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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Rulemaking 08-02-007
(Filed February 14, 2008)

**ASSIGNED COMMISSIONER'S RULING ADDRESSING FUTURE
COMMISSION ACTIVITIES RELATED TO PROCUREMENT PLANNING**

This ruling suspends the previously determined schedule of activities in this proceeding, and informs parties of my intention to recommend that the Commission develop and initiate two new Rulemakings as successors to this proceeding. My intention in recommending the closure of this proceeding and the development of these new proceedings is to continue system planning activities, while allowing more immediate issues related to utility-specific procurement plans for 2010 to be addressed separately, as described in more detail below.

1. Background

On February 14, 2008, the Commission opened Rulemaking (R.) 08-02-007 to integrate and refine the procurement policies, practices and procedures underlying the long-term procurement plans (LTPPs) filed by the three large investor-owned utilities (IOUs), Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company. The rulemaking signaled that there would be two phases to this proceeding: Phase I would address issues that must be decided prior to the IOUs filing their 2010 LTPPs, with a focus on planning standards for future LTPP proceedings;

and Phase II would address issues not affected by the timing of the filing of the next round of LTPPs.

An Assigned Commissioner's Ruling and Scoping Memo (ACR/Scoping Memo) issued on August 28, 2008, addressed Phase I scoping issues, and a second ACR/Scoping Memo issued on July 1, 2009, modified the Phase I schedule and requested comments on staff proposals related to the Phase 1 issues, particularly an *Energy Division Straw Proposal on LTPP Planning Standards* (Staff Proposal). Through this proceeding, and particularly through public workshops held in early August on the Staff Proposal and parties' alternatives to that proposal and the written comments received on those proposals, we have gathered valuable information that will assist the Commission in integrating and refining the policies, practices and procedures we use in future long-term procurement activities.

2. Anticipated Future Procurement Proceedings

Based on the record in this proceeding, I expect that the 2010 procurement planning cycle will be bifurcated into two separate Commission Rulemakings: (1) a "system" planning proceeding to identify CPUC-jurisdictional needs for new resources to meet system or local resource adequacy, including issues related to long-term renewables planning and once-through-cooling mitigation; and (2) a "bundled" proceeding that addresses bundled procurement policy issues and approval of IOU procurement plans under Public Utilities Code Section 454.4. This separation of issues into different proceedings is intended to clarify jurisdictional differences, as well as to allow the IOUs' bundled procurement plans to be approved on a regular timely schedule, while robust analyses of system planning issues proceed on a separate track.

3. Future Renewable Portfolio Standards Analyses

The Energy Division's 33% Renewable Portfolio Standard (RPS) Implementation Analysis, conducted in this proceeding, contains an analysis of many implementation issues and market and regulatory barriers associated with achieving 33% RPS. This study responded to the Commission's direction 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)." It appears that parties to this proceeding generally agree with the need for a system-wide "Renewables and Transmission Study," as described in the July 1, 2008 Staff Proposal and as exemplified by the 33% RPS Implementation Analysis. Parties also generally support the idea of not duplicating the substantial effort that went into developing and vetting the methodology used in the Implementation Analysis, and encourage having staff continue to coordinate a single, statewide study. I anticipate that staff will refine the 33% RPS Implementation Analysis assumptions and methodology in an updated study, as a direct input to the 2010 system planning proceeding.

IT IS RULED that the previously determined schedule of activities in this proceeding is suspended.

Dated December 3, 2009 at San Francisco, California.

/s/ MICHAEL R. PEEVEY

Michael R. Peevey
Assigned Commissioner

