

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Consider
Revisions to the Planning Reserve Margin
for Reliable and Cost-Effective Electric
Service.

FILED
PUBLIC UTILITIES COMMISSION
APRIL 10, 2008
SAN FRANCISCO OFFICE
RULEMAKING 08-04-012

ORDER INSTITUTING RULEMAKING

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Appendix A - Load Serving Entities

ORDER INSTITUTING RULEMAKING

1. Summary

We open this rulemaking to review, and modify to the extent found to be appropriate, the planning reserve margin (PRM) used for purposes of our Long-Term Procurement Planning (LTPP) and Resource Adequacy (RA) programs. We do so to bring greater policy clarity and certainty to California's electricity market and to ensure that our LTPP and RA programs are designed to yield the level of reliability that ratepayers demand. We will examine, among other things, the assumptions and methodology used to set the PRM, whether to recalibrate the PRM periodically, whether to establish a single PRM that applies throughout the service territories of utilities under our jurisdiction, whether to establish separate short-term and long-term PRMs, and how best to coordinate our PRM determinations with the needs of the California Independent System Operator (CAISO).

We provide for the filing of Prehearing Conference (PHC) statements on preliminary matters that pertain to the scope, schedule, and administration of the proceeding. PHC statements are due to be filed on April 25, 2008. A PHC will be scheduled thereafter.

2. Background

2.1. Development of the PRM

With the restoration of investor-owned utility (IOU) procurement obligations in the early part of this decade, the Commission began to address the

role of the PRM as a tool for ensuring cost-effective reliability in California's hybrid generation market.¹ In October 2002, the Commission established that:

[T]he IOUs are responsible for procuring reserves on behalf of their customers' needs, as part of their continuing obligation to serve in order to ensure a stable, reliable power system. The ultimate goal is to safeguard the electric system by accounting for forced outages, operating reserves, and regulating reserves, as well as other contingencies.

* * *

[I]t is important that the IOUs be responsible for procuring reserves to ensure system reliability. Historically, installed reserves have been 15-18% of system peak load. Therefore, on a provisional basis, we set the reserve level at 15%. (Decision (D.) 02-10-062, p. 29.)

Shortly thereafter, the Commission approved short-term procurement plans for 2003 for the three large IOUs. Finding the 7% operating reserves level proposed by the utilities to be adequate for 2003, the Commission then indicated its intention to further address the PRM based on a proposal by the Office of Ratepayer Advocates (ORA):²

For the long-term planning phase, ORA requests that each utility provide data sufficient to determine what level of planning reserves would lead to a loss of load probability [(LOLP)] of one day in ten years, as well as supporting testimony recommending a level of planning reserves. This is a reasonable request and, therefore, we adopt it. We note that ORA's request, while requiring specific data be furnished, allows each utility latitude to propose and support a planning reserve level it considers appropriate to its service territory. This should be done in

¹ California's electric generation market includes both utility-owned generation and merchant generation. CAISO-controlled grid depends upon both sources of generation.

² ORA is the predecessor to the Division of Ratepayer Advocates.

conjunction with the provisional 15% reserve level and guidance we adopted in D.02-10-062. (D.02-12-074, pp. 30-31.)

The following year, in D.03-12-062, the Commission approved the IOUs' short-term procurement plans for 2004. IOUs were directed to procure sufficient resources to meet their peak demand plus an appropriate operating reserve margin of approximately 7% of peak demand as determined by the Western Electricity Coordinating Council (WECC). (D.03-12-062, p. 8.) The Commission made clear that it was adopting that approach for 2004 only while it developed long-term policy on appropriate reserve levels and the types of resources capable of meeting such reserve level obligations. (*Id.*) Responding to the concern of several parties that this was not sufficient, the Commission noted that the actual PRMs of the IOUs for 2004 were significantly above the 7% minimum operating reserves established for that year. (*Id.*, p. 9.)

