

Welcome to the SDG&E Renewable Market Adjusting Tariff (Re-MAT) Program Overview Webinar



Renewable Market Adjusting Tariff (Re-MAT) Program Overview Webinar

September 11, 2013

Webinar Outline

- 1. Agenda Review, Legal Disclaimer & Welcome**
9:00am - 9:05am
Tina Chase | Energy Policy Advisor
- 2. Re-MAT Program Overview
+ Q&A Session**
9:05am - 9:40am
Tina Chase | Energy Policy Advisor
Keith Durand | Energy Contracts Originator
- 3. Accion Overview
+ Q&A Session**
9:40am - 10:00am
Katie Liakos | Accion
- 4. Interconnection Overview
+ Q&A Session**
10:00am - 11:am
Ken Parks | Customer Generation Manager

Legal Disclaimers: Anti-Trust Guidelines & Document Conflict

Anti-trust:

All participants in today's meeting shall comply with anti-trust guidelines. These guidelines direct meeting participants to avoid discussions of topics or behavior that would result in anti-competitive behavior, including restraint of trade and conspiracy to create unfair or deceptive business practices or discrimination, allocation of production, imposition of boycotts and exclusive dealing arrangements.

Document Conflict:

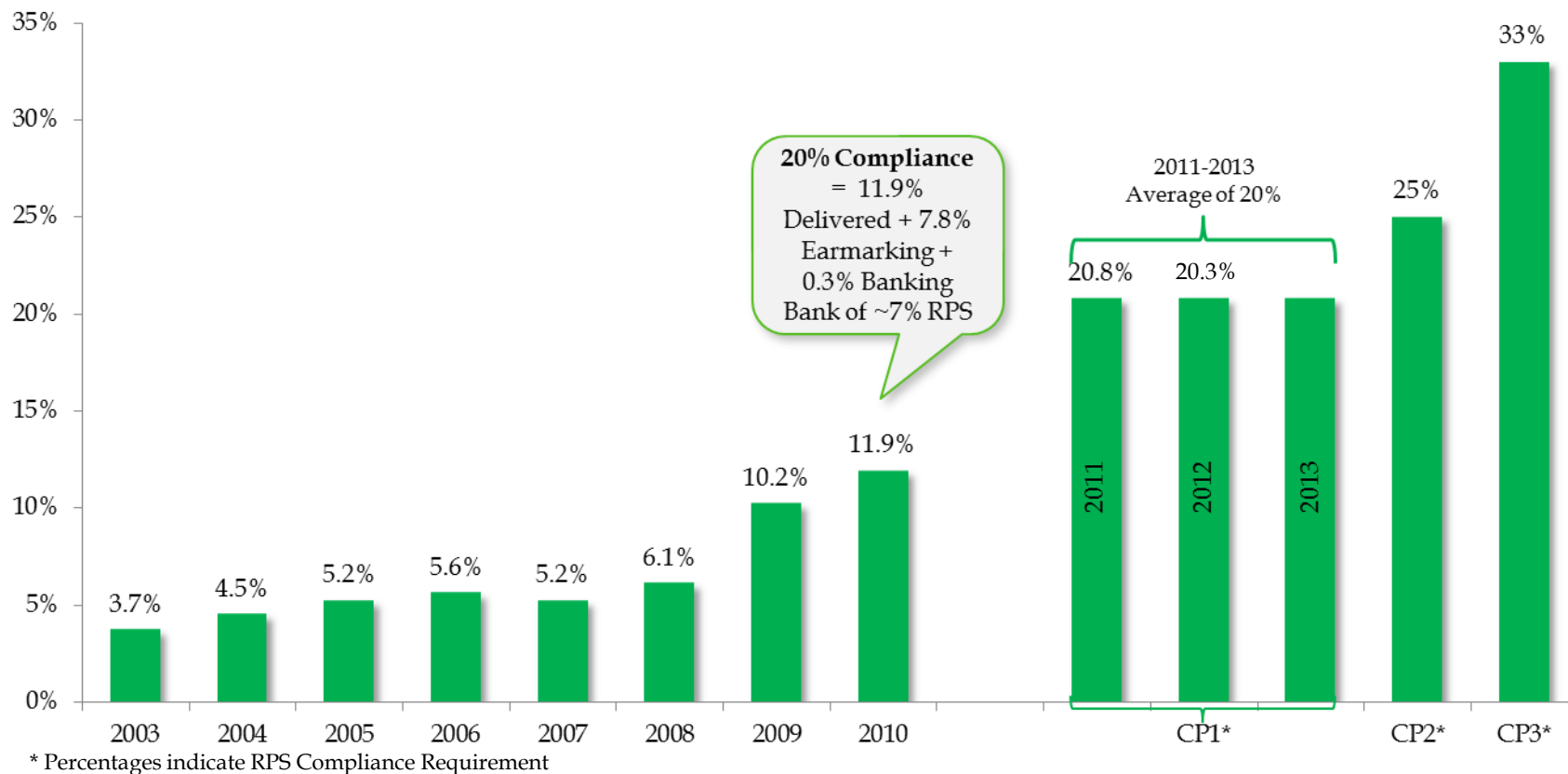
This presentation is intended to be a summary level discussion of the information and requirements established in the Re-MAT Feed-in Tariff Program Materials. To the extent that there are any inconsistencies between the information provided in this presentation and the requirements in the Program Materials, the Program Materials shall govern.

