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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 SYSTEM TRACK I SCHEDULE**

This Ruling revises the procedural schedule for Track I of this proceeding addressing system needs (System Track I). This Ruling supersedes the schedule set in the February 10, 2011 Ruling.¹ The new schedule is designed to accommodate the schedule and processes of the California Independent System Operator (ISO), as discussed at the prehearing conference held on February 28, 2011.

In addition, this Ruling specifies which Rules Track III issues will be considered concurrently with System Track I, which was also discussed at the February 28, 2011 prehearing conference.

System Track I Schedule

Based on the statements of the ISO, both in its filed Prehearing Conference Statement and at the February 28, 2011 prehearing conference, it appears that the schedule set forth in the February 10 Ruling is not practical. Accordingly, the schedule for System Track I is revised to be:

¹ The full title of that ruling is: *Administrative Law Judge's Ruling Modifying System Track I Schedule and Setting Prehearing Conference.*

ISO and utilities serve initial results of modeling runs, plus supporting data.	April 29, 2011
ISO and utilities serve final results of the modeling runs, plus supporting data and testimony.	June 3, 2011
Other parties serve opening testimony.	July 8, 2011
Utilities serve reply testimony.	July 22, 2011
Evidentiary Hearings	August 1 – August 12, 2011
Opening Briefs	August 26, 2011
Reply Briefs	September 9, 2011
Proposed Decision	November 1, 2011
Decision on Commission Agenda	December 1, 2011

At the prehearing conference, the ISO clarified that it prefers to issue its initial modeling results and hold informal processes, such as workshops, to further refine and polish those results into a final product that would be suitable to serve as testimony in this proceeding. (Transcript, v. PHC-3 at 203-218.) The ISO stated that it could have its initial modeling results for two modeling runs ready for release by April 20, 2011. (*Id.* and Prehearing Conference Statement at 5.) Accordingly, the date for the ISO to serve its initial modeling results for the two runs (commonly referred to as the “trajectory” and “environmentally constrained” runs) on the service list to this proceeding is now set for April 29, 2011.²

These initial modeling results are provided to the parties as a resource and to facilitate the ISO’s processes, and are not considered to be testimony of the

² The ISO may choose to serve its results prior to April 29, 2011.

ISO. The ISO may determine and undertake its own informal processes for obtaining the necessary feedback on its initial modeling results.

In addition, consistent with the February 10, 2011 Ruling and the discussion at the prehearing conference, the utilities are directed to serve the initial results of two additional modeling runs (commonly referred to as the “time constrained” and “cost constrained” runs), but on a new date: April 29, 2011. These modeling runs should be the product of the full PLEXOS modeling process, such as the ISO is performing, so that the results of the utilities’ two runs are directly comparable to the results of the ISO’s two runs. These should not be simplified or interpolated modeling runs.

As with the ISO’s initial modeling results, the utilities’ initial modeling results served on April 29, 2011 are not testimony. The utilities may also undertake informal processes to obtain feedback. In refining and finalizing their modeling results, the utilities shall coordinate with the ISO to ensure that the final modeling results of the utilities and the ISO are directly comparable. To the extent differences or discrepancies arise, the utilities shall conform their approach and processes to those of the ISO.

The ISO’s and utilities’ final modeling results and the utilities’ proposed procurement plans are to be served on or before June 3, 2011. These results, plans, and supporting narratives and documentation will be considered written direct testimony.

All other parties are to serve their opening testimony on July 8, 2011. The utilities may serve reply testimony on July 22, 2011. The ISO may serve reply testimony, but is not required to do so. The schedule for hearings and briefing remains unchanged.

Please note that this schedule eliminates the additional modeling runs that were included in the previous schedule. Parties are free to argue in their testimony what, if any, other modeling runs of alternative scenarios they believe should have been run, and the expected results of such runs. Because this is a recurring proceeding, the Commission may consider additional scenarios and model runs in the future.³

Track III Issues

In response to the February 10, 2011 Ruling, parties identified certain Rules Track III issues that they believed should/could be addressed concurrently with the System Track I schedule. Based on input from the parties and Energy Division staff, it is preliminarily determined that aspects of certain Rules Track III issues will be addressed concurrently with the System Track I schedule set forth above, including: 1) procurement rules relating to once-through cooling issues; 2) refinements to the bid evaluation process, particular weighing competing bids between utility-owned generation and power purchase agreements; 3) refinements to the existing timelines associated with the utilities' RFOs for resource adequacy products; and 4) utility procurement of greenhouse gas related products.

Please note that some of these issues may be able to be addressed and resolved in their entirety on the System Track I schedule set forth in this Ruling,

³ After the ISO has completed the two modeling runs for this phase of this proceeding, the ISO is encouraged to continue developing the Step 2, Phase 2 modeling process, rather than putting time and resources into additional scenario runs. The ISO's further development of the capacities of its model will lay the foundation for future proceedings at both the Commission and the ISO, particularly on issues regarding the modeling of non-conventional generation resources.

but others are too big and complex to completely resolve in the time available. Accordingly, some of these issues may only be addressed in part, or certain threshold issues resolved. A subsequent ruling will identify and clarify the specific issues to be addressed, and the process for the parties to address those issues.

IT IS RULED that:

1. The procedural schedule for System Track I is revised as set forth above.
2. The utilities are directed to model the “time constrained” and “cost constrained” scenarios in a manner consistent with the ISO’s modeling of the “trajectory” and “environmentally constrained” scenarios, as described above.
3. On a preliminary basis, certain Rules Track III issues will be addressed concurrently with System Track I. Those issues include: 1) procurement rules relating to once-through cooling issues; 2) refinements to the bid evaluation process, particular weighing competing bids between utility-owned generation and power purchase agreements; 3) refinements to the existing timelines associated with the utilities’ RFOs for resource adequacy products; and 4) utility procurement of greenhouse gas related products.
4. A subsequent ruling will identify and clarify the specific Rules Tack III issues to be addressed concurrently with System Track I, and the process for the parties to address those issues.

Dated March 10, 2011, at San Francisco, California.

/s/ PETER V. ALLEN

Peter V. Allen
Administrative Law Judge