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Sent: 10/14/2010 12:42:45 PM
To: 'jf2@cpuc.ca.gov' (jf2@cpuc.ca.gov); 'sap@cpuc.ca.gov' (sap@cpuc.ca.gov)
Cc:
Bcc:
Subject: IEPR Need Determination

Julie and Aram,

On August 31, 2010, Chairman Karen Douglas and Commissioner Jeffrey Byron (comprising the CEC's IEPR committee) issued a Scoping Order for the CEC's 2011 Integrated Energy Policy Report (IEPR) (attached). Among other things, this scoping order states the following (emphasis added):

For the electricity sector, the *2011 IEPR* will build on analyses and recommendations in the *2009 IEPR* regarding the need for common planning assumptions among the state's energy agencies. It is essential that agencies use the same assumptions when assessing California's future electricity infrastructure needs and the best location for that infrastructure, particularly assumptions about the levels of preferred resources expected to be in place over the next decade.

While PG&E supports the goal of having common planning assumptions among the state's energy agencies, PG&E is concerned about the potential for the IEPR proceeding to become a forum for litigating California's "need determination" and thus duplicate the CPUC's LTPP proceeding. This concern is heightened by the CEC's desire, discussed with the IOUs, CPUC and other stakeholders over a year ago to revive a kind of need assessment that would have the CEC dictating what portion of the CPUC's allotted procurement would be based in which particular local reliability area. Our understanding is that part of the CEC's rationale for expanding the scope of its IEPR is so that it can look at where new infrastructure should be developed, particularly in the south coast air basin where siting new generation has been difficult. We do not believe that addressing infrastructure location or siting issues should be examined in the IEPR. We are therefore planning to meet with CEC commissioners later this month to discuss this concern. In advance of that discussion, I was hoping to touch base with you to confirm our understanding that the LTPP will be the state's primary resource planning forum for the CA IOUs.

Could you please let me know if there have been any recent discussions with the CEC regarding coordination between the LTPP and the IEPR that we should be aware of prior to our meeting with the CEC commissioners later this month? I want to make sure that we are not advocating something to the CEC that would be at odds with your plans for the LTPP.

I will follow-up with you by phone over the next few days to seek your guidance on this matter (feel free to also send me an email with your thoughts).

Thanks for your help,

Erik

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