In January 2004, D.04-01-050 approved a long-term regulatory framework for procurement that included a PRM requirement applicable to all Commission-jurisdictional load-serving entities (LSEs), *i.e.*, electric service providers and community choice aggregators as well as the IOUs. Although D.02-12-074 had suggested Commission interest in territory-specific PRMs that would lead to a LOLP of one day in ten years, pursuit of that interest was put on hold. The Commission established a statewide 15%-17% PRM, to be met by all LSEs by 2008.³ The Commission adopted this PRM level based on a determination that it

³ The minimum PRM requirement that must be met by LSEs in connection with the RA obligation is 15%. However, for LTPP purposes, the Commission allowed a range up to 17% to account for lumpiness in investment. (D.04-01-050, Conclusion of Law 5, p. 193.) D.04-10-035 accelerated the implementation schedule for the 15-17% PRM requirement from 2008 to June 2006.

would provide reliable service and an additional margin of safety. (D.04-01-050, p. 23.) In making this determination, the Commission referred to record information showing that a 15% PRM would produce a 2006 LOLP of 0.2 days in 10 years and “a ‘one day in fifty years’ generation reliability criteria.” (*Id.*) The Commission also stated concern that setting a higher PRM level, if implemented too quickly, could impact compliance with the preferred resource loading order of the Energy Action Plan. (*Id.*, p. 24.)

2.2. Commission Implementation of and Commentary on the PRM

The Commission has taken several steps to implement its PRM policy in various RA and LTPP decisions. It has also had occasion to comment on various aspects of the PRM, including its value as a reliability planning tool and the components of its determination. These pronouncements are briefly recapped below.

2.2.1. Forced Outages

Establishing counting rules for determining the qualifying capacity of resources under the RA program, the Commission found that:

An adjustment for forced outage rates is contrary to conventional practice in resource accounting, and the 15-17% PRM adopted in D.04-01-050 already includes assumptions about average forced outage rates. (D.04-10-035, Finding of Fact 10, p. 50.)

In another RA decision that addressed whether LSEs should be held responsible when a generating unit experiences a forced outage, the Commission found that:

Because the reserve margin adopted in D.04-01-050 encompasses forced outages, requiring LSEs to engage in replacement procurement following a forced outage would effectively require them to procure more than the adopted reserve margin. (D.06-07-031, Finding of Fact 2, p. 40.)

2.2.2. Adverse Conditions and Variance from Forecasts

In a 2004 LTPP decision, the Commission rejected a proposal to develop demand forecasts for LTPP purposes by using a 1-in-10 peak weather standard. (D.04-12-048, p. 28.) In doing so, it noted that the RA program is based on average weather (1-in-2) and that the PRM, in part, provides a cushion should hotter-than-average weather occur. (*Id.*; see also Finding of Fact 11, p. 180.)

In a later LTPP decision, the Commission addressed the need for additional generation capacity in a region of southern California known as SP 15. Discussing PRMs under normal and adverse conditions, it suggested that the adopted PRM may not include protection for all risks to reliability:

In all likelihood, the state will need more than 1,783 MW in SP 15 to allow for retirements, ensure against execution and plant building risk, and maintain [a] 15%-17% planning reserve margin and adequate adverse condition reserve margin. (D.06-07-029, p. 39.)

In approving a power purchase agreement between Southern California Edison Company (SCE) and Long Beach Generation LLC, the Commission found that SCE would have a 19.1% PRM for summer 2007. (D.07-01-041, Finding of Fact 9, p. 28.)⁴ Although this exceeded the PRM policy of 15-17%, the Commission also found that:

A PRM is not the only measurement metric for reliability; the California Energy Commission (CEC) also looks at operating reserves under adverse conditions. (*Id.*, Finding of Fact 12, p. 28.)

* * *

⁴ D.07-04-049 modified D.07-01-041 and denied rehearing of it as modified. The findings of fact quoted here were not modified.

