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February 25, 2011

Hon. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: San Diego Gas & Electric Company, Wholesale Distribution Open Access Tariff
Revisions Reflecting the Deliverability Assessment Portion of the CAISO Generator
Interconnection Procedures ("GIP")
Docket No. ER11-2548-001

Dear Ms. Bose:

On December 28, 2010 San Diego Gas & Electric Company ("SDG&E") tendered for filing with the Federal Energy Regulatory Commission ("Commission" or "FERC") revisions to its Wholesale Distribution Open Access Tariff ("WDAT"), its Small Generator Interconnection Procedures ("WDAT SGIP"), and its Large Generator Interconnection Procedures ("WDAT LGIP") applicable to generator interconnections to SDG&E's Distribution System (as defined in the WDAT) (the "December 28th Filing"). These revisions together with certain other changes described below were intended to allow interconnection customers to SDG&E's 12kV distribution system the option to obtain Full Capacity Deliverability Status through necessary deliverability studies undertaken by the California Independent System Operator Corporation ("CAISO") pursuant to Sections 6.5.2 and 8.3 of its Generator Interconnection Procedures ("GIP"). The GIP was conditionally accepted by the Commission in *California Independent System Operator Corporation*, 133 FERC ¶ 61,223 (December 16, 2010) ("Final Order").

SDG&E stated that the benefit to SDG&E from the application of Sections 6.5.2 and 8.3 of the GIP is that a CAISO determination can be obtained as to what Delivery Network Upgrades are required, if any, to allow a generation facility's full output to be deliverable to the aggregate of Load on the CAISO Controlled Grid, consistent with the CAISO's Deliverability Assessment Methodology. The benefit SDG&E obtains from such a determination is that pursuant to California Public Utilities Commission ("CPUC") decisions, SDG&E or any other Participating Transmission Owner would be able to obtain Resource Adequacy value from such generation facility that is necessary to satisfy SDG&E's or another Participating Transmission Owner's CPUC-approved Long Term Procurement Program obligations. But to accomplish this outcome,

SDG&E's WDAT and attached WDAT SGIP and WDAT LGIP must be revised in the limited fashion provided in Section 8.3. This instant submission makes these necessary WDAT revisions.¹

The Commission on December 29, 2010 noticed the December 28th Filing with interventions due no later than January 18th. No interventions were filed by that date. Nonetheless, SDG&E has been engaged in conversations during late January with the CAISO over this filing. The CAISO has indicated that it desires SDG&E to make further revisions to the December 28th Filing to align (i) the timing of the CAISO's GIP Deliverability studies with the timing of SDG&E proposed studies under its revised WDAT SGIP and LGIP and (ii) the GIP's provisions of security with the WDAT SGIP and WDAT LGIA security provisions. These discussions have successfully resolved the CAISO's concerns. Accordingly, SDG&E hereby tenders for filing revisions to its December 28th Filing that reflect these subjects in a fashion agreeable to the CAISO.

The referenced filing consists of the following documents attached hereto that reflect changes SDG&E proposed in the December 28th Filing as further revised to reflect the recent discussions with the CAISO over provisions found in SDG&E's proposed WDAT SGIP and WDAT LGIA:

Appendix A: Clean version of SDG&E's WDAT revised Section 15, WDAT SGIP Attachment D, Section 1; the attached Glossary of Terms; Attachment 2 Small Generator Interconnection Request; and Appendix A to Attachment 2 Small Generator Interconnection Request, WDAT LGIP Attachment F, Sections 1, 3.2.3.2 through 3.2.3.4; and Appendix 3; and Attachment B to Appendix 4 of LGIP Interconnection Facilities Study Agreement;

Appendix B: Redlined version of SDG&E's WDAT revised Section 15, WDAT SGIP Attachment D, Section 1, including revisions resulting from the recent discussions with the CAISO; the attached Glossary of Terms; Attachment 2 Small Generator Interconnection Request; and Appendix A to Attachment 2 Small Generator Interconnection Request, WDAT LGIP Attachment F, Sections 1, 3.2.3.2 through 3.2.3.4; and Appendix 3; and Attachment B to Appendix 4 of LGIP Interconnection Facilities Study Agreement; and

Appendix C: WDAT Section 15, SGIP and LGIP matrix of changes.

SDG&E respectfully requests that the Commission accept the revised WDAT, and the revised WDAT SGIP and WDAT LGIP submitted herewith. SDG&E also respectfully requests that the Commission accept these revisions to the WDAT for filing and assign a March 25, 2011 effective date to the revisions. SDG&E believes that the information contained in this filing

¹ SDG&E intends at a later point during 2011 to file further revisions that harmonize SDG&E's WDAT and interconnection procedures to the CAISO's GIP.

provides a sufficient basis upon which to accept this filing; however, to the extent necessary, SDG&E requests that the Commission waive its filing requirements contained in Part 35 of its regulations in order to permit this filing to be accepted by the Commission effective March 25, 2011.

