BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Promote Policy and Program Coordination and Integration in Electric Utility Resource Planning.	Rulemaking 04-04-003 (Filed April 1, 2004)

ASSIGNED COMMISSIONER'S RULING AND SCOPING MEMO

1. Summary

Following the prehearing conference (PHC) held on April 30, 2004, this ruling and scoping memo sets a workshop, a second PHC, and an evidentiary hearing. Pursuant to Pub. Util. Code § 1701.1(b), this ruling also determines the issues to be considered in the proceeding as well as procedures and the timetable for their resolution, and addresses other procedural matters.

NOTICE IS HEREBY GIVEN that a workshop is set for July 16, 2004, at 10:00 a.m., in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California. The workshop will address long-term procurement plan proposals as described in this ruling.

FURTHER NOTICE IS HEREBY GIVEN that a second PHC is set for August 25, 2004, at 10:00 a.m., in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California. The PHC will address scheduling of witnesses and related matters as described in this ruling.

FURTHER NOTICE IS HEREBY GIVEN that an evidentiary hearing is set for August 30, 2004, at 9:00 a.m., in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California. The hearing will address long-term procurement plan proposals and related issues as described in this ruling.

2. Scope of Proceeding: Issues to be Considered

2.1. Overview

The preliminary scoping memo included in the Order Instituting Rulemaking (OIR) identified six major issue categories for the proceeding:

A. Long-term procurement plans

B. Resource adequacy

C. Confidential information

D. Procurement incentives

E. Long-term policy for expiring QF contracts

F. Management audits

These are the major issue categories to be addressed in this proceeding. In addition, the California Department of Water Resources (DWR) request to allocate for operational and administrative purposes two DWR power purchase agreements will be considered in this proceeding. (*See* Administrative Law Judge's Ruling Confirming and Clarifying Bench Ruling, dated May 4, 2004.) The first two categories – long-term procurement plans and resource adequacy – are critical path issues and will be addressed first. Issue C – confidential information – will be addressed by ruling issued separately in this proceeding. On Issue D, I expect to consider procurement incentives generically for SCE, SDG&E, and PG&E. Until generic incentive issues are resolved in this proceeding, I do not expect the Commission will take up individual utility requests for procurement incentives in separate proceedings. On Issue E, pricing-related issues are being addressed in the separate avoided cost rulemaking (R.04-04-002). Meanwhile, the utilities should include QF resources as part of their long-term plans, as further specified in Appendix A. Finally, Issue F, the management audits, will be deferred to a later phase of this proceeding. Further rulings will address these matters. The following discussion provides further guidance on how the two critical-path issue categories will be considered.

2.2. Long-Term Procurement Plans

As indicated in the OIR, review and adoption of the utilities' long-term procurement plans is the centerpiece of this proceeding.[1] This exercise, including the adoption of upfront standards and criteria for rate recovery, constitutes the last major step remaining for implementation of Assembly Bill (AB) 57 (Stats. 2002, Ch. 835). Completion of this review and approval of utility plans by the end of this year is of critical importance so that the utilities can make the investment decisions that are crucial to the reliable energy future of this state. Accordingly, I will establish an aggressive litigation schedule that provides for evidentiary hearings later this summer and issuance of a final decision approving the utilities' plans and resolving associated issues in December of this year.

This ruling directs San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), and Pacific Gas and Electric Company (PG&E) to submit their proposed long-term procurement plans on July 9, 2004. To facilitate review and analysis, the utilities should follow the common plan

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[1] I note that parties as well as decisionmakers have sometimes referred to "procurement plans" and "resource plans" interchangeably. The OIR is clear that the major focus is to review and adopt long-term *procurement* plans. However, the plans must be based on an integrated resource strategy that is consistent with Commission policy, reflects reasonable assumptions, and covers a rational range of scenarios.

outline that they jointly filed on May 7, 2004. They should of course observe the loading order specified in the State's Energy Action Plan, as supplemented in D.04-01-050, at p. 54 *mimeo.*

Appendix A to this ruling, prepared by the Commission's Energy Division in cooperation and consultation with staff of the California Energy Commission, provides further direction and guidance to the utilities regarding the form and content of those proposals. In particular, Appendix A describes how the utilities should address the many demand and resource uncertainties they face by using three supply/demand scenarios: high-, medium-, and low-incremental need. This should help the Commission to understand how each utility intends to respond to a wide range of load scenarios. The focus is not on forecasts, but rather on the adoption of long-term plans that can accommodate many possible outcomes. I endorse this approach, and expect the utilities to observe the direction and guidance in Appendix A in preparing their plan submittals.