Welcome & Context

SDG&E Values in the Context of the Re-MAT Program

- We look forward to launching this new Re-MAT Feed-in Tariff (FiT) program which will continue to bring renewable energy to San Diegans and help SDG&E meet its RPS targets.
- SDG&E worked together with the CPUC and other IOUs to develop a successful Re-MAT Program, including a uniform power purchase agreement (PPA), and standardized tariffs.
- SDG&E encourages Diverse Business Enterprises (“DBEs”), as defined in G.O. 156, to participate in the Re-MAT Program. As a part of G.O. 156, SDG&E will require developers to identify and verify their DBE contractor/ subcontractor spending, if any.

Our Journey and RPS Goals



- SDG&E is in compliance with and committed to California's RPS goals
- Since 2012, SDG&E has signed 26 contracts for new and existing renewable resources with over 600MW expected capacity to be online by 2016

Re-MAT Program Overview

Re-MAT Program History

- A Feed-in Tariff (FiT) is a program whereby an eligible developer executes a fixed price, non-modifiable standard contract that has been pre-approved by the Commission
- Prior to the Re-MAT FiT, SDG&E had two Feed-in Tariff programs, the Water Agency Tariff for Eligible Renewables (WATER) and Customer Renewable Energy (CRE). Key parameters:
 - Prior Maximum Project Capacity: 1.5 MW AC
 - Prior Contract Price: CPUC determined Market Price Referent (MPR)
- Changes in legislation led to the creation of the new Re-MAT Program, the most significant changes were:
 - Maximum Project Capacity: 3.0 MW AC
 - Contract Price: CPUC determined market pricing mechanism

General Re-MAT Program Parameters

- Product Types: Baseload, As-Available, and Peaking As-Available
- Non-Refundable Bid Fee: \$2/kW
- Participation: first-come first-served
 - Applicants must be owner-developers of their proposed projects to participate in the program
 - SDG&E will assign Re-MAT Queue Numbers to eligible Projects on a first-come first-served basis after the initial randomized queue
- Pricing:
 - The Re-MAT starting price is \$89.23/MWh for all Product Types, and will adjust independently every 2 months depending on program participation
 - The Re-MAT price will be posted to SDG&E's website at the beginning of each bi-monthly period, or "Round"
 - Participants must inform SDG&E that they accept the price for a Round
 - SDG&E will award Re-MAT PPAs up to the capacity available for each Product for the particular Round, in queue number order, to those who accept the price

Re-MAT Schedule

Important Dates

- October 1, 2013: first day that Applicants may submit a Program Participation Request (PPR)
 - To participate in the randomization process to set up the initial queue, Applicants must submit PPRs by October 7, 2013
 - PPRs may be submitted at any time after October 1 through the online platform, SDG&E is planning on using Accion which will be covered in more detail later in this presentation
- November 1, 2013: the first day of the first Round (the first bi-monthly program period)
 - All eligible PPRs (those with a Re-MAT Queue Number) may participate in each Round, the PPR review process will be discussed later in this presentation
- Program End: the Re-MAT program will end 24 months after the end of the period in which the total remaining capacity for any Product Type reaches zero or a de minimis amount

Summary of Products & Targets

- SDG&E's Re-MAT target is 28.4 MW per CPUC Decision D.12-05-035 (equal to SDG&E's total requirement of 48.8 MW less the 20.4 MW already procured under the CRE and WATER FiTs)
- Target procurement will be split evenly among the Re-MAT Product Types
- SDG&E will seek 3 MW of each Product Type in each Round to the extent possible