Even though SCE has a predicted PRM of 19.1%, actual loads and resources may differ from forecasts. (*Id.*, Finding of Fact 15, p. 29.)

2.2.3. Demand Response and the PRM

Addressing a settlement regarding San Diego Gas & Electric Company's (SDG&E) application for a proposed Advanced Metering Infrastructure (AMI) project, the Commission discussed SDG&E's claim that, through AMI, SDG&E would be able to reduce its planning reserves. According to SDG&E, a possible long term benefit of reduced demand volatility brought about by AMI would be the ability to reduce the level of planning reserves by 1% (*e.g.*, from 15% to 14%). Although the Commission found this to be a "too speculative benefit and too remote from the AMI Project to consider and quantify" for purposes of evaluating the AMI project, it acknowledged that the existence of AMI technology may be one of many factors upon which determinations of planning reserves are based. (D.07-04-043, pp. 62-63.)

2.3. Revisiting the PRM

Since the 15-17% PRM was established in early 2004, parties have continued to raise concerns about the determination of the PRM in ongoing procurement proceedings. Perhaps most notably, the CAISO filed a petition for modification of D.05-10-042 in which it asked that the Commission establish a 23% PRM for non-summer months. While denying the CAISO's petition without prejudice on procedural grounds, the Commission stated that "[w]e recognize the importance of revisiting aspects of the PRM at an appropriate time and in an appropriate forum." (D.06-12-037, p. 10.) The December 22, 2006 *Assigned Commissioner's Ruling and Scoping Memo for Phase 2 of Rulemaking 05-12-013* provided that "consideration of updating the 15-17% planning reserve margin" was within the scope of the proceeding. However, in a subsequent ruling issued

on November 19, 2007, the assigned Commissioner determined that the PRM should be reviewed comprehensively in a separate rulemaking. We affirm that ruling, and adopt this new rulemaking for the reasons stated therein and in this order.

2.4. Planning Reserves in Other Jurisdictions

Around the country, a variety of approaches are used to determine and set a proper level of capacity and reserves needed to maintain a desired reliability level. While some use deterministic modeling, other balancing authorities use a probabilistic modeling methodology to assess and set the proper levels of operating and planning reserves. The probabilistic approach focuses on setting capacity and reserve obligations relative to a reliability metric such as Expected Unserved Energy, LOLP, Loss of Load Expectancy, or more granular variations such as Hourly Loss of Load Expectancy.

3. Overview of Proceeding

As noted above, the Commission has had several occasions to comment on the PRM since it was adopted more than four years ago. However, questions and concerns about the PRM have largely arisen in the context of complex policy inquiries where time and resources have not permitted a full inquiry into the role of the PRM and the methods and procedures that should be followed to set it. We concur in the assigned Commissioner's assessment that there is a need for greater analytical rigor and transparency in the way the PRM is established and applied by the Commission. Once this is accomplished, we expect that there will be greater confidence in the value of the PRM as a primary tool for balancing reliability and costs, as well as consistency in its application. In short, the Commission has not had the opportunity to review the PRM in a comprehensive

fashion that would allow the confidence and the certainty that the marketplace needs. We institute this rulemaking to remedy that situation.

This rulemaking will establish a preliminary methodology to determine a short-term capacity and reserve requirement for RA program compliance years 2010 and 2011 based on maintenance of historic reliability levels. Once a methodology is adopted, the Commission will periodically reassess capacity and reserve requirements in coordination with the LTPP or other Commission proceedings. We recognize the CAISO's Planning Reserve Requirement Study (PRRS) and WECC efforts to move towards probability-based reliability modeling; by this Order Instituting Rulemaking (OIR) we confirm the Commission's active participation and lead role in establishing and evaluating the appropriate reliability level to be served by LSEs subject to our jurisdiction.

