.
Finding 11:	1. Close secondary containment valve. 2. Re-route [REDACTED] line.	1. Complete. 2. Complete.
Finding 12:	1. Replace defective lights. 2. Tighten breaker handle. 3. Replace [REDACTED].	1. Complete. 2. Complete. 3. Gilroy is coordinating with the contractor to [REDACTED]. [REDACTED].
Finding 13:	Repair damaged insulation.	Gilroy will fix insulation issues during [REDACTED]. [REDACTED].
Finding 14:	Remove wood structures.	Complete.
Finding 15:	1. Mark hot and cold loading positions. 2. Obtain replacement label. 3. [REDACTED] pipe hanger.	1. Complete. 2. Completion date is TBD. Gilroy is sourcing label at this time. 3. Gilroy will attempt to [REDACTED]. [REDACTED].
Finding 16:	Repair leaks.	Leaks will be fixed during [REDACTED]. [REDACTED].
Finding 17:	1. Top-up electrolytic liquids. 2. Update [REDACTED].	1. Complete. 2. Complete.
Finding 18:	Conduct [REDACTED] for LOTO and Confined Space standards.	Complete.
Finding 19:	Re-install safety suggestion box.	Complete.
Finding 20:	1. Document corrective actions taken. 2. Update [REDACTED] tests. 3. Update test reporting templates.	1. Complete. 2. Complete. 3. Complete.