

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



FILED
2-06-15
04:59 PM

Application of San Diego Gas & Electric
Company (U 902 M) for Approval of The
SDG&E Solar Energy Project

Application 08-07-017
(Filed July 11, 2008)

**SAN DIEGO GAS & ELECTRIC COMPANY'S (U902M) ANNUAL
COMPLIANCE REPORT ON THE SOLAR ENERGY PROJECT**

STEVEN D. PATRICK

Attorney for

SAN DIEGO GAS & ELECTRIC COMPANY

555 West Fifth Street, Suite 1400

Los Angeles, California 90013

Telephone: (213) 244-2954

Facsimile: (213) 629-9620

E-Mail: SDPatrick@semprautilities.com

February 6, 2015

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

Application of San Diego Gas & Electric
Company (U 902 M) for Approval of The
SDG&E Solar Energy Project

Application 08-07-017
(Filed July 11, 2008)

**SAN DIEGO GAS & ELECTRIC COMPANY’S (U902M) ANNUAL
COMPLIANCE REPORT ON THE SOLAR ENERGY PROJECT**

Pursuant to Decision (“D.”) 10-09-016, San Diego Gas and Electric Company (“SDG&E”) respectfully submits its Annual Compliance Report on the Solar Energy Project (“SEP”) program.

I.

INTRODUCTION

The Solar Energy Project (“SEP”) is a five-year program adopted by the CPUC in D.10-09-016 on September 3, 2010 to spur the development of distributed solar photovoltaic (“PV”) projects in SDG&E’s service territory. As originally approved, it allowed SDG&E to build and own up to 26 MWdc¹ PV, tied to SDG&E’s distribution system, with individual projects no greater in size than 5 MW.

In D.10-09-016, the CPUC instructed SDG&E to file an annual compliance report on the operating performance of the SEP projects.

¹ Capacity shall be listed as direct current (“dc”) unless otherwise noted.

On December 10, 2010, SDG&E filed Advice Letter #2210-E requesting approval of SDG&E's solicitation process where it sought PV projects to be developed and constructed by third parties and owned by SDG&E as utility-owned generation ("UOG"). On April 11, 2011, the Energy Division approved implementation and administration of the SEP program.

SDG&E issued a competitive solicitation on September 6, 2011 for a third party EPC contractor and executed a turnkey agreement on June 20, 2012. Subsequent to the competitive solicitation, SDG&E filed tier 2 Advice Letter #2374E-A on July 6, 2012 seeking CPUC approval. The advice letter was later approved effective August 5, 2012. On June 20, 2012, SDG&E also executed a 10 year O&M agreement with the Phase 1 approved EPC vendor at a cost less than the CPUC cap of \$25/kW-yr. This O&M agreement is integral with the warranties afforded under the EPC contract.

The solicitation resulted in an award for eight (8) different sites located on SDG&E property with the potential to accommodate 17 MW of solar capacity. As of March 2013, four (4) sites had been forecasted to be no longer under the \$3.50/W price cap, if constructed, due to adverse geotech and/or higher than expected interconnection costs. Development activities on these sites ceased. An additional site was dropped in October 2013 due to higher than expected permitting costs, pushing forecasted costs beyond the cap. Environmental permitting pre-application meetings were initiated in July 2013 with formal applications submitted Q1 2014 and Q2 2014. After extensive discussions and application revisions, another site was dropped in December 2014 after a shrinking project footprint together with increasing permit and mitigation requirements pushed forecasted costs beyond the cap. Two (2) sites remain viable with the potential to accommodate 7.2 MW and will continue through the development process. SDG&E's experience in permit timing and cost is very similar to that of merchant generators that have not been successful or have experienced difficulties with small land-based RPS and RAM-Feed-in Tariff projects under 5 MW in the San Diego area.

In September 2013 SDG&E management made the decision not to pursue additional UOG projects within SEP that were not already in development. Due primarily to unexpected

lengthy permitting processes, the additional facilities were unlikely to meet the April 2016 deadline for commercial operation.

II.

INFORMATION REGARDING THE UOG PORTION OF THE SOLAR ENERGY PROJECT

A. A Description of All UOG Facilities for Which Work Has Been Initiated or Completed in the Previous Year, Including: (a) Capital Costs, (b) Operations and Maintenance Expenses, (c) Generating Capacity, (d) Description of the Site (Host Customer, Host Tenant, Lease Cost, and On-Site Load), and (e) Progress Toward Completion.

In Attachment A, SDG&E provides a description of each of the UOG facilities for which work was initiated in the previous year, including: (1) site name, (2) location address, and (3) generating capacity.

