

Decision _____

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.

R. _____

ORDER INSTITUTING RULEMAKING**1. Summary**

We open this rulemaking to continue our efforts to ensure a reliable and cost-effective electricity supply in California through integration and refinement of a comprehensive set of procurement policies, practices and procedures underlying long-term procurement plans. This is the forum in which we shall consider the Commission's electric resource procurement policies and programs and how to implement them.

In this proceeding, we shall consider the unresolved issues in Track I of Rulemaking (R.) 10-05-006 related to the overall long-term need for new system and local reliability resources, including adoption of system resource plans and assessment of long-term local area reliability needs¹. These resource plans will

¹ We define "system" as pertaining to the loads and resources in each investor-owned utilities' (IOUs') service area. "Service area" generally corresponds to the IOUs' respective distribution service territories, inclusive of bundled, direct access, and community choice aggregator loads, but exclusive of embedded publicly-owned utility loads. To distinguish filings related to system reliability needs from bundled Assembly Bill (AB) 57 procurement plans, we will refer to these as "resource plans."

allow the Commission to comprehensively consider the impacts of state energy policies on the need for new resources. Based on these system resource plans, we shall consider updates to the utilities' bundled procurement plans.

We shall also consider a number of rule and policy issues related to electric utilities' procurement practices. These issues include those that were unresolved in Track 3 of R.10-05-006, and other emerging procurement policy topics.

All resource and procurement planning in this proceeding will be done in the context of the Energy Action Plan II (EAP II)² and other state energy policies, such as AB 32 greenhouse gas,³ and once-through-cooling policies.⁴

2. Background

This long-term procurement proceeding (LTPP) is the successor to Rulemaking (R.)10-05-006⁵, R.08-02-007,⁶ R.06-02-013,⁷ R.04-04-003,⁸ and

² EAP I was issued jointly on May 8, 2003, by the Commission, the California Energy Commission and the California Consumer Power and Conservation Financing Authority. EAP I was updated with the adoption of EAP II, as a joint policy plan of the California Public Utilities Commission and the California Energy Commission, in October 2005.

³ Stats. 2006, Chapter 488.

⁴ Statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters Used for Power Plant Cooling.

⁵ *Order Instituting Rulemaking to Establish Policies and Cost Recovery Mechanisms for Generation Procurement and Renewable Resource Development*, dated May 6, 2010.

⁶ *Order Instituting Rulemaking to Integrate and Refine Procurement Policies Underlying Long-Term Procurement Plans*, dated February 14, 2008.

⁷ *Order Instituting Rulemaking to Integrate Procurement Policies and Consider Long-Term Procurement Plans*, dated February 16, 2006.

⁸ *Order Instituting Rulemaking to Promote Policy and Program Coordination and Integration in Electric Utility Resource Planning*, dated April 1, 2004.

R.01-10-024,⁹ and the rulemakings initiated by the Commission to ensure that California's major investor-owned utilities (IOUs)¹⁰ could resume and maintain procurement responsibilities on behalf of their customers.

The LTPP proceedings generally operate on a two-year cycle with the IOUs responsible for submitting procurement plans that project their needs, and their action plans for meeting those needs, over a ten-year horizon. Pursuant to Assembly Bill (AB) 57,¹¹ codified as Public Utilities Code Section 454.5, the Commission establishes up-front standards for the IOUs' procurement activities and cost recovery by reviewing and approving procurement plans. This obviates the need for the Commission to conduct after-the-fact reasonableness reviews for the resulting utility procurement transactions that are in compliance with the upfront standards established in the approved procurement plans.

In Decision (D.) 04-01-050, the Commission established that each load serving entity (LSE) has an obligation to acquire sufficient reserves for its customer loads, endorsed a hybrid market structure, and extended utilities' procurement authority into 2005. In D.04-12-048, the Commission approved the IOUs' long-term procurement plans and gave the IOUs procurement authority for short-, medium-, and long-term contracts for the planning period 2005 through 2014. D.07-12-052 approved, with modifications and compliance filings,

⁹ *Order Instituting Rulemaking to Establish Policies and Cost Recovery Mechanisms for Generation Procurement and Renewable Resource Development*, dated October 29, 2001.

