

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.

R.12-03-014
(Filed March 22, 2012)

**NOTICE OF EX PARTE COMMUNICATION
OF THE DIVISION OF RATEPAYER ADVOCATES**

Pursuant to Rules 8.2(c), 8.3, and 8.5 of the Commission's Rules of Practice and Procedure, the Division of Ratepayer Advocates (DRA) gives notice of the following oral and written *ex parte* communication in this proceeding. On Monday, April 30, 2012, at 11:00 a.m., Sarah Thomas, Chris Ungson, Karin Hieta and Cheryl Cox of DRA met with Matthew Tisdale and Marcelo Poirier, advisors to Commissioner Florio, in the Commission's offices. The meeting lasted 45 minutes. DRA addressed the matters in the attached handouts related to the scope and schedule of this proceeding. DRA initiated the meeting. At the very end of the meeting, DRA addressed Application (A.) 05-11-023, San Diego Gas & Electric Company's application for approval of 3 power purchases agreements, which has been scoped to include some of the issues that DRA contends are within the scope of this proceeding. (DRA filed a separate *ex parte* notice in A.05-11-023). DRA stated its concern that the two proceedings raise similar issues, and that there is therefore a risk of duplicative work and inconsistent outcomes as a result. DRA asked whether Commissioner Florio would be open to a motion to consolidate the two proceedings.

Copies of this Notice may be obtained by contacting Sue Muniz at (415) 703-1858
or sam@cpuc.ca.gov.

Respectfully submitted,

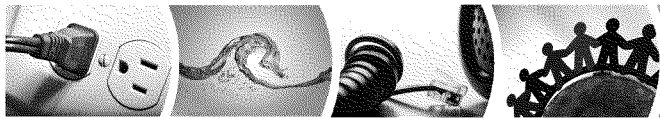
/s/ Sarah R. Thomas

SARAH R. THOMAS

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May 2, 2012

ATTACHMENTS



2012 LTPP Rulemaking Schedule and Scope

DRA Position: Adopt DRA's proposed Schedule and Scope of key issues as part of the 2012 LTPP in order to properly sequence activities according to priority.

DRA's Proposed Schedule (Table 1) will Allow Sufficient Time to Address Key Issues

- Address and decide local capacity need and procurement rules changes in 2012.
- Continue collaborative process to improve Renewable Integration Model.
 - ▶ DRA's validation report of CAISO Renewable Integration Model is expected to be completed in Dec 2012.
- Address System need in 2013, including renewable integration and utility bundled plans.
- Implement Standard Planning Assumptions, which should be set early in the schedule:
 - ▶ Use in the Renewable Integration Model (See DRA Table 2).
 - ▶ A broad range of load scenarios will obviate the need for parties to use their own scenarios and will streamline the proceeding.

The Scope of the 2012 LTPP Should Include Key Issues

1. **Energy Resource Recovery Account (ERRA) Compliance Filing Requirements:** A regular forecast that illustrates the cumulative impact of procurement-related decisions on system average cost and rates for various classes of customers.
 - ▶ Creates transparency for cumulative impact of procurement decisions.
2. **Competition in the Resource Adequacy Market:** CAISO plans to expand its backstop procurement authority undermines the Resource Adequacy market.
 - ▶ Critical to preserve a competitive Resource Adequacy market.

(over)

3. **Reduction of Utility Need to Procure Greenhouse Gas (GHG) Compliance Instruments:** Cost-effective reductions on a portfolio-wide basis.
 - ▶ GHG reductions from internal operations reduce the need to procure GHG allowances and offsets.
4. **Distributed Generation (DG) Procurement Planning Process:** A holistic, integrated policy, planning, and implementation framework.
 - ▶ Essential to coordinate numerous, disparate programs and prevent waste and ineffectiveness.
5. **Standard Rules for Dispatchable Plants at Risk of Retirement:** A framework that can be used to address requests for subsidies to keep plants from retiring.
 - ▶ One-off decisions hurt ratepayers and result in regulatory uncertainty.

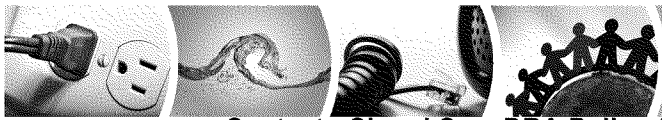


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6. **Fair Standard for Comparison of Renewable Contracts:** Comparing Utility-Owned Generation (UOG) renewable applications to recent renewable Power Purchase Agreements (PPAs).

- ▶ Provides clear and consistent treatment of UOG renewables applications and reduces disputes.



