

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Integrate and  
Refine Procurement Policies and Consider  
Long-Term Procurement Plans.

Rulemaking 10-05-006

**REPLY COMMENTS OF  
ENERGY PRODUCERS AND USERS COALITION  
ON PROPOSED DECISION**

Michael Alcantar  
Donald Brookhyser  
Alcantar & Kahl LLP  
33 New Montgomery Street  
Suite 1850  
San Francisco CA 94105  
415.421.4143 phone  
415.989.1263 fax  
[mpa@a-klaw.com](mailto:mpa@a-klaw.com)  
[deb@a-klaw.com](mailto:deb@a-klaw.com)

Counsel for the  
Energy Producers and Users Coalition

December 5, 2011

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The Energy Producers and Users Coalition (EPUC) makes the following reply comments on the Proposed Decision Approving Modified Bundled Procurement Plans pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure.

EPUC responds to the assertions of SCE and PG&E in their opening comments regarding combined heat and power (CHP) procurement. The utilities contest the requirement in the Proposed Decision (PD) that they use the Standardized Planning Assumptions as incremental CHP procurement targets for the second period of the QF/CHP settlement. Their arguments are contrary to state policy, and the PD's requirement should be maintained.

SCE states that its plan assumes current QF contracts will expire and that it will have to procure additional QF capacity "to maintain the 2015 level of CHP capacity through to the end of Second Program Period."<sup>1</sup> However, SCE's plan to maintain or replace its base of existing contracts does nothing to reflect anticipated, incremental procurement beyond current levels in the second period of the QF/CHP settlement. As the PD states, incremental procurement may be required to meet the settlement's

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<sup>1</sup> *SCE Comments*, p. 10.

greenhouse gas reduction goals as mandated by CARB.<sup>2</sup> SCE also refers to its Attachment B as establishing an amount of CHP procurement. Unfortunately, because Attachment B is redacted, EPUC cannot verify the assertions made by SCE.

PG&E argues that forecasting need in the second program period is premature and, therefore, the Commission should not plan on any CHP procurement beyond 2015.<sup>3</sup> PG&E's recommendation promotes failure in the state's policy to encourage CHP. While the exact level of need for CHP procurement has yet to be determined, the Commission should encourage a policy of success for the QF/CHP settlement. It should confirm the PD's directive to include incremental procurement goals at the same level as those included in the standardized planning assumptions until actual need is established.

The Proposed Decision should be adopted with the revisions previously advocated by EPUC, and with no revision of the findings with regard to CHP procurement.

Respectfully submitted,

ALCANTAR & KAHL LLP

A handwritten signature in black ink that reads "Donald Brookhyser". The signature is written in a cursive style and is positioned above the printed name of the signatory.

Michael Alcantar  
Donald Brookhyser

December 5, 2011

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<sup>2</sup> Proposed Decision, p. 31.

<sup>3</sup> *PG&E Comments*, p. 11.