¹⁰ Unless otherwise specified, IOUs shall refer to Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison (SCE).

¹¹ AB 57 (Stats. 2002, ch. 850, Sec 3, Effective September 24, 2002), added Pub. Util. Code § 454.5., enabling utilities to resume procurement of electric resources.

the LTPPs for PG&E, SDG&E and SCE for 2007-2016. D.12-01-033 approved, with modifications, the utilities' bundled procurement plans, and extended the IOUs' upfront procurement authority through 2020.

The most recent LTPP proceeding, R.10-06-005, divided the 2010 proceeding into three tracks. Track I considered issues related to the overall long-term need for new system and local reliability resources, including adoption of system resource plans for each of the three utilities' service area to inform the next update of bundled procurement plans. These resource plans were intended to allow the Commission to comprehensively consider the impacts of state energy policies on the need for new resources. Track II considered adoption of bundled procurement plans pursuant to AB 57 for the three major electric IOUs to authorize their procurement needs for their bundled customers. Track III considered a number of rule and policy issues related to IOUs' procurement practices, such as implementing recent procurement-related legislation.

D.12-01-033 approved, with modifications, the plans of the three major California electric utilities to procure electricity for their bundled customers, consistent with § 454.5. In addition, the decision provided guidance to the utilities for their future bundled procurement plans. D.12-01-033 at 5 stated: "This decision is not intended to result in any new generation facilities being constructed, and it continues to implement the Commission's loading order and Energy Action Plan." Ordering Paragraphs 1 and 2 of the decision approved IOU bundled procurement plans, and required the utilities to incorporate position limits and maximum rates of transactions as part of a procurement risk management framework.

A proposed decision on Track I and Track III issues in R.10-05-006 was issued on February 21, 2012 to approve a multi-party settlement agreement on system need determination, and rules related to: (1) utility contracts with once-through-cooling facilities; (2) utility-owned generation versus power purchase agreements, (3) upfront procurement standards for utilities to transact greenhouse-gas market products and participate in California cap-and-trade carbon market under AB 32; and (4) refinements to our procurement oversight rules. The Commission will address that proposed decision in R.10-05-006.

For this proceeding, we will not specify different tracks at this time. Instead, we will preliminarily delineate the issues we intend to consider in the proceeding. Subsequently, parties will have the opportunity to provide prehearing conference statements on how to procedurally address these issues; identify priority issues to resolve; and whether to separate certain issues into different tracks or phases. After a prehearing conference, a Scoping Memo will be issued to lay out the procedural path.

3. Procurement Planning Proceeding Issues

The general issues for the 2012 procurement planning cycle are as follows:

- (1) Identify CPUC-jurisdictional needs for new resources to meet local or system resource adequacy (RA), renewable integration, or other requirements and to consider authorization of IOU procurement to meet that need. This includes issues related to long-term renewable planning and need for replacement generation infrastructure to eliminate reliance on power plants using once-through cooling (OTC).
- (2) Update, and review individual IOU bundled procurement plans consistent with §454.5.

- (3) Develop or refine procurement rules that were not resolved in R.10-06-005, and consider other emerging procurement policy topics.

4. Interagency Consideration

In D.04-01-050, the Commission established that LTPPs would occur on a biennial basis. This approach is to ensure appropriate coordination with the California Energy Commission's (CEC) Integrated Energy Policy Report (IEPR) proceeding.¹² We will consider the CEC's most recent IEPR, for procurement-related recommendations during this and related rulemakings.¹³

In the past few years, we have encouraged the active participation of the CEC in our rulemaking endeavors on the decision-making side, rather than as a party to the proceeding. We invite the CEC to join us in this proceeding by continuing the collaborative approach that both agencies pursued in the development of procurement policy since R.05-12-013. This collaborative approach has been an effective tool to ensure that state agencies are able to communicate and achieve our joint policy goals.

In addition, the Commission has worked cooperatively with the California Independent System Operator (CAISO) on matters that directly impact long-term procurement, including renewable integration modeling, transmission planning and wholesale market issues. We welcome and invite the CAISO's participation as a party to this proceeding to provide data and analysis to develop the record of this proceeding.

