

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Consider
Revisions to the Planning Reserve
Margin for Reliable and Cost-Effective
Electric Service.

R.08-04-012
(Filed April 10, 2008)

**COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES
AND THE UTILITY REFORM NETWORK ON THE PROPOSED
DECISION CLOSING THE PROCEEDING**

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September 13, 2010

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I. INTRODUCTION

Pursuant to the California Public Utilities Commission's Rules of Practice and Procedure, Article 14, the Division of Ratepayer Advocates (DRA) and The Utility Reform Network (TURN) provide these comments on the Proposed Decision Closing the Proceeding (PD).

DRA and TURN support the PD's finding that the current proceeding should close, consistent with Public Utilities Code 1701.5(a). As the PD points out, due to funding problems, the planning reserve study developed by the California Independent System Operator (CAISO) using the General Electric Energy's Multi-Area Reliability Simulation (GE MARS) model was greatly delayed, and the procedural schedule was suspended for many months. Although the long-awaited GE MARS study was issued in May 2010, further discussion and studies would be needed before a decision could be made on whether and how to modify the existing PRM. DRA and TURN concur that this would not be possible by the September 30, 2010 deadline for resolution of this proceeding.

DRA and TURN support revisiting the PRM at some point in the future, when, as the PD puts it, “the issues are ripe.” In terms of clarifying this criterion, DRA and TURN do not believe that there is any urgent need to revise the current PRM, particularly when current system reserves are known to be in the range of 30-40%. If, over the next few years, today’s ample reserves decrease significantly due to factors such as Once Through Cooling (OTC) retirements, Load Growth and other factors, the Commission could take another look at the Planning Reserve Margin. Once actual reserves drop closer to the 15-17% range, the issue may become much more relevant. But at this time, it is more important to focus the Commission’s and the parties’ attention on the operational flexibility requirements that may arise from the CAISO’s August 31, 2010 Integration of Renewable Resources study currently being discussed in the Long Term Procurement Proceeding (R.10-05-006).

DRA and TURN believe that the CAISO/GE MARS study is informative, and requests that it be entered into the record of this proceeding before the proceeding is closed. The study is located at <http://www.caiso.com/279d/279ded0337f20.pdf>.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of “**COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES AND THE UTILITY REFORM NETWORK ON THE PROPOSED DECISION CLOSING THE PROCEEDING**” to the official service list in **R0804012** by using the following service:

E-Mail Service: sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

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Executed on **September 13, 2010** at San Francisco, California.

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