

**BEFORE THE
CALIFORNIA PUBLIC UTILITIES COMMISSION**

Order Instituting Rulemaking to Integrate and Refine Procurement Policies and Consider Long-Term Procurement Plans.

Rulemaking 12-03-014

**REPLY COMMENTS OF THE CALIFORNIA INDEPENDENT
SYSTEM OPERATOR CORPORATION
ON PROPOSED TRACK 2 AND TRACK 4 PROCEDURAL SCHEDULES**

According to the schedule established by ALJ Gamson at the September 24, 2013 prehearing conference (PHC), multiple parties filed comments on the Tracks 2 and 4 procedural schedules proposed by the California Independent System Operator Corporation (ISO) and the ALJ. The parties appear to be largely in agreement that the current Track 2 schedule should be deferred until the Track 4 results are known and can be incorporated into the system needs analysis. This approach is consistent with the ISO's Track 2 recommendation.

Similarly, it appears that many parties support a holistic evaluation of the Track 4 issues, including the ISO's transmission study results, which is consistent with the ISO's preferred schedule for Track 4. Other parties have offered suggestions regarding the possible timing and scope of an interim decision; some have recommended that the Commission refrain from the interim/final decision approach and simply issue one holistic decision on the ISO's proposed timetable. The ISO has no additional suggestions or modifications to the proposed Track 4 schedule alternatives described in its opening comments and in the September 5 email. The ISO continues to recommend that the Commission wait to issue a final decision until after its additional testimony is submitted in January 2014, with an interim consideration focused narrowly on the additional procurement authorization requested by SCE and SDG&E. As noted in the ISO comments, if the Commission decides to move ahead with a schedule that is more consistent with the ALJ's proposal than the ISO's preferred approach, the ISO would be able to provide information about the transmission alternatives being studied before all the study work is completed.

The ISO does have one additional topic to discuss in these reply comments. The Independent Energy Producers (IEP) expressed a preference for the ALJ's proposed schedule due to the concern that the ISO's proposed schedule could lead to delay. IEP also noted that the seven issues outlined by the ALJ for inclusion in testimony do not seem to be well suited for evidentiary hearings. IEP encouraged the Commission to consider alternative ways to consider these additional topics.¹

On the issue of delay, the ISO previously expressed just the opposite concern- that the ALJ's proposed schedule could lead to two "full blown" evidentiary hearings instead of one. However, the ISO agrees with IEP that the additional seven issues should be handled separately and not as part of a fact finding hearing process. Litigating these issues could substantially delay the decision-making process under either proposed schedule.

Respectfully submitted,

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¹ IEP comments, pp. 2-3.