

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Order Instituting Rulemaking to Oversee the
Resource Adequacy Program, Consider
Program Refinements, and Establish Annual
Local Procurement Obligations.

Rulemaking 11-10-023
(Filed October 20, 2011)

REPLY COMMENTS OF CALPINE CORPORATION ON PROPOSED DECISION

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Pursuant to Rule 14.3 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, Calpine Corporation (“Calpine”) submits these reply comments on the Proposed Decision addressing local procurement obligations for 2013 and adopting refinements to the Commission’s Resource Adequacy (“RA”) program (“PD”).

The opening comments on the PD demonstrate support for the creation of a clear process to address the need for flexible resources and adoption of a multi-year forward procurement requirement.¹ With respect to the timing for the Commission’s consideration of these issues, however, some parties believe there is no need for quick action and that the PD should be revised to delay consideration of flexibility requirements and implementation of a multi-year forward procurement framework beyond 2014.²

Calpine strongly opposes any suggestion that the Commission should delay consideration and adoption of a multi-year forward procurement framework. As Calpine addressed in its opening comments, the addition of a multi-year forward procurement requirement to the current RA program is imperative to ensure the continued availability of existing resources required to

¹ See e.g., Pacific Gas and Electric Company (“PG&E”) Opening Comments, at 2 (“PG&E supports the PD’s goal of addressing flexible capacity issues in a timely fashion.”); Center for Energy Efficiency and Renewable Technologies Opening Comments, at 5 (“the Proposed Decision should identify, with reference to the LTPP’s Scoping Memo, the proceeding and timing for considering such priority issues as establishing multi-year procurement targets and defining ‘flexibility’ between the two proceedings.”).

² See, e.g., Southern California Edison Company (“SCE”) Opening Comments, at 1; Division of Ratepayer Advocates (“DRA”) Opening Comments, at 4; PG&E Opening Comments, at 2.

maintain reliability going forward.³ The California Independent System Operator (“CAISO”) similarly agrees that “it is imperative” for the Commission “to undertake the transition toward adopting a flexible capacity procurement requirement for compliance year 2014 that will ensure the resource adequacy fleet is sufficient to continue to meet the reliability and operational needs of the system.”⁴

The Commission has previously acknowledged that a “multi-year forward commitment has the potential to provide important reliability benefits [and] would provide advance knowledge of impending reliability problems, years ahead of delivery, allowing planners to address those problems in a timely, cost-effective manner.”⁵ Calpine agrees and supports the Commission moving forward as quickly as possible to address the need for flexible resources and adoption of a multi-year forward procurement requirement.

Respectfully submitted,

/s/

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³ See Calpine Opening Comments at 1-3.

⁴ CAISO Opening Comments, at 3.

⁵ Decision 10-06-018, mimeo at 32-33.