¹² D.04-01-050 at 175.

¹³ CEC. *Energy Policies*. See <http://www.energy.ca.gov/energypolicy/index.html>

Other state agencies actively involved in energy policymaking may also be interested in this proceeding, and we welcome their participation.

5. Preliminary Scoping Memo

As required by Rule 7.1(d)¹⁴ of the Commission's Rules of Practice and Procedure (Rules), this Order includes a preliminary scoping memo. In this Preliminary Scoping Memo, we describe the issues to be considered in this proceeding and the timetable for resolving the proceeding.

5.1. Long-Term System and Local Reliability Resource Plan

The purpose of the system resource plan is to identify CPUC-jurisdictional needs for new resources to meet system or local resource adequacy over a long term planning horizon, including issues related to long-term renewable resource development, and need for replacement infrastructure to eliminate reliance on power plants using OTC. In addition to maintaining an adequate reserve margin, we anticipate that the electricity system needs to: 1) integrate renewable resources; 2) support OTC policy implementation; 3) maintain local reliability; 4) respond to variations in load; and 5) meet greenhouse gas (GHG) goals. These needs will be the primary drivers for any need for new resources identified in

¹⁴ "An order instituting rulemaking shall preliminarily determine the category and need for hearing, and shall attach a preliminary scoping memo. The preliminary determination is not appealable, but shall be confirmed or changes by assigned Commissioner's ruling pursuant to Rule 7.3, and such ruling as to category is subject to appeal under Rule 7.6." (Rule 7.1(d).)

this proceeding. Furthermore, we may address or reassess assumptions from other proceedings to determine future need.¹⁵

Our long-term resource planning efforts will take into consideration emerging policy discussions related to the retention of existing flexible capacity resources at risk of retirement due to current market conditions; and an assessment of the state's reliance on nuclear power in light of the expected expiration of nuclear licenses near the end this planning horizon. We may consider expanding our planning horizon from current ten-year outlook to a twenty-year outlook.

Finally, because the long-term planning studies conducted in this proceeding will affect utilities' future procurement activities, we will have information on which to base policy choices applicable to all jurisdictional LSEs. While 33% renewable portfolio standards (RPS) implementation scenarios will likely remain a central focus of this proceeding, additional scenarios to assess other cost-effective resource strategies to achieve GHG goals, including scenarios considering transmission, distributed generation, and OTC may also be considered. The nature and extent of the scenarios that are covered in this proceeding will be addressed in a later ruling.¹⁶

The assigned Commissioner or Administrative Law Judge (ALJ) will issue a ruling shortly after the issuance of this Order presenting staff's proposed standardized planning assumptions. Parties will be given an opportunity to

¹⁵ We will not consider new energy efficiency (EE) goals in this proceeding. However, we may review the energy efficiency planning assumptions adopted in other proceedings for procurement purposes.

comment before final planning assumptions are adopted for the purposes of this proceeding. As indicated by the schedule below, we anticipate a decision on these issues by the end of 2012.

This proceeding will also address broad rule and policy issues related to procurement plans. Specially, we intend to consider issues that were not resolved in Track 3 of R.10-05-006, and other emerging procurement topics. The issues include, but may not be limited to, the following:

1. **Multi-year Flexible Capacity Procurement Rules** – We may consider adoption of new rules for forward procurement of flexible resources to support grid reliability, for either local reliability reasons and/or grid integration of renewable resources. In conjunction, we may review our policy and consider refinements to our existing rules concerning long-term contract solicitations.
2. **Procurement Rules to Comply with SB 695 on the Cost Allocation Methodology** – Senate Bill (SB) 695¹⁷ codified aspects of the cost allocation rules established in D.06-07-029 and D.07-09-044. D.11-05-005 narrowly reconciled differences between SB 695 and our prior procurement rules. This proceeding will consider any necessary modifications to fully implement the resource adequacy provision of SB 695.
2. **Clarification Refinement of Existing Procurement Rules through the Development of a Procurement Rulebook** – A staff proposal for a Procurement Rulebook was considered in R.10-05-006, but not adopted. The concept of a Procurement Rulebook was first proposed in the 2006 LTPP proceeding to provide a comprehensive source of

¹⁶ This may also include the common assumptions that parties will use in specific scenarios.