This rulemaking will be split into two phases with an optional third phase, as described in more detail below. Phase I will evaluate and adopt a computer model and detailed data requirements including a set of resource buildout scenarios with which the Commission will establish capacity and reserve obligations required to maintain a range of reliability levels based on this model. In Phase II we will use the adopted methodology to study, determine, and finally adopt a capacity and reserve requirement for RA program compliance year 2010 and potentially 2011 while creating a mechanism to repeat this assessment for future LTPP and RA cycles. Included in the Phase II decision is determination of whether to pursue an optional Phase III, which will refine the methodology and data sets by inclusion of economic optimization of customer preferences and possible evaluation of locationally-specific reliability assessments in conjunction with the CAISO's Local Capacity Requirements (LCR) analysis. Each phase is discussed below.

4. Preliminary Scoping Memo

In this Preliminary Scoping Memo we describe the issues to be considered in this proceeding. The final determination of specific topics to be addressed and their placement in the various phases will be left to the assigned Commissioner's discretion in the Scoping Memo to be issued following the PHC. The preliminary timetable is set forth below, in Section 6 of this order.

Three Phases to PRM OIR

- **Phase 1 will study and adopt a reliability modeling methodology by evaluating and adopting the proper sources of data such as generator and transmission outages and load forecasts:** In conjunction with the CAISO PRRS stakeholder process, the Commission will evaluate a probabilistic methodology for the establishment of capacity and planning reserve levels for purposes of LTPP and RA procurement. The Commission will evaluate and recommend sources for the data that is used for a probabilistic model, such as generator and transmission outages, as well as develop a set of candidate scenarios of future resource buildout to be modeled for purposes of reliability metrics. Determination of these factual questions will likely require hearings and/or workshops and workshop reports in the late summer of 2008. The target date for the **Phase I decision is December 2008.**

- **Phase II would use the adopted methodology, data, and scenarios to set the proper PRM for the RA program 2010 and 2011 compliance years:** The Commission, in conjunction with the CAISO PRRS process, will determine a range of reliability levels for California, and spell out the required capacity and reserves needed within the three IOU service territories required to maintain that range of reliability levels. The Commission will evaluate and adopt the reliability level for the 2010 and 2011 RA compliance years, and evaluate the reliability metrics of candidate scenarios of the 2010 LTPP. The Commission will periodically reassess this reliability level as a regular feature of future LTPP and RA cycles. The target date for the **Phase II decision is June 2009.**

- **Optional Phase III would, to the extent possible, integrate the PRM modeling methodology into the CAISO's LCR analysis as well as develop the economic analysis to balance customer preferences of cost and reliability to set an economically optimal capacity and reserve level:** Once the probabilistic methodology for determining capacity and reserve requirements has been developed, the methodology will be applied on a local level to further evaluate the reliability impacts of capacity obligations in transmission-constrained Local Areas. The Commission will also explore economic analyses to determine the “appropriate” reserve levels for customers of LSEs under Commission jurisdiction based on customer risk tolerance and cost modeling. This would close the OIR. The target date for the **Phase III decision is June 2010.**
- **Post OIR periodic formal reassessment:** This OIR is meant to provide tools by which the Commission can develop planning and procurement requirements in the RA and LTPP proceedings, so those proceedings would be a vehicle for periodic reassessment and rerunning of the model developed in this OIR as part of the normal functioning of those proceedings. Our staff recommends the Commission make this a periodic assessment that is to become part of the LTPP proceeding, RA proceeding, or the CEC’s IEPR process to facilitate forward planning of resource additions and retirements, as well as RA requirements multiple years in the future. This should provide the market with clear expectations of system needs in time for construction to occur to meet that need. We note that this would necessitate the development of in-house personnel to carry out this modeling.

We have outlined the phasing and overall timetable for this proceeding.

Following is a more detailed listing of the issues that we anticipate will be addressed in Phase 1.

