

**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)

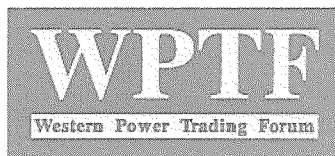
**RESPONSE OF THE WESTERN POWER TRADING FORUM  
TO THE MOTION OF PACIFIC GAS AND ELECTRIC COMPANY**

Daniel W. Douglass  
DOUGLASS & LIDDELL  
21700 Oxnard Street, Suite 1030  
Woodland Hills, California 91367  
Telephone: (818) 961-3001  
E-mail: [douglass@energyattorney.com](mailto:douglass@energyattorney.com)

Counsel to:

**WESTERN POWER TRADING FORUM**  
[WWW.WPTF.ORG](http://WWW.WPTF.ORG)

October 5, 2012



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Pursuant to Rule 11.1(e) of the Rules of Practice and Procedure of the California Public Utilities Commission, the Western Power Trading Forum<sup>1</sup> respectfully submits this response to the motion of Pacific Gas and Electric Company (“PG&E”) submitted September 20, 2012 to move certain issues pertaining to flexible capacity and multi-year procurement obligations from Track 3 of the Long-Term Procurement Plan (“LTPP”) proceeding Rulemaking (“R.”) 12-03-014 to this Resource Adequacy (“RA”) proceeding, 11-10-023 (“Motion”).

**I. DESCRIPTION OF MOTION AND RESPONSE**

PG&E’s Motion requests that the Commission move the following three issues from Track 3 of the LTPP to this RA proceeding<sup>2</sup>:

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;
12. Multi-year forward procurement requirements.<sup>3</sup>

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<sup>1</sup> WPTF is a California non-profit, mutual benefit corporation. It is a broadly based membership organization dedicated to enhancing competition in Western electric markets in order to reduce the cost of electricity to consumers throughout the region while maintaining the current high level of system reliability. WPTF actions are focused on supporting development of competitive electricity markets throughout the region and developing uniform operating rules to facilitate transactions among market participants.

<sup>2</sup> The un-sequential numbering reflects the number accorded each of these issues in the May 17, 2012 Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge (“Scoping Memo”), at p. 12.

<sup>3</sup> Motion, at pp. 1-2

Concurrently, PG&E filed a similar motion in the LTPP proceeding that makes this request. In support of this proposal, PG&E argues in both filings that “[t]here appears to be an emerging consensus...that the current one-year, forward resource adequacy program should be improved in at least two aspects. First, it should take in account the need for some level of ‘resource flexibility’ in order for the system to be operated reliably....Second, the current, one-year forward resource adequacy procurement requirement applicable to all load-serving entities should be extended to a multi-year timeframe” namely to take into account flexibility of the resource and to extend the RA program to a multi-year timeframe.”<sup>4</sup>

WPTF expresses support for the Motion to the extent that it results in the Commission addressing the issues of flexible attributes in capacity procurement and the multi-year forward procurement of capacity to satisfy RA obligations in the RA proceeding. To the extent that CAISO products must be addressed to understand the need for flexible attributes in RA procurement (i.e., Topic 9 above), then it would make sense to expand the scope of the RA proceeding to address them. However, to the extent that IOU bundled procurement plans must be updated to address new CAISO products, then that issue properly resides in the LTPP.

Further, we note that the LTPP Track 1 issue on flexible resources<sup>5</sup> is not mentioned by PG&E and it is unclear why it should remain in the LTPP even though the Track 3 flexible resource issues are moved. It would seem appropriate for the Commission also to consider moving the Track 1 issue on flexible resources to this RA proceeding. If left in separate

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<sup>4</sup> Id at p. 2.

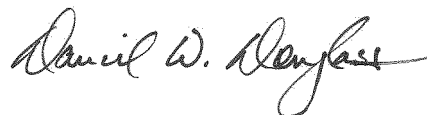
<sup>5</sup> The May 17, 2012, *Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge* in R.12-03-014 provides at p. 5 that Track 1 issue #2 shall be: “Whether flexible capacity attributes should be incorporated into a decision regarding additional capacity required to meet local reliability needs between 2014 and 2021 and, if so, how.”

proceedings, this could lead to disparate and/or conflicting results, which it would be prudent to avoid.

## II. CONCLUSION

With the clarifications expressed above. WPTF supports PG&E's request to transfer the issues pertaining to flexible capacity and multi-year procurement obligations from the LTPP proceeding to this RA proceeding. Issues pertaining to flexible capacity and multi-year procurement obligations are indeed closely related, although it remains to be seen whether in fact there either is, or will emerge, any sort of real broad-based consensus on how these issues should be finally resolved. Nevertheless, it is time to move forward on them. WPTF endorses this effort and will participate directly in the consideration of these issues. Careful analysis is required in order to ensure that any decisions made with respect to flexible capacity and multi-year procurement obligations are consistent with competitive wholesale and retail market design; that they provide price transparency; and that appropriate incentives are offered for the development of products and services that support renewable integration.

Respectfully submitted,



Daniel W. Douglass  
DOUGLASS & LIDDELL  
21700 Oxnard Street, Suite 1030  
Woodland Hills, CA 91367  
Telephone: (818) 961-3001  
E-mail: [douglass@energyattorney.com](mailto:douglass@energyattorney.com)

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