¹⁷ SB 695 (Stats. 2009, ch. 337, effective October 11, 2009).

procurement rules and requirements. This proceeding will consider the adoption of a Procurement Rulebook.¹⁸

3. **California Independent System Operator Corporation Market-Related Procurement Implementation Issues** – The CAISO instituted a new market structure in 2009, previously known as the Market Redesign and Technology Upgrade. This proceeding will consider procurement issues that arise from recent CAISO market initiatives.
4. **GHG Procurement Policy** – Consider any GHG product procurement policies to facilitate the implementation of California Air Resources Board’s cap-and-trade program.
5. **Other Procurement Rule Changes** – Parties should be prepared to discuss other potential rule changes at the Prehearing Conference (PHC), including OTC power procurement policies, timelines associated with IOUs’ transaction of resource adequacy (RA) products, nuclear fuel procurement policy, or refinements to the Procurement Review Group process.

Some of these policies and rules should be resolved prior to the filing of the IOUs’ updated bundled procurement plans expected in 2013. We invite parties to comment in their prehearing conference statements on the timing of resolution of policies and rules.

5.2. IOU Section 454.5 Bundled Plans

This proceeding will consider individual IOU procurement plans pursuant to § 454.5. Each IOU shall file proposed updates to its individual bundled plan consistent with guidance to be provided in the Scoping Memo and any related rulings or decisions.

¹⁸ While this document is known informally as the “Rule Book,” its final implementation may be in one of several different forms, including as a General Order.

We anticipate that the IOUs shall file their updated bundled plans in 2013 and associated testimony, to be followed by intervenor testimony, following a decision on the Long-Term System and Local Reliability Resource Plan. We expect these IOU bundled filings to reflect changes subsequent to D.12-01-033. Evidentiary hearings are anticipated, followed by a round of post-hearing briefs and reply briefs.

5.3. Issues Not Within the Scope of This Proceeding

We recognize the potential that the LTPP proceeding, as the umbrella proceeding, may attract “forum-shopping” proposals from parties that have had their ideas rejected, or have yet to be considered, in other proceedings. As in the predecessor proceeding, the Commission finds it necessary to adopt a scoping standard for this proceeding, in order to highlight what constitutes an issue that is legitimately in the scope in this proceeding.

LTPP Scoping Standard. The LTPP scoping standard is defined as follows:

- Any procurement-related issue(s) not already considered in other procurement-related dockets in Table 1 below may be considered, subject to the following conditions. The issue(s) must:
 - (1) Materially impact procurement policies, practices and/or procedures;
 - (2) Be narrowly defined; and
 - (3) Demonstrate consistency with one or more of the LTPP proceeding goals.

Therefore, issues that do not meet this standard *are not* in the scope of this proceeding.

Table 1 - Procurement-Related Dockets

Docket	Proceeding Number(s)
1. Emissions Performance Standard and Greenhouse Gas	R.06-04-009, R.11-03-012
2. Energy Efficiency	A. 08-07-021 et al., R.06-04-010, R.09-01-019, R.09-11-014, and successors
3. Demand Response and Advanced Metering	A.05-06-006 et al., A.08-06-001 et al., A.11-03-001 et al., R.07-01-041, and successors
4. Dynamic Pricing	A.08-11-014, A.09-02-022, A.09-12-024, A.10-07-009, and successors
5. Renewable Portfolio Standard	R.06-02-012, R.08-08-009, R.11-05-005, and successors
6. Avoided Cost and Qualifying Facility Pricing	R.04-04-025
7. California Solar Initiative and Distributed Generation	R.08-08-008, R.10-05-004, and successors
8. Transmission and Renewable Energy Transmission	R.08-03-008 / I.08-03-010 and successors
9. Confidentiality	R.05-06-040
10. Direct Access	R.07-05-025 and successor
11. Community Choice Aggregation	R.03-10-003, R.12-02-009 and successors
12. Resource Adequacy Requirements	R.05-12-013, R.09-10-032, R.11-10-023 and successors
13. Energy Storage	R.10-12-007
14. Smart Grid	A.11-11-017, R.08-12-009
15. Electric Vehicles	R.09-08-009
16. San Diego Gas and Electric Company's request for approval of Long-term Power Purchase Tolling Agreements	A.11-05-023