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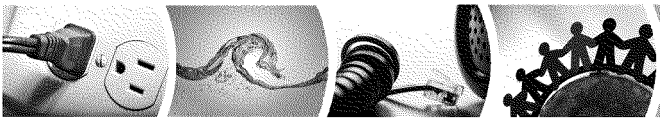
Contact: Cheryl Cox, DRA Policy Advisor - (415) 703-2495 - cxc@cpuc.ca.gov
R.12-03-014

PROCEEDING NO:

April 2012

Table 1: DRA Proposed Schedule 2012 LTTP

	Proceeding Milestone	Date
1.	Comments Due: Preliminary Scoping Memo and Schedule	April 6, 2012
2.	Ruling: Proposed Standardized Planning Assumptions	Mid-April 2012
3.	Workshops: Proposed Standardized Planning Assumptions - local capacity studies, transmission studies, renewable integration model	Mid-Late April 2012 (2 days)
4.	Prehearing Conference (PHC)	April 18, 2012
5.	Comments/Reply and Party Alternative Proposals: Proposed Standard Assumptions	Late-April to Early May 2012
6.	Scoping Memo: Adopted Standardized Planning Assumptions, including assumptions for Renewable Integration Model)	Mid-May 2012
7.	Studies Submitted / Follow-on Workshops: Revised local capacity and transmission (based on adopted Standard Planning Assumptions),	Late-May 2012
8.	CAISO Renewable Integration Model Input Files: Provided to parties (based on adopted Standard Planning Assumptions)	July 2012
9.	Testimony, Briefs, Hearings: Local Capacity Need/Procurement Rules	Late-July through Late-September 2012
10.	CAISO Submits Renewable Integration Model Results: Based on adopted Standard Planning Assumptions	Early October 2012
11.	Proposed Decision: Local Capacity Need and Procurement Rules	November 2012
12.	DRA Submits Validation Report: CAISO Renewable Integration Model	Mid-December 2012
13.	Decision: Local Capacity Need and Procurement Rules	December 2012
14.	Workshop: CAISO Renewable Integration Model Results	Mid-January 2013
15.	Comments/Replies: Renewable Integration Model Results	February 2013
16.	Applications Filed: IOU Bundled Procurement Plans	Q1 2013
17.	Preliminary Scoping Memo and Schedule: Determining System Need and Addressing IOU Bundled Procurement Plans	Q1 2013



**Table 2 – Inclusion to Renewable Integration Model (RIM)
Minimum RIM Standard Planning Assumptions**

Model Input	Traditional Source	Comments
Statewide Summer Peak Demand (MW)	CEC Load Forecast	CEC forecast typically excludes distributed generation (CHP, solar) and demand response resources. Weather-normal forecast (1 in 2 peak summer demand).
Statewide “Uncommitted” Energy Efficiency (EE) Effect on Future Summer Peak Demand	CEC Incremental Uncommitted Peak Savings Estimate	Typically, CEC core forecast excludes “uncommitted” energy efficiency savings. Range in 2011 CEC forecast reflects different levels of policy commitment to EE, and in general reflects effects of standards, utility EE programs, and the CPUC EE goals.
Demand Response (DR)	Demand Response Load Impact Report, CEC Forecasts	The bulk of DR is considered as a supply-side resource. DR peak impacts are reported for 1-in-2 and 1-in-10 year peak demand forecast; DR value choice should align with peak demand scenarios; both should be available to be modeled. Non-dispatchable DR should be included as load modifier.
Wind and Solar Renewable Resource Portfolios – Installed Capacity	CPUC trajectory, cost-constrained, environmentally constrained, time-constrained.	The mix of resources have different impacts on peak load during critical times – wind output in summer peak is lower than average wind output; solar photo voltaic output at 3 PM is relatively high, but drops off in late afternoon while peak demand is still high.



Model Input	Traditional Source	Comments
<p>In-State vs. Out-of-State Renewable Resources</p>	<p>CPUC scenarios.</p>	<p>Within the range of renewable portfolio options, there is a range of in-state vs. out-of-state resources (generally, wind is largest out-of-state resource). More in-state resources “free up” transmission to deliver (import) more energy during critical periods.</p>
<p>Renewable Supply Output at Peak Times</p>	<p>Varies according to time of day and time of year. Sometimes greater than Net Qualifying Capacity (NQC), sometimes less. CAISO, CEC data.</p>	<p>Critical aspect of all modeling approaches is to ascertain expected renewable supply output during critical times (e.g., summer peak 3 PM; or sunset period). The NQC is an average annual value, but critical summer peaking period output matters more than annual average energy effects to determine if more resources are needed to integrate renewables. Installed capacity, NQC, and output at critical peak time(s) should all be reported.</p>
<p>Hydro Output</p>	<p>Statewide (August). CEC</p>	<p>Output can vary depending on hydrology (wet year, dry year).</p>
<p>Imports</p>	<p>CPUC, CEC, CAISO</p>	<p>Generally transmission is modeled at its highest level of simultaneous import capacity. However, during extreme load periods or emergency events, increased levels of imports are possible. Especially for “extreme” scenarios, maximum values of transmission imports should be used during critical times.</p>
<p>Performance / Availability of Traditional Resources</p>	<p>Fossil generation total outage range – CAISO.</p>	<p>Model should incorporate impact of planned outages (non-peak months) and forced outages (peak periods) to reflect reality. Forced outages can be full, or partial.</p>