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VIA ELECTRONIC MAIL

**Re: Solicitation for Information on Potential Renewable Resource Projects**

Dear Interested Party:

In furtherance of the State's renewables procurement goals, San Diego Gas & Electric Company ("SDG&E") hereby conducts a supplemental solicitation of information from developers of eligible renewable energy projects that may seek interconnection to the SDG&E-owned transmission system and intend to commence deliveries within the next five years. Relevant information from such studies will be used to prepare SDG&E's 2010 Transmission Ranking Cost Report ("Report"). The transmission cost estimates in this Report may be utilized in SDG&E's least-cost/best-fit evaluation of bids submitted in response to the SDG&E 2010 RPS RFO expected to occur in 2010. As in past years, SDG&E may require that bidders participate in this TRCR report as a prerequisite to submitting a proposal to the 2010 RPS RFO.

Please note that responses to this request for information do not constitute a response to SDG&E's or any other utilities' Request for Offer (RFO), nor do they constitute a request for Interconnection under the CAISO Tariff, SDG&E's Transmission Owner's Tariff or SDG&E's Wholesale Distribution Access Tariff. If the project is located outside of SDG&E's service territory, then the project also needs to participate in the TRCR, for the utility to whom they will interconnect.

**Purpose of the Request**

SDG&E is required to consider the cost of transmission upgrades necessary to interconnect a proposed eligible renewable energy project in its least-cost/best-fit evaluation of bids. From 2004 through 2009, SDG&E prepared Transmission Ranking Cost Reports to identify available transmission capacity for certain interconnection clusters within the SDG&E-owned CAISO controlled transmission grid and to estimate the transmission costs for certain clusters of identified potential bidders. SDG&E is now seeking to publish its 2010 Transmission Ranking Cost Report.

SDG&E intends to use the information received in response to this solicitation to supplement the renewable project information contained in the Renewables Resources Development Report approved by the California Energy Commission (“CEC”) on November 19, 2003 and for projects not in a utility’s service territory for which the developer anticipates submitting a bid to the utility. Responses received from the previous 2004 through 2009 TRCR Solicitations for Information will not be included in this year’s Transmission Ranking Cost Report unless the project has an approved PPA or the seller submits a response to this request. This requirement will ensure that generating facilities identified by sellers during prior year’s request for information, which may no longer be viable, are not mistakenly included in this year’s assessment.

This 2010 TRCR supplemental solicitation requests information concerning:

1. Projects in SDG&E’s service territory that have not been identified previously in the Renewable Resources Development Report approved by the California Energy Commission on November 19, 2003 and included in the final CPUC Renewables Transmission report filed in I.00-11-001.
2. Projects that were previously identified in Item 1 but anticipate changes in size, location, or expected operating date.
3. Projects in SDG&E’s service territory for which the developer anticipates submitting a bid to another California utility.
4. Projects not in SDG&E’s service territory for which the developer anticipates submitting a bid to SDG&E.

Based upon its review of a geographical map, SDG&E will divide the identified projects into clusters based on 1) the substation(s) or bus(es) to which the identified facility would most likely interconnect or 2) the optimum point(s) of interconnection based on the location of the identified projects. If the first point of interconnection is at a substation or bus not owned by SDG&E, SDG&E will treat the facility as part of a cluster (or all of a cluster) beginning at the first point where the electric energy from the facility would enter the SDG&E-owned transmission system.

For your information further details on the screening level evaluations contemplated herein are set forth in the attached Appendices A and B.

#### Limited Cost Estimates

SDG&E will develop transmission cost estimates for the clusters of identified potential bidders located in each geographical area. SDG&E will perform a screening level evaluation of transmission system upgrades (but not generator collection lines or interconnection facilities) that might be necessary to serve the expected output of all renewable generators in a specific geographical area. This evaluation would be based on off-the-shelf information and would not model any specific project’s interconnection to the SDG&E-owned, CAISO-controlled transmission grid.

