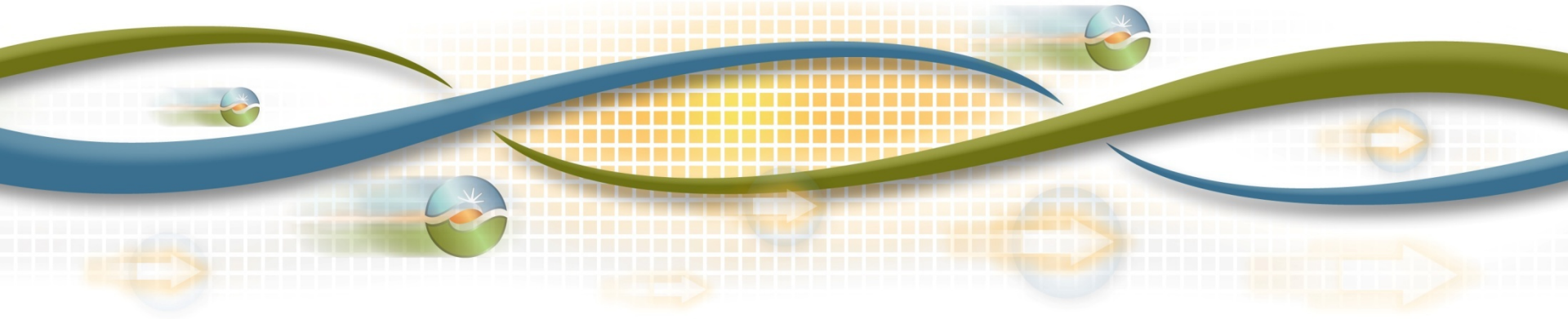


Decision on Joint Reliability Plan

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The Joint Reliability Plan contains four guiding principles:

1. Provides ISO balancing authority with sufficient resources to satisfy system, local, and flexible capacity needs
2. Accommodates resource procurement undertaken to meet California's policy mandates and objectives;
3. Enhances participation by preferred resources in energy and capacity markets; and
4. Minimizes risk that resources will seek to retire due to market failures, rather than environmental or design life limitations.

The Joint Reliability Plan has three design initiatives that require details to be determined:

- 1) Multi-year resource adequacy requirements
 - Meet needs for system, local and flexible capacity
 - Transparent obligations in advance of resource adequacy year
 - Minimize risks of unplanned retirements
- 2) Market based capacity procurement mechanism
 - Replace before March 2016
 - Provide multiple backstop protections
 - Voluntary method to meet procurement obligations
- 3) Unified long-term reliability planning assessment
 - 4-10 year projection of resource needs
 - CEC role for data and additional forecasts

Development and implementation schedule for the Joint Reliability Plan initiatives:

