



PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

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May 19, 2016

Agenda ID #14926
Ratesetting

TO PARTIES OF RECORD IN RULEMAKING 13-12-010:

This is the proposed decision of Administrative Law Judge Fitch. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's June 23, 2016 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

/s/ RICHARD SMITH for
Karen V. Clopton, Chief
Administrative Law Judge

KVC:ek4
Attachment

Decision **PROPOSED DECISION OF ALJ FITCH** (Mailed 5/19/2016)

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 13-12-010
(Filed December 19, 2013)

**DECISION CLOSING PROCEEDING AND TRANSFERRING REMAINING
MODELING ISSUES TO RULEMAKING 16-02-007**

Summary

This decision closes this proceeding and transfers the one remaining unresolved set of issues to the successor integrated resources planning (IRP) and long term procurement planning (LTPP) Rulemaking (R.) 16-02-007. The remaining issues relate to the ALJ Ruling issued November 16, 2015, seeking comments on a staff proposal on modeling methodologies. These issues will be transferred to R.16-02-007, since similar and related work will need to be conducted in that proceeding, leading to guidance for modeling in the context of the IRP requirements of Senate Bill (SB) 350 (DeLeón, 2015).

1. Procedural History

Since late 2001, the Commission has opened a series of biennial LTPP proceedings to address ongoing issues associated with utility procurement of electricity resources to serve their customers. The LTPP proceedings generally operate on a two-year cycle, evaluating the need for new resources to meet system and local area reliability needs.

This proceeding has served as this LTPP venue for 2014 and 2015. In this proceeding, among other things, we have evaluated the need for new and flexible resources to maintain system reliability by using stochastic and deterministic models. These modeling results have provided information on trends likely to be seen in the future. However, many parties – including those that performed the modeling – argued that the stochastic models, in particular, were not yet mature enough to be used for procurement decisions.

An ALJ Ruling issued March 25, 2015 in this proceeding directed Commission staff to work with interested parties to further refine and validate models and approaches.

In 2015, Commission staff invited parties to participate in three working groups, aimed at identifying:

- 1) Common definitions and standards to use in models;
- 2) Common outputs that models should generate; and
- 3) Methods to validate the results generated by the models.

This effort resulted in a draft Staff Proposal and corresponding workshop in the summer of 2015. Both of these work products informed the Staff Proposal issued via ALJ Ruling November 16, 2015 for comments from parties. Those comments were filed on December 4, 2015, with reply comments filed on December 11, 2015.

On February 11, 2016, the Commission opened R.16-02-007 to continue our ongoing LTPP responsibilities and address new obligations associated with integrated resources planning required by SB 350.

2. Discussion

The Commission is just beginning its work on implementing the integrated resources planning aspects of SB 350 in R.16-02-007. SB 350 requires, among

other things, the Commission to identify an optimized portfolio of resources to meet a greenhouse gas emissions reduction goal for 2030 that will be set by the California Air Resources Board. Inherent in this work will be the necessity for modeling to be conducted to analyze certain future scenarios to inform planning and later procurement authorizations.

A great deal of the work associated with IRP and portfolio optimization will also necessarily involve analyzing the need for additional operational flexibility on the grid in order to accommodate higher levels of variable renewable resources. This relates directly to the work on modeling methodologies already begun in this proceeding (R.13-12-010).

In addition, the statutory deadline for R.13-12-010 to be resolved is July 4, 2016, and it is unlikely that all of these interrelationships and overlaps between the work in this proceeding and that of R.16-02-007 will be identified and resolved by that time.

Therefore, we will move consideration of the modeling methodologies to support various types of planning to R.16-02-007, so that we may continue this work in that successor proceeding to this one. With that action, no immediate further work will remain to be conducted in this proceeding, and this proceeding will be closed.

The full record of R.13-12-010 is already available for consideration by virtue of the Order Instituting Rulemaking 16-02-007, so the Commission will be able to resolve any other outstanding issues from R.13-12-010, to the extent they exist, in R.16-02-007.

4. Comments on the Proposed Decision

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure.

Comments were filed on _____, and reply comments were filed on _____ by _____.

5. Assignment of Proceeding

Michael Picker is the assigned Commissioner and Julie A. Fitch is the assigned ALJ and presiding officer in this proceeding.

Findings of Fact

1. An ALJ Ruling was issued November 16, 2015 requesting party comments on a staff proposal on modeling methodologies.
2. Comments from parties on modeling methodologies were filed on December 4, 2015 and reply comments were filed on December 11, 2015.
3. Supplemental replies were filed February 19, 2016, in response to a February 2, 2016 ALJ Ruling granting the supplemental opportunity.
4. The modeling methodology issues in this proceeding are similar to and related to modeling methodology issues that will be considered in the context of R.16-02-007.
5. The full record of R.13-12-010 is available for use in R.16-02-007.
6. The statutory deadline for resolution of R.13-12-010 is July 4, 2016.

Conclusions of Law

1. The modeling methodology issues contained in the November 16, 2016 ALJ Ruling and attached Staff Proposal should be considered in R.16-02-007 alongside modeling issues associated with integrated resources planning.

2. R.13-12-010 should be closed.

ORDER

IT IS ORDERED that:

1. The modeling methodology issues associated with the November 16, 2015 Administrative Law Judge Ruling and attached Staff Proposal, as well as comments, replies, and supplemental replies from parties filed on December 4, 2015, December 11, 2015, and February 19, 2016, respectively, shall be transferred to Rulemaking 16-02-007 for consideration and resolution.
2. The entire record of this proceeding shall be available for consideration in Rulemaking 16-02-007.
3. Rulemaking 13-12-010 is closed.

Dated _____, at San Francisco, California.