In conjunction with the review of the long-term procurement plans, this proceeding will consider proposals for how the Commission will review and approve individual procurement actions (such as certificates of public convenience and necessity applications and requests for approval of long-term power purchase agreements) under the adopted long-term plans. I am particularly interested in proposals that address the need for reasonable certainty of cost recovery. In addition, proposals to modify existing limits on the utilities' procurement authority will be considered.

On March 26, 2004, PG&E filed a petition seeking several modifications to D.04-01-050. Among them is a request to modify the decision to authorize utilities to operate until December 31, 2008, in accordance with their adopted 2004 short-term plans, consistent with the five-year contracting authority already approved in D.03-12-062. As proposed by PG&E, these plans would be periodically reviewed or prospectively modified by advice letter, application, or other means approved by the Commission. I recognize PG&E's position that "[n]o efficiencies would be created by combining the Commission's review of revised short term (i.e., AB 57) procurement plans with the Commission's review of long term plans…" (PG&E petition, p. 11.) Nevertheless, I am persuaded that such combined review is necessary. Accordingly, utilities and intervenors should address PG&E's request to extend the short-term plan authorizations in their testimony on long-term procurement plans.

2.3. Resource Adequacy Issues

A report on the Resource Adequacy Requirements (RAR) workshops conducted during the past several months will be issued soon. This ruling provides for comments on the workshop report as well as replies to comments. Subject to possible further ruling, I intend to pursue the issuance of a separate decision on resource adequacy issues by the end of this summer, using the workshop report, comments, and replies as the record for decision. I do not expect that it will be possible, or even desirable, to require that the utilities re-file their long-term procurement plans based on the outcome of that decision. Rather, the decision will determine RAR policy on a going-forward basis.

In addition to the Forecasting, Resource-Counting, and Deliverability issues that have dominated the RAR workshops, there are other RAR issues to be decided, including applicability and jurisdictional issues as well as the timing and format of reporting requirements beyond the determination in D.04-01-050 that 90% of resource needs must be contracted for at least a year in advance. Additional guidance with respect to the resolution of such issues will be provided by further ruling as appropriate.

3. Timetable; Submission Date

The timetable for the critical path issues in this proceeding and the projected submission dates are set forth in the following schedules. I recognize that the time allotted for intervenors to review and analyze the proposed procurement plans before they file their testimony is limited. To facilitate that review and analysis, and to potentially mitigate discovery issues, I will direct that a data clarification workshop be convened at which each utility will explain the input assumptions and outputs of its proposed long term procurement plan, and answer data clarification questions.

Schedule A – Long-Term Procurement Plans

Event	Date
Long-term plans and supporting testimony	07/09/04
Workshop on plan clarification	07/16/04
Intervenor testimony	08/04/04
Rebuttal testimony	08/18/04
Cross-examination estimates	08/23/04
Prehearing conference – motions, schedule witnesses, etc.	08/25/04
Hearings begin	08/30/04
Hearings end	09/10/04
Concurrent opening briefs/requests for final oral argument	09/27/04
Concurrent reply briefs/submission	10/08/04
Proposed decision	11/16/04
Comments	12/06/04
Reply comments	12/13/04
Final Commission order on long-term procurement plans	12/16/04

Schedule B – Resource Adequacy Issues

Event	Date
Workshop report	06/__/04
Comments on workshop report (due 21 days after report)	07/__/04
Replies to comments/submission (due 14 days after comments)	07/__/04
Draft decision	08/24/04
Final Commission order on resource adequacy issues	09/23/04

The timetable for resolution of procurement incentives, expiring QF contracts, management audits, and any RAR issues not resolved pursuant to Schedule B will be determined at a later date. As already noted in the OIR, the Commission intends to resolve all matters in this proceeding within 18 months of the date of this scoping memo, consistent with Pub. Util. Code § 1701.5.

4. Category of Proceeding

No party has expressed any objection to the Commission's preliminary determination in Rulemaking (R.) 04-04-003 that this is a ratesetting proceeding. This ruling determines that the proceeding is ratesetting.

5. Need for Evidentiary Hearings

This ruling determines that evidentiary hearings are required for the resolution of the utilities' long-term procurement plans. The Commission will determine at a later date whether to conduct hearings for other issues. Parties are reminded that the OIR explicitly provided that the record developed in R.01-10-024 is fully available for consideration in this proceeding.

6. Principal Hearing Officers

ALJs Carol Brown, Meg Gottstein, and Mark Wetzell are the principal hearing officers in this proceeding.

7. Service List

The service list for this proceeding is located at the Commission's website (http://www.cpuc.ca.gov/). Those who are not already parties, but who wish to participate in this proceeding as full parties must make their request by written motion to intervene, or orally on the record during the proceeding. Others may request that their names be added to the service list (in the "information only" or "state service" category) by sending an e-mail note to the Commission's Process Office (ALJ_Process@cpuc.ca.gov).

