

PUBLIC VERSION

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue)	Rulemaking 08-08-009
Implementation and Administration of California)	(Filed August 21, 2008)
Renewables Portfolio Standard Program.)	

**SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)
2009 DRAFT RENEWABLES PROCUREMENT PLAN**

****REDACTED, PUBLIC VERSION**
(SUBJECT TO MOTION TO FILE UNDER SEAL)**

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (the "Commission"), the *Amended Scoping Memo and Ruling of Assigned Commissioner Regarding 2009 RPS Procurement Plans* (the "ACR"), issued in R.06-05-027 on June 20, 2008, the *Administrative Law Judge's Ruling Regarding Revised Schedule for 2009 RPS Procurement Plans* (the "ALJ Ruling"), issued in R.06-05-027 on August 12, 2008, and the *Order Instituting Rulemaking Regarding Implementation and Administration of the Renewables Portfolio Standard Program* ("OIR"), issued on August 26, 2008, which closed R.06-05-027 and established the instant docket, San Diego Gas & Electric Company ("SDG&E") hereby submits its draft 2009 RPS Procurement Plan (the "Plan").

In the ACR and subsequent ALJ Ruling, the Commission established a schedule for submission of draft 2009 Plans and set forth certain elements that must be included in all draft Plans. Attachment A of the ACR identifies documents that must be submitted

with each Plan and directs that the Plans include additional information in the following format:

1. **Overview:** An assessment and discussion of:
 - 1.1. Supplies and demand to determine the optimal mix of RPS resources,
 - 1.2. The use of compliance flexibility mechanisms, and
 - 1.3. A bid solicitation setting forth relevant need, online dates, and locational preferences, if any.

2. **Program Metrics:** Data and information for each year from 2003 through 2013 (with actuals, estimates or forecasts as needed or appropriate) of:
 - 2.1. Retail sales,
 - 2.2. Annual procurement targets,
 - 2.3. RPS-eligible procurement,
 - 2.4. Use of flexible compliance,
 - 2.5. Use of above-market funds (“AMFs”)
 - 2.6. Reasonable use of a procurement margin of safety to account for potential contract failure and other contingencies (see D.06-05-039, pp. 21-24) and
 - 2.7. Any other relevant data and information regarding sales, targets, procurement, flexible compliance, margins of safety or other related matters to make a complete presentation on program metrics.

3. **Standard Terms and Conditions (“STC”):** Specifically regarding each STC (both modifiable and non-modifiable), a matrix that: (a) identifies each STC from Decision 08-04-009; (b) states the parallel term in the 2009 model contract(s); (c) identifies any differences; (e) explains or justifies any variation from the STC adopted in D.08-04-009, or as later modified by the Commission; and (f) provides any other information respondent believes necessary for the Commission to make an informed decision regarding any proposed changes from a Commission-adopted STC.

4. **Transmission and Flexible Delivery:** A statement of specific considerations, if any, to facilitate Program success relative to:
 - 4.1. Transmission, including use of flexible delivery points, efforts to ensure the availability of needed transmission, and efforts to construct needed facilities (re: Pub. Util. Code § 399.14(a)(2)(C)(ii)),
 - 4.2. Anything else on transmission and flexible delivery necessary for a full consideration of this issue.

5. **Transmission Ranking Cost Report (“TRCR”):** Discuss experience with the current TRCR process, and recommended improvements for consideration, if any, including:
 - 5.1. Given the Generation Interconnection Process Reform (“GIPR”) of the California Independent System Operator (“CAISO”), and the proposed timing for interconnection studies, should negotiations only occur with those projects that are part of the Serial Group, are part of the Transition Cluster, or apply for interconnection before the closing of the “First Queue Cluster Window”?
 - 5.2. Should information from the Scoping and Results Meetings scheduled in 2009 for the GIPR Transition Cluster be used, as available, to update TRCRs, other estimates of transmission costs, and proposed online dates being applied in bid evaluations and contract negotiations?
 - 5.3. If so, are there any procedural problems which must be considered to ensure that information from these Scoping and Results Meetings may be integrated into the IOUs evaluations and negotiations?
6. **Bid Evaluation:** A statement identifying any modifications to how bids are evaluated and ranked according to the least-cost, best-fit methodology, including evaluation and ranking of out-of-state resources and short-term contracts.
7. **Resource Planning:** A discussion of procurement practices (historic and prospective) considering recent Progress Development Status Reports, Compliance Reports and available AMFs. This should include an assessment of the need determination relative to (a) signed and Commission-approved contracts, and (b) contract failure assumptions.
8. **Coordination of Procurement Process:** Should the Commission take a position on whether or not an IOU may execute exclusivity agreements with bidders prior to formal notification to all bidders?
 - 8.1. Does an IOU now have the option when to execute an exclusivity agreement?
 - 8.2. What are the reasons for and against IOUs either (a) being permitted discretion if and when to execute an exclusivity agreement or (b) being required to execute an exclusivity agreement no sooner than a certain date in the procurement cycle?
9. **Build Own Resources:** A showing on the IOU’s current consideration of whether or not to build its own renewable generation to reach 20% by 2010 (D.06-05-039, pp. 33-34; D.07-02-011, pp. 23-25; D.08-02-008, pp. 32-35.)

