

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)

OPENING COMMENTS OF THE UTILITY REFORM NETWORK
ON THE PROPOSED DECISION OF ALJ GAMSON IN
TRACK 3 OF THE 2012 LTPP



Lower bills. Livable planet.

Marcel Hawiger, Staff Attorney

THE UTILITY REFORM NETWORK
785 Market Street, Suite 1400
San Francisco, CA 94103
Phone: (415) 929-8876 ex. 311
Fax: (415) 929-1132
Email: marcel@turn.org

February 18, 2014

TABLE OF CONTENTS

1. Summary of Recommendations	1
2. Providing Greater Transparency Regarding IOU Procurement (Sections 5.2.3 and 9.6)	2
3. Revisions to Cost Allocation Mechanism (Section 8)	4
4. IOUs' Minimum and Maximum Forward Procurement (Section 4.1)	4
5. Treating Upgrades and Repowers as New Generation (Section 6.1.2)	5

**OPENING COMMENTS OF THE UTILITY REFORM NETWORK
ON THE PROPOSED DECISION OF ALJ GAMSON IN
TRACK 3 OF THE 2012 LTPP**

Pursuant to Rule 14.3 of the Rules of Practice and Procedure, The Utility Reform Network (TURN) submits these comments on the Proposed Decision (PD) of ALJ Gamson in Track 3 of this 2012 Long Term Procurement Plan (“LTPP”) proceeding regarding the Investor-Owned Utilities’ (IOUs’) electric procurement.

1. Summary of Recommendations

TURN does not identify any errors in the PD. TURN recommends several clarifying changes to the text and ordering paragraphs and offers supportive comments on the following policy determinations in the PD:

- The PD’s plans to revise the IOUs’ reporting of their transaction data and the use of such data to provide greater information to the public regarding the utilities’ procurement;
- The PD’s rejection of major changes to the CAM, except to make energy auctions optional for the utilities;
- The PD’s rejection of additional minimum and maximum limits on IOUs’ forward procurement; and
- The PD’s clarification that projects to upgrade or repower existing generating units may bid into the utilities’ RFOs for new generation.

2. Providing Greater Transparency Regarding IOU Procurement (Sections 5.2.3 and 9.6)

TURN strongly supports the Commission's effort to "promote greater reporting of the information that the Commission regularly collects from the utilities, either as aggregate or in specific when advisable."¹ TURN believes that making such information more transparent will benefit market participants, the CAISO, and future discussions of energy policies.²

TURN anticipates engaging with the utilities' efforts pursuant to the PD to consult with their Procurement Review Groups (PRGs) to revise their Quarterly Compliance Reports (QCRs) to facilitate reporting and public transparency.³ Given the importance of the CAISO having access to forward procurement information, TURN suggests that these efforts engage the CAISO, consistent with the Commission's invitation to the CAISO in Rulemaking 14-02-001 to "secure authorizations to review confidential utility data on the amount of forward procurement that occurs relative to forecast reliability needs in the absence of express forward resource adequacy procurement requirements."⁴

TURN also recommends two clarifications to the text to ensure that reform to the reporting template achieves the intended goals. First, TURN recommends that

¹ Proposed Decision (PD), Sections 5.2.3 (at p. 24) and Conclusion of Law (COL) 6.

² See Opening Comments of The Utility Reform Network on Track III Rules Issues, April 26, 2013, (TURN Opening Comments) pp. 3-4.

³ PD, Section 9.6 and Ordering Paragraph (OP) 5.

⁴ Rulemaking 14-02-001, p. 17.

the language of Section 5.2.3 and Conclusion of Law (COL) 6 also include references to “the public” rather than just “the market and the CAISO,” as shown in Appendix A. This change would make the PD more consistent with the goal of providing “public transparency” stated in Question 2.a of the *Administrative Law Judge’s Ruling Seeking Comment on Track III Rules Issues* dated March 21, 2013 (Ruling).⁵ Second, TURN recommends that language from Section 5.2.3, describing the Commission’s stated goal “to reform certain data requesting guidelines, with an eye towards aggregating data via the quarterly compliance reports (QCRs) and reporting out that data in ways that are consistent and usable, while protecting market sensitive information,”⁶ be specifically reiterated in Section 9.6 and Ordering Paragraph 5. As it reads now, Section 9.6 and the Ordering Paragraphs appear to focus on streamlining and consistency in the presentation of the data in the Quarterly Compliance Reports. The ordering language does not specifically identify the greater disclosure goals articulated in Section 5.2.3, and such lack of clarity could lead to dispute during implementation of this section in the PRGs.

⁵ The third sentence of Section 9.6 also suggests the PD intends to make such information available to “the public.”

⁶ PD, Section 5.2.3, p. 24.

3. Revisions to Cost Allocation Mechanism (Section 8)

The PD's disposition of issues relating to the Cost Allocation Mechanism (CAM) is consistent with the statutory goals of §365.1(c)(2)(A) and provides a well-defined standard – that all procurement authorized for system and local reliability is subject to CAM.⁷ TURN hopes the Commission's firm and clearly-stated findings on these issues will limit the repetitious litigation that has taken place on these issues in recent dockets.

TURN recommends one clarification to the PD. TURN interprets the text of the PD to no longer *require* the IOUs' to conduct energy auctions, but to *allow* them to do so.⁸ However, the wording of COL 10 and Ordering Paragraph (OP) 4 could be read to mean that energy auctions are no longer allowed and that the utilities must use the provisions of the Joint Parties' Proposal to estimate residual capacity costs. TURN recommends revising both COL 10 and OP 4 as shown in Appendix A.

4. IOUs' Minimum and Maximum Forward Procurement (Section 4.1)

TURN supports the PD's determination not to impose additional minimum and maximum procurement requirements on the utilities at this time.⁹ TURN agrees with the PD that such a requirement could increase costs without any identified benefits.

⁷ PD, Section 8.

⁸ See, for example, the last paragraph of Section 8.4.3.

⁹ PD, Section 4.1.

5. Treating Upgrades and Repowers as New Generation (Section 6.1.2)

TURN supports the PD's clarification that the additional capacity available from upgrades or repowers to existing generation should be allowed to bid as new capacity in the IOUs' new generation RFOs.¹⁰

TURN appreciates the opportunity to provide these comments on the Proposed Decision.

_____/S/_____
Marcel Hawiger
Staff Attorney

The Utility Reform Network
785 Market Street, Suite 1400
San Francisco, CA 94103
Phone: 415-929-8876
marcel@turn.org

¹⁰ PD, Section 6.1.2.
TURN Comments on PD
R.12-03-014
February 18, 2014

Appendix A

Revisions to Conclusions of Law and Ordering Paragraphs

Citation:	Change:	To:
Conclusion of Law 6	"to the market and the CAISO"	"to the market, the CAISO and the public in general"
Conclusion of Law 10	"Instead all utilities should use"	"Should a utility decide not to employ an energy auction, it should instead"
Ordering Paragraph 4	"Instead Pacific"	"Instead, should any of the Pacific"
Ordering Paragraph 4	"Company shall"	"Company decide not to employ an energy auction, it shall instead"
Ordering Paragraph 5	n/a	ADD the following to end of existing text: "The guide should be developed with an eye towards aggregating data via the quarterly compliance reports (QCRs) and reporting out that data in ways that are consistent and usable, while protecting market sensitive information. "