

**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Promote Policy)
and Program Coordination and Integration in) Rulemaking 04-04-003
Electric Utility Resource Planning)
_____)

**POST-WORKSHOP REPLY COMMENTS OF
THE UTILITY REFORM NETWORK**

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POST-WORKSHOP REPLY COMMENTS OF TURN

Pursuant to the December 2, 2005 ruling of Assigned Commissioner Michael R. Peevey, The Utility Reform Network (TURN) submits this reply to the opening comments that were filed after the December 14 workshop regarding the initial staff work plan for the 2006 Long-Term Procurement Plan (LTPP) proceeding. Following the admonition of Energy Division staff at the workshop, TURN did not submit opening comments on January 5, in the interest of avoiding repetition of its pre-workshop comments.

Having reviewed the comments of the other parties, TURN is prepared to endorse the comments submitted by Pacific Gas and Electric Company (PG&E) in all respects, except for a minor adjustment to the schedule proposed by the utility in Appendix A of its filing.¹ TURN especially agrees with and endorses the following points made by PG&E:

- given the significant amount of work already necessary for this proceeding, PG&E urges the Commission to **limit the scope of this proceeding** to issues that must be resolved for the LSEs to develop LTPPs and **not allow this proceeding to become a catch-all for all procurement related issues.** (PG&E, p.8, fn.9) (emphasis added)
- the need to be singularly focused on the relevant issues, rather than trying to address each issue raised by every party. (PG&E, p.3)
- PG&E believes that the additional time spent in LTPP design and pre-hearing work will allow the hearings, if they are needed, to be shorter and more focused. (PG&E, pp.4-5)
- Requiring all Commission-jurisdictional LSEs to submit an LTPP that is reviewed by the Commission is an essential part of insuring resource adequacy, including issues regarding new generation procurement and cost allocation. (PG&E, p.9)

¹ In its proposed schedule for Phase III, "LTPP Submission," PG&E suggests giving itself and the other respondents three full months following the April 2006 workshops to submit their long-term plans, but would allow other parties only two months or less to conduct discovery and respond to all of those various plans with prepared testimony (assuming *at least* two weeks after interested party testimony for rebuttal and hearing preparation). As a more reasonable and balanced alternative, TURN suggests June 16 for LTPP submissions, workshops in early July, interested party testimony on August 30, rebuttal on September 8, and hearings beginning September 18 (two weeks earlier than PG&E has proposed).

- in order to effectively include transmission in the LSEs' LTPPs, a limited waiver of the Federal Energy Regulatory Commission's ("FERC") Order 2004 may be necessary. PG&E urges the Commission to consider this issue early in the 2006 LTPP proceeding and to jointly with the IOUs petition FERC for a waiver of the Order 2004 limitations to facilitate the IOUs effective participation in this state-mandated resource planning proceeding. (PG&E, p.8)

TURN believes that these recommendations, and particularly the first three, are critically important if the Commission hopes to avoid the lengthy and disjointed hearing process that occurred in the last two LTPP proceedings. In that regard, TURN strongly agrees with Southern California Edison Company (Edison or SCE, p.11) that this is not a timely or appropriate proceeding in which to reevaluate the "hybrid market" that this Commission has endorsed for generation, as urged by Constellation and IEP. Key elements of the hybrid market structure, such as the use of Independent Evaluators in conducting RFOs that include utility- and/or affiliate-owned generation projects, have yet to be fully tested in practice. This renders any attempt at reevaluation at this time premature at best, and a wasteful exercise in self-interested ideological posturing at worst. Similarly, TURN sees no benefit in considering once again the "slice of load" concept advocated by Constellation. That approach is so fundamentally at odds with the current market structure in California that it would serve no purpose to devote precious hearing time to the subject.

At the same time, TURN disagrees with Edison (p.11) that "defining the retail market" should be a subject of hearings at this time. Retail direct access has been suspended by state legislation, and the question of whether or when to reopen it is in the province of the legislature, not this Commission. Since this agency has no ability to reopen the retail market in the near term, there is no point in spending scarce resources debating the subject.

TURN further agrees with SDG&E (p.16) that items 4 and 7-10 on the list of potential procurement policy issues should not be pursued by the Commission this year. All of these issues were addressed by the Commission in the last LTPP cycle, and there has not been sufficient experience with the adopted policies to permit a rational reassessment at this time. However, TURN disagrees with SDG&E regarding the introduction of “procurement incentives” issues into this proceeding. The Commission has held workshops on that topic in R.04-04-003, and any further action on the subject should take place in that docket, where a record has already been developed, not here.

Finally, TURN strongly endorses the recommendation of SDG&E (p.4) that the California Energy Commission (CEC) “participate in this year’s resource planning proceeding *as a party* and not as an extension of Commission staff” (emphasis added). Given the controversial policy recommendations that the CEC inserted into its transmittal of the IEPR “range of need” determinations to this Commission, it is clear that the CEC has its own unique agenda that deserves to be examined “on a level playing field” along with the views of the other participating parties. As SDG&E points out (p.5): “The CEC policy preferences were not fully tested in the IEPR and not subjected to cost-benefit analysis.” It would be unfair and potentially a violation of due process to allow the CEC to play a “behind the scenes” role in this proceeding and avoid subjecting its recommendations to examination by the other parties in an open forum.

In summary, TURN urges this Commission to keep this year’s LTPP proceeding narrowly focused on the critical issues that must be resolved this year. The proceeding should not be allowed to become a “catch-all” for every party to advance its particular pet issues and agendas. The goals of this proceeding will not be achieved if the case gets bogged down in

debating a wide range of procurement-related issues that are at best peripheral to the consideration of the utilities' LTPPs.

Respectfully submitted,

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