- **How will the Commission interact with the CAISO's PRRS? How will the IOUs interact with the PRRS?** Will the Commission undertake a study separately or with IOU support, or if the Commission decides to cooperate with the CAISO in the PRRS, how can the Commission ensure that the appropriate analysis is

performed so that the Commission can establish the proper capacity and reserve obligations?

- **How is the decision about an appropriate PRM to be made (*i.e.*, how is the Commission to evaluate one PRM option over another)?** For example:
 - **Reliability Metrics:** How is reliability to be defined: outage frequency, duration, size or some combination of metrics? Possible integration and optimization across several metrics?
 - **Data Sources:** The Commission needs information regarding what data inputs used by the model such as generator and transmission outage are generally accepted and common to the industry, reliable, and comparable to data sets used for other purposes. Ideally stakeholders should be given the opportunity to publicly vet the data to ensure robustness.
 - **Base Case Scenario:** What “future world(s)” is the assumed frame of reference for *analyzing* reliability? What will provide the business-as-usual policy or base case (expected) policy scenario?
 - **Change Case Resource Build out Scenarios** What “future world(s)” is the assumed frame of reference for *deciding* the appropriate reliability level, *i.e.*, should a single scenario dominate the decision or should an assessment of multiple scenarios drive it?
 - **Study Timeframe:** Over what timeframe(s) should the analysis be done (1-yr., 5-yr., 10-yr., 20-yr.)?
- **Interaction with other Commission proceedings:** How does the planning reserve analysis interface with the LTPP (CPUC), IEPR (CEC), and the CAISO reliability studies? For example:
 - **Definition of Policy Preferred Scenarios:** A required input of a reliability study is a defined resource portfolio (plan), which can then be stochastically modeled to produce reliability results. When/where/how does the portfolio definition occur: PRM proceeding itself, LTPP proceeding, IEPR proceeding, individual resource proceedings?

- **Optimization studies:** Should the Commission conduct the optimization studies that define resource portfolios, and prescribe policy preferred scenarios as the assumed basis for reliability studies? Alternatively, should LSEs do so using standardized tools and techniques (to be adopted, potentially, in the 2008 LTPP proceeding)?
- **Periodic reassessment in a formal Commission proceeding:** Is there the intention of doing a periodic reevaluation of the reliability level in some regular timeframe (perhaps with the IEPR process, or with the LTPP process)?
- **Long-Term RA and Capacity market alternatives:** Will the capacity and reserve levels adopted here depend to any extent on the type of market structure the Commission adopts in Track 2 of R.05-12-013? How does the projected type of procurement envisioned in either Recommendation 1 or Recommendation 2 of the January 18th staff report affect reliability into the future?
- **Variability in PRM:** Should a single PRM be set for all IOU service territories or should there be territory-specific or even load pocket-specific PRMs?
 - Is there a different reliability level for each IOU service territory?
 - Is there a different reliability level for short term obligations or for long-term obligations? For off peak seasons or on peak seasons?
 - Is the reliability level affected by type of LSE or size of LSE? Is there any basis for the determination of LSE-specific PRMs?
- **Interaction with other LSEs and balancing authorities:** Is there an interaction between a Commission-determined PRM and reserve requirements that apply to non Commission-jurisdictional entities or other balancing authorities outside the CAISO? If there is such an interaction, how does, or should, it impact the Commission's PRM determination?

5. Proceeding Category and Need for Hearing

Rule 7.1(d) of the Commission's Rules of Practice and Procedure (Rules) specifies that an OIR will preliminarily determine the category of the proceeding and the need for hearing. Pursuant to Rule 7.1(e), we determine that this proceeding is ratesetting as defined in Rule 1.3(e). At this time, we believe that a full review of the PRM issues may involve adjudication of factual questions for which it may be necessary to employ our evidentiary hearing process.