Re-MAT Product Type	High-level Description	Target Capacity*
Baseload	✓Generation resources that produce energy around-the-clock (typically biomass, geothermal and run of river hydro)	9.5 MW
Peaking	✓Generation resources that produce energy at peak times (typically solar)	9.5 MW
Non-Peaking	✓Generation resources that produce energy during the off peak hours, usually evening hours (typically wind)	9.5 MW

*All capacity numbers on this slide have been rounded to the nearest decimal point

Re-MAT PPR

- SDG&E is planning to use the Accion online platform to accept PPRs for the Re-MAT program
- Applicants will create an account and fill in the required information as well as upload the required documents to this account
- SDG&E is developing its Re-MAT PPR. Required information is outlined in the following documents, which are currently available on SDG&E's Re-MAT website:
 - The Re-MAT Tariff (Eligibility Criteria, described later in the presentation)
 - The Re-MAT Power Purchase Agreement (PPA) (described later in the presentation)
- Summary of information required:
 - Copy of the Project's most recent Interconnection Study
 - Copy of Appendix E of the Re-MAT PPA, including (but not limited to) a single line diagram and a site map clearly outlining the border of the Project site for which site control exists
 - All attestations required by the Re-MAT Tariff
 - All information required to complete the Re-MAT PPA
 - Any other information and documentation that SDG&E may request to verify compliance with the Eligibility Criteria

SDG&E's Re-MAT website: <http://www.sdge.com/regulatory-filing/654/feed-tariffs-small-renewable-generation>

Eligibility Requirements

- Location: within SDG&E's electric service territory
- Capacity: cannot exceed 3.0 MW AC
- Resource Designations:
 - Eligible Renewable Energy Resource as defined by PU Code Section 399.12
 - Qualifying Facility as defined by FERC
- 100% Site Control in the form of:
 - Direct ownership
 - Lease; and/or
 - Option to lease or purchase upon Re-MAT PPA execution
- Developer Experience: at least one team member must have completed development, or begun construction of a project of similar technology and capacity
 - A project less than 1 MW will be deemed similar to a project of up to 1 MW
 - A project between 1 and 3 MW will be deemed similar to a project of up to 3 MW

Eligibility Requirements, continued...

- Interconnection:
 - Must have completed one of the following:
 - Fast Track Screens
 - Supplemental Review
 - SDG&E System Impact Study
 - SDG&E Phase 1 Study
 - Project must be interconnected to SDG&E's distribution system
 - The Project's most recent interconnection study or agreement must show
 - Project can interconnect within 24 months of Re-MAT PPA execution
 - Transmission system upgrades do not exceed \$300,000
 - Projects may elect to interconnect through SDG&E's Rule 21 or WDAT until the CPUC makes a determination otherwise (Projects that requested interconnection under either tariff prior to the CPUC determination of this matter will not be required to switch tariffs)

Eligibility Requirements, continued...

- **Daisy Chaining:** the Project must be the only Project being developed or owned or controlled by the Applicant on any single or contiguous piece of property
 - SDG&E may determine the applicant does not satisfy this criteria if the project appears to be part of a larger installation in the same general location that has been or is being developed by the Applicant or Applicant's Affiliates
- **Other Incentives:** the Project may not have received funds from the California Solar Initiative (CSI) or Small Generator Incentive Program (SGIP) within the past 10 years
 - To the extent the CPUC requires reimbursement of any ratepayer-funded incentive payments under CSI or SGIP, applicant must demonstrate that it has made the required refund(s)
- **Net Energy Metering (NEM):** the Project must terminate its participation in NEM prior to the execution of the Re-MAT PPA

