PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

ID #11499
RESOLUTION E-4524
August 23, 2012

REDACTED

R E S O L U T I O N

Resolution E-4524. San Diego Gas & Electric Company requests approval of a power purchase agreement with Manzana Wind LLC.

PROPOSED OUTCOME: This resolution approves cost recovery of a power purchase agreement with Manzana Wind LLC. The power purchase agreement is approved without modifications.

ESTIMATED COST: Costs of the power purchase agreement is confidential at this time.

By Advice Letter 2345-E filed on April 16, 2012.

SUMMARY

San Diego Gas & Electric Company's renewable energy power purchase agreement with Manzana Wind LLC complies with the Renewables Portfolio Standard (RPS) procurement guidelines and is approved without modifications.

San Diego Gas & Electric Company (SDG&E) filed Advice Letter 2345-E on April 16, 2012 requesting California Public Utilities Commission (Commission) approval of a renewable energy power purchase agreement between SDG&E and Manzana Wind LLC. The power purchase agreement (PPA) is the result of SDG&E's 2011 RPS solicitation.

Manzana Wind LLC is constructing a 189 megawatt (MW) wind facility in the Tehachapi region of Kern County, California, which is within the California Independent System Operator's balancing authority area. Manzana Wind LLC is owned by Iberdrola Renewables, Inc. Pursuant to the 20-year PPA, SDG&E will procure generation and associated renewable energy credits from 100 MW of the facility, representing approximately 260 gigawatt-hours (GWh) of RPS-eligible generation per year. Commercial operation of the Manzana Wind facility is expected to occur no later than December 31, 2012.

This resolution approves the Manzana Wind LLC PPA without modifications. SDG&E's execution of the PPA is consistent with its 2011 RPS Procurement Plan, including its resource need, which the Commission approved in Decision 11-04-030. Procurement made according to the terms and conditions of the Manzana Wind PPA is reasonably priced and fully recoverable in rates over the life of the power purchase agreement, subject to Commission review of SDG&E's administration of the PPA.

The table below provides an overview of the proposed Manzana Wind LLC PPA.

Generating Facility	Technology Type	Term (Years)	Maximum Capacity[1] (MW)	Energy (GWh/year)	Online Date	Location
Manzana Wind	Wind	20	100	260	Dec. 31, 2012	Kern County, CA

BACKGROUND

Overview of the Renewables Portfolio Standard (RPS) Program

The California RPS program was established by Senate Bill (SB) 1078, and has been subsequently modified by SB 107, SB 1036, and SB 2 (1X).[2] The RPS program is codified in Pub. Util. Code §§ 399.11-399.31.[3] Under SB 2 (1X), the RPS program administered by the Commission requires each retail seller to procure eligible renewable energy resources so that the amount of electricity generated from eligible renewable resources be an amount that equals an average of 20 percent of the total electricity sold to retail customers in California

[1] The 100 MW represents the portion of the 189 MW Manzana Wind facility that is under contract to SDG&E pursuant to the power purchase agreement approved by this resolution.

[2] SB 1078 (Sher, Chapter 516, Statutes of 2002); SB 107 (Simitian, Chapter 464, Statutes of 2006); SB 1036 (Perata, Chapter 685, Statutes of 2007); SB 2 (1X) (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session).

[3] All further references to sections refer to Public Utilities Code unless otherwise specified.

for compliance period 2011-2013; 25 percent of retail sales by December 31, 2016; and 33 percent of retail sales by December 31, 2020.[4]

Additional background information about the Commission's RPS Program, including links to relevant laws and Commission decisions, is available at http://www.cpuc.ca.gov/PUC/energy/Renewables/overview.htm and http://www.cpuc.ca.gov/PUC/energy/Renewables/decisions.htm.

NOTICE

Notice of Advice Letter 2345-E was made by publication in the Commission's Daily Calendar. SDG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section 3.14 of General Order 96-B.

PROTESTS

SDG&E Advice Letter 2345-E was not protested.

DISCUSSION

San Diego Gas & Electric Company requests approval of a renewable energy power purchase agreement with Manzana Wind LLC.

On April 16, 2012, SDG&E filed Advice Letter (AL) 2345-E requesting Commission approval of a renewable energy power purchase agreement (PPA) with Manzana Wind LLC (Manzana) a subsidiary of Iberdrola Renewables, Inc. SDG&E has contracted for the generation from 100 megawatts (MW) of the 189 MW Manzana wind facility. SDG&E's PPA with Manzana is expected to provide 260 gigawatt-hours (GWh) of RPS-eligible electricity annually over the 20 year life of the PPA.

The Manzana wind facility is being developed within the Tehachapi wind resource area in Kern County, California. The Manzana wind project will interconnect directly to the California Independent System Operator (CAISO) at the Whirlwind substation. The Commission authorized Southern California Edison Company to construct significant new transmission infrastructure in the

[4] D.11-12-020 established a methodology to calculate procurement requirement quantities for the three different compliance periods covered in SB 2 (1X) (2011-2013, 2014-2016, and 2017-2020).

