



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 12-03-014
(Filed March 22, 2012)

**ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE'S
RULING REGARDING TRACK 2 AND TRACK 4 SCHEDULES**

1. Summary

This Ruling modifies the schedule for Track 4. A proposed decision on Track 4 continues to be scheduled for the first quarter of 2014. Track 2 of this proceeding is cancelled.

2. Background

The revised Scoping Memo dated March 21, 2013 sets forth a schedule for Tracks 2 and 4 of this proceeding. The schedule for Track 2 starts with testimony due September 20, 2013, with a proposed decision expected in the second quarter of 2014. The schedule for Track 4 (which was added in the revised Scoping Memo due to the retirement of San Onofre Nuclear Generation Station (SONGS)) started with testimony served on August 5, 2013. The revised Scoping Memo anticipates a proposed decision in the first quarter of 2014.

At the September 4, 2013 prehearing conference (PHC), Administrative Law Judge (ALJ) Gamson noted that the California Independent System Operator (CAISO) in its August 5 Track 4 testimony called for deferring Track 4 until after results of the CAISO's next Transmission Planning Process (TPP) are

available. The CAISO states that it will be able to provide testimony as to the transmission alternative study results (including reactive power needs) as soon as January 2014. However, the final TPP is not expected to be available until March 2014. Per the CAISO's recommendation, a decision on Track 4 would occur in the 2nd or 3rd quarter of 2014.

The CAISO extended and clarified its Motion at the PHC and in a follow-up e-mail to the service list. Among other things, the CAISO also recommended that Track 2 be deferred until after a Track 4 decision. This would likely lead to a Track 2 decision around the end of 2014.

ALJ Gamson determined that the CAISO recommendation would be considered a Motion. Parties were given the opportunity to file comments on the Motion (as clarified) no later than September 10, 2013 and reply comments on September 13, 2013. Parties were also given an opportunity to concurrently comment on a proposal by ALJ Gamson articulated at the PHC. That proposal essentially called for an interim Track 4 decision in early 2014 determining at least a minimum level of need to replace SONGS, as well as an authorization to procure particular resources to fill that need. A later decision would follow the CAISO testimony based on TPP results, as well as testimony from other parties. This later decision would evaluate if a different level of resources should be procured than in the interim decision.

3. Discussion

The TPP is expected to provide useful information to inform the Commission regarding a decision on both the level and type of resources to replace SONGS capacity in the long run. We agree with the comments of most parties that the determination of the level and type of need to replace SONGS capacity over the long-term should take the TPP into account in making this

decision. At the same time, due to long lead times for new resources, there is an urgency to start moving toward identifying and filling any identified need as soon as possible.¹

The current Track 4 schedule per the revised Scoping Memo provides a streamlined schedule toward a proposed decision in February 2014 (assuming evidentiary hearings are required). We find that it is necessary and useful to continue with the process established in the revised Scoping Memo so as to provide guidance and direction to Southern California Edison Company (SCE) and San Diego Gas & Electric Company (SDG&E) to allow these utilities to move forward on a complex and multi-year procurement process. Under the current process, Track 4 will not include TPP results.

We will make certain changes to the Track 4 proceeding as currently constituted, to allow for time to address issues identified at the recent PHC. These schedule changes are shown in the table below. As the TPP results will not be available in final form until March 2014 (although it may be possible for the CAISO to provide testimony before that time based on draft TPP results), it is appropriate to continue developing the record ahead of such results in order to provide the opportunity for the Commission to make a decision as early as possible. In this proceeding, we will consider whether an interim procurement authorization is required, and, if so, the parameters for such authorization (*e.g.*, types of resources, procurement process, etc.). If new procurement is authorized, we expect the Proposed Decision to include language that any

¹ Nothing in this Ruling is intended to prejudge the outcome of Track 4, including whether any level of procurement authorization is appropriate or how any need should be filled.

authorization will not be subject to further review based on additional evidence in this proceeding (such as the new TPP).

We will also consider whether supplemental comments, testimony and/or hearings will be required to take into account the upcoming TPP results, either in addition to or instead of an interim decision. Alternatively, it may be appropriate to propose a final decision to the Commission based on the record in this proceeding (without the TPP results) and consider the TPP results in a different forum (such as in the next Long Term Procurement Plans (LTPP) proceeding).

At the PHC, ALJ Gamson delineated a number of details parties may wish to elaborate on in Track 4 testimony. As noted in comments, these issues are policy-related and not expected to involve disputed, material facts. Therefore, parties may file comments on the detailed issues from the September 4 PHC in lieu of testimony per the schedule below. Opening, reply and rebuttal testimony on other issues are due according to the schedule below. The following Table provides the overall schedule for the Track 4 process. Parties should note that October 14, 2013 is now the final date to request evidentiary hearings in Track 4.

TRACK 4 SCHEDULE

August 5, 2013	CAISO Opening Testimony
August 26, 2013	SCE, SDG&E and City of Redondo Beach Opening Testimony
September 4, 2013	Prehearing Conference
September 30, 2013	Reply to CAISO, SCE, SDG&E and City of Redondo Beach Testimony, and Opening Testimony of all other parties; comments on ALJ questions from 9/4/13 PHC
October 14, 2013	All Parties Rebuttal Testimony; expected Submission date if no evidentiary hearings; reply comments on ALJ questions from 9/4/13 PHC; final date to request evidentiary hearings
October, 2013	Prehearing Conference (date to be determined)
October 28 to November 1, 2013 Commission Courtroom, State Office Building 505 Van Ness Avenue San Francisco, CA 94102	Evidentiary Hearings

Dates to be determined	Briefing Schedule
December 1, 2013 or date of Reply Briefs (if applicable), whichever comes later	Last date to request Final Oral Argument ²
December 2013	Proposed Decision, if no evidentiary hearings are held
1st Quarter 2014	Proposed Decision if evidentiary hearings are held
No less than 30 days after Proposed Decision	Decision on Commission Agenda

Track 2 was intended to consider procurement to meet system flexibility needs, as opposed to local capacity requirements considered in Track 1 and 4. Both the revised Scoping Memo and the PHC contained discussion that procurement for local capacity requirements may affect system flexibility needs. Before Track 4 was initiated, it was anticipated that Track 2 would be informed by the Track 1 local capacity requirements decision. With the addition of Track 4, it makes sense to also consider local capacity procurement authorized in Track 4 in determining system flexibility needs.

There has been some indication that system flexibility needs may be low or non-existent depending on the level of local capacity procurement authorized in Track 4. At this time, we will cancel Track 2 as a part of this Rulemaking. We anticipate a new LTPP Rulemaking will commence some time in 2014. At that

² Rule 13.13 states in applicable part: "In ratesetting and quasi-legislative proceedings in which hearings were held, a party has the right to make a final oral argument before the Commission, if the party so requests within the time and in the manner specified in the scoping memo or later ruling in the proceeding."

time, we expect that system flexibility needs will be within the scope of the new proceeding.

IT IS RULED that:

1. The revised schedule for Track 4 of this proceeding is as stated herein.
2. Track 2 of this proceeding is cancelled.

Dated September 16, 2013, at San Francisco, California.

/s/ MICHEL PETER FLORIO
Michel Peter Florio
Assigned Commissioner

/s/ DAVID M. GAMSON
David M. Gamson
Administrative Law Judge