6. Prehearing Conference Statement, Preliminary Schedule

To guide PHC discussions and assist the assigned Commissioner in preparation of the Scoping Memo, we will provide for the filing of PHC statements (served on the temporary service list), which should address the following:

- Identification of the party and interest of the party in this proceeding. (*See* Rule 1.4 (b).)
- Any objections to or recommendations regarding this order's determinations as to categorization of the proceeding as ratesetting, the need for hearing, issues to be considered, or scheduling. (*See* Rule 6.2.)
- Priorities of issues to be considered.

We anticipate that a significant portion of the issues can be aired and resolved through workshops. However, certain aspects of this proceeding may involve contested factual issues for which evidentiary hearings may be required. The preliminary schedule set forth below provides for workshops in May and June of this year and hearings in August. As noted earlier, we intend to process Phase 1 by the end of the year.

Phase I of PRM OIR - Preliminary Schedule

| | |
|----------------|---|
| April 10, 2008 | OIR issued |
| April 25, 2008 | PHC Statements filed |
| May __, 2008 | PHC to be set by ALJ |
| May __, 2008 | Scoping Memo |
| May __, 2008 | Workshops begin. |
| June __, 2008 | Workshops concluded |
| July __, 2008 | Ruling on scope of evidentiary hearings |
| July __, 2008 | Prepared testimony served |
| Aug. __, 2008 | Rebuttal testimony served |
| Aug. __, 2008 | Evidentiary hearings begin |
| Aug. __, 2008 | Evidentiary hearings end |
| Sept. __, 2008 | Opening briefs/comments filed |
| Oct. __, 2008 | Reply Briefs/comments filed |
| Nov. 18, 2008 | Proposed decision |
| Dec. 8, 2008 | Comments on proposed decision |
| Dec. 15, 2008 | Reply comments on proposed decision |
| Dec. 18, 2008 | Final decision |

This proceeding will conform to the statutory case management deadline for ratesetting matters set forth in Pub. Util. Code § 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 phase. 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, the need to coordinate with other proceedings, and the need to coordinate with the processes and role of the CEC and the CAISO.

7. Parties and Service List

We will provide for service of this OIR on the service lists for the current RA proceedings (R.05-12-013 and R.08-01-025), and the current LTPP proceedings (R.06-02-013 and R.08-02-007), which, together with the entities in Appendix A, will comprise the temporary service list. 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. The following procedures regarding party status and inclusion on the service list shall be followed.

Party Status: All LSEs as defined in Pub. Util. Code § 380 (j) shall be respondents in this proceeding, and by virtue of that fact they are parties to the proceeding (Rule 1.4(d)). All LSEs listed in the Commission's official records will appear on the service list. Pursuant to Rule 1.4 (a), all other persons and entities seeking party status shall either (a) file a PHC statement in accordance with this order; (b) appear at the PHC; (c) file comments in accordance with any order of the Commission, assigned Commissioner, or Administrative Law Judge (ALJ) that provides for the filing of comments; or (d) file a motion to become a party.

Non-Parties: Those who wish only to monitor this proceeding will be placed in the "information only" or "state service" category. Such persons or entities should inform the Commission's Process Office (process_office@cpuc.ca.gov) of their intent to monitor the proceeding by providing their name and organization represented, if any, address, telephone number, e-mail address, and whether they qualify for the state service designation.

As the assigned Commissioner's November 19, 2007 ruling in R.05-12-013 noted, the CAISO's PRM stakeholder process and this Commission's review of

the PRM will need to be closely coordinated. Similarly, consultation and coordination with the CEC will be vital as this Commission moves forward to resolve PRM issues. We invite and welcome the active participation of the CAISO in this rulemaking, as close and careful coordination of the activities of the CAISO and those of this Commission is indispensable to the success of the LTPP and RA programs. We invite the CEC to join us in this proceeding by continuing the successful collaborative approach that both agencies pursued in a number of procurement proceedings.

8. 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.

9. Intervenor Compensation

Any party that expects to claim intervenor compensation for its participation in this rulemaking shall file its notice of intent to claim intervenor compensation no later than 30 after the PHC.