The Commission will follow the electronic service protocols attached to R.04-04-003.

8. Rules Governing *Ex Parte* Communications

As discussed in the OIR, this is a ratesetting proceeding subject to Pub. Util. Code § 1701.3(c), which means that *ex parte* communications are prohibited unless certain statutory requirements are met. See also, Rule 7(c).

9. Procedural Ground Rules

The ground rules set forth in Appendix B are intended to promote fair and orderly hearings and efficient use of hearing time, and are hereby adopted for this proceeding.

10. Final Oral Argument

Pursuant to Pub. Util. Code § 1701.3(d) and Rule 8(d), any party requesting final oral argument before the Commission shall make such request by letter to the ALJ on the date set for filing of concurrent opening briefs.

IT IS RULED that:

1. The scope of this proceeding is set forth in the foregoing discussion.

2. San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), and Pacific Gas and Electric Company (PG&E) shall submit

long-term procurement plans in accordance with the direction and guidance provided in this ruling and the timetable adopted herein.

3. Comments on the Administrative Law Judge's report on the Resource Adequacy Requirements (RAR) workshops may be filed and are due 21 days after the report is filed. Replies to comments may be filed and are due 14 days after comments are filed.

4. The timetable for this proceeding, including its projected submission date, is set forth in this ruling. As provided in the OIR, the assigned Commissioner or Administrative Law Judges (ALJ) may make any revisions to this schedule necessary for the fair and efficient management of the proceeding.

5. This proceeding is categorized as ratesetting and evidentiary hearings may be necessary, consistent with Rulemaking 04-04-003. This ruling on category may be appealed, as provided in Rule 6.4 of the Commission's Rules of Practice and Procedure (Rules).

6. Administrative Law Judges Carol Brown, Meg Gottstein, and Mark Wetzell are the principal hearing officers in this proceeding.

7. With respect to issues addressed in evidentiary hearings, any party requesting final oral argument before the Commission shall make such request by letter to the ALJ on the date set for filing of concurrent opening briefs.

Dated June 4, 2004, at San Francisco, California.

/s/ MICHAEL R. PEEVEY

Michael R. Peevey
Assigned Commissioner

APPENDIX A

DIRECTION AND GUIDANCE GOVERNING THE SUBMISSION OF LONG-TERM PROCUREMENT PLANS BY THE RESPONDENT UTILITIES

1. Summary

These directions and guidelines, prepared by the Commission's Energy Division in consultation with staff of the California Energy Commission, are intended to place reasonable bounds on load and resource outcomes while developing the high-, medium, and low- incremental need procurement plans. We require the utilities to consider certain scenarios, and to make certain assumptions about state policy-making and the coming economic climate. We do this to provide the ability to compare the utility forecasts and Plans to aid in our consideration of the Plans. Utilities may also consider scenarios and outcomes not specifically required by this Ruling, but which reflect the utilities' own views of potential outcomes. Because one major element of uncertainty has to do with customer base, we expect that the Long-Term Plans will employ a risk management approach that, for example, incorporates long, mid, and shorter term commitments for meeting load in order to remain flexible to refine the resource portfolios in the shorter term as certainty increases.

We are requesting a number of scenarios representing different loads the utilities could be called upon to meet. The scenarios are defined specifically below. It is not necessary for the utilities to conceive a resource plan to meet each of those load scenarios. We will ask for Resource Plans for only three cases to be described below.

2. Load Forecast Scenarios

In D.04-01-050, we requested a number of specific long-term load-forecast scenarios, which we repeat here and offer further guidance.

2.1. Load Forecast Scenario Specification

IOUs are required to develop and submit the following scenarios:

CEC-IEPR Case – Base Case. Representatives of the three utilities and the CEC have met and exchanged information regarding the base assumptions upon which to develop the base-case scenario, including forecast growth rates specific to each utility's service area.

Alternative Base Case. This is an optional variant of the CEC-IEPR load forecast substituting the utility's own load and growth assumptions for those provided by the CEC. The utilities should explain how their alternative base case forecasts are different from the CEC forecasts.

High Load Case (95th Percentile). While there are difficult cost implications for customers if forecasted load fails to appear, power shortages are more likely if load growth exceeds expectations. This load forecast should be seen as an extreme high-growth case wherein load growth is substantially higher than the base forecast.

Community Choice Aggregation (CCA). In preparing a load forecast scenario including a community choice program, the CCA should be evaluated assuming an initial load migration of 5% in 2005, increasing one percentage point annually to 15% over ten years.

