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

**ASSIGNED COMMISSIONER'S RULING**

On June 25, 2012, opening testimony was served by parties in Track 1 (Local Capacity Requirements) of this proceeding. Parties provided the Commission with considerable input on what is needed for long-term local procurement requirements in the Los Angeles basin and Big Creek/Ventura local area, as well as on various related topics delineated in the Scoping Memo.

In advance of Reply Testimony (due July 23, 2012) and upcoming hearings starting August 7, 2012, I wish to inform parties of my interest in ensuring a robust record on the following topics:

- 1) To the extent that the Commission determines that Southern California Edison Company (SCE) and/or other Load-Serving Entities in the Los Angeles basin and the Big Creek/Ventura local area must procure capacity to meet long-term local capacity needs, how should the Commission direct these entities to meet that need on behalf of the system?
- 2) If the Commission wishes to allow SCE to meet some or all of the identified need through "cost plus" contracts outside of a competitive solicitation, how should that work? Does AB 1576 provide clear guidance on the options available to SCE or does the Commission need to interpret the bill's meaning in this context?

- 3) In the past, the Commission has allowed all source Request for Offers (RFOs) for incremental resources in which any type of resource could compete to fill an identified need. What barriers may currently exist to ensuring effective all source RFOs? What specific performance characteristics should be accounted for in this RFO to effectively enable the participation of non-traditional resources like energy storage, demand response and distributed generation? Would the Commission need to be specific about the characteristics of the resources needed to meet the need (e.g., minimum hours of availability required to meet local reliability needs)? If so, what characteristics should the Commission require?

To the extent that these issues can be addressed by responding to parties' Opening Testimony through Reply Testimony, please do so to the extent possible. At the hearings, Administrative Law Judge (ALJ) David Gamson and/or I may ask parties questions about these (and possibly other) issues. To the extent that Testimony, cross-examination and questions from the bench do not provide sufficient information on the record, I may ask Energy Division or the ALJ to schedule a workshop on these topics. In addition, I may issue a subsequent Ruling to seek comments to further enhance the record.

**IT IS RULED** that to the extent the issues delineated in this Ruling were addressed in Opening Testimony by parties other than the California Independent System Operator (ISO), parties (including the ISO) should provide further detail and recommendations on these issues in their witnesses' July 23, 2012 Reply Testimony. Parties' witnesses shall be prepared to answer questions from the bench on these topics during hearings scheduled to begin August 7, 2012.

Dated July 13, 2012, at San Francisco, California.

/s/ MICHEL PETER FLORIO

Michel Peter Florio  
Assigned Commissioner