## Limitations and Disclaimers

It is important to note that the transmission cost estimates prepared based on the screening level evaluations will only be used for purposes of conducting the least-cost/best-fit evaluation of bidders responding to an SDG&E renewables procurement solicitation. These screening level evaluations do not constitute Large Generator Interconnection Process (LGIP) or Small Generator Interconnection Process (SGIP) Studies under the CAISO Electric Tariff on file with the Federal Electric Regulatory Commission (“FERC”), as modified or superseded from time to time. Any developer seeking interconnection to the CAISO-controlled grid will be required to apply for interconnection with the CAISO. This requirement includes any developer whose Renewables Portfolio Standard (RPS) bid is accepted, based on the transmission cost estimates developed through this process that later seeks interconnection, or seeks to increase its generating capacity to make its RPS deliveries. The LGIP and SGIP Studies required by the California Independent System Operator (“CAISO”) Tariff must be conducted based on the then-existing CAISO Interconnection Queue. The final interconnection facilities and costs for any developer resulting from an Interconnection Request (IR) to the CAISO will differ significantly from the transmission facilities and cost estimates developed through this solicitation.

## Solicitation

SDG&E requests that developers of renewable energy projects eligible for the RPS Program under Pub. Util. Code § 399.12 and which may seek to bid into SDG&E’s 2010 RFO submit the following information for each renewable resource project **on or before Friday, December 18, 2009**:

For (1) any existing or proposed eligible renewable generation facility that is located such that the first point of interconnection to the existing transmission grid is or would be at a facility owned by SDG&E, or (2) any existing or proposed generation facility located in a service territory other than SDG&E’s, if the developer intends to submit a bid in response to a SDG&E renewables procurement solicitation, please provide the following information in the tabular format provided in Appendix C:

- Developer Name
- Project Name
- In-Service Date (expected date of operation – provide a minimum of month and year)
- Location of Generation Facility
- Point of Interconnection with the existing transmission grid
  - Utility
  - Substation/Tie Line
- Maximum Net Electric Output of a new facility or additional output of an expanded facility

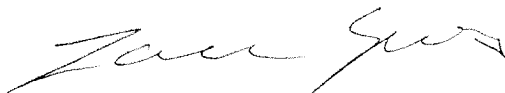
- Fuel Type (e.g. biomass, solar, water, wind, etc.)
- Whether the facility is interconnected to the existing transmission grid or whether an interconnection application or request has been submitted to the CAISO and, if so, the status of such application or request
- Whether the generation facility intends to submit a bid to another California utility, and if so, the anticipated capacity (and energy) to be included in this anticipated bid and the anticipated California utility to which this bid would be submitted
- Whether the generation facility has secured any firm arrangements for deliverability with the purchasing utility, the interconnecting utility or any utilities providing transmission service, to the extent they are different entities

Please submit the requested information to, and direct any questions regarding the necessary information to be included to Laura Spears at (858) 858-636-5539 or [LASpears@semprautilities.com](mailto:LASpears@semprautilities.com). Questions regarding the RFO solicitation should be directed to Dan Frank, SDG&E Contract Manager, at (858) 637-3764 or [DFrank@semprautilities.com](mailto:DFrank@semprautilities.com)

Additional information can be found on SDG&E's Website under the R.06-05-027 heading at: <http://www.sdge.com/regulatory/R06-05-027.shtml>

We look forward to working with you in developing information regarding the interconnection of renewable energy resources to the SDG&E-owned CAISO controlled transmission grid.

Sincerely,



Laura Spears  
Engineer I

## APPENDIX A

### A Screening Level Evaluation

If necessary to evaluate responses to this supplemental solicitation, SDG&E will perform screening-level evaluations of system transmission upgrades that may be necessary to accommodate potential renewable energy projects located in a defined geographical area.

