

**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

Rulemaking 12-03-014
(Filed March 22, 2012)

NOTICE OF EX PARTE COMMUNICATIONS

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Dated: February 8, 2013

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Pursuant to Rule 8.3 of the Commission's Rules of Practice and Procedure, the Independent Energy Producers Association (IEP) submits this Notice of Ex Parte Communications.

On February 7, 2013, Steven Kelly, Policy Director for IEP, and Brian Cragg, outside counsel for IEP, met with the following persons: Julie Fitch, interim chief of staff to Commissioner Peterman, and Rachel Peterson, advisor to Commissioner Peterman, from approximately 11:30 a.m. to 12:00 p.m.; Sara Kamins, advisor to Commissioner Ferron, from approximately 3:00 p.m. to 3:30 p.m.; Damon Franz, advisor to President Peevey, from approximately 3:30 p.m. to 4:00 p.m.; and Matthew Tisdale, advisor to Commissioner Florio, from approximately 4:05 p.m. to 4:45 p.m. All meetings were initiated by Mr. Cragg, and took place at the San Francisco offices of the California Public Utilities Commission. The handout attached to this Notice as Attachment A was used during each meeting.

During the meetings, Mr. Kelly and Mr. Cragg described IEP's proposal to implement the procurement set out in the Proposed Decision (PD) in two stages. During the first stage in 2013, the Commission would authorize Southern California Edison Company (SCE) to

conduct an All-Source Request for Offers (RFO) for up to 1,500 MW, as the PD proposed. During the second stage, an additional All-Source RFO in 2014 would address any shortfall in the 2013 solicitation and procure additional resources up to the CAISO-recommended total of 2,370 MW for the two solicitations, with adjustments as appropriate based on the results of the 2013 RFO. In the current decision under consideration, the Commission would grant SCE authority to undertake both a 2013 and 2014 solicitation.

Mr. Kelly and Mr. Cragg further discussed IEP's opposition to the PD's set-aside for storage. However, IEP encourages the Commission to remove any barriers to the participation of storage resources in the all-source solicitations.

Respectfully submitted February 8, 2013 at San Francisco, California.

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By /s/ Brian T. Cragg

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ATTACHMENT A

Independent Energy Producers Association Thoughts on Track 1 Proposed Decision

- Between the retirements of once-through cooling and the potential for reduced capacity from the SONGS units, roughly **7,000-9,000 MW of capacity will shut-down** between now and 2020-2021.
- A decision on resource need in the next LTPP proceeding (initiated in 2014) is not likely until sometime in 2015, which may be too late to get new resources on line to meet forecasted demand in 2020 and 2021. The Commission needs to **act now** to address anticipated need.
- The slow recovery from the recession creates uncertainty about demand forecasts, and some parties are concerned that commitments to conventional resources will retard the development of distributed generation, demand response, CHP, energy storage, and energy efficiency.
- IEP is advocating a middle ground:
 - **Step 1:** In the Track 1 decision, the Commission should authorize SCE to conduct a **2013 All-Source RFO for up to 1,500 MW**, as the Proposed Decision recommends.
 - The Commission should order the utilities to ensure that all-source solicitations are open to all bidders who can provide the desired product.
 - The Proposed Decision's carve-out for storage would distort the SCE solicitation. Storage resources should be allowed to bid on a fair basis, along with all other resources, in all-source solicitations.
 - Apply comparable operational and financial obligations on all bidders.
 - Energy Division would evaluate the results of the 2013 All-Source RFO to see if preferred resources bid and were selected at the expected levels.
 - **Step 2:** Based on the Energy Division's evaluation, the Commission in the Track 1 decision would authorize SCE to conduct a 2014 All-Source RFO for the amount of additional MW needed to maintain grid reliability in 2020, **up to a total of 2,370 MW** for the 2013 and 2104 RFOs (the CAISO's recommendation).