Re-MAT PPA Highlights

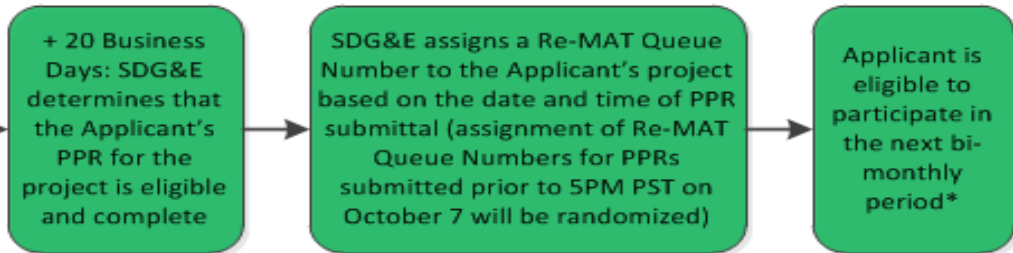
- **Contract Capacity and Energy**
 - Contract Capacity expressed as kilowatts, not to exceed 3,000 kW
 - Contract Term may be 10, 15, or 20 years. May sell all output, or excess output, to SDG&E
 - Contract Quantity or total kWh of energy produced is projected for each year of the term
 - Seller is required to deliver 170% of the Guaranteed Energy Production over each 2 year period during the Term. This averages to 85% of Contract Quantity for each year
- **Credit and Collateral Requirements**
 - Collateral Requirement is equal to \$20/kW
 - Requirement may be paid in cash or letter of credit
 - Payment must be made within 30 days following the Execution Date
- **Contract Price**
 - Determined by Re-MAT methodology
 - Prices are adjusted by a Time of Day (TOD) factor

Re-MAT PPA Highlights

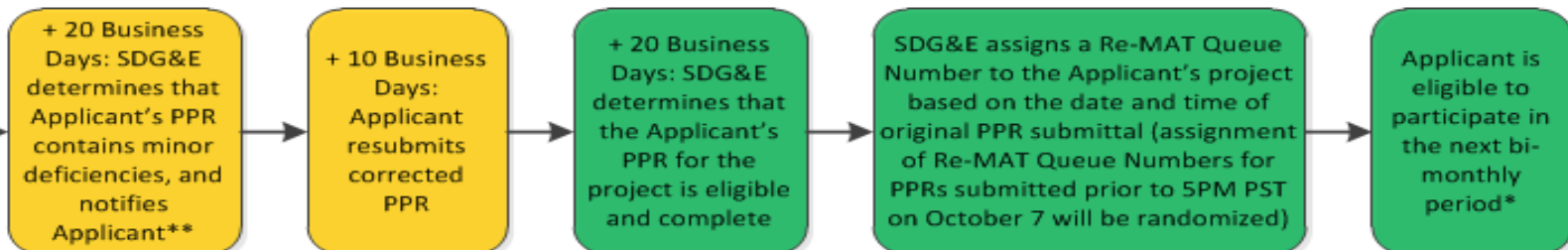
- **Commercial Operation Date**
 - Expected Commercial Operation date; Guaranteed Commercial Operation Date no later than 24 months after execution date.
 - Approved Extension triggers payments of Daily Delay Liquidated Damages
 - Extensions due to permitting or transmission delays may extend the Commercial Operation Date up to 6 months
- **Capacity, Resource Adequacy Benefits, and Green Attributes**
 - Seller assigns all Contract Capacity and Resource Adequacy to Buyer
 - Seller shall comply with all Resource Adequacy requirements of the CAISO
 - Seller will cooperate with buyer to obtain Capacity Attributes and RA Benefits
 - Project must be a CEC Eligible Renewable Energy Resource (ERR)
 - Project must be a FERC Qualifying Facility

Application Process

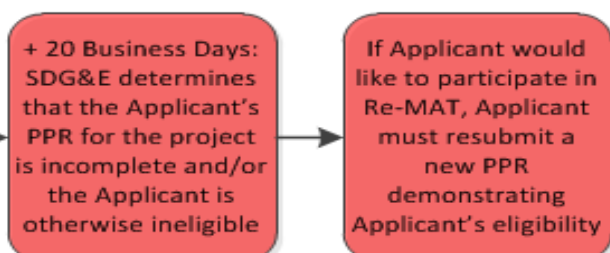
Scenario 1: PPR Accepted



Scenario 2: PPR Deficient



Scenario 3: PPR Rejected



Day 1
Applicant submits PPR, supporting documentation, and \$2/kW non-refundable bid fee

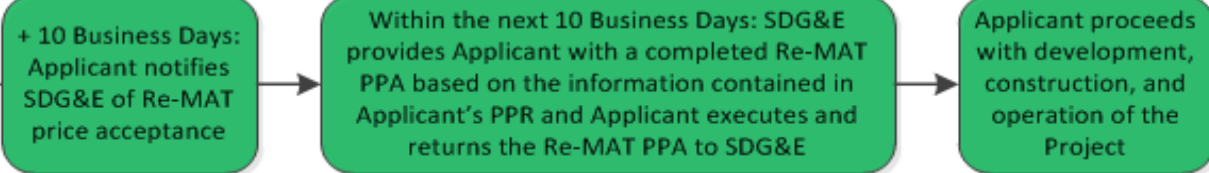
Please Note

*Applicant must notify SDG&E immediately if Applicant and/or Project no longer meets the eligibility criteria, and any documentation supporting a change to interconnection studies/agreements or Applicant's percentage ownership share in the project must be submitted to SDG&E within 5 business days of the change

