

**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

R.11-10-023
(Filed October 20, 2011)

**MOTION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) TO MOVE THE
MULTI-YEAR PROCUREMENT REQUIREMENT ISSUE FROM TRACK 3 OF THE
LONG-TERM PROCUREMENT PLAN PROCEEDING TO THE RESOURCE
ADEQUACY PROCEEDING**

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Dated: September 20, 2012

Attorneys for
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ADEQUACY PROCEEDING**

Pursuant to the Rule 11.1 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) files this motion proposing that the Commission move, to this proceeding, one related set of procurement rule issues currently identified for Track 3 of the long-term procurement plan (LTPP) proceeding, R.12-03-014:^{1/}

1. Flexible resources procurement and contract policies;

9. Policies related to ISO new markets and market products, including flexi-ramp products and intra-hour products;

^{1/} Concurrently, PG&E is filing a motion in R.12-03-014 proposing, among other things, to remove these issues from the scope of that proceeding. For the convenience of the parties here, a copy of that motion is provided as an attachment to this pleading, as well.

12. Multi-year forward procurement requirements;^{2/}

I. THE MULTI-YEAR PROCUREMENT REQUIREMENT AND ASSOCIATED PROCUREMENT RULE ISSUES SHOULD BE ADDRESSED IN THIS PROCEEDING, IN CONJUNCTION WITH CONSIDERATION OF THE CHARACTERISTICS RESOURCES SHOULD HAVE TO QUALIFY AS FLEXIBILITY RESOURCES

There appears to be an emerging consensus among the parties that participate in the various procurement-related proceedings at the Commission that the current, one year forward resource adequacy program should be improved in at least two respects. First, it should take into account the need for some level of resource “flexibility” in order for the system to be operated reliably. The addition of substantial intermittent, renewable resources to the grid, in order to comply with the mandate that 33 percent of the electric power consumed in California come from renewable generation sources, will significantly increase the need for flexible resources.

Second, the current, one-year forward resource adequacy procurement requirement applicable to all load serving entities should be extended to a multi-year timeframe. The California Independent System Operator (CAISO) has expressed, in several ways in several forums, that the current one-year forward requirement does not provide the CAISO with adequate assurances that the resources needed to operate the system will be available.

The Commission has recognized the importance of both issues, and is currently considering both of them. Flexibility is being addressed in this proceeding,^{3/} and the multi-year procurement requirement is currently slated to be addressed in Track 3 of the LTPP.^{4/}

PG&E requests that the two issues be considered together, in this proceeding where efforts are already underway to address flexibility. The two topics are too closely related to be

2/ These items are numbered as they are in the May 17, 2012, Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, p. 12, in R.12-03-014.

3/ D.12-06-025, p. 2.

4/ May 17, 2012, Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, p. 12, in R.12-03-014.

artificially separated. The consolidated approach will increase administrative efficiency, both for the Commission and for the interested parties.

Respectfully Submitted,

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Dated: September 20, 2012

ATTACHMENT

**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)

**MOTION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) TO MOVE THE
TRACK 3 MULTI-YEAR PROCUREMENT REQUIREMENT ISSUE TO THE
RESOURCE ADEQUACY PROCEEDING, AND TO DEFER REMAINING TRACK 3
ISSUES**

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TRACK 3 MULTI-YEAR PROCUREMENT REQUIREMENT ISSUE TO THE
RESOURCE ADEQUACY PROCEEDING, AND TO DEFER REMAINING TRACK 3
ISSUES**

Pursuant to the Rule 11.1 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) files this motion proposing the following:

1. Move, to the current resource adequacy proceeding, R.11-10-023, one related set of procurement rule issues currently identified for Track 3 of this proceeding:^{1/}

1. Flexible resources procurement and contract policies;

9. Policies related to ISO new markets and market products, including flexi-ramp products and intra-hour products;

^{1/} Concurrently, PG&E is filing a motion in R.11-10-023 proposing to add these issues to the scope of that proceeding. For the convenience of the parties here, a copy of that motion is provided as an attachment to this pleading, as well.

12. Multi-year forward procurement requirements;^{2/}

and

2. Defer the remaining Track 3 procurement rule issues until the conclusion of Track 2.

I. THE MULTI-YEAR PROCUREMENT REQUIREMENT AND ASSOCIATED PROCUREMENT RULE ISSUES SHOULD BE ADDRESSED IN THE RESOURCE ADEQUACY PROCEEDING, IN CONJUNCTION WITH CONSIDERATION OF THE CHARACTERISTICS RESOURCES SHOULD HAVE TO QUALIFY AS FLEXIBILITY RESOURCES

There appears to be an emerging consensus among the parties that participate in the various procurement-related proceedings at the Commission that the current, one year forward resource adequacy program should be improved in at least two respects. First, it should take into account the need for some level of resource “flexibility” in order for the system to be operated reliably. The addition of substantial intermittent, renewable resources to the grid, in order to comply with the mandate that 33 percent of the electric power consumed in California come from renewable generation sources, will significantly increase the need for flexible resources.

Second, the current, one-year forward resource adequacy procurement requirement applicable to all load serving entities should be extended to a multi-year timeframe. The California Independent System Operator (CAISO) has expressed, in several ways in several forums, that the current one-year forward requirement does not provide the CAISO with adequate assurances that the resources needed to operate the system will be available.

The Commission has recognized the importance of both issues, and is currently considering both of them. Flexibility is being addressed in the resource adequacy proceeding,^{3/} and the multi-year procurement requirement is currently slated to be addressed in Track 3 of this

2/ These items are numbered as they are in the May 17, 2012, Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, p. 12.

3/ D.12-06-025, p. 2.

proceeding.^{4/}

PG&E requests that the two issues be considered together, in the resource adequacy proceeding where efforts are already underway to address flexibility. The two topics are too closely related to be artificially separated. The consolidated approach will increase administrative efficiency, both for the Commission and for the interested parties.

II. WITH THE EXCEPTION OF THE MULTI-YEAR PROCUREMENT REQUIREMENT AND RELATED PROCUREMENT RULE ISSUES, THE PROCUREMENT RULE COMPONENT OF TRACK 3 SHOULD BE DEFERRED UNTIL THE COMPLETION OF TRACK 2

Even without the remaining Track 3 procurement rule issues, the Commission has a very heavy procurement-related workload through the end of 2013. These include multi-year procurement requirements and related issues, regardless of whether they are addressed in Track 3 or in the resource adequacy rulemaking.

Further, during 2013 the Commission will be addressing the issues raised in Track 2 of this proceeding.

These important matters will be very time consuming for the Commission and the parties. The remaining procurement rule issues identified for Track 3 in the May 17, 2012, scoping memo in this proceeding are not as pressing. Many of them were just considered in the last Long-Term Planning Process proceeding (R.10-05-006), and addressed in D.12-04-046.

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^{4/} May 17, 2012, Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, p. 12.

Therefore, PG&E requests that these remaining Track 3 items be deferred until the conclusion of Track 2, and the conclusion of the Commission's consideration of the flexibility and multi-year forward procurement issues.

Respectfully Submitted,

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