Core/Noncore Market Structure. In D.04-01-050, we required the utilities to include core / non-core as one planning scenario in their long-term scenarios. These load scenarios should be seen as off-takes from the base-case or alternative base case forecasts. In preparing load scenarios including a core / noncore market structure, the utilities should use the combinations of the following assumptions to produce a total of 16 core / noncore forecast scenarios:

- Eligibility:
  - All customers with a minimum peak demand of 500 kW and above.
  - All customers with a demand of 200 kW and above.
  - Allow individual customers with multiple meters / accounts to aggregate their own load up to the 500 kW threshold.
  - Allow aggregation of non-residential load by energy service providers to combined loads of 500 kW and above.
- All eligible customers choose to switch suppliers.
  - All eligible customers leave at once.
  - All eligible customers leave over a five-year period with equal percentages in each year.
- Start date:
  - 2006
  - 2009

The utilities also should estimate the amount of individual customer load between 20 kW and 200 kW that could qualify for aggregation.

Other Load Forecast Cases. The Commission is interested in knowing what the utilities think are the likely possibilities for future load situations in California. Utilities should view this as an opportunity to explain to the Commission not only their preferred base case, but also their expectations about how the future could depart from their preferred base case. In each presented load scenario, present an explanation of the underlying assumptions, why that scenario is important, and the likelihood that the case will come to pass.

2.2. Planning Reserves

In each of the load forecast scenarios developed pursuant to the above instructions, IOUs are required to identify the amount of planning reserves for each year using two assumptions for planning reserve margins:

Phase-In of Resource Adequacy Requirement: D.04-01-050 concluded that the utilities should meet the 15-17% resource adequacy requirement by no later than January 1, 2008, but did not establish interim benchmarks. In their long-term procurement Plans and in the load-forecast scenarios discussed above, utilities should assume a phase in of 10% by June 1, 2005; 12% by June 1, 2006; and 14% by June 1, 2007.

Accelerated Phase-In of PRM: Pursuant to the Governor's letter to CPUC President Peevey,[1] the utilities should quantify the amount of annual reserves for each load scenario based on the assumption that full resource adequacy will be achieved by June 1, 2006.

2.3. Documentation

Each of the load forecasting scenarios defined above, and others each respondent chooses to submit, should be documented in the following manner. The specific assumptions defining the scenario should be clearly specified in a narrative description. The results of each scenario should be provided in terms of ten-year annual peak loads, and 8,760 hourly loads for each of the ten years. The level of planning reserves for each of the two reserves scenarios should be identified for each of the five summer months – May through September – for all ten years. A summary table and narrative comparing all of these scenarios

[1] Governor Arnold Schwarzenegger's April 28, 2004 letter to President Michael Peevey.

should be prepared. The respondents and ED / CEC staff should develop a mutually acceptable format for the detailed hourly load results.

3. Load Forecast Counting Conventions

As anticipated in D.04-01-050, the possibility that utilities would be required to file long-term plans in advance of a final decision on the details of resource adequacy has been realized. The schedule for completing the portion of resource adequacy addressed by the ALJ Ruling of February 13, 2004, and the workshops covering the period March 16 to May 26, 2004, does not permit the utilities to incorporate our final decision on these matters into their Plans. Thus, utilities must use interim assumptions to enable us to begin our review of their long-term Plans sooner.

It is not our purpose to pre-judge the results of the Workshop process or the ultimate decision of the Commission. Rather, we provide the following set of assumptions for use by the utilities' developing their Plans, with the understanding that our final judgment on these matters may differ. The utilities should use the following resource adequacy guidelines in preparing their long-term load forecasts as part of their Plans:

- Load forecasts are to follow the consensus portions of the load forecasting straw-model filed on April 9, 2004 in R.01-10-024;
- For non-consensus items, utilities should assume:
  - They are responsible for existing bundled service customers, load growth for these customers, and all new customers resulting from economic growth in their service areas;
  - Peak loads are further defined to be the maximum load of each of the utilities. Utilities may submit any information they have available regarding coincidence factors with the CAISO system peak;

- Peak demand is defined to include all losses from end-user meter to generator busbar; and
- All price-responsive demand and interruptible programs are counted as resources, and given credit consistent with resource counting conventions, not subtracted from load forecasts.

4. Long-Term Plan Scenarios – The Resources

The utilities are instructed to file three Long-Term Plans, a high-load scenario, a medium-load scenario, and a low-load scenario. This section provides guidance regarding the definition of those three Plans.

The Medium-Load Plan Scenario. The medium-load plan is to be the preferred resource plan of each utility that meets the needs identified in its Alternative Base Case load-forecast scenario or, if the utility does not choose to file an Alternative Base Case load-forecast scenario, its IEPR-CEC base case scenario. This Plan is to be a utility's best estimate of how it would prepare to meet the needs it believes ultimately will come to be. Though it is not necessary, or even possible, for utilities to specify in detail the placement of new generation facilities that may be needed up to ten years in advance, nor is it possible to indicate the specific paths of transmission additions or upgrades, it is appropriate that the utilities be more specific than they were in the Long-Term Plans submitted in 2003.