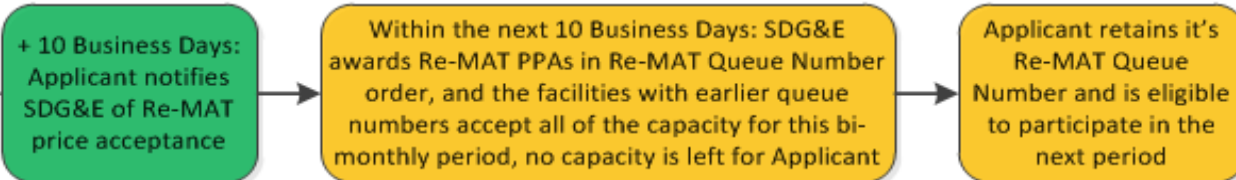
**Applicant's original PPR must demonstrate that Applicant's project was eligible at the time of submittal, if the PPR shows material substantive eligibility issues, a cure period would not be allowed

Price Acceptance Process

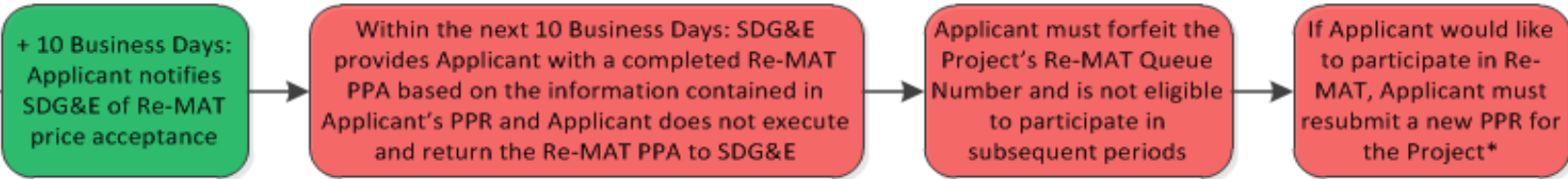
Scenario 1: Applicant Accepts the Re-MAT Price and is Awarded a Re-MAT PPA



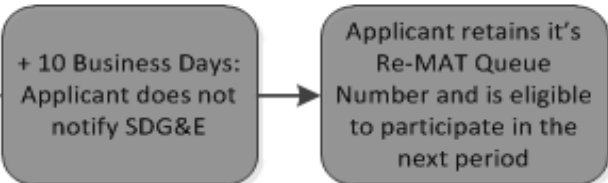
Scenario 2: Applicant Accepts the Re-MAT Price, but is Not Awarded a PPA



Scenario 3: Applicant Accepts the Re-MAT Price, is Awarded a PPA, and Does Not Return the Executed PPA to SDG&E



Scenario 4: Applicant Does Not Accept the Re-MAT Price



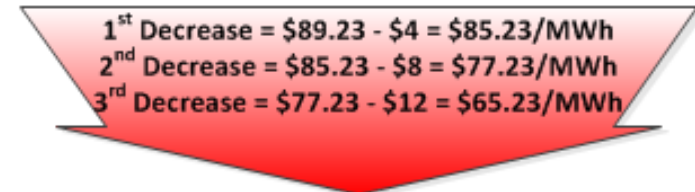
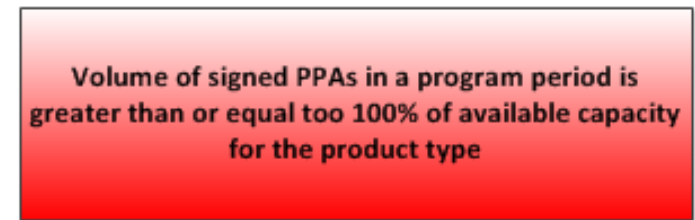
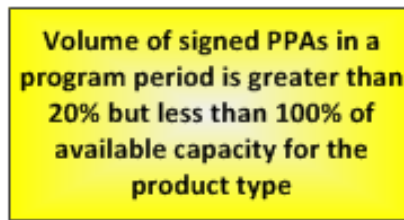
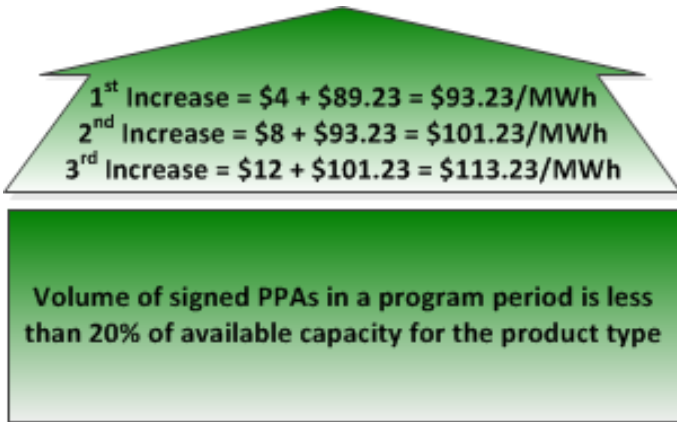
Day 1
SDG&E posts the price for a Product Type on its website