To allow the delivery of energy from potential new renewable resource generation projects along with energy from existing generation projects, certain parts of the transmission system may need to be constructed, modified, or expanded. At this time, SDG&E lacks sufficient information to determine whether new upgrades may be needed now or in the future. The proposed screening level evaluation would attempt to determine the magnitude of the potential transmission system upgrades (i.e. above 50 kV) that might be necessary to accommodate the generation from eligible renewable energy projects in each relevant geographic area.

This screening level evaluation would not cover the transmission facilities necessary to connect any single generator to the first point of interconnection with the SDG&E-owned, CAISO-controlled grid, e.g. generation tie lines, breakers, and bays. Furthermore, information developed from such an evaluation will be based on off-the-shelf data and generic information. SDG&E notes that this screening level evaluation is comparable to the analysis that SDG&E undertook to prepare the studies completed for SB1038 compliance, which were submitted to the CPUC in I.00-11-001.

Under this screening-level evaluation, SDG&E intends to provide non-binding, order-of-magnitude costs of potential transmission system upgrades or expansions (but not generator collection lines and physical interconnection facilities) that could be needed to accommodate renewable generation identified by SDG&E in response to this solicitation. SDG&E does not represent or guarantee that construction of transmission system upgrades or expansions can be completed prior to the renewable generation's expected date of operation. The timeline applicable to such construction will be dependent upon receipt of final permits and reasonable construction timeframes. SDG&E cannot provide more specificity about these potential upgrades and expansions through the screening process because SDG&E does not have sufficient information about proposed renewable-generation projects, such as the amount and characteristics (e.g. type of generation project, rated output, auxiliary load, manufacturer, output voltage, the generator project-specific models, etc.), location and timing of the generation proposed, the location and timing of other concurrent resources, availability of the then existing transmission capacity, and the lead times involved with expansion projects. Such information is not available until all renewable energy developers submit an application or request for interconnection to the CAISO. At that time, CAISO in conjunction with SDG&E would perform the necessary interconnection-related studies required by the CAISO Tariff and described above.

The purpose of this screening process is to develop screening-level transmission cost estimates that will only be used for purposes of conducting the least-cost/best-fit evaluation of bidders responding to an SDG&E renewables procurement solicitation. This general conceptual assessment will be insufficient, however, for the purpose of determining the specific transmission projects and costs required to interconnect a particular renewable generator or group of renewable generators to the grid. Moreover, this general conceptual assessment will be made without the benefit of: (a) knowing the outcome of the renewable procurement proceeding, (b) generation project-specific data, (c) performing investigations of power flows, short circuit duties, or any of the other detailed analyses typical of formal interconnection studies, and (d) environmental studies or detail engineering design that would produce more accurate cost estimates. SDG&E's screening evaluation, therefore, will identify a possible transmission concept, but the evaluation results are subject to change following the more detailed technical studies that normally are performed as part of the CAISO interconnection-study process with detailed knowledge of the characteristics, location, and timing of proposed generation facilities.

Please note that the screening level study would not constitute the studies necessary to obtain interconnection under the CAISO Tariff or SDG&E's TO Tariff on file with the FERC. If you have a specific proposed generation project to be interconnected to the SDG&E-owned CAISO controlled transmission grid, you must go through the CAISO's FERC-approved process.

## **APPENDIX B**

### **Limitations of the Studies**

Under either the CAISO Tariff interconnection procedures or the screening level evaluation, the studies will not evaluate specific routes for any necessary new transmission lines or locations for any necessary new substations, or the environmental impacts of any new or upgraded facilities. To the extent that CPUC permitting is required under General Order 131-D, the CPUC ultimately will determine the siting of new transmission lines and substations, and associated environmental mitigation measures. SDG&E does not represent or guarantee that construction of transmission system upgrades or expansions can be completed prior to the renewable generation's expected date of operation. The timeline applicable to such construction will be dependent upon receipt of final permits and reasonable construction timeframes. Cost estimates for new or upgraded transmission facilities will not include an estimate of permitting costs, environmental studies or mitigation costs, or any "low-cost, no-cost" EMF mitigation.