Edison faces special circumstances regarding the disposition of the Mohave generating plant. There is an ongoing proceeding, A.02-05-046, in which the Commission will decide whether Edison may shut down the plant permanently in 2006, or whether it must refurbish the plant and re-open it at a later date. Edison's long-term plan may assume that the Mohave plant will be retired for its medium-load plan scenario. However, Edison should include a discussion of how that plan would be affected by a decision by this Commission that Mohave must be refurbished. Edison should also include such a discussion in its high-load and low-load plan scenarios.

As indicated in D.04-01-050, we would like to see discussion of the planning process upon which the Plan has been based, including discussion of the needs of customers on a sub-service territory level, i.e., in a “bottom-up” review of needs and resource development.

In addition, it would be appropriate to include alternative versions of this Plan reflecting different resource development options, reflecting differing expectations about the desirability of in-service-area generation, new transmission, and different fuel types.

High-Load Plan Scenario. The High-Load Plan is not to be an extreme case that has little chance of coming to pass. Rather, it should be a reasonable guess at how great the burden of service could become under high, but not unreasonable assumptions about future load growth. The Plan should be based on the assumption of greater than expected economic growth, resulting in higher load growth, assumption of a modest core-noncore load loss beginning only in 2009, and a modest development of CCA, also beginning in 2009. The utilities should assume that current levels of DA will continue throughout the time horizon.

Low-Load Plan Scenario. The Low-Load Plan similarly, is not to be an extreme example of conservation and changed priorities of Californians. Rather, it should be based on reasonable but pessimistic assumptions about the economy and on generous assumptions about the development of core-noncore impacts and CCA. Assume aggressive CCA development beginning in 2006, and an aggressive core-noncore scenario from the choices discussed above. Again, assume the continuation of DA service at current levels.

5. Resource Counting and Deliverability Conventions

As discussed above, the Commission has not ruled on the Resource Adequacy Requirements Workshop issues. The conventions discussed below are not meant to prejudge the Commission's eventual conclusions, but rather provide a set of reasonable assumptions under which utilities may confidently file long-term Plans.

Resource Counting Conventions. The utilities should use the following guidelines in determining the credit that various types of resources should be given toward a forward commitment obligation as part of resource plans:

- For utility-owned thermal resources, historical dependable capacity available at the time of the peak. Deductions should be made for known (planned maintenance), but not for possible unplanned (forced) outages.
- For utility-owned hydro resources, the estimated hourly energy that can be provided for four hours for three consecutive days under specified hydrology conditions. For scenarios that consider adverse conditions, include an estimate of the probability of such conditions occurring (*e.g.,* 1-in-10 years).
- For QF resources, historical average purchases during summer peak hours for the portfolio of resources under contract. If the methodology for computing this value differs by technology type, a description of the methodology used for each resource.
- For RPS contracts, expected delivered energy over a four-hour peak period, based on historical generation or best available projections.
- For existing bilateral contracts for energy and / or capacity, indicate MW entitlement during the peak hour. Include the following information, where applicable regarding the firmness / deliverability of the (associated) energy
    - Delivery point (if other than NP15 or SP15)

- Unit contingent (yes / no)
- Whether seller has demonstrated ownership or control of physical resource or is known to have same
- Conditions for interruption, other than *force majeure*
- Liquidated damage provisions (yes / no)

Deliverability Conventions. We require three scenarios. In keeping with past Commission decisions, IOUs should assume that DWR contracts allocated to the utilities are deliverable for purposes of the Long-Term Plans. IOUs should also assume that deliverability to the LSE service area is sufficient without specific requirements for resource adequacy for each load pocket. Next, the IOUs should prepare an alternate scenario based on the IOU's assessment of actual deliverability of the DWR contracts allocated to it. Finally, assume that in addition to a general service area-wide requirement, LSEs must satisfy a resource adequacy requirement for any load pockets in their service areas. In preparing and documenting both the input assumptions (e.g., definition of load pockets, load forecasts for such load pockets, resources tabulated by load pocket, etc.) and results (e.g., additional resources required, costs of these additional resources, reduction in RMR costs, etc.) of these two alternative possibilities for the deliverability issue, the differences between these two variants of each Resource Plan should be thoroughly explained.

6. Other Conventions

Allocation of DWR Contracts. The utilities should assume that the new DWR contracts, Kings River and CCSF, will be allocated to PG&E as proposed by DWR, whereas the allocation of the Sunrise contract remains as is.

Interim Treatment of Qualifying Facilities and SRAC. The Commission has already committed to considering a modification of current QF pricing methodologies and instituted R.04-04-002. This rulemaking will not produce a modified SRAC methodology in time to be incorporated into the utilities' Long-Term Plans. Therefore, the utilities should assume that current SRAC prices stay in effect pending further PUC order. D.04-01-050 has provided interim relief for the expiring QF contracts. In their Long-Term Plans, the utilities should show the amount of baseload power needs that are currently being met by QFs, and their plans to continue meeting those needs with existing or new QF resources. Utilities should also describe how they plan to continue to meet their PURPA obligations and allow for long-term QF contracts to facilitate upgrades, replacements, and additional power output from upgraded facilities. Utilities should also assess the amount of QF capacity that might leave the system due to the expiring or not renewed contracts, given the existing SRAC and forecast market prices, and assuming that those QFs may receive reduced or no capacity payments.

7. Required Elements and Format of Long-Term Plans

Each of the three resource plans (high-, medium-, and low-load) should be documented in detail. This section provides an outline of what is expected for this documentation. In preparing this documentation, only the base case (medium load level) should be described at this level of detail for both the service area and load pocket variants of deliverability requirements. The high- and low-load resource plans need not be documented in this full detail. Instead an abbreviated summary of the differences between the load pocket variant relative to the service area variant is acceptable.

7.1. Documentation of Assumptions

For demand-side aspects of each scenario, each resource plan should describe in detail, for each of the following elements, the methodology and assumptions used for the following demand-side elements:

- Energy efficiency program impacts. Describe committed versus uncommitted annual energy and peak impacts.
- Demand Response programs and tariffs. Describe which programs are net from the demand forecast, and the annual peak impact by program.
- Self –generation / distributed generation
- Other loss of load

Each of the three resource plans should also document assumptions regarding supply resources, both existing and generic, and market conditions:

- The availability and operating characteristics of existing utility-owned generation
- Energy available from utility-owned or –controlled hydro units
- Energy from QF contracts, cost of energy from fixed-price QF contracts
- Energy, dependable capacity from existing and future RPS contracts; cost of energy from same
- Costs of and revenue from market sales and purchases of electricity ($ / MWh)
- Natural gas prices, and thus
  - Costs of energy from QF contracts whose price is indexed to a gas price
  - Costs of energy from dispatchable DWR and other existing bilateral contracts whose price is indexed to a gas price.
- The operating characteristics (if necessary) and costs of generic and other new resources[2] expected to meet utility needs going forward. These

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[2] This includes specific, known resources upon which the utility relies in the scenario, *e.g.*, Palomar, if assumed in a scenario submitted by SDG&E.

resources can be physical or contractual and include, *but are not limited to* those providing:

- baseload energy on a year-round basis
- load-following service on a year-round basis (e.g., 6x16 energy contracts)
- load-following service during high load periods (e.g., 6x16 energy contracts for Q3)
- peaking energy (e.g., 5x8) or capacity for Q3

The following data products should be submitted for each of the three resource plan scenarios. A description of each of these appears at the end of this attachment:

- Monthly capacity resource accounting tables (CRATs).
- Monthly energy balance tables.
- Hourly loads and resource utilization for the planning period.

7.2. Monthly Capacity-Resource Accounting Tables

These should be provided in an Excel spreadsheet and contain entries for each of the following:

<u>Demand</u>

<u>Net Peak Demand</u>

Total retail load (=)
Direct access (-)
Departed load (-)
Uncommitted DSM (-)
Other uncommitted programs (identify) (-)
Demand response / interruptible-curtailable programs & tariffs (-)
UFE (+)
Losses (+)
Total net peak demand

Supply

Utility-owned Generation

Thermal

Unit A[3]

Unit B

…

Total Utility-owned thermal

Hydro

Total hydro[4]

Derate for adverse conditions[5]

Total derated hydro

Total Utility-owned generation

Supply-side distributed generation (if any)

Projected supply-side DG

QF Contracts

Expiring prior to 1/1/06, assumed renewed for 5 years[6]

Expiring after 1/1/06

Total QF

DWR Contracts

Contract A

Contract B

…..

Total DWR Contracts

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[3] Capacity should be reduced for planned maintenance if scheduled, but not for forced outages. Derates for planned maintenance should be noted/explained in a comment in the appropriate cell.

[4] Capacity should be based on output that can be sustained for four hours during super-peak hours for three consecutive days under normal hydro conditions.

[5] Adjustment given adverse (1-in-10 year) hydro conditions.

[6] If resource plan assumes that any or all of the non-renewable QF contracts expiring prior to 1/1/06 are not renewed or are renewed for a period of less than five years, details should be provided in a note/comment in the spreadsheet.

