

L/ldk*

Mailed

JUL 02 1992

Decision 92-07-027 July 1, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on
the Commission's own motion to
implement the Biennial Resource
Plan Update following the California
Energy Commission's Seventh
Electricity Report.

ORIGINAL

1.89-07-004
(Filed July 6, 1989)

And Related Matters.

A.91-02-092
(Filed February 25, 1991)
A.91-07-004
(Filed July 1, 1991)
A.91-08-028
(Filed August 16, 1991)

ORDER DENYING REHEARING OF DECISION 92-04-045

Transphase Systems, Inc. (Transphase), has filed an application for rehearing of Decision 92-04-045, an interim opinion in the Biennial Resource Plan Update (BRPU) proceeding, regarding bidding for the new generation resources plan phase of that proceeding. In Decision 92-04-045 we found that Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E) and Southern California Edison Company (Edison) all have current need of new or additional electric generation. We directed those utilities to solicit bids from qualifying facilities (QFs) to defer or avoid resources identified by the Commission that could meet those generation needs as set forth in our Standard Offer 4 auction process.[1] The decision establishes the respective utilities' long-run marginal costs, as well as the biddable capacity consistent with the economic and operational need tests established in the proceeding which

1 See *Re Pacific Gas and Electric Company* (1986) 21 Cal.P.U.C.2d 340, 372-373 (Decision 86-07-004).

considered the California Energy Commission's 1990 Electricity Report. (See D.92-04-045 at 14-15.)

Transphase is not a party to this proceeding but is a party to another ongoing proceeding, the Demand-Side Management (DSM) Rulemaking/Investigation (OIR/OII) (R.91-08-003, I.91-08-002, I.91-07-004). Transphase sought to intervene in the BRPU proceeding and filed a motion in the DSM OIR/OII proceeding to have the two proceedings consolidated for consideration of the issue of integrated bidding pilot(s). However, we denied Transphase's motion because an integrated bidding pilot can be accommodated within the proceeding and, in any event, we determined it is preferable to test various forms of DSM bidding on a pilot scale before we allocate a large amount of capacity through any single auction and form of bidding. (See D.92-04-045 at 38.) As we stated in the decision, we will consider integrated bidding pilot(s) in our DSM OIR/OII.

In addition to renewing its motion to intervene and consolidate, Transphase, in its application for rehearing of Decision 92-04-045, has also challenged our ability to meet the January 1, 1993 deadline for reporting to the Legislature, pursuant to Public Utilities Code section 747[2], on the feasibility of integrated bidding pilot(s). Section 747 provides, in part, that we must require one or more of the electric utilities to test, at the earliest practicable time, the feasibility of an integrated bidding system that includes both generation resources and demand side programs. In addition, on or before January 1, 1993, we are to report the results of pilot bidding projects to the Legislature. (Pub. Util. Code. (747(c).)

However, pursuant to the June 15, 1992 letter from the author of section 747, Senator Herschel Rosenthal, to Commission

2 All statutory references are to the Public Utilities Code unless otherwise indicated.

President Daniel Wm. Fessler, the Commission is to file a status report with the Legislature on or before January 1, 1993, concerning pilot bidding projects. A final report on the project is not due until a later date. Senator Rosenthal's letter confirms that this schedule will satisfy the reporting requirement. We are making every effort to test integrated bidding pilot(s); however, we believe the most efficient solution is to first review the alternatives for an integrated bid. Accordingly, we have ordered the Bidding Advisory Group to develop an options paper on the subject, due on or before January 1, 1993. Transphase has failed to rebut our conclusion that the development of an options paper is the most expedient and efficient use of every party's resources in this proceeding, as well as our own.

No further discussion is required of the applicant's allegations of error. Accordingly, upon reviewing each and every allegation of error raised by applicant, we conclude that sufficient grounds for rehearing of Decision 92-04-045 have not been shown.

THEREFORE, IT IS ORDERED:

That the application for rehearing of Decision 92-04-045 filed by Transphase Systems, Inc., is denied.

This order is effective today.

Dated July 1, 1992, at San Francisco, California.

**I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY**


NEAL J. SHULMAN, Executive Director

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners