

Resource Adequacy, Reliability, Risks and Markets

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LTTP Scoping Memo Issued 9/25

- Goals of LTTP review process
 - Approve one set of LTTP plans (merge STPPs and LTTPs)
 - Integrate EAP II Goals into LTTP
 - Review Selected Procurement Practices & Procedures
 - Review 10-year Resource Plans
 - Identify need for new resources (likely targeted for 2010-2012 timeframe)



Review Select Procurement Policies

□ Procurement Practices

■ Competitive Procurement RFO

- Promote all source solicitations – define?
- Transparency/confidentiality
- Pre-review of RFO documents?

■ Credit and Collateral

- Credit and collateral policies should not be a barrier to supplier participation in RFO process (while adequately protecting buyer)
- Commission has engaged consultant to assist in review



Review Select Procurement Policies

- Procurement Practices (Continued)
 - Independent Evaluator
 - Scope of Independent Evaluator role
 - Impartiality of Independent Evaluator
 - Costs & benefits of using Independent Evaluator
 - AB 1576
 - All parties are invited to submit proposals for mechanism to implement
 - RFO? Bilateral? Unilateral?
 - Plans must discuss how utilities will implement repowering policies



Review Select Procurement Policies

- Risk Management Practices
 - Risk Measure (Time to Expiration for the Value at Risk, TeVaR)
 - Standardization?
 - Calculation?
 - Gas Hedging
 - Best practices?
 - Consistency across portfolios (IOU/DWR) and/or IOUs?



Need Determination

- Plans will identify the need for new resources (2007-2016)
- Establish the specifics of any need determination
 - Range of Need (e.g. 500-700 MW)
 - Timeframe (e.g. 2010-2012)
 - Location (e.g. x % in Local Areas)
 - Type of Resource Needed (Blackstart, quickstart, VAR support, wind integration, baseload/shaping/peaking)
 - Timeframe of RFO
- Establish the Need on a System Need and Bundled Customer basis
 - D. 06-07-029 cost allocation mechanism stays in place until it is replaced by subsequent Commission directives, therefore, LTPPs must look at both bundled and system need
 - LTPP Phase 2 decision will need to determine whether cost allocation mechanism is extended to next round of contracts



Next Steps in LTPP

- 10/12 PHC/Energy Div Workshop
- 10/20 Track 1: Energy Auction Proposals Due
- 11/20 Track 2: LTPP Filings Due
- 11/30 Track 1: Workshop on Proposals
- By 12/8 Track 2: IOU Workshops on LTPP filings
- 1/17/07 Track 2: Intervenor Testimony Due