By the end of the calendar year 2014, no SEP projects had reached California Independent System Operator (“CAISO”) Commercial Operation. All projects are presently in the permitting phase, with no construction in progress yet. In Table 1 below, SDG&E identifies the expected capacity of each of the UOG facilities under development. SDG&E expects to receive permits in Q4 2015 for the two remaining projects.

SEP Number	Site Name	Location Address	MW
SEP 1002	Creelman	Creelman Ln at Casteel Ln, Ramona, CA.	5.0
SEP 1003	Pala	Hwy 76 @ Pala Del Norte, Pala, CA.	2.2
TOTAL			7.2

These projects have not completed construction and are not connected to the grid.

B. A Calculation of the Levelized Cost of Energy (“LCOE”) for Each UOG Facility That Is Completed and Interconnected to the Grid. This Calculation Shall Include Workpapers Showing Actual Amounts for All Cost and Electrical Output Entries Used to Calculate the LCOE.

SDG&E has no UOG projects that are completed and interconnected to the grid.

VERIFICATION

I am a Manager in the Electric and Project Development Department of San Diego Gas and Electric Company and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing pleading are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 28th day of January, 2015, at San Diego, California.

/s/ Frank Thomas

By: Frank Thomas

SAN DIEGO GAS & ELECTRIC COMPANY
8315 Century Park, CP21C
San Diego, California 92123

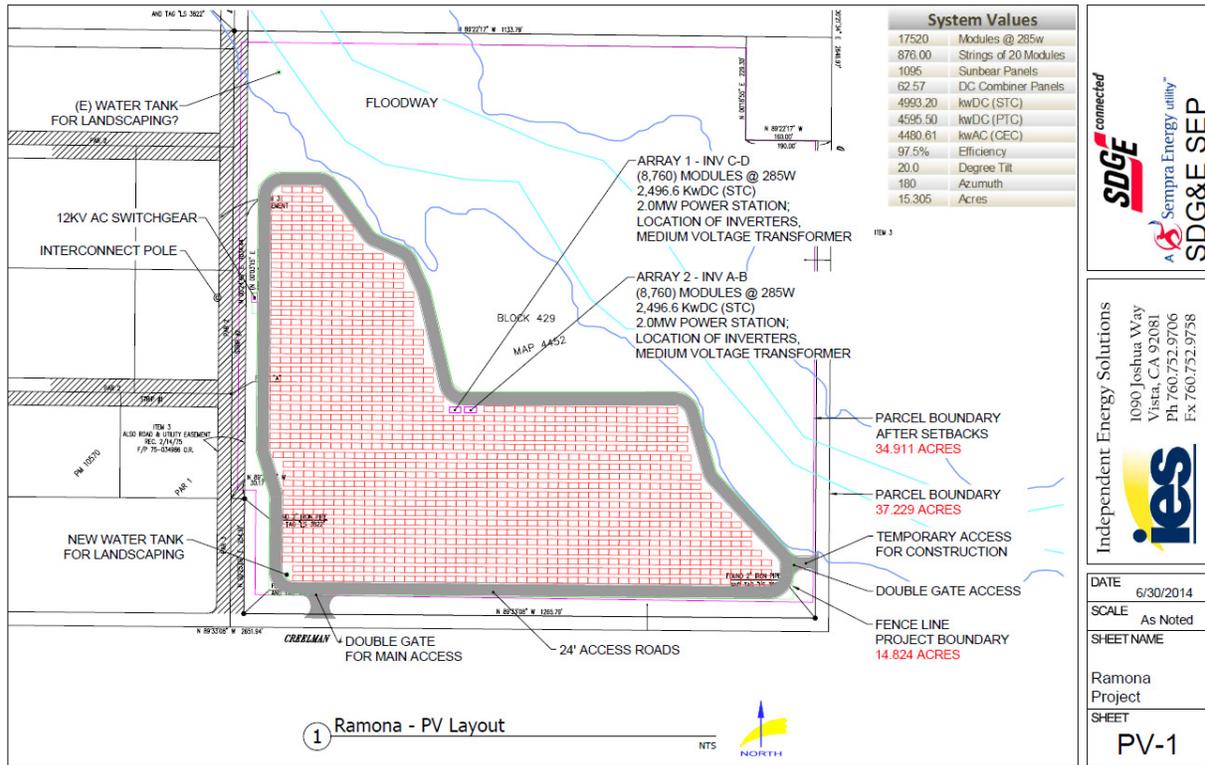
**SEP 2014 Annual Report
Attachment A**

SEP Number	Site Name	Location Address	MW
SEP 1002	Creelman	Creelman Ln at Casteel Ln, Ramona, CA.	5.0
SEP 1003	Pala	Hwy 76 @ Pala Del Norte, Pala, CA.	2.2
TOTAL			7.2

SDG&E has no UOG Solar Energy Projects that are completed and interconnected to the grid.