Tehachapi region, including the construction of Whirlwind substation, in D.09-12-044.[5] In the event that delays occur with the build out of the Tehachapi Renewable Transmission Project, and these delays impact the Manzana wind facility, the PPA includes reasonable terms and conditions that protect the viability of the Manzana wind facility and retain the value of the PPA to SDG&E and its ratepayers.

SDG&E requests that the Commission issue a resolution that finds:

1. The proposed PPA is consistent with SDG&E's CPUC-approved RPS Plan and procurement from the proposed PPA will contribute towards SDG&E's RPS procurement obligation.
2. SDG&E's entry into the proposed PPA and the terms of such PPA are reasonable; therefore, the proposed PPA is approved in its entirety and all administrative and procurement costs associated with the proposed PPA, including for energy, green attributes, and resource adequacy, are fully recoverable in rates over the life of the proposed PPA, subject to Commission review of SDG&E's administration of the proposed PPA.
3. Generation procured pursuant to the proposed PPA constitutes generation from an eligible renewable energy resource for purposes of determining SDG&E's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewable Portfolio Standard program (Public Utilities Code §§ 399.11, et seq. and/or other applicable law) and relevant Commission decisions.
4. The proposed PPA will contribute to SDG&E's minimum quantity requirement established in D.07-05-028.
5. Expected deliveries pursuant to the proposed PPA are eligible for any applicable RPS flexible compliance mechanisms.
6. All procurement pursuant to the proposed PPA is procurement that meets the criteria of, and will be counted in, the portfolio content category described in Public Utilities Code Section 399.16(b)(1) for purposes of

[5] Information about Southern California Edison Company's Tehachapi Renewable Transmission Project (A.07-06-031) is available here: cpuc.ca.gov/gopher-data/environ/tehachapi_renewables/TRTP.htm

determining SDG&E's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code § 399.11 et seq.) or other applicable Law.

Energy Division evaluated the Manzana PPA according to the following criteria:

- Consistency with SDG&E's 2011 RPS Procurement Plan;
- Consistency with SDG&E's Least-Cost, Best-Fit Requirements;
- RPS Procurement Portfolio Need;
- Cost Reasonableness and Net Market Value;
- Consistency with RPS Standard Terms and Conditions;
- Consistency with Portfolio Content Categories Requirements;
- Compliance with the Interim Greenhouse Gas Emissions Performance Standard;
- Independent Evaluator Review;
- Procurement Review Group Participation;
- Long-Term Contracting Requirement
- Project Viability Assessment and Development Status.

Consistency with SDG&E's 2011 RPS Procurement Plans

Pursuant to statute, SDG&E's 2011 RPS Procurement Plan (Plan) includes an assessment of supply and demand to determine the optimal mix of renewable generation resources, and a bid solicitation protocol setting forth the need for renewable generation of various operational characteristics.[6] California's RPS statute also requires that the Commission review the results of a renewable energy resource solicitation submitted for approval by a utility.[7] The

[6] Pub. Util. Code § 399.13(a)(5).

[7] Pub. Util. Code § 399.13.

Commission reviews the results to verify that the utility conducted its solicitation according to its Commission-approved procurement plan.[8]

In SDG&E's 2011 RPS Plan, SDG&E expressed a commitment to contract in excess of its mandated annual procurement targets and goal of 33 percent renewables by 2020.[9] SDG&E's 2011 RPS Plan also called for SDG&E to issue a competitive solicitation for electric energy generated by eligible renewable resources that could begin delivering in 2011, 2012, 2013, 2014, and 2015. Additionally, offers were to be for terms of one month to 20 years in length, with terms greater than 20 years also being acceptable. Proposals could be for peaking, baseload, dispatchable, or as-available deliveries. SDG&E additionally expressed a preference for projects that could contribute towards SDG&E's Sunrise Powerlink commitment. Lastly, SDG&E stated in its Plan that bilateral offers would be considered if they were competitive when compared against recent RFO offers and provide benefits to SDG&E customers.

The Manzana PPA fits SDG&E's identified renewable resource needs because the 20-year PPA will provide SDG&E and its ratepayers with electricity, renewable energy certificates and resource adequacy value from an RPS-eligible facility that is to achieve commercial operation no later than December 31, 2012.

<u>The Manzana Wind LLC PPA is consistent with SDG&E's 2011 RPS Procurement Plan, as approved by D.11-04-030.</u>

Consistency with SDG&E's least-cost best-fit (LCBF) methodology

In D.04-07-029, the Commission directs the utilities to use certain criteria in their LCBF selection of renewable resources.[10] The decision offers guidance regarding the process by which the utility ranks bids in order to select or "shortlist" the bids with which it will commence negotiations. As described in its 2011 RPS Procurement Plan, SDG&E's LCBF bid evaluation includes a quantitative analysis and qualitative criteria. SDG&E's quantitative analysis or market valuation includes evaluation of price, time of delivery factors, transmission costs, congestion costs, and resource adequacy. SDG&E's qualitative analysis

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[8] SDG&E's 2011 RPS Procurement Plan was approved by D.11-04-030 on April 14, 2011.