RPS Contracts
Existing (signed under interim procurement)
Projected
Total RPS Contracts
Other Existing Bilateral Contracts
Contract A
Contract B
…
Total Existing Bilateral Contracts

Necessary Additional Resources[7] [8]
Baseload energy resource A (describe)
…..
Shoulder / peaking energy resource A (describe)
…..
(Super) peaking capacity resource A (describe)
…..
Total additional resources
Total Capacity

7.3. Monthly Energy Balance Tables

The monthly energy balance tables should follow the format of the capacity-resource account table, with the following modifications:

1. QF energy should be divided into renewable and non-renewable components. The renewable component, if necessary, should be sub-divided into "RPS-eligible" and RPS-ineligible." The non-renewable

[7] The descriptions will depend upon the degree of specificity in the resource plan. For baseload energy resources, this can be a utility-owned generation resource such as a combined cycle, a 7x24 PPA, etc. Shoulder / peaking energy resources include utility – owned generation resources designed to cycle or meet (super) peak needs or 6x16 to 5x8 PPAs. (Super) peaking capacity resources are capacity contracts for 6x16 or less.

[8] Any contractual arrangements specifically tied to a proposed transmission system upgrade should be specifically identified.

component should be divided into "Expiring / renewed" and "Expiring after 1 / 1 / 06" as in the CRAT.

2. DWR Contracts should be divided into "must-take" and "dispatchable" components.
3. Market sales *and* market purchases should be indicated.
4. Any energy purchases specifically tied to a transmission system upgrade should be specifically identified.

7.4. Hourly Load and Resource Utilization

Entries on the demand side should include:

- Utility Load with losses & UFE, net of departed load
- Direct Access with losses
- Demand Response / Interruptible curtailable reductions to load

Hourly generation should be specified for

- Utility-owned thermal plants
- Utility-owned or controlled hydro (aggregate)
- QFs (aggregate)
- DWR contracts
  - must-take energy (aggregate)
  - energy from dispatchable contracts (aggregate)
- RPS contracts
  - existing contracts (aggregate)
  - generic (projected) contracts (aggregate)
- Other (existing) bilateral contracts (individually)
- Other new resources (individually)
- Market sales / purchases

While the utilities are not being asked to submit detailed data for the scenarios that involve the remaining load forecasts (95% growth, high CCA, *etc.*), they should submit the hourly loads that make up each of the forecasts for which resource plans have been requested. These should be submitted in Excel format and contain the following entries:

- Utility Load with losses & UFE, net of departed load
- Direct Access with losses
- Total (A-B)

7.5. Data for Transmission System Upgrades

For any transmission system upgrades the following items should be documented:

- Description of the upgrade, including terminus interconnections and general nature of the route
- Purpose of line (facilitating generation inter-connection, accessing economic imports, or reduction of local market power)
- Transfer capability using the range of conventional transmission planning load flow conditions
- Expected impacts on transfer capability of other components of the transmission system
- Ballpark estimate of the investment and annual operating costs for the upgrade
- Current status of the planning and desired on-line date
- If the project is a significant element in the resource scenario, explain how it functions as part of a balance portfolio

7.6. Data for Cost, Market Price, Natural Gas and Cost Sensitivities

D.04-01-050 asks the utilities to consider gas prices and market prices for electricity at the 95th percentile of expected future prices. In addition to providing estimates of the resulting increase in cost of meeting load under these assumptions, the utilities should provide the gas prices and market prices that correspond to the 95th percentile. The utilities should submit a simple comparison of these price series to the base case assumptions. For gas prices, these should include monthly average prices. For the market price for electricity, these should include monthly prices and be divided into peak and non-peak periods.

D.04-01-050 asks the utilities to provide estimates of the total costs of the scenarios, both at the expected level and at the 95th percentile of expected cost levels. We ask that the utilities calculate those costs in terms of Present Value of Revenue Requirement for each of the three Long-Term Plan scenarios and for each of the reported resource strategies for those Plans.

7.7. Overview of Scenarios and Documentation Requirements

Respondents are required to analyze and document a large number of scenarios. The following table identifies these scenarios and the nature of the documentation appropriate to each.