10. Ex Parte Communications

Communications with decisionmakers and advisors in this rulemaking are governed by Article 8 of the Rules of Practice and Procedure. (See Rule 8.4(b), Rule 8.2(c), and Rule 8.3.)

Therefore, **IT IS ORDERED** that:

1. In accordance with Rule 6.1 of the Rules of Practice and Procedure (Rules), the Commission institutes this rulemaking on its own motion to review, and

modify to the extent found to be appropriate, the Planning Reserve Margin (PRM) and the assumptions, methods, and procedures used for its determination.

2. As stated in Rule 6.1, this proceeding may result in the adoption, repeal, or amendment of rules, regulations, and guidelines pertaining to the PRM that were adopted by rulemaking.

3. All load-serving entities as defined in Pub. Util. Code § 380 (j) are named as respondents and are parties to this proceeding pursuant to Rule 1.4 (d). 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.

4. Any person or entity other than a respondent who seeks party status shall do one of the following: (a) file a prehearing conference statement in accordance with this order; (b) appear at the prehearing conference; (c) file comments in accordance with any subsequent order of the Commission, assigned Commissioner, or Administrative Law Judge that provides for the filing of comments; or (d) file a motion to become a party. Those seeking party status shall comply with Rule 1.4 (b).

5. Prehearing conference statements may be filed and are due April 25, 2008. These statements shall be served on the temporary service list, consisting of the entities in Appendix A and the service lists for Rulemaking (R.) 05-12-013, R.08-01-025, R06-02-013, and R.08-02-007. Any person who objects to this order's determinations regarding categorization of the proceeding as ratesetting, the need for hearing, issues to be considered, or scheduling shall state such objections in their PHC statements.

6. Any party that expects to claim intervenor compensation for its participation in this rulemaking shall file its notice of intent to claim intervenor compensation no later than 30 days after the PHC.

7. The Executive Director shall cause this Order Instituting Rulemaking to be served on respondents and on the service lists for R.05-12-013, R.08-01-025, R.06-02-013, and R.08-02-007.

8. The Preliminary Schedule set forth in the foregoing discussion is hereby approved. The assigned Commissioner or the ALJ may make any revisions to the scheduling determinations made herein as necessary to facilitate the efficient management of the proceeding

This order is effective today.

Dated April 10, 2008, at San Francisco, California.

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners

APPENDIX A

Load-Serving Entities as Defined in Section 380(j)

Electrical Corporations

| | |
|---|---|
| David Coyle, General Manager (909) Anza Electric Co-Operative, Inc. 58470 Highway 371 Anza, CA 92539-1909 | Michael Carano (903) Rate Regulatory Relations Sierra Pacific Power Company P. O. Box 10100 6100 Neal Road Reno, NV 89520-0026 |
| Raymond R. Lee (906) Chief Operating Officer Mountain Utilities P. O. Box 205 Kirkwood, CA 95646 | Akbar Jazayeyri (338) Director of Revenue & Tariffs Southern California Edison Company P. O. Box 800 2241 Walnut Grove Avenue Rosemead, CA 91770 |
| Brian Cherry (39) Vice President, Regulatory Relations Pacific Gas and Electric Company P. O. Box 770000, Mail CODE: B10C San Francisco, CA 94177 | Ronald Moore (133) Southern California Water Company 630 East Foothill Blvd. San Dimas, CA 91773 |
| Douglas Larson (901) PacifiCorp One Utah Center, 23 rd Floor 201 South Main Salt Lake City, UT 84111 | Dan Silveria Surprise Valley Electric Corporation P. O. Box 691 Alturas, CA 96101 |
| Robert Marshall, General Manager (908) Plumas Sierra Rural Electric Coop. P. O. Box 2000 Portola, CA 96122-2000 | Cindy Morrow Valley Electric Association 800 E. Hwy 372 Pahrump, NV 89048 |
| Steve Rahon (902) Director, Tariff & Regulatory Accounts San Diego Gas & Electric Company 8330 Century Park Court, CP32C San Diego, CA 92123-1548 | |

