

PUBLIC UTILITIES COMMISSION

605 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

December 20, 2013

ATTN: Brian Cherry
Vice President, Regulatory Operations
77 Beale Street, 24th Floor
Mail Code B24W
San Francisco, CA 94105**SUBJECT: Rejection of the California Energy Systems for the 21st Century Joint Utility Annual Report**

Dear Mr. Cherry:

On September 23, 2013, Governor Brown signed Senate Bill (SB) 96, modifying the California Energy Systems for the 21st Century (CES-21) Program, previously approved by Decision (D.) 12-12-031, by reducing the budget to \$35 million and limiting the scope to cybersecurity and grid integration. As part of SB 96, PG&E, SCE and SDG&E (the Joint Utilities), are required to submit a Joint Report by December 1, 2013 on the scope of all proposed research projects.

On October 24, 2013, the Commission issued an Assigned Commissioner and Administrative Law Judge's Scoping Ruling inviting comments from parties to determine next steps in light of the enactment of SB 96. That ruling invited parties to comment on a number of questions related to implementation of the new law, including allocation of research costs, definition of "grid integration," and enforcement of the new funding cap.

On November 27, 2013, the Utilities filed a Joint Report in compliance with SB 96 describing the scope of their proposed CES-21 research projects. SB 96 requires the Commission to determine within 30 days of receiving the Joint Report whether the report is sufficient or requires revision. Because the utilities filed the report before the Commission has had the opportunity to take input from stakeholders and resolve implementation issues, the Commission rejects the Joint Report without prejudice. The Commission will instruct the Joint Utilities on how to amend the Joint Report via a revision of D. 12-12-031 or a new Decision in Application (A.) 11-07-008.

Sincerely,

A handwritten signature in cursive script that reads "Michelle Cook for Paul Clanon".

Paul Clanon, Executive Director
California Public Utilities Commission