Analyses and Documentation for Load Forecasts and Resource Plans

Analytic Cases	**Variant 1**	**Variant 2**
a. Load Forecast Cases	**Slow Planning Reserve Margin Phase-In (SPP)**	**Fast PlanningReserve Margin Phase-In (FPP)**
IEPR Case	Analysis: complete load forecast and SPP reserves Reporting: See Section 2.3	Analysis: complete load forecast and FPP reserves Reporting: See Section 2.3
Alt Base Case	Analysis: complete load forecast and SPP reserves Reporting: See Section 2.3	Analysis: complete load forecast and FPP reserves Reporting: See Section 2.3
95th% Case	Analysis: complete load forecast and SPP reserves Reporting: See Section 2.3	Analysis: complete load forecast and FPP reserves Reporting: See Section 2.3
CCA Case	Analysis: complete load forecast and SPP reserves Reporting: See Section 2.3	Analysis: complete load forecast and FPP reserves Reporting: See Section 2.3
16 Core / Non-Core Cases	Analysis: 16 complete load forecast and each of their SPP reserves Reporting: See Section 2.3	Analysis: 16 complete load forecasts and each of their FPP reserves Reporting: See Section 2.3
Other IOU Defined Cases	Analysis: complete load forecast and SPP reserves for each IOU-defined case Reporting: See Section 2.3	Analysis: complete load forecast and FPP reserves for each IOU-defined case Reporting: See Section 2.3

b. Resource Plan Cases	**Service Area Deliverability**	**Load Pocket Deliverability**
Medium-load	Analysis: Complete resource plan with two variations: (1) DWR contracts fully deliverable and (2) DWR contracts based on utility's assessment of actual deliverability Reporting: Full detail	Analysis: Complete resource plan Reporting: Full detail
Low-load	Analysis: Complete resource plan Reporting: Abbreviated relative to ML/SAD	Analysis: Complete resource plan Reporting: Abbreviated relative to ML/LPD
High-load	Analysis: Complete resource plan Reporting: Abbreviated relative to ML/SAD	Analysis: Complete resource plan Reporting: Abbreviated relative to ML/LPD

(END OF APPENDIX A)

APPENDIX B
PROCEDURAL GROUND RULES FOR HEARINGS

Exhibit Format

See Rule 70 of the Rules of Practice and Procedure. Parties often fail to provide a blank space two inches high by four inches wide to accommodate the ALJ's exhibit stamp. If necessary, add a cover sheet to the front of the exhibit. The common practice of pre-printing the docket number, a blank line for the exhibit number, and witness names(s) is acceptable, but it is not a substitute for the required two by four inch blank space to accommodate the exhibit stamp.

Exhibits should be bound on the left side or upper left-hand corner. Rubber bands and paper clips are not acceptable.

Excerpts from lengthy documents should include the title page and, if necessary for context, the table of contents of the document.

While Rule 2 permits a type size of no smaller than 10 points in filed documents, parties are asked to use a type face of no smaller than 12 points wherever practicable.

Exhibit Copies

See Rule 71. The original and one copy of each exhibit shall be furnished to the presiding officer and a copy of each shall be furnished to the reporter and to each party. The copy furnished to the presiding officer may be the mailed copy. Except for exhibits that are served prior to the hearing, parties are responsible for having sufficient copies available in the hearing room for each party in attendance.

Cross-Examination Exhibits

Allowing witnesses time to review new or unfamiliar documents wastes hearing time. The general rule is that a party who intends to introduce an exhibit in the course of cross-examination should provide a copy to the witness and the witness' counsel before the witness takes the stand on the day the exhibit is to be introduced. Documents in excess of two pages should be provided the day before. Generally, parties need not provide advance copies of documents to be used for impeachment or to obtain the witness' spontaneous reaction (although this practice is not encouraged).

Corrections

Generally, corrections to an exhibit should be made in advance and not orally from the witness stand. Corrections should be made in a timely manner by providing new exhibit pages on which corrections appear. The original text to be deleted should be lined out with the substitute or added text shown above or inserted. Each correction page should be marked with the word "revised" and the revision date.

Hearing Hours

Hearings will generally run from 9:00 a.m. to 12:00 p.m., with two morning breaks and from 1:30 p.m. to 3:30 p.m., with one afternoon break. Upon request, and assuming that hearings appear to be on schedule, hearings may run from 9:00 a.m. to 1:00 p.m., on Fridays.

Cross-Examination Time

Parties are placed on notice that it may be necessary to limit and allocate cross-examination time as well as time for redirect and re-cross-examination.

Rebuttal Testimony

Prepared rebuttal testimony should include appropriate references to the testimony being rebutted. It is inappropriate, and a potential grounds for striking, for any party to hold back direct presentations for introduction in rebuttal testimony.

Court Reporters

Common courtesy should always be extended to the reporters. Counsel should wait for witnesses to finish their answers, and witnesses should likewise wait for the whole question to be asked before answering. Counsel shall refrain from simultaneous arguments on motions and objections. Conversations at the counsel table or in the audience can be distracting to the reporter and other participants. Such distractions should be avoided.

(END OF APPENDIX B)

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Assigned Commissioner's Ruling and Scoping Memo on all parties of record in this proceeding or their attorneys of record.

Dated June 4, 2004, at San Francisco, California.

/s/ FANNIE SID
Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

* *

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074 or TTY# 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.