Docket	Proceeding Number(s)
17. Other procurement-related rulemakings not yet issued	

6. Invitation to Comment on Preliminary Scoping Memo and Schedule

This Order Instituting Rulemaking (OIR) serves as a solicitation for parties to comment on the Preliminary Scoping Memo. Comments are due on April 6, 2012. The Commission will utilize parties' comments and the prehearing conference (PHC) as a basis to identify areas that need clarification, and may consider the addition of specific issues or questions related to the items described in Section 5 to the scope of this proceeding, pursuant to the guidance set forth herein. We direct parties to limit their comments to the specific issues and questions set forth in this Order Instituting Rulemaking (OIR), as well as to objections to the preliminary determinations made in Section 7 below. Comments are limited to 20 pages per party.

7. Category of Proceeding and Need for Hearing

The Commission's Rules of Practice and Procedure require that an OIR preliminarily determine the category of the proceeding and the need for hearing.¹⁹ As a preliminary matter, we determine that this proceeding is ratesetting as defined in Rule 1.3(e), and that because significant factual issues may be raised regarding the IOUs' bundled procurement plans, that evidentiary hearings may be necessary during at least Track II of the proceeding. However, as with earlier procurement proceedings, many issues may lend themselves to

¹⁹ Rule 7.1(a).

resolution through a combination of workshops and formal comments without hearing.

Any person who objects to the preliminary categorization of this rulemaking as “ratesetting” or to the preliminary hearing determination shall state their objections in the comments on the Preliminary Scoping Memo. After considering the comments, the assigned Commissioner will issue a scoping ruling making a final category determination; this final category determination is subject to appeal as specified in Rule 7.6

8. Schedule

A PHC is set for April 18, 2012 at 10:00 a.m. in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California. At the PHC, the parties should be prepared to discuss the issues addressed in this order, as well as any procurement-related policy proposals not ruled out of scope in this OIR. In lieu of PHC statements, we request that parties file comments on the Preliminary Scoping Memo contained herein.

Preliminary Schedule

Proceeding Milestone	Date
Ruling on Proposed Standardized Planning Assumptions	(shortly after OIR)
Comments due on Preliminary Scoping Memo	April 6, 2012
Prehearing Conference	April 18, 2012
Comments / Reply and Party Alternative Proposals on Proposed Standardized Planning Assumptions	To be set forth in Ruling
Scoping Memo	April 2012
Renewable Integration Model results workshop	To be scheduled (Est. mid April)
Comments Replies on Renewable Integration Model results	To be determined

Proceeding Milestone	Date
Testimony, Briefs, and Hearings (If Necessary)	Approximately July through September 2012
Proposed Decision	November 2012
Decision	December 2012
IOUs file Bundled Procurement Plans	Early 2013

Each of the issue areas outlined in the Preliminary Scoping Memo will likely require different types and degrees of public participation. Therefore, we delegate further definition of procedure and schedule for each issue area to the assigned Commissioner and ALJ as determined in the Scoping Memo or later ruling. We leave open the possibility that issue areas may be decided upon individually in interim decisions, if necessary. In addition, we authorize the assigned Commissioner and ALJ to organize issues within the proceeding, including moving issues between tracks. The assigned Commissioner or ALJ has the authority to make changes to the above schedule.

This proceeding will conform to the statutory case management deadline for ratesetting matters set forth in § 1701.5. In particular, it is our intention to resolve all relevant issues within 24 months of the date of the assigned Commissioner's Scoping Memo for each track. In using the authority granted in § 1701.5(b) to set a time longer than 18 months, we consider the number and complexity of the tasks and the need to coordinate with other proceedings.

