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Bcc:
Subject: Follow-Up on Local Area Question for JRP Track 1

Meredith, Candace, Bob, and Cem –

Thanks again for taking the time to meet with us last week regarding Track 1 of the JRP OIR on multi-year RA consideration. One question that came up during the discussion is how often have local areas changed year to year, which could potentially impact the local capacity requirements (LCRs) as well as the resources eligible to meet those requirements. We have discussed this issue with staff in our Transmission Planning and Integrated Resource Planning Departments.

The definition of local areas (i.e., boundaries) have rarely changed. Such changes are likely to only occur if there is a major shift in network topology and/or resources. To assess trends in LCR results one can review the final LCR studies on the CAISO website (2013-2015 studies located [here](#) and 2006-2012 studies located [here](#)). Since the CAISO is now completing longer term LCR studies (looking ahead 5 years) it may be possible to identify any local area definition changes early enough to plan for such adjustments.

However, LCR quantity results do change year to year. The primary drivers of these changes are transmission approvals and changes to load. Changes have not historically been driven by changes in how the local areas are defined. Given that the LCR results do change year to year there is an over-procurement risk if LSEs are required to forward procure 100% of the forecasted LCRs two and/or three years forward.

Let me know if you would like to discuss any additional issues related to Track 1 of the JRP

OIR prior to the issuance of Staff's proposal on July 1.

Thanks,

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Regulatory Case Manager

Pacific Gas & Electric

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