

Attachment B

President Peevey's ACR Dated September 16, 2004

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CPUC, CEC, and CAISO are collaborating to support integrated planning and procurement in California.

- CEC's 2005 Integrated Energy Policy Report ("IEPR") process will estimate need for resource additions, evaluate policies and recommend appropriate resource strategies for the state to meet forecasted load on a biennial cycle.
- All load serving entities will provide load forecasts, resource plans and transmission assessment as input into the IEPR process.
- The CAISO will provide the key policy issues and components of its transmission assessment processes.
- The IEPR will (1) identify likely range of statewide and LSE-specific need and resource assessment to be used by the CPUC when evaluating IOU's long-term procurement plans for submittal in 2006 CPUC procurement process, (2) provide disaggregated load forecasts to CAISO for use by PTOs and CAISO in the next transmission assessment cycle, and (3) recommend broad, statewide resource preference policies.
- CPUC's procurement process will produce IOU-specific procurement plans, require competitive generation solicitations, incorporate needed transmission upgrades and guide preferred resource acquisition to ensure resource adequacy on a biennial cycle beginning in 2006.
- CEC provides ranges of likely need and resource assessment for individual IOUs and statewide policy preferences from IEPR.

- Transmission projects contained in the approved plans will be evaluated in annual CAISO transmission planning process. If the CAISO's transmission economic assessment methodology is accepted by the CPUC, then the CPUC will use the CAISO's determination of need for projects.
- IOUs fulfill/implement approved long-term plans through competitive procurement processes, filing for permits, or other approved processes.
- CAISO's Annual Grid Planning Process receives information from both the CPUC's procurement process and the CEC's IEPR and integrates this information into a comprehensive view for the CAISO-controlled grid, and develops a project-specific set of preferred transmission projects.
 - Receives Participating Transmission Owner (PTO) (includes IOUs and some munis) transmission plans.
 - Receives additional IOU transmission project information from CPUC procurement process.
 - Receives CEC's disaggregated load forecasts from IEPR.
 - Provides CAISO policy perspective on transmission issues as input into CEC's IEPR and CPUC's procurement proceeding for review.
 - Produces approved preferred transmission alternatives for IOUs that then go through the CPUC permitting process.

(END OF ATTACHMENT B)