

The Latest on Procurement in California

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For CREPC

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Overview OF D.04-01-050

The CPUC'S January Procurement Decision

- **Did not approve long-term plans**
- **Did approve short-term plans**
- **Created rules and standards for long-term plans – “Working Outlines” Due March 31st.**

Procurement Standards (p.1)

- **Hybrid Market Structure for Generation**
- **Resource Adequacy Requirement for All Load-Serving Entities**
- **15-17% Planning Reserve Margin Phased In By January 1, 2008**

Procurement Standards (p.2)

- **Forward Commitment for 90% of Summer Peak (May-September)**
- **Ban On Affiliate Transactions**
- **Will Consider Development of Procurement Incentives**
- **Will Reconsider Confidentiality Requirements**

Procurement Standards (p.3)

- **Two-Year Cycle for Long-Term Plans Tied to Energy Commission's Integrated Energy Policy Report**
- **Resource Adequacy Workshops**

Workshop Topics (p.1)

First Round (March Workshop)

- **Forecasting issues**
- **Development of Electric Service Provider (ESP) forecasts**
- **Phase-in of Planning Reserve Margin requirements**
- **Development of "peak demand" forecasts for applicable summer months;**

Workshop Topics (p.2)

- **"Counting" of Utility Retained Generation (URG) Resources**
- **Treatment of Qualifying Facility (QF) Resources**
- **"Counting" of California Department of Water Resources (DWR) Contracts**
- **Availability of Spot Energy and Capacity**

Workshop Topics (p.3)

- **"Counting" of other long-term contracts**
- **Treatment of Energy Efficiency, Demand Response, Distributed Generation**
- **Deliverability Requirements (initial discussion)**

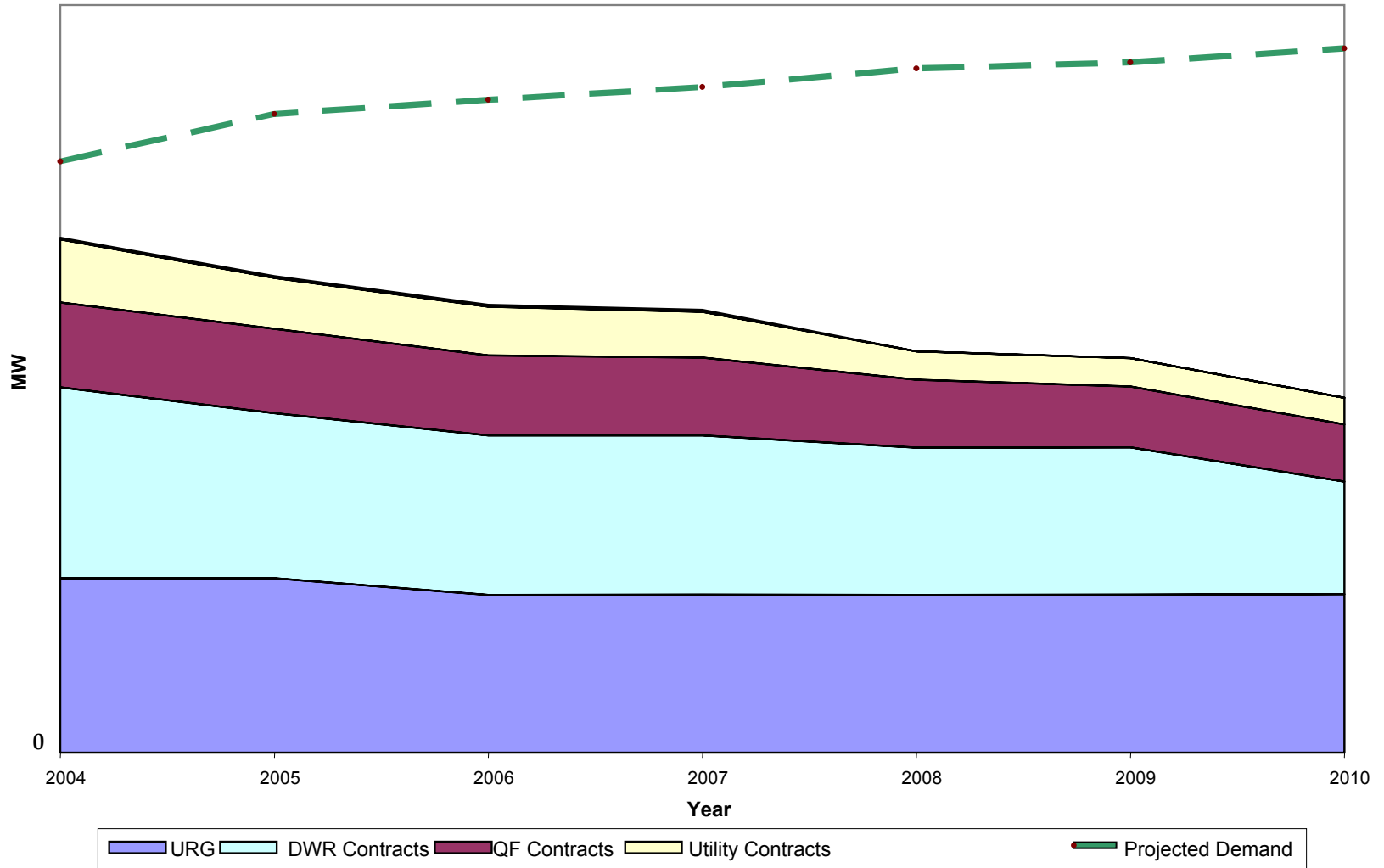
Workshop Topics (p.4)

