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

Order Instituting Rulemaking to Integrate  
and Refine Procurement Policies and  
Consider Long-Term Procurement Plans.

Rulemaking 10-05-006  
(Filed May 6, 2010)

**ADMINISTRATIVE LAW JUDGE'S RULING REVISING THE SCHEDULE FOR  
THE PROCEEDING AND REGARDING STAFF'S PROPOSALS FOR  
RESOURCE PLANNING ASSUMPTIONS – PART 2  
(LONG TERM RENEWABLE RESOURCE PLANNING STANDARDS)**

**1. Background**

The Administrative Law Judge (ALJ) in this proceeding issued a ruling on May 28, 2010 (Ruling), noticing a series of workshops and transmitting the first of several Energy Division staff (Staff) proposals regarding procurement planning policies and assumptions. The Ruling stated that rulings would be issued transmitting additional Staff proposals regarding several matters, including the Resource Planning Assumptions – Part 2, related to Renewables Portfolio Standard (RPS) planning standards to be discussed in Track I of the present proceeding. The present ruling transmits Staff's proposals regarding the Resource Planning Assumptions – Part 2 (Long Term Renewable Resource Planning Standards), revises the comment schedule for Resource Planning Assumptions – Part 2 (Long Term Renewable Resource Planning Standards) as discussed at the June 14, 2010 Prehearing Conference (PHC), makes other revisions to the schedule discussed at the June 14, 2010 PHC, and requests comments on specified matters.

## **2. Resource Planning Assumptions – Part 2 (Long Term Renewable Resource Planning Standards)**

In response to the Commission's direction in Decision (D.) 07-12-052,<sup>1</sup> the Energy Division conducted a 33% RPS Implementation Analysis (33% RPS Implementation Analysis) in Rulemaking (R.) 08-02-007,<sup>2</sup> which addressed many implementation issues and market and regulatory barriers associated with achieving 33% RPS. In the July 1, 2009 Staff Proposal,<sup>3</sup> Energy Division referred to the 33% RPS Implementation Analysis as an example of the type of long-term renewables analysis that the Commission should expect in system resource plans.

As noted in the Order Instituting Rulemaking (OIR), a system-wide “Renewables and Transmission Study,” as described in the July 1, 2009 Staff Proposal and as exemplified by the 33% RPS Implementation Analysis, is valuable for the LTPP process. Having detailed information about plausible renewable generation portfolios and associated transmission infrastructure requirements is desirable for identifying the need for new system or local resources, as well as any operational needs to integrate intermittent renewables. It is recognized that renewable development strategies may vary in terms of cost,

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<sup>1</sup> “We direct parties to work with ED staff to refine a methodology for resource planning and analysis that will [. . .] adequately address the issue of a 33% renewables target by 2020 in subsequent LTPPs.” (D.07-12-052 at 256)

<sup>2</sup> Energy Division’s 33% *Renewable Portfolio Standard Implementation Analysis: Preliminary Results* report was issued on June 12, 2009, and entered into the R.08-02-007 record in the July 1, 2009 *Amended ACR/Scoping Memo*.

<sup>3</sup> Energy Division Straw Proposal on LTPP Planning Standards, Attachment 2 to the July 1, 2009 *Amended ACR/Scoping Memo*, R.08-02-007.

time to implement, and development risk,<sup>4</sup> and that the regulatory framework for renewables is under regular administrative and legislative review.<sup>5</sup> Thus, the long-term renewables analyses performed in this proceeding need to provide sufficient information to support Commission determinations of preferred RPS implementation strategies under a variety of potential scenarios.

In order to avoid duplicating the substantial effort that went into developing and vetting the methodology used in the 33% RPS Implementation Analysis, and encourage continued coordination by Staff of a single, statewide study, Staff has updated the relevant outputs from the 33% RPS Implementation Analysis using updated assumptions and methodologies consistent with the emerging renewables and transmission environment. Workshops were noticed in R.08-02-007 and held on December 10, 2009 and December 11, 2009 to discuss Staff's proposed approach to an update of the 33% RPS Implementation Analysis. Staff now seeks party comment on the attached proposal for a set of inputs, assumptions, methodologies, and resulting scenarios to guide long-term planning for renewables in the 2010 LTPP.

If adopted, the renewable resource scenarios generated by this updated renewables study will be among several required inputs to system resource plans in this proceeding. Utilities would be required to file plans that accommodate the renewable scenarios adopted by the Commission, but they could also propose alternative renewable scenarios if warranted.

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<sup>4</sup> The 33% RPS Implementation Analysis provided a preliminary analysis of distinct RPS portfolios and their expected performance in terms of cost, risk and time.

<sup>5</sup> For example, the California Air Resource Board was directed in Executive Order S-21-09 to utilize its authority under AB 32 to develop regulations to implement a 33% renewables target. These regulations have not yet been adopted.

### **3. Comments**

As discussed at the June 14, 2010 PHC, initial comments on the Resource Planning Assumptions – Part 2 (Long Term Renewable Resource Planning Standards) are now due on Friday, July 9, 2010. Reply Comments are now due on Friday, July 16, 2010.