Electric Service Providers

| | | | |
|---|--------|---|--------|
| 3Phases Renewables, LLC Michael Mazur 2100 Sepulveda Blvd., Suite 37 Manhattan Beach, CA 90266 | (1350) | Coral Power, L.L.C. Marcie Milner General Manager, Regulatory Affairs Shell Energy North America 4445 Eastgate Mall, Suite 100 San Diego, CA 92121 | (1360) |
| American Utility Network Frank Annunziato, President 10705 Deer Canyon Drive Alta Loma, CA 91737-2483 | (1158) | Energy America, LLC Adrian Pye 263 Tresser Blvd, One Stamford Plaza, 8 th Fl. Stamford, CT 06901 | (1341) |
| AOL Utility Corp. Lili Shariari 12752 Barrett Lane Santa Ana, CA 92705 | (1355) | Liberty Power Holdings LLC Corporate Creations Network Inc. 131-A Stoney Circle #500 Santa Rosa, CA 95401 | (1371) |
| APS Energy Services Co., Inc. Stacy Aguayo 400 E. Van Buren Street, Suite 750 Phoenix, AZ 85004 | (1361) | Liberty Power Delaware LLC Corporate Creations Network Inc. 131-A Stoney Circle #500 Santa Rosa, CA 95401 | (1372) |
| Calpine Power America-CA, LLC Kevin Boudreaux 4160 Dublin Blvd. Dublin, CA 94568 | (1362) | Pilot Power Group, Inc. Thomas Darton 9320 Chesapeake Drive, Suite 112 San Diego, CA 92123 | (1365) |
| City of Corona Dept. of Water and Power Kerry Eden, Assistant General Manager 730 Corporation Yard Way Corona, CA 92880 | (1367) | Praxair Plainfield, Inc. Rick C. Noger 2711 Centerville Road, Suite 400 Wilmington, DE 19808 | (1370) |
| Commerce Energy Inc. Inger Goodman 600 Anton Blvd., Suite 2000 Costa Mesa, CA 92626 | (1092) | Sempra Energy Solutions Megan Saunders 101 Ash Street, HQ09 San Diego, CA 92101-3017 | (1364) |
| Constellation New Energy, Inc Bill Chen Two California Plaza South Grand Avenue, Suite 3800 Los Angeles, CA 90071 | (1359) | Strategic Energy LTD Kerry Hughes 7220 Avenida Encinas, Suite 120 Carlsbad, CA 92209 | (1351) |

New West Energy
Robert Nichols
P. O. Box 61868 Mailing Station ISB 665
Phoenix, AZ 85082-1868

Occidental Power Services, Inc.
E. J. Wright
5 Greenway Plaza, Suite 110
Houston, TX 77046

Any electric service provider that, subsequent to the date of the order instituting this rulemaking, becomes registered to provide services within the service territory of one or more of the respondent electrical corporations through direct access transactions shall, upon such registration, become a respondent to this proceeding. Any electric service provider respondent whose registration is cancelled during the course of this proceeding shall, upon confirmation of such cancellation by the Energy Division, cease to be a respondent to this proceeding.

Community Choice Aggregators

Pending CCAs

San Joaquin Valley Power Authority
David Orth, General Manager
4886 East Jensen Ave.
Fresno, CA 93725

Any community choice aggregator that, subsequent to the date of the order instituting this rulemaking, files an implementation plan or becomes registered to provide services within the service territory of one or more of the respondent electrical corporations through community choice aggregation transactions shall, upon such filing or registration, become a respondent to this proceeding. Any community choice aggregator respondent that withdraws its implementation plan or whose registration is cancelled during the course of this proceeding shall, upon confirmation of such withdrawal or cancellation by the Energy Division, cease to be a respondent to this proceeding.

(END OF APPENDIX A)