- **Second Round (April Workshop)**
- **All First Round Issues not otherwise resolved**
- **Deliverability**
- **Penalties**
- **Reporting**

Procurement Standards (p.4)

**A new call for the utilities to develop
Integrated Resource Plans**

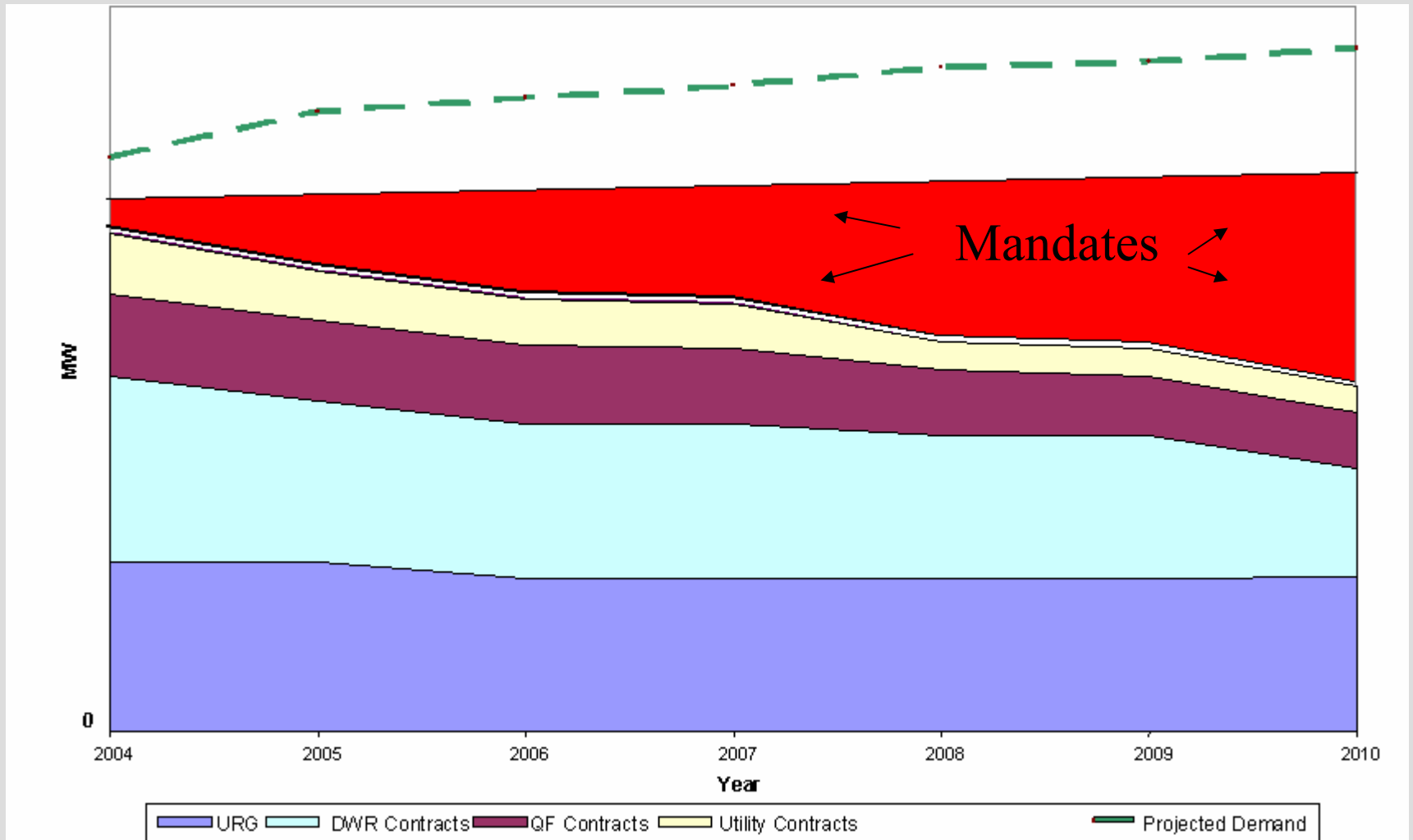
Utility Resource Plans - Step One: Count Up What You Have



Utility Resource Plans – Step Two: Fill the Buckets



Utility Resource Plans - Third Step: Empty Buckets Onto Graph



Utility Resource Plans – Final Step: Arrange To Get The Rest

- **Requests for Proposals**
- **Utility Acquisitions**
- **Spot Market**

Integrated Resource Planning As Explained In D.04-01-050

1. Define and assess local planning areas within a service area – look at:

**.... local customer load
transmission and distribution
constraints,**

**.... existing generation resources,
land use concerns and community
values**

Integrated Resource Planning As Explained In D.04-01-050

2. Develop a base plan that would take into account:

- least-cost resources,**
- reliability needs,**
- fuel diversity,**
- other risk management
concerns,**
- best way to meet local demand
(EE, DR, trans. or dist. adds, DG,
renewables, fossil gen., etc.).**

Integrated Resource Planning As Explained In D.04-01-050

3. On a service territory-wide basis:

--- determine whether the optimal local solution adequately supports total resource needs and the achievement of the state's policy preference for energy efficiency and renewables, and

--- adjust the plan as needed to serve those broader needs.

**New rulemaking docket to
consider long-term plans and
IRP implementation to be
issued April 1st.**