Staff requests input and comment on this draft proposal. It will be most useful to the Commission if any party that disagrees with an input or methodology presented in the report provides an alternative suggestion and a rationale as to why the proposed change is important for purposes of long-term planning in the LTPP. Specifically, Staff requests that parties be guided in their comments by the principles proposed at the December 10, 2009 and December 11, 2009 workshop on RPS planning in the predecessor to this proceeding, R.08-02-007, as well as discussions from the workshop held in this proceeding on June 18, 2010.<sup>6</sup> Staff will weigh any suggested proposed revisions and alternatives in light of these principles:

#### Guiding Principles for development of Inputs, Assumptions and Methodologies:

1. Assumptions should reflect the behavior of market participants, to the extent possible.
2. Methodology should be consistent with previous regulatory decisions, to the extent applicable.
3. Any proposal should explain the policy basis for the proposal.
4. Any proposal must include supporting documentation.

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<sup>6</sup> Presentations and the agenda for all workshops in this proceeding may be accessed online at:

[http://www.cpuc.ca.gov/PUC/energy/Procurement/LTPP/ltp\\_history.htm](http://www.cpuc.ca.gov/PUC/energy/Procurement/LTPP/ltp_history.htm).

Guiding Principles for development of RPS Scenarios:

1. RPS scenarios should be reasonably feasible and reflect plausible procurement strategies with associated (conceptual) transmission.
2. RPS scenarios should represent substantially unique procurement strategies resulting in material changes to corresponding (fossil) procurement needs and/or required (conceptual) transmission.
3. The number of RPS scenarios should be limited to 3-5.

Parties are free to address any aspect of the proposal, but Staff requests that they also specifically address the following questions:

1. Do the proposed inputs and assumptions regarding the cost, value, and estimated Megawatt (MW) availability of renewable resources in California and throughout the West accurately reflect the best-available industry knowledge?
2. Do you agree that concerns about environmental impacts may significantly affect the development of renewable generation between now and 2020, and should thus be considered in long-term planning, to the extent possible? If the Staff-proposed methodology appropriate for providing a high-level screening of the environmental concerns associated with renewable generation, by type and location?
3. Do the proposed methodology and automated timeline tool provide realistic estimates for the timing of generation and transmission development?
4. Are the proposed assumptions about the availability and cost of transmission appropriate, considering the margin of error that must be accepted when performing a statewide study of this sort?

5. Do you agree with the concept of holding constant through all scenarios a “discounted core” of the generation resources that appear most likely to develop by 2020? Do the proposed criteria and resulting projects comprising the “discounted core” represent a reasonable forecast of viable RPS generation in 2020, not necessarily by specific project, but by technology and location? If not, what other objective, publicly-available criteria might be more appropriate for building a “discounted core”?
6. The June 2009 *33% RPS Implementation Analysis Preliminary Results* report found that different 33% RPS scenarios help to achieve different policy goals, with no one scenario performing well across all policy metrics. Therefore, does the proposed set of scenarios strike an appropriate balance, presenting “reasonably feasible” and “plausible” 33% generation futures that still represent “substantially unique procurement strategies resulting in material changes to corresponding (fossil) procurement needs and/or required (conceptual) transmission”, as envisioned in the guiding principles above?

**4. Schedule**

Pursuant to the discussion at the June 14, 2010 PHC, the deadlines for comments on this proposal have been revised as below:

<b>Proceeding Milestone</b>	<b>Date</b>
Comments on the Resource Planning Assumptions - Part 2 (Long Term Renewable Resource Planning Standards)	Friday, July 9, 2010*
Reply Comments on the Resource Planning Assumptions - Part 2 (Long Term Renewable Resource Planning Standards)	Friday, July 16, 2010*

\* Represents revised dates.

**5. Other Revisions to the Schedule**

Several other revisions to the schedule were discussed at the June 14, 2010 PHC, and are reflected in the table below:

<b>Proceeding Milestone</b>	<b>Date</b>
Comments on the Prehearing Conference, Prehearing Conference Statements, and Parties Alternatives Filed June 11, 2010.	Friday, June 25, 2010*
Reply Comments on the Prehearing Conference, Prehearing Conference Statements, and Parties Alternatives Filed June 11, 2010.	Friday, July 2, 2010*
Notice of Intent to Seek Intervenor Compensation (Extended 30 days)	Friday, August 13, 2010*

\* Represents revised dates.

**6. Attachments**

The following attachments are included with this ruling:

- Attachment 1: Energy Division Proposal for the Resource Planning Assumptions - Part 2 (Long Term Renewable Resource Planning Standards)

Therefore, **IT IS ORDERED** that:

1. The Energy Division Proposed Resource Planning Assumptions – Part 2 (Long Term Renewable Resource Planning Standards) is transmitted herewith as Attachment 1.
2. Initial comments on the Resource Planning Assumptions – Part 2 (Long Term Renewable Resource Planning Standards) are now due on Friday, July 9, 2010, as described herein.
3. Reply Comments on the Resource Planning Assumptions – Part 2 (Long Term Renewable Resource Planning Standards) are now due on Friday, July 16, 2010, as described herein.
4. Comments responsive to the Prehearing Conference, the Pre-Hearing Conference Statements filed by parties, and alternative proposals filed by parties on June 11, 2010, are due on Friday, June 25, 2010. Reply Comments on those topics are due on Friday, July 2, 2010.
5. Parties have been granted an additional 30 days to file Notice of Intent to seek Intervenor Compensation, extending the deadline for such filings to Friday, August 13, 2010.

Dated June 22, 2010, at San Francisco, California.

/s/ VICTORIA S. KOLAKOWSKI

Victoria S. Kolakowski  
Administrative Law Judge

**INFORMATION REGARDING SERVICE**

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a Notice of Availability of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the Notice of Availability of the filed document is current as of today's date.

Dated June 22, 2010, at San Francisco, California.

/s/ CRISTINE FERNANDEZ  
Cristine Fernandez

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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