9. Becoming a Party: Joining and Using the Service List

PG&E, SDG&E and SCE and all CPUC-jurisdictional entities as defined under Section 380 (j) shall be respondents to this proceeding and shall therefore be parties. These entities are listed in Appendix A. Within fifteen days of

mailing of this rulemaking, each respondent shall inform the Commission's Process Office of the contact information for a single representative, although other representatives and persons affiliated with the respondents may be placed on the Information Only service list.

We will provide for service of this order on the service list for R.10-05-006, the predecessor LTPP proceeding, as well as R.11-03-012 (Greenhouse Gas Auction Revenue), R.08-08-009 and R.11-05-005 (RPS), R.09-10-032 and R.11-10-023 (RA), R.09-11-014 (EE), R.07-01-041 (Demand Response), R.08-03-008 and R.10-05-004 (California Solar Initiative), R.10-12-007 (Energy Storage), and R.08-03-009/Investigation 08-03-010 (Renewable Transmission). Such service does not confer party status in this proceeding upon any person or entity, and does not result in that person or entity being placed on the service list for this proceeding. If you want to participate in the rulemaking or simply to monitor it, follow the procedures set forth below. To ensure you receive all documents, send your request within 30 days after the OIR is published. The Commission's Process Office will publish the official service list at the Commission's website (www.cpuc.ca.gov), and will update the list as necessary.

9.1. During the First 30 Days

Within 30 days of the service of this OIR, any person may ask to be added to the official service list. Send your request to the Process Office. You may use e-mail (Process_Office@cpuc.ca.gov) or letter (Process Office, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102). Include the following information:

- Docket Number of this Rulemaking;
- Name (and party represented, if applicable);
- Postal Address;

- Telephone Number;
- E-mail Address; and
- Desired Status (Party, State Service, or Information Only).²⁰

If the OIR names you as respondent, you are already a party, but you or your representative must still ask to be added to the official service list.

Party status will be granted to any party to R. 10-05-006 upon receipt of the above information.

9.2. After the First 30 Days

If you want to become a party after the first 30 days, you may do so by filing and serving timely comments in the rulemaking (Rule 1.4(a)(2)), or by making an oral motion at the PHC (Rule 1.4(a)(3)), or by filing a motion (Rule 1.4(a)(4)). If you file a motion, you must also comply with Rule 1.4(b).

These rules are in the Commission's Rules of Practice and Procedure, which you can read at the Commission's website.

If you want to be added to the official service list as a non-party (that is, as State Service or Information Only), follow the instructions in Section 9.1 above.

9.3. Updating Information

Once you are on the official service list, you must ensure that the information you have provided is up-to-date. To change your postal address, telephone number, e-mail address, or the name of your representative, send the

²⁰ If you want to file comments or otherwise actively participate, choose "Party" status. If you do not want to actively participate but want to follow events and filings as they occur, choose "State Service" status if you are an employee of the State of California; otherwise, choose "Information Only" status.

change to the Process Office by letter or e-mail, and send a copy to everyone on the official service list.

9.4. Serving and Filing Documents

We anticipate that the Process Office will not publish the official service list before the first filing deadline in this Rulemaking. Until the official service list is published, the official service list for R.10-05-006 shall be used as the temporary official service list.

When you serve a document, use the official service list published at the Commission's website as of the date of service. You must comply with Rules 1.9 and 1.10 when you serve a document to be filed with the Commission's Docket Office. If you are a party to this Rulemaking, you must serve by e-mail any person (whether Party, State Service, or Information Only) on the official service list who has provided an e-mail address.

The Commission encourages electronic filing and e-mail service in this Rulemaking. You may find information about electronic filing at <http://www.cpuc.ca.gov/PUC/efiling>.

E-mail service is governed by Rule 1.10. The subject line for e-mail communications should include the proceeding number, and where the filing is related to a specific track, the track number for the filing. In addition, the party sending the e-mail should briefly describe the attached communication, for example, *Brief*. If you use e-mail service, you must also provide a paper copy to the assigned Commissioner and ALJ. The electronic copy should be in Microsoft Word or Excel formats to the extent possible. The paper copy should be double-sided. E-mail service of documents must occur no later than 5:00 p.m. on the date that service is scheduled to occur.

If you have questions about the Commission's filing and service procedures, contact the Docket Office.

