



FILED
9-12-14
02:50 PM

MF1/vm2 9/12/2014

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U902E) for Authority to Partially Fill the Local Capacity Requirement Need Identified in D.14-03-004 and Enter into a Purchase Power Tolling Agreement with Carlsbad Energy Center, LLC.

Application 14-07-009
(Filed July 21, 2014)

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This scoping memo and ruling sets forth the category, scope, and schedule of the proceeding pursuant to Rule 7.3 of the Commission's Rules of Practice and Procedure (Rules). Written prepared testimony shall be served, and evidentiary hearing (EH) will be held on November 12 through 14, 2014, in San Francisco, California, as set forth more fully in the ruling.

1 Procedural Background

By this application, San Diego Gas & Electric Company's (SDG&E) authority to enter into a power purchase tolling agreement (PPTA) with Carlsbad Energy Center, LLC, to partially fill the local capacity requirement (LCR) identified in Decision (D.) 14-03-004. Alliance for Retail Energy Markets and Direct Access Customer Coalition (jointly), the Office of Ratepayer Advocates, The Utility Reform Network, Center for Biological Diversity, Sierra Club, Capital Power Corporation, Helping Hand Tools and Rob Simpson (jointly), World Business Academy, California Environmental Justice Alliance, and Californians

for Renewable Energy Inc. filed protests; and Western Power Trading Forum and Shell Energy North America L.P. filed responses.

A prehearing conference (PHC) was conducted on September 3, 2014, at which party status was granted to the California Independent System Operator (CAISO), Pio Pico Energy Center, Center for Energy Efficiency and Renewable Technologies, California Unions for Reliable Energy, and the Imperial Irrigation District.

After carefully considering the application, protests, responses, and discussion at the PHC, I have determined the issues and schedule of the proceeding to be as set forth in this scoping memo.

2 Issues to be Determined

The issues to be determined are:

1. Does the application comply with SDG&E's procurement authority as granted by D.14-03-004?
2. Should the LCR identified in D.14-03-004 be adjusted to account for transmission projects identified in the CAISO's 2013-2014 TPP? If so, how?
3. Is the Carlsbad PPTA a reasonable means to meet the 600 megawatt (MW) of identified LCR that D.14-03-004 determined may be met by conventional resources? This issue includes consideration of the following:
 - Should the Carlsbad PPTA be required to submit to SDG&E's request for offers Refueling Outage process, whether for the entirety of SDG&E's LCR need or only for the 600 MW identified as permissibly to be met by non-preferred resources?

- Is the Carlsbad PPTA the best fit for the identified need? This, in turn, encompasses consideration of whether there are better and available alternatives to meet this need.
 - Does the Carlsbad PPTA provide additional benefits above and beyond the identified need?
 - Will the Carlsbad PPTA enhance the safe and reliable operation of SDG&E's electrical services?
 - Are the price, terms and conditions of the Carlsbad PPTA reasonable?
 - Are any other commitments made by SDG&E that are contingent on approval of the Carlsbad PPTA reasonable?
4. In Light of Finding of Fact 92 and Conclusions of Law 50 and 51 in D.14-03-004, is Cost Allocation Methodology treatment appropriate ratemaking treatment for the costs of the Carlsbad PPTA? This issue encompasses consideration of whether SDG&E properly complied with its obligation pursuant to D.07-12-052 to establish and consult with a CAM group.
 5. Is the Commission required to conduct an environmental review of the Carlsbad project pursuant to the California Environmental Quality Act? The Center for Biological Diversity raised this issue in its protest, and it is fairly within the scope of the proceeding. Therefore, parties may address the issue at their discretion.

3 Need for Evidentiary Hearing

Evidence is required with respect to issue no. 3 and, to a partial extent, issue nos. 2 and 4. Accordingly, I determine that EH are needed.

4 Schedule

The following schedule is adopted here and may be modified by the Administrative Law Judge (ALJ) as required to promote the efficient and fair resolution of the application:

SDG&E prepared direct testimony served	July 21, 2014
Intervenor prepared testimony served	October 15, 2014
Rebuttal testimony served (all parties)	October 29, 2014
Cross-examination estimates (emailed to ALJ and service list)	November 6, 2014
Evidentiary hearing	9:00 a.m. Wednesday through Friday, November 12 through 14, 2014 Commission Courtroom State Office Building 505 Van Ness Avenue San Francisco, CA 94102
Concurrent opening briefs	December 10, 2014
Concurrent reply briefs	December 22, 2014
Proposed decision	[target date] late February 2015 [no later than 90 days after submission]
Commission decision	[target date] late March 2015 [no sooner than 30 days after the proposed decision]

Parties may offer prepared testimony on any and all of the identified issues, including those that concern matters of legal interpretation and/or policy. However, parties must be prepared to limit cross-examination and oral testimony regarding matters of legal interpretation and/or policy; such argument should be reserved for briefs.

Prepared testimony must be organized by, and specifically relate to, the identified issues. Parties shall serve any prepared testimony on the official service list pursuant to Rule 1.9 and Rule 1.10, and shall serve two hard copies of it on the assigned ALJ. If the parties stipulate to the admission of written testimony without cross-examination, the ALJ may remove the EH from calendar and the parties may move the admission of prepared testimony by written motion pursuant to Rule 13.8(d).

Any party may request final oral argument by so stating in their opening or reply briefs. (*See* Rule 13.13.)

The proceeding will stand submitted upon the filing of reply briefs, unless the ALJ orders further evidence or argument. The proceeding should be resolved within 18 months of this scoping memo as provided by Pub. Util. Code § 1701.5.

5 Intervenor Compensation

Notices of intent to claim intervenor compensation are due by no later than October 3, 2014, pursuant to Rule 17.1(a).

6 Category of Proceeding/Ex Parte Requirements and Need for Hearing

This ruling confirms the Commission's preliminary determinations that this is a ratesetting proceeding and that EHs are needed. (Resolution ALJ 176 3340, August 14, 2014.) Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Commission's Rules of Practice and Procedure.

7 Assignment of Proceeding

Michel P. Florio is the assigned Commissioner and Hallie Yacknin is the assigned ALJ and presiding officer for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above.
2. The schedule of this proceeding is as set forth above.
3. This proceeding is categorized as ratesetting.
4. Hearings are needed, as described above.
5. The presiding officer is Administrative Law Judge Hallie Yacknin.

Dated September 12, 2014, at San Francisco, California.

/s/ MICHEL P. FLORIO

Michel P. Florio
Assigned Commissioner