

**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)

**COMMENTS OF THE INDEPENDENT ENERGY PRODUCERS
ASSOCIATION ON THE SCHEDULE FOR TRACK 4**

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At the prehearing conference on September 4, Administrative Law Judge (ALJ) David Gamson invited the parties to comment on the remaining schedule for Track 4 of this proceeding. The Independent Energy Producers Association (IEP) responds to that invitation with these comments.

The Schedule Proposals

Both the California Independent System Operator (CAISO) and the ALJ presented proposed schedules for Track 4. The CAISO believes that the results of Track 4 should inform the system need determination of Track 2; accordingly, the CAISO proposes to defer Track 2 until Track 4 is wrapped up. The CAISO also thinks that the final decision in Track 4 should be deferred until it can incorporate as appropriate the results of the 2013-14 Transmission Planning Process (TPP).

The ALJ's proposal, in essence, stays close to the current schedule and would result in an interim decision that will resolve as many issues as possible, based on the record developed as of that point. When the results of the 2013-14 TPP are available, the determinations of the interim decision will be considered in light of those results. The interim

decision, including any procurement authorization made as part of the decision, would be subject to adjustment after the results of the 2013-14 TPP are made available.

On balance, IEP prefers the ALJ's proposed schedule. The ALJ's schedule offers the best prospect of completing this portion of the proceeding quickly. The ALJ's schedule is designed to be able to take into account the final 2013-14 TPP reports without abandoning the existing schedule. IEP is concerned that the CAISO's proposal would inevitably lead to delay and no procurement authorization would result until late 2014. The unanticipated retirement of San Onofre Nuclear Generation Station Units 2 and 3 adds greater urgency to the need to complete Track 4 as soon as possible.

The advantages of the ALJ's proposed schedule may evaporate, however, unless the procurement authorized by the interim decision and exercised by the utilities is made more certain and less contingent. If the procurement commitments authorized by the interim decision could later be undone by a subsequent decision, it is unlikely that the interim decision will result in any procurement at all. Considerable time and financial commitment are required to prepare a bid for a Request for Offers (RFOs), and if the commitments to the resources procured pursuant to the interim decision are contingent or subject to later revocation, few bidders are likely to participate in the RFO. The procurement authorized by the interim decision should be "no-regrets" procurement that will be needed regardless of what comes out of the TPP, and the interim decision procurement should not be subject to later revocation.

Under the best of circumstances, this proceeding (the 2012 LTPP proceeding) will not be completed until sometime in 2014. The original conception for the LTPP proceeding was that a new proceeding and a new round of forecasting would take place every two years. Under the intended schedule, all decisions resulting from this proceeding would be completed by the

end of 2013. It is clear now that this intended schedule will not be met. Under either proposed schedule, the 2012 LTPP proceeding will extend into 2014, the year a new proceeding is to be instituted and a new set of studies begun.

There will always be a temptation to defer a proceeding anchored in forecasts until just one more study can be completed or one more piece of data considered. IEP understands the desire to incorporate the results of the 2013-14 TPP, but the Commission would be entirely within its authority if it locked down the assumptions in their current state, with no further modifications, and proceeded to make its determinations.

The ALJ's proposed schedule is an attempt to keep this proceeding on track. Of the two proposals, the ALJ's version presents the least risk of unanticipated delays.

The Treatment of the ALJ's Issues

At the prehearing conference, the ALJ also listed seven issues that he would like the parties to address in their testimony. IEP will not address these issues at this point, but IEP notes that the issues identified by the ALJ appear to be not very well suited for evidentiary hearings. Particularly in light of the need to issue a decision in Track 4 as soon as possible, the Commission may want to consider alternative ways to address these issues. The seven issues appear to be issues that could adequately be addressed in an exchange of written comments, perhaps followed by a workshop designed to reduce differences and forge compromises. IEP expects that an exchange of comments would take much less time than full evidentiary hearings and a regular briefing cycle.

IEP respectfully asks the ALJ and Assigned Commissioner to consider these comments as they consider revision to the Track 4 schedule.

Respectfully submitted this 10th day of September, 2013 at San Francisco, California

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