



California Public Utilities Commission

505 Van Ness Avenue, San Francisco, CA 94102

News Release

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Media Contact: PUC Press Office, 415.703.1366, news@cpuc.ca.gov

PUC ISSUED PROPOSED DECISION ON LONG-TERM ENERGY PLANS FOR UTILITIES

SAN FRANCISCO, November 18, 2003 -- The California Public Utilities Commission (PUC) today issued a Proposed Decision by an Administrative Law Judge and an Alternate Proposed Decision by Commission President Michael R. Peevey regarding the long-term regulatory framework under which Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas and Electric Company would plan for and procure the energy resources and demand-side investments necessary to ensure their customers receive reliable service at low and stable prices and as required by Assembly Bill 57.

Both decisions address resource adequacy and reserve margins, subjects of concern to the Independent System Operator (ISO) and the Federal Energy Regulatory Commission. In addition, the decisions make preliminary policy statements about the long-term structure of the electricity market. They include discussion of utility financial health considerations in procurement, as well as comprehensive resource planning for preferred resources including energy efficiency, demand response, renewables, distributed generation, transmission, and qualifying facilities. In addition, both decisions approve utility procurement plans for 2004, to continue to ensure short-term reliability for all utility electric service to consumers.

While both decisions cover the same major issues, the Proposed Decision and Alternate Decision differ on the following details:

- **Resource Adequacy:** While the Proposed Decision recommends requiring the utilities to procure reserves on behalf of all load within their territories, including that served by direct access Energy Service Providers, the alternate makes a reserve requirement for utilities' retail customer load only, and requests that the ISO, working with the PUC, set overall planning reserves at the same level (17 percent) for other non-IOU load-serving entities.

- Transmission: In addition to the findings in the Proposed Decision, the Alternate addresses both deliverability as well as Reliability Must Run (RMR)/local reliability issues.
- Procurement Incentive Mechanisms: The Alternate makes explicit a desire to continue to develop an overall procurement incentive mechanism for prudent portfolio management of all resources.

The Proposed Decision and Alternate both promote environmentally sensitive resource choices, set reserve margin standards to protect California's electricity grid, and provide cost-recovery mechanisms that promote the creditworthiness of each utility.

The Commission is expected to vote on this issue at its meeting on Dec. 18, 2003.

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