

January 23, 2014

The Honorable Michel Florio, Commissioner
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

**Re: Procedure for Establishing Assumptions for Long-Term Procurement
Planning and Other Proceedings**

Dear Commissioner Florio:

With the initiation of R.13-12-010, the 2014 Long-Term Procurement Plan proceeding, the Independent Energy Producers Association (IEP) believes it would be very helpful to all stakeholders to have additional clarity about how demand and supply resource assumptions will be determined and applied in the various planning studies conducted by the Commission, the California Independent System Operator (CAISO), and the California Energy Commission (CEC). The Commission recently took a crucial step toward consistent resource planning when it entered into the Joint Reliability Plan with the CAISO. Among other things, the Commission and the CAISO committed to conduct a unified long-term planning assessment, including a unified assessment of loads and resources. However, stakeholders continue to face the challenge of tracking the development of critical planning assumptions in various Commission proceedings, in the CEC's Integrated Energy Policy Report (IEPR) proceeding, and in the CAISO's Transmission Planning Process.

For example, last week IEP and other parties to R.13-12-010 submitted reply comments on the Energy Division's proposals for Standardized Planning Assumptions and Scenarios, including assumptions regarding supply resources, demand response, energy efficiency, and other factors. IEP's understanding has been that the adopted standardized planning assumptions would be used in the modeling that will inform the process that will eventually lead to a Commission decision on whether to authorize the procurement of additional resources in the 2014-2024 planning horizon. The very next day, comments were due at the CAISO on recommendations for "demand response assumptions and generation or other non-transmission alternatives" for consideration as part of the "unified planning assumptions" to be used in the CAISO's Transmission Planning Process. At nearly the same time, the CAISO was commencing its Local Capacity Requirements studies, which also require reliance on assumptions about some of the same variables used in the LTPP proceeding at the Commission and the TPP at the CAISO.

This sequence of events raises the concern that the different state planning processes may arrive at different determinations for the same planning assumptions, which in turn will lead to inconsistent results. Furthermore, having planning assumptions addressed in different venues raises questions about how the assumptions used in the CAISO's TPP planning process will affect the assumptions used in the Commission's LTPP process.

The process IEP sees unfolding raises questions about how the unified planning assumptions will be developed and used. IEP is most familiar with the process at the Commission, and IEP assumes that you as the Assigned Commissioner and Administrative Law Judge Gamson will review the comments submitted on the Energy Division's proposals and will either issue a ruling announcing the selected assumptions, call for additional comments on certain points, or refer the decision to the whole Commission. IEP is less clear about the CAISO's process for selecting unified planning assumptions for use in the TPP. The CAISO receives public comments on its proposals, but the process becomes more opaque after that point. Even less clear is how the Commission, as a public agency, will interact with the CAISO to arrive at a set of unified planning assumptions.

In light of these recent events, IEP is asking you to clarify how the development of unified planning assumptions will occur and, equally important, how they will be applied in the various statewide planning processes at the Commission, the CAISO, and the CEC. What is the process that will allow the Commission, a public agency with a statutory obligation to make decisions in public, to confer with the CAISO, a non-governmental corporation that is not subject to public access requirements? How will the record supporting the choice of assumptions be developed? Will the public play any role in the deliberations between the Commission and the CAISO? How does the CAISO's consideration of demand response assumptions, for example, mesh with the assumptions on nearly identical issues in the LTPP proceeding or in the CEC's IEPR proceeding?

IEP appreciates the Commission's efforts to standardize the various resource planning efforts undertaken by the Commission, the CAISO, and the CEC, but the procedure for developing the unified planning assumptions and applying them in the various venues, while complying with statutory requirements, is far from clear. IEP, and presumably other parties, would greatly appreciate any light you can shed on these issues.

The Honorable Michel Florio, Commissioner
January 23, 2014
Page 3

Very truly yours,

GOODIN, MACBRIDE, SQUERI,
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/s/ Brian T. Cragg
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cc: Service list for R.13-12-010

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