I. BACKGROUND

On December 16, 2010, the Commission issued its Final Order conditionally accepting CAISO proposed Tariff Revisions intended to harmonize the CAISO's large generator interconnection procedures and its small generation interconnection procedures. The CAISO's proposal that was accepted by the Commission adopted a set of interconnection rules applicable to both small and large generating facilities. The CAISO stated that combining and streamlining its interconnection process for small and large generators would result in the fairest and most efficient interconnection process for all generators. Doing an integrated cluster study process for both small and large generators is to recognize that from an electrical perspective, there is no practical difference between small and large generators. The Commission found that this proposal "appropriately addresses the root causes of the current backlog of small generator interconnection requests" and "may have the effect of reducing the interconnection costs associated with the need for restudies from project withdrawals." Further, "by establishing a shared timeline and grouping related projects of all sizes together, the current disconnect between the SGIP and LGIP study timelines will be eliminated and small projects will no longer be faced with the unfavorable prospects of inaccurate cost estimates or being forced to wait until after the next LGIP cluster study to proceed." Final Order, P 70.

In regulations adopted pursuant to Order Nos. 2003 and 2006 (and related follow on orders), the Commission provided that "non-independent" Transmission Providers such as SDG&E, that have not transferred operational control of its distribution system to the CAISO, would be permitted to propose modifications to the *pro forma* SGIP and LGIP only if such changes were "consistent with or superior to" the *pro forma* provisions or were necessary to conform to established regional reliability standards. Based on the Final Order and prior Commission orders (described below), SDG&E proposes to adopt revisions to its WDAT to take advantage of the CAISO's GIP that allows Interconnection Customers requesting transmission service over the Distribution System the option for the CAISO to complete Deliverability Studies over the CAISO Controlled Grid. SDG&E is proposing other certain other non-substantive minor changes described below.

II. REVISIONS TO WDAT

SDG&E's currently-effective WDAT, FERC Electric Tariff, First Revised Volume No. 6, includes interconnection procedures for wholesale distribution customers and small generator and large generator (including wind) interconnections to SDG&E's Distribution System. The interconnection procedures for small generator interconnection were accepted by the Commission in *San Diego Gas & Electric Co.*, 113 FERC ¶ 61,027 (2005); *Southern California Edison Company, et al.*, 113 FERC ¶ 61,022 (2005); and *Southern California Edison Company, et al.*, 114 FERC ¶ 61,197 (2006). The Interconnection Procedures for large generator

interconnection was accepted by the Commission in a delegation letter order, dated November 19, 2009, in *San Diego Gas & Electric Co.*, Docket No. ER10-5-000.

SDG&E is proposing to amend Section 15 of its currently-effective WDAT and other related provisions in its SGIP and LGIP described in the WDAT, SGIP and LGIP Change Matrices appended hereto in order to take advantage of Section 8.3 of the GIP that provides as follows:

- 8.3 To the extent that a Participating TO's tariff provides the option for customers taking interconnection service under the Participating TO's tariff to obtain Full Capacity Deliverability Status, the ISO will, in coordination with the applicable Participating TO, perform the necessary deliverability studies to determine the deliverability of customers electing such option. The CAISO shall execute any necessary agreements for reimbursement of study costs it incurs and to assure cost attribution for any Network Upgrades relating to any deliverability status conferred to such customers under the Participating TO's tariff.

SDG&E's currently effective WDAT does not provide the option for customers taking interconnection service to obtain Full Capacity Deliverability Status. Therefore, SDG&E is proposing changes both to the WDAT and to its SGIP and LGIP to provide terms pertaining to this election, including terms involving the Interconnection Customer's cost responsibility for the CAISO Deliverability Studies and identified Deliverability Network Upgrades to the CAISO Controlled Grid that are identified in these studies. The relevant CAISO Deliverability Studies are described in Sections 6.5.2.1 and 6.5.2.2 of the CAISO's GIP.

SDG&E is proposing to amend Section 15.1, Interconnection of its WDAT to correct an inadvertent omission in SDG&E's filing in Docket No. ER10-5-000, dated October 1, 2009. This change to the WDAT reflects that an Eligible Customer requesting interconnection of a Large Generating Facility to the Distribution System must follow the LGIP set forth in Attachment F to the WDAT to request Interconnection Service. This change is purely ministerial - not substantive - in that the Commission-accepted LGIP clearly governs the interconnection of a Large Generator to the Distribution System. This change to Section 15.1 of the WDAT conforms Section 15.1 to the requirements of the Commission-accepted LGIP.

SDG&E is also proposing a non-substantive change to Section 15.2 so as to substitute for the formerly designated SDG&E contact person to receive an Interconnection Application with the title of such responsible SDG&E contact person rather than a named person.

Lastly, SDG&E is proposing to modify Section 15.3 to request the Interconnection Customer to include its requested deliverability status. This change is consistent with other changes SDG&E is proposing to take advantage of Section 8.3 of the CAISO's GIP.

III. WDAT LGIP AND WDAT LGIP FILING

SDG&E has included with this filing letter all of the proposed alterations to the *pro forma* WDAT, SGIP and LGIP in both clean and redline versions. In addition, SDG&E has

included matrices of changes for both the *pro forma* SGIP and the *pro forma* LGIP that include, for each change, a specific explanation of how that change is “consistent with or superior to” the Commission’s *pro forma* SGIP and *pro forma* LGIP. These proposed variations fall into one or more of the following categories of modifications.

Category 1 – Change “ISO” to “CAISO” and Inserts a new definition for the “CAISO and the “CAISO Tariff”

SDG&E has changed references in its WDAT, SGIP and LGIP to the FERC-accepted definition for the California Independent System Operator Corporation or CAISO found in Appendix A to the CAISO Tariff from “ISO”. SDG&E has also added new defined terms for “CAISO” and the “CAISO Tariff”. These changes are purely ministerial - not substantive. Thus, this category of change is consistent with or superior to the *pro forma* SGIP and *pro forma* LGIP in that it reflects terms that have a very specific meaning used within California. For this reason, the Commission should accept the Category 1 change, as they are consistent with or superior to the *pro forma* SGIP and *pro forma* LGIP.

Category 2 – Change Made to Correct Inadvertent Omissions

SDG&E is also proposing to add Section 1.6.2 to the SGIP pertaining to clustering, which duplicates Section 4.2 of the *pro forma* LGIP and the LGIP the Commission accepted in its letter order, dated November 17, 2009 in Docket No. ER10-5-000. This change is consistent with or superior to the *pro forma* SGIP in that it provides greater detail to the discretionary use, as provided in Section 1.6.1, of cluster studies.

Category 3 – Changes Made to Reflect GIP Deliverability Studies Undertaken by the CAISO for Generation Interconnecting to the Distribution System

The changes SDG&E is proposing to its WDAT, SGIP and LGIP to allow an Interconnecting Customer to elect under to cause the CAISO to undertake Deliverability Studies that include that customer’s Generating Facility serves to benefit not only the Interconnection Customer but also SDG&E in that both parties can realize the value of that generation providing Resource Adequacy value under the CPUC’s auspices and within the framework of the CAISO’s Tariff. As earlier indicated in this filing letter, based on discussions with the CAISO during late January SDG&E has made further revisions to its December 28th Filing to reflect the CAISO’s desire that SDG&E revise its SGIP and LGIP to more closely align (i) the timing of the CAISO’s GIP Deliverability studies with the timing of SDG&E proposed studies under its revised WDAT and (ii) the GIP’s provisions of security with the WDAT SGIP and WDAT LGIA security provisions. The CAISO’s counsel has authorized me to state that the CAISO’s main concerns have been addressed with these further revisions that are incorporated into the as-filed SGIP and LGIP. It is clearly consistent with or superior to the *pro forma* documents to ensure that SDG&E’s WDAT and interconnection procedures can be implemented in the context of the CAISO Deliverability Studies, including the provision of additional Generator Facility information needed for such studies. Thus, the Commission should accept all of the Category 3 changes as consistent with or superior to the *pro forma* SGIP and *pro forma* LGIP.

IV. NOTICE AND COMMUNICATIONS

All notices, correspondence, pleadings, orders and other communications related to this proceeding should be directed to the following persons:

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V. REQUEST FOR EFFECTIVE DATE AND WAIVERS

SDG&E requests that the proposed revisions to its Wholesale Distribution Open Access Tariff, its Small Generator Interconnection Procedures, and its Large Generator Interconnection Procedures applicable to generator interconnections to SDG&E's Distribution System be made effective March 25, 2011. SDG&E requests that the Commission waive the requirements of 18 C.F.R. § 35.3 in order to permit these changes to occur on March 25, 2010 so that the CAISO can include at the option of Interconnection Customers requested interconnections to SDG&E's 12 kV Distribution System for both small and large generators in the CAISO's next Deliverability Study cycle commencing during the second quarter of 2011. Good cause exists for the Commission to grant these waivers so that this next CAISO Deliverability Study is as inclusive as possible.

Very truly yours,

/s/ JAMES F. WALSH
James F. Walsh

Enclosures

CERTIFICATE OF SERVICE

I hereby certify that I caused the foregoing to be served by overnight delivery upon the following:

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General Counsel
California Public Utilities Commission
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Nancy Saracino
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Dated at San Diego, California, this 25th day of February, 2011.

/s/ JOEL DELLOSA
Joel Dellosa
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