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)

RESPONSE OF CALPINE CORPORATION TO MOTION OF PACIFIC GAS AND ELECTRIC COMPANY

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Pursuant to Rule 11.1 of the California Public Utilities Commission ("Commission") Rules of Practice and Procedure, Calpine Corporation ("Calpine") submits this response to the motion of Pacific Gas and Electric Company ("PG&E") to move consideration of certain Track 3 issues in the Long-Term Procurement Plan ("LTPP") proceeding to the Commission's Resource Adequacy ("RA") proceeding ("PG&E Motion"). Specifically, PG&E proposes that flexible resources procurement and contract policies; policies related to California Independent System Operator ("CAISO") new markets and market products, including flexi-ramp products and intra-hour products; and multi-year forward procurement requirements be addressed in the ongoing RA proceeding.[1]

Calpine strongly believes that fundamental changes to the current RA and LTPP programs are needed to incorporate non-discriminatory procurement practices that foster competition between new and existing resources, and that such changes must include adoption of multi-year forward procurement requirements or capacity markets.[2] To ensure that such changes are timely implemented, Calpine supports the most expeditious consideration of the issues

[1] *See* PG&E Motion, at 1-2 (September 20, 2012); *see also* Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, at 12 (May 17, 2012).
[2] *See e.g.*, Calpine's Track 1 Opening Brief (September 24, 2012).

identified in the PG&E Motion whether such consideration takes place in the LTPP proceeding, RA proceeding, or some other process established by the Commission and the CAISO. Regardless of the process or proceeding utilized by the Commission to consider these issues, however, it is critical that there is meaningful and extensive coordination between the Commission and CAISO, and that informal tools, such as workshops, are used to provide an efficient platform for exchanging ideas and proposals. The issues identified in the PG&E Motion are important ones that must be addressed now.

By: /s/
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