10. **Workplan to Reach 20% By 2010:** A showing on each IOU's workplan to reach 20% by 2010, including but not limited to:

10.1. Identification of any impediments that remain to reaching 20% by 2010, and

10.2. What the IOU is doing, or plans to do, to address each impediment, if anything.

11. **Contract Amendments:** If conditions change (e.g., commercial operation date, project size, project owner, a project's costs relative to the contract price), one or both parties may seek to amend an RPS contract. Some changes or amendments might be within the context of "contract administration." Others might require Commission review and acceptance. In this context:

11.1. Please identify specific changes or amendments which the IOU believes to be within the scope of "contract administration."

11.2. Please identify specific changes or amendments which the IOU would plan to bring to the Commission for consideration.

11.3. Of those brought to the Commission, please identify those which the IOU would propose to bring (a) as part of an Energy Resource Recovery Account ("ERRA") review, (b) by advice letter and if by advice letter under what tier, (c) via formal application, or (d) other.

12. **Cost-Containment:** IOUs are asked to address cost-containment as it relates to the 2009 Plans and going forward.

12.1. Generally: All stakeholders share a responsibility to do everything reasonably possible to meet or exceed program goals while minimizing total program costs. Please comment on whether there are additional contract terms, contract or program incentives, or other contract or program features that should be considered in order to promote a robust market while minimizing costs to ratepayers.

12.2. Specifically: Please comment on one specific aspect of the 2009 Plans: time of use ("TOU") periods and allocation factors. TOU periods and allocation factors may differ in the coming years from current periods and factors. This may be the case, for example, if load curves vary from current patterns in the next decade and beyond as new sources and uses emerge (e.g., wide-spread use of plug-in hybrid electric vehicles ("PHEV") using electricity off-peak, sales of PHEV stored energy back to the utility during peak, implementation of other storage technologies, widespread penetration of advanced (smart) meters, more robust use of prices to balance supply and demand). TOU benchmarking may be important, but no party has yet presented a methodology that is sufficiently developed, documented or explained to merit its explicit endorsement or adoption by the Commission. (D.06-05-039, Finding of Fact 30.) At the same time, RPS model contracts may fix TOU periods and allocation factors for the life of the contract. In this context, please comment on:

12.2.1. Does your RPS Procurement Plan and/or model contract(s) fix TOU periods and allocation factors for the life of the contract?

12.2.2. If they are not fixed, what are your proposed methods to update TOU periods and allocation factors?

12.2.3. If they are fixed, is it reasonable that TOU periods and allocation factors remain fixed over the life of the contract? Please state reasons in support and against fixing these terms for the life of the contract.

12.2.4. If they are fixed, are there reasonable ways to allow updates to TOU periods and allocation factors once or more over the life of the contract? What are the possible options? Please identify advantages and disadvantages of the options.

13. **Other:** Anything else necessary for a full and complete presentation of its 2009 RPS Procurement Plan for the Commission's consideration, as recommended by the IOU for Commission adoption.
14. **Efforts to Coordinate:** A statement that describes the efforts undertaken to coordinate the form and format of the 2009 Plans, plus improvements to the model contracts. The statement should also report on the successes or difficulties with that effort.
15. **Lessons Learned:** Identify and summarize any important lessons learned over the last few years and procurement cycles.
16. **Important Changes:** A statement identifying and summarizing the important changes between the Plans for 2008 and 2009. This might be a table or bullet point presentation. (It should not be a reprint of the two Plans with strike-out and underlined inserts.) In addition to identifying and summarizing the important changes, the Plan should also include an explanation and justification for each important change from 2008 to 2009.
17. **Redlined Copy:** A version of the 2009 Plan that is "redlined" to identify the changes from the 2008 Plan, with a copy for Energy Division, the Administrative Law Judge and any party who requests a copy. (This is separate from the Important Changes item above.)

In accordance with the direction set forth in the ACR and ALJ Ruling, SDG&E's Plan is attached hereto as Attachment 1. In addition, the following documents are attached as Appendices to the Plan:

- Appendix A – 2008 Request for Offers
- Appendix B – RFO Accompanying Documents
- Appendix C – LCBF Evaluation and Selection Process
- Appendix D –2009 RPS Procurement Plan
- Appendix E –Important Changes from 2008 to 2009
- Appendix F –Matrix of CPUC Standard Terms and Conditions

Respectfully submitted this 15th day of September, 2008.

/s/ Aimee M. Smith

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