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Subject: CPUC Acts to Ensure Energy Reliability in Southern California: CPUC Press Release

**FOR IMMEDIATE RELEASE
PRESS RELEASE**

Media Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov
Docket #: R.12-03-014

**CPUC ACTS TO ENSURE ENERGY RELIABILITY
IN SOUTHERN CALIFORNIA**

SAN FRANCISCO, March 13, 2014 - The California Public Utilities Commission (CPUC), in its ongoing mission to ensure safe and reliable utility service to customers, today directed Southern California Edison (SCE) and San Diego Gas & Electric (SDG&E) to procure energy supplies to meet Southern California needs, including from preferred resources (such as renewable power, Demand Response resources, and energy efficiency) or energy storage.

SCE was ordered to procure between 500 and 700 megawatts (MW), and SDG&E to procure between 500 and 800 MW by 2022 to meet local capacity needs stemming from the retired San Onofre Nuclear Generating Station.

Said Commissioner Mike Florio, who is the assigned Commissioner for the Long-Term Procurement Proceeding, "This groundbreaking decision begins the process of acquiring new resources to replace the 2,200 megawatts that the San Onofre Nuclear Generating Station would have supplied. It authorizes SCE and SDG&E to procure up to 1,500 megawatts of new resources, at least 600 megawatts of which must be from California's preferred resources, namely renewable power, Demand Response resources, and energy efficiency. The CPUC and the utilities will work to ensure going forward that preferred resources can provide not just clean energy, but the essential reliability services that are needed to ensure a stable and reliable grid. This

will put us firmly on the path toward meeting California's greenhouse gas reduction goals by eventually phasing out the use of fossil fuels to generate electricity."

Added CPUC President Michael R. Peevey, "This action helps us move forward in meeting the electricity needs of Southern California now that the San Onofre Nuclear Generating Station is permanently closed. Our combination of preferred resources and some more conventional generation will help in making a more secure energy future for Southern California consumers."

Said Commissioner Catherine J.K. Sandoval, "The shutdown of San Onofre was significant and unforeseen, but opened up opportunities for new technologies to take its place. Up to 1,500 megawatts of the generation authorized to replace San Onofre can come from energy efficiency, Demand Response, renewable energy, and energy storage, in line with California's vision for a healthier environment and economic sustainability. This decision provides flexibility while fulfilling the CPUC's duty to ensure safe and reliable service at just and reasonable rates."

Said Commissioner Michael Picker, "Keeping the lights on is not just about comfort; it's about safety and it's about keeping our economy strong. The procurement plan that the CPUC adopted today is prudent and necessary for San Diego and south Orange County as we move forward from San Onofre and close many of the very old, dirty, and faltering natural gas plants in the area."

Today's decision, combined with prior CPUC decisions aimed at ensuring energy supplies for Southern California, brings a total of 1,900 to 2,500 megawatts to the L.A. Basin from SCE, up to 60 percent of which may come from preferred resources. SDG&E is required to procure at least 25 percent and up to 100 percent of new local capacity from preferred resources. SCE and SDG&E are required to procure at least 50 megawatts and 25 megawatts, respectively, from energy storage. The CPUC's actions thus far will offset the retirement of the 2,200 megawatt San Onofre Nuclear Generating Station and nearly 5,900 megawatts of once-through cooling plants.

A previous CPUC decision determined that it was not feasible to rely solely on preferred resources to meet local energy needs and that conventional gas-fired resources must also be utilized in order to ensure reliability. The CPUC said it strongly intends to continue pursuing preferred resources to the greatest extent possible, but

must always ensure that grid operations are not potentially compromised by excessive reliance on intermittent resources and resources with uncertain ability to meet need. The CPUC's ongoing Resource Adequacy proceeding is exploring the ability of various preferred resources and energy storage to meet needs. Until that time, the CPUC must take a prudent approach to reliability, which entails a gradual increase in the level of preferred resources and energy storage into the resource mix to historically high levels.

The proposal voted on is available at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M088/K979/88979084.PDF>.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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