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Cc:

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Subject: R.13-12-010: Notice of staff intent to form working group on retirement assumptions

Dear Parties to Proceeding R.13-12-010,

Energy Division Staff appreciate comments received from stakeholders on the development of assumptions & scenarios for use in the 2014 Long-Term Procurement Plan (LTPP). While a Ruling on this topic has already been issued to meet planning deadlines, we felt compelled to refine our assumptions related to expected retirement ages of generation facilities. To this end, we will facilitate a working group discussion aimed at better informing retirement assumptions. Our goal is to develop a more accurate and precise assumption to be used in the ISO's 2015 Transmission Planning Process (TPP) and future LTPP processes.

We invite all interested parties to participate in this working group discussion. We intend to complete this process by September of 2014 so that improved assumptions can be incorporated into the current LTPP cycle. We sincerely appreciate - and indeed rely upon - stakeholder feedback to continually improve our procurement planning activities and processes.

If you are interested in participating, please email Neal Reardon (neal.reardon@cpuc.ca.gov) by May 13, 2014.

Regards,

Neal Reardon

Additional details are below:

Calpine, CEJA, POC, UCS, and SCE all criticized our use of a uniform 40 year

assumption for the lifespan of generators. Several suggested incorporating operation history instead of simply facility age to predict retirement date; the rationale being that facilities with relatively little run time may be expected to operate beyond 40 years. We recognize that a facility-by-facility approach to evaluating retirement dates may increase accuracy, though the practical implementation of this may be resource intensive. We welcome public data, which would enable us to predict, with more accuracy, the remaining life of a given facility. To facilitate this, we plan to develop a technical working group focused on developing an improved methodology for estimating retirement dates. We welcome participation from any concerned parties, in particular those who do not find a uniform 40 year assumption for facility lifespan to be adequate. The findings of this working group will be used- as appropriate - to update the Energy Division Staff proposed planning assumptions. Those proposed assumptions will be subject to party comment before final planning assumptions are adopted for use in future modeling.

Neal Reardon, Senior Analyst

Generation and Transmission Planning Section
Energy Division
California Public Utilities Commission