10. Public Advisor

Any person or entity interested in participating in this rulemaking who is unfamiliar with the Commission's procedures should contact the Commission's Public Advisor in San Francisco at (415) 703-2074 or (866) 849-8390 or e-mail public.advisor@cpuc.ca.gov; or in Los Angeles at (213) 576-7055 or (866) 849-8391, or e-mail public.advisor.la@cpuc.ca.gov. The TTY number is (866) 836-7825.

11. Intervenor Compensation

Any party that expects to claim intervenor compensation for its participation in this rulemaking shall file its notice of intent (NOI) to claim intervenor compensation no later than 30 days after the PHC, even if that party had previously sought intervenor compensation status in R.10-05-006. Determinations of eligibility for intervenor compensation rendered in R.10-05-006 shall continue to this proceeding upon request in the NOI. Contributions made during the pendency of R.10-05-006 to issues within the scope of this proceeding may be considered for compensation in this proceeding.

12. Ex Parte Communications

Communications with decisionmakers and advisors in this rulemaking are subject to the rules on ex parte communications set forth in Article 8 of the Rules of Practice and Procedure. (See Rule 8.4(b), Rule 8.2(c), Rule 8.3 and 8.5.)

Therefore, **IT IS ORDERED** that:

1. The Commission institutes this rulemaking on its own motion to continue its efforts to ensure reliable and cost-effective electricity supply in California

through integration and refinement of a comprehensive set of procurement policies and review of long-term procurement plans.

2. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison, and all other load serving entities as defined in Public Utilities Code Section 380(j) are respondents to this proceeding.

Appendix A lists such entities as reflected in the Commission's records. Any error or omission in Appendix A shall not excuse any load-serving entity from respondent status.

3. This is a successor proceeding to the Commission's procurement rulemaking, Rulemaking 10-05-006, with respect to long-term procurement plans and the record developed in that proceeding is fully available for consideration in this proceeding.

4. The Executive Director shall cause this Order Instituting Rulemaking to be served on the respondents listed in Ordering Paragraph 2 above, and on the service lists for Rulemaking (R.) 11-03-012 (Greenhouse Gas Auction Revenue), R.08-08-009 and R.11-05-005 (Renewables Portfolio Standard), R.09-10-032 and R.11-10-023 (Resource Adequacy), R.09-11-014 (Energy Efficiency), R.07-01-041 (Demand Response), R.08-03-008 and R.10-05-004 (California Solar Initiative), R.10-12-007 (Energy Storage), and R.08-03-009/ Investigation 08-03-010 (Renewable Transmission)

5. A prehearing conference is scheduled for April 18, 2012 at 10:00 a.m. in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California. A service list will be established at that time.

6. Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison shall, and other parties may, file comments on the Preliminary Scoping Memo and Schedule by April 6, 2012. Pursuant to Rule

6.2 of the Commission’s Rules of Practice and Procedure, parties shall include in their comments any objections regarding the category, need for hearing, issues to be considered, or schedule.

7. Any person or representative of an entity interested in participating in or monitoring this proceeding that does not make an appearance at the prehearing conference shall follow the process for doing so set forth herein.

8. The category of this rulemaking is preliminarily determined to be ratesetting, and is subject to the ex parte communication rules stated in Article 8 of the Rules of Practice and Procedure.

9. Evidentiary hearings are anticipated.

10. Any party that expects to claim intervenor compensation for its participation in this rulemaking shall file its notice of intent (NOI) to claim intervenor compensation no later than 30 days after the prehearing conference, even if that party had previously sought intervenor compensation status in Rulemaking (R.)10-05-006. Determinations of eligibility for intervenor compensation rendered in R. 10-05-006 shall continue to this proceeding upon request in the NOI. Contributions made during the pendency of R.10-05-006 to issues within the scope of this proceeding may be considered for compensation in this proceeding.

11. The assigned Commissioner or Administrative Law Judge may make any revisions to the scheduling and filing determinations made herein as necessary to facilitate the efficient management of the proceeding, including reorganization of issues between the separate tracks of the proceeding.

This order is effective today.

Dated _____, at San Francisco, California.