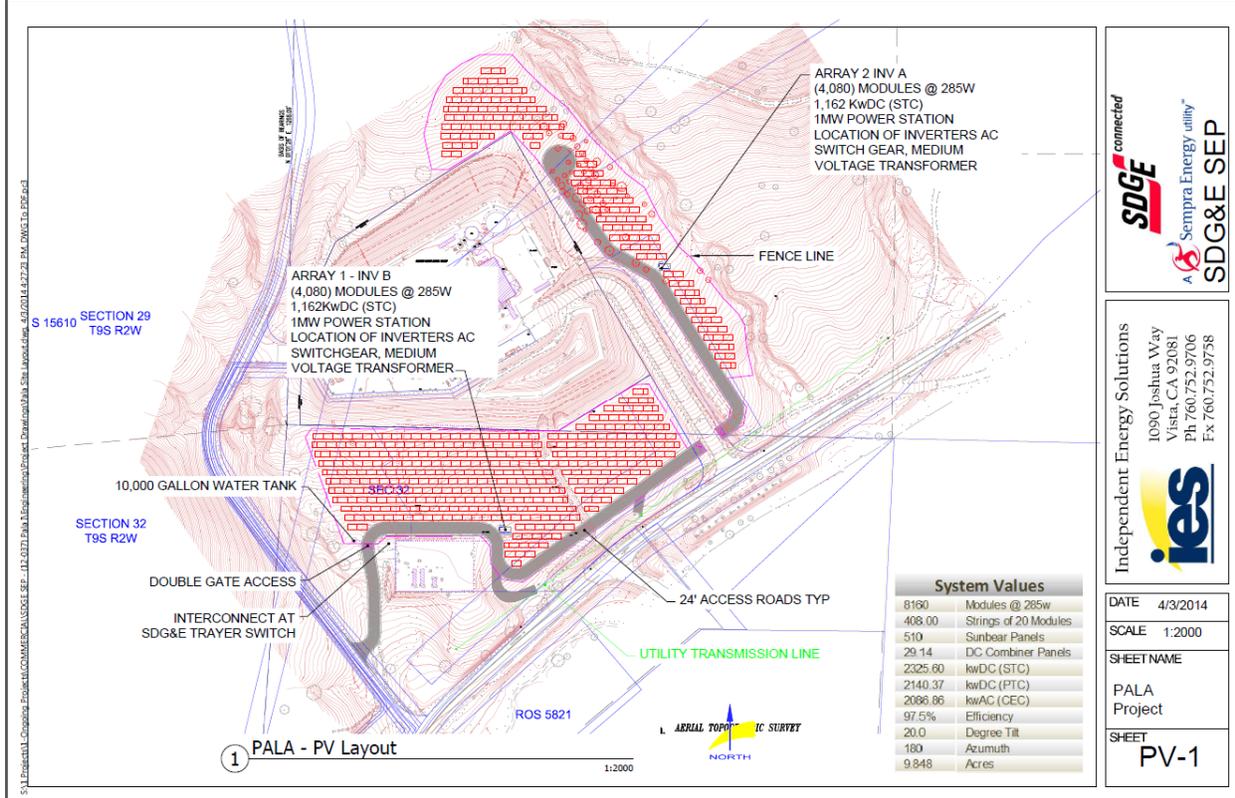
SDG&E Site Description

Creelman Map



SDG&E Site Description

Pala Map



System Values	
8160	Modules @ 285w
408.00	Strings of 20 Modules
510	Sunbear Panels
29.14	DC Combiner Panels
2325.60	kwDC (STC)
2140.37	kwDC (PTC)
2086.86	kwAC (CEC)
97.5%	Efficiency
20.0	Degree Tilt
180	Azimuth
9.848	Acres

A Sempra Energy utility™

SDG&E SEP

Independent Energy Solutions

1090 Joshua Way
Vista, CA 92081
Ph 760.752.9706
Ex 760.752.9758

DATE

4/3/2014

SCALE

1:2000

SHEET NAME

PALA
Project

SHEET

PV-1

Attachment B
2014 SEP LCOE

SDG&E has no UOG Solar Energy Projects that are completed and interconnected to the grid.

Attachment C
SEP UOG 2014 Generation

SDG&E has no UOG projects that are completed and interconnected to the grid.

Attachment D

2014 SEP UOG Distribution Upgrades Costs

No Network Upgrade Costs, such as reconductoring, have been identified for either of the two projects that are currently in development.