Please Note

*If Applicant resubmits a PPR and SDG&E determines that it is eligible and complete, SDG&E will assign the Applicant's project a Re-MAT Queue Number based on the new PPR submittal date and time

Re-MAT Pricing

- The starting Re-MAT price is \$89.23/MWh (pre-TOD)
- As a precondition for any price change to occur for a Product Type, there must be at least 5 eligible projects with different developers in the queue for that Product Type
- Price Increases and Decreases for each Product Type:
 - The Price adjustments begin at \$4/MWh, and the SIZE of the adjustment increases or decreases by \$4/MWh for each subsequent Round up to the maximum price adjustment size of \$12/MWh per Round.
 - Will reset to \$4/MWh following a period in which the price was unchanged
- Price change thresholds are as follows:



Re-MAT Pricing, continued...

Bi-Monthly Period	1	2	3	4	5	6	7
MW Capacity Offered	3	3	3	3	3	3	3
MW Accepted	0	0.1	0.2	0.3	1	3	3
MW Accepted as % of Capacity Offered	0%	3%	7%	10%	33%	100%	100%
Increase or Decrease?	YES < 20%	YES < 20%	YES < 20%	YES < 20%	NO > 20% and < 100%	YES = 100%	YES = 100%
Developers in Queue	5	5	5	5	5	5	5
Starting Price (\$/MWh, pre-TOD)	\$89.23	\$93.23	\$101.23	\$113.23	\$125.23	\$125.23	\$121.23
Increase/Decrease (\$/MWh, pre-TOD)	\$4.00	\$8.00	\$12.00	\$12.00	\$0.00	-\$4.00	-\$8.00
Price for Subsequent Period (\$/MWh, pre-TOD)	\$93.23	\$101.23	\$113.23	\$125.23	\$125.23	\$121.23	\$113.23

Time of Day (TOD) Factors

- TOD factors are used to adjust a PPA price to account for the value of the energy delivered under the contract
- TOD factors are determined for each month, day, and hour of a year, and are approved by the CPUC
- The table below demonstrates how the energy produced under a contract using the starting Re-MAT price of \$89.23/MWh would be adjusted using SDG&E's most recent CPUC-approved TOD factors

TOD Period		Period Days and Hours	(A) Full Capacity Deliverability Status Time-of-Day Factor	(B) Starting FiT Price (\$/MWh)	Adjusted FiT Price (\$/MWh) (A * B)
Winter 11/1-6/30	On-Peak	M-F, 1pm-9pm PST	1.089	\$89.23	\$97.17
	Semi-Peak	M-F, 6am-1pm, 9pm-10pm PST	0.947	\$89.23	\$84.50
	Off-Peak	All other days/hours/NERC holidays	0.679	\$89.23	\$60.59
Summer 7/1-10/31	On-Peak	M-F, 11am-7pm PST	2.501	\$89.23	\$223.16
	Semi-Peak	M-F, 6am-11am, 7pm-10pm PST	1.342	\$89.23	\$119.75
	Off-Peak	All other days/hours/NERC holidays	0.801	\$89.23	\$71.47
Example: a project's annual TOD is 1.17*			1.17	\$89.23	\$104.40

*A project's annual TOD will be calculated as follows: $[(\text{project's } 8760 * \text{corresponding TOD factors}) / (\text{sum of project's } 8760)]$, the 1.17 used above is purely illustrative, and does not represent or guarantee the TOD of any particular project

Please submit your questions by

September 18, 2013

to

SDG&EFiT@semprautilities.com