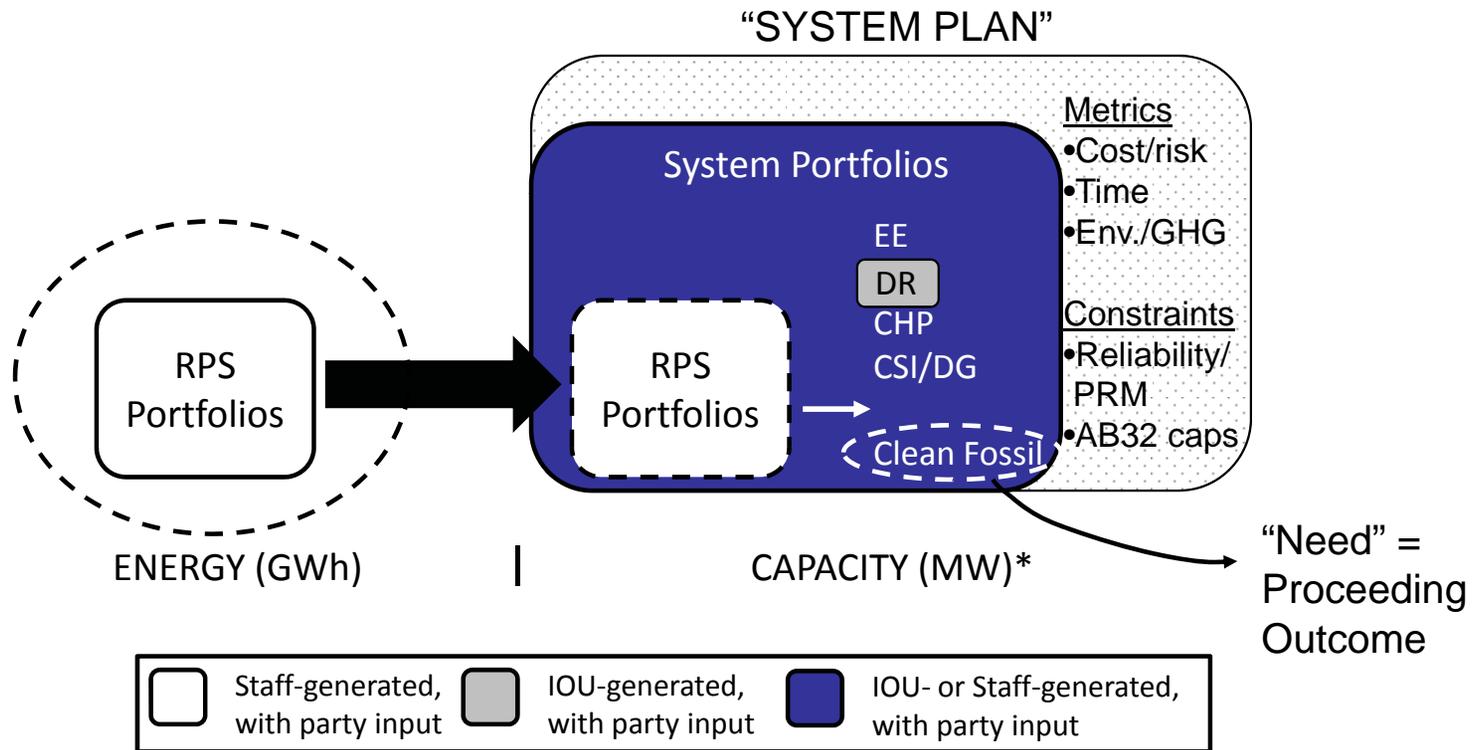

Planning for Renewable Energy in the 2010 Long-Term Procurement Plan proceeding

RETI Stakeholder Steering Committee
Meeting

May 3, 2010



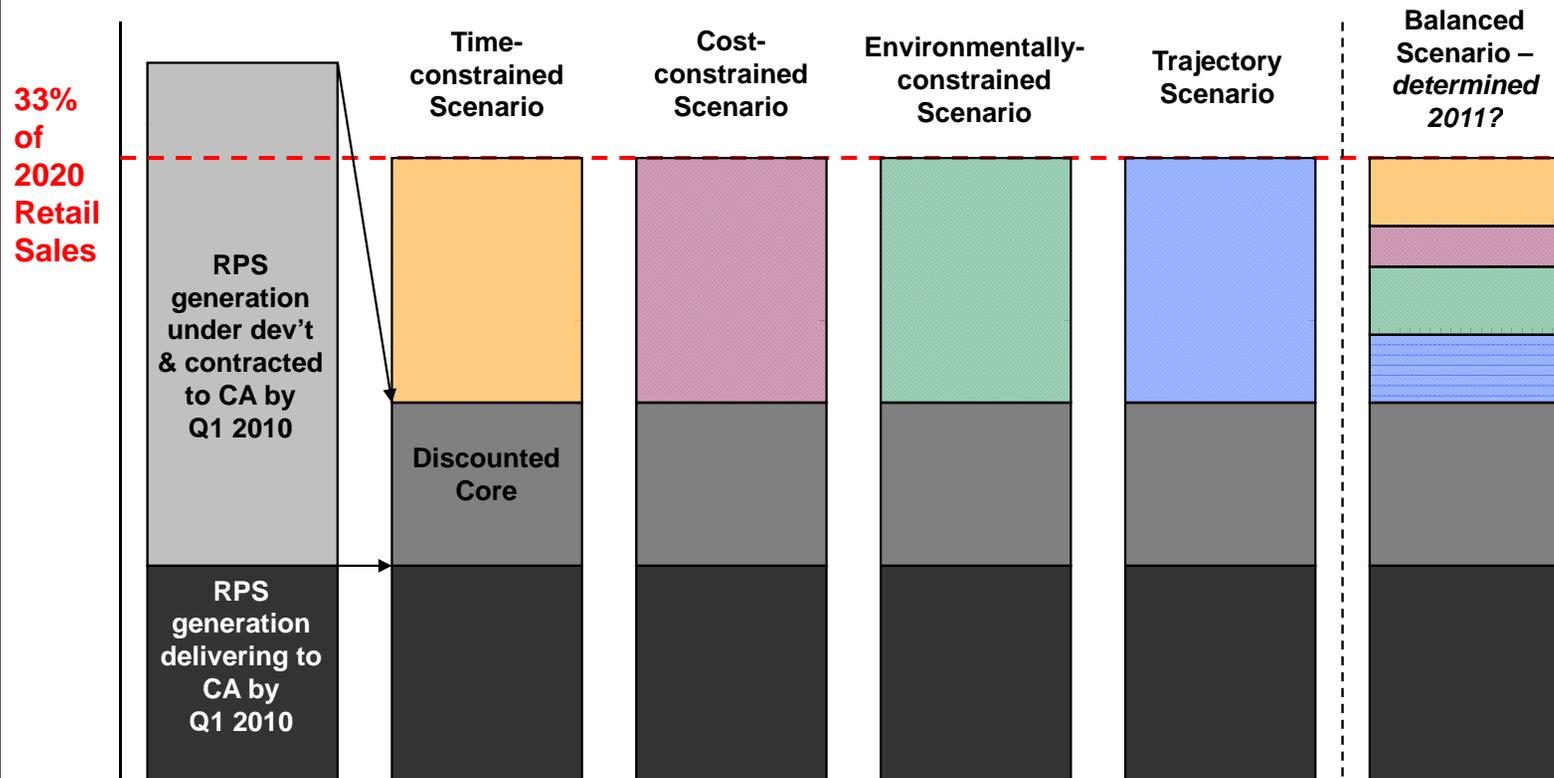
Conceptual Overview – 2010 LTPP System Analysis



*While the focus of system planning is to ensure sufficient capacity, the system plan would need to assess energy as well to demonstrate consistency with RPS and GHG laws.



Approach to 33% RPS Scenario Development



Methodology – highlights

- Zone-based
 - Model chooses zones, not individual projects, for each scenario
 - Similar to June 2009 *33% RPS Implementation Analysis Preliminary Results*
 - Size of zone driven by transmission needs
- For each zone:
 - LCOE, year available, environmental rating, % commercial interest
 - Characteristics weighted differently to create 4 different scenarios



Methodology – highlights (cont'd)

- Cost: RETI estimates, with some small changes; potential inclusion of integration costs, pending completion of CAISO and/or PG&E study
- Year available: Tool developed by B&V automates methodology developed for June 2009 report; transmission will drive time in many cases
- Environmental rating: RETI with some changes, based on new experience in permitting processes
 - Added consideration of disturbed/degraded lands; “high desert”
 - Removed consideration of buffers around CREZs
 - Technology-specific weightings for elements of environmental score
- Commercial interest: weighted by project viability



Proposed Guiding Principles for RPS Planning

Inputs, Assumptions and Methodology

1. Assumptions should reflect the behavior of market participants, to the extent possible
2. Methodology should be consistent with previous regulatory decisions, to the extent applicable
3. Any proposal should explain the policy basis for the proposal
4. Any proposal must include supporting documentation



Proposed Guiding Principles for RPS Planning

RPS Scenarios

5. RPS scenarios should be reasonably feasible and reflect plausible procurement strategies with associated (conceptual) transmission.
6. RPS scenarios should represent substantially unique procurement strategies resulting in material changes to corresponding (fossil) procurement needs and/or required (conceptual) transmission.
7. RPS scenarios should be limited to 3-5