[9] In D.08-12-058, which approved SDG&E's Sunrise Powerlink, SDG&E committed to procuring 33 percent of its electricity from renewables by 2020.

[10] *See* § 399.13(a)(2)(A).

focuses on comparing similar bids across numerous factors, such as the renewable facility's location, benefits to minority and low income areas and resource diversity.

The Manzana PPA is the result of SDG&E's 2011 RPS solicitation. SDG&E explains in AL 2345-E that it evaluated and shortlisted the Manzana bid consistent with its 2011 LCBF evaluation methodology. See the "Cost Reasonableness" section of this resolution for a discussion of how the Manzana PPA compares to other offers from SDG&E's 2011 RPS solicitation and RPS contracts executed by SDG&E in the 12 months prior to executing the Manzana PPA. In addition, see Confidential Appendix A for SDG&E's LCBF evaluation of the Manzana PPA.

<u>The Manzana Wind LLC PPA was evaluated consistent with the LCBF methodology described in SDG&E's 2011 RPS Procurement Plan.</u>

SDG&E's RPS Procurement Portfolio Need

Energy Division forecast SDG&E's primary need for incremental renewable generation to be in the first compliance period (2011-2013) and third compliance period (2017-2020) after adjusting SDG&E's RPS procurement portfolio to account for a certain amount of contract failure.[11] Figure 1 below depicts a forecast of SDG&E's RPS net long/short position for each compliance period under a risk-adjusted scenario.[12] This graphical illustration shows that SDG&E is forecast to have an need for incremental RPS procurement in first and third compliance periods, but has more than sufficient RPS resources under contract during the second compliance period 2014-2016.

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[11] In addition to increasing California's RPS requirement to 33 percent from 20 percent, SB 2 (1X) (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session) establishes three different compliance periods. In D.11-12-020 the Commission defined the compliance periods (2011-2013; 2014-2016; and 2017-2020) and the methodology for calculating the RPS procurement quantity requirements for each compliance period.

[12] Energy Division staff's forecast of SDG&E's RPS Procurement Portfolio is based on data compiled from SDG&E's March 2012 RPS Progress Report, SDG&E's March 2012 Project Development Status Report, and the Commission's RPS Project Status Table. This forecast does not include any contracts pending Commission approval; executed, but not filed; nor contracts under negotiation.

Figure 1 below includes the following data and assumption: RECs that would be procured over each compliance period from operating RPS-eligible facilities with a CPUC-approved PPA and RECs from RPS-eligible facilities that are in development with a CPUC-approved PPA. For forecasting purposes, the analysis assumes that projects in development (i.e., not operational) will have a 60 percent success rate of meeting the terms and conditions of the PPAs. For example, compliance period 3 (2017-2020) in Figure 1 would include 240 GWh from a facility with expected annual generation of 100 GWh/year with a commercial online date of 2017 (100 GWh * 60% * 4 years = 240 GWh).

Figure 1: Energy Division forecasts that SDG&E is expected to have a need for incremental RPS procurement in the first and third compliance period, 2011-2013 and 2017-2020, respectively

The 20-year Manzana PPA will provide approximately 260 GWh annually to help SDG&E achieve and sustain a 33% RPS portfolio. Importantly, the Manzana facility is expected to provide 260 GWh in the first compliance period while over the third compliance period SDG&E may receive up to 1,040 GWh of RPS-eligible generation, or more depending on weather conditions, towards SDG&E's RPS requirements.

<u>The Manzana Wind LLC PPA will contribute towards SDG&E's near-term and long-term RPS requirements.</u>

Cost Reasonableness and Net Market Value

The Commission's reasonableness review for RPS PPAs includes a comparison of the proposed PPA's price and net market value (the result of the LCBF calculation) relative to other RPS offers received in recent RPS solicitations and to contracts executed in the 12 months prior to the proposed PPA's execution date. Using this methodology and the confidential analysis provided by SDG&E in AL 2345-E, the Commission determines that the net market value of the Manzana PPA is comparable or superior to other RPS offers and that the costs of the Manzana PPA are reasonable. (See Confidential Appendix A for a discussion of the contractual pricing terms.)

<u>The Manzana Wind LLC PPA compares reasonably from a net market value and cost basis relative to RPS offers received in SDG&E's 2011 RPS solicitation and contracts executed by SDG&E in the 12 months prior to executing the Manzana Wind LLC PPA.</u>

<u>Payments made by SDG&E under the Manzana Wind LLC PPA are fully recoverable in rates over the life of the PPA, subject to Commission review of SDG&E's administration of the PPA.</u>

Consistency with RPS Standard Terms and Conditions

The Commission adopted a set of standard terms and conditions (STCs) required in RPS contracts, six of which are considered "non-modifiable." The STCs were compiled in D.08-04-009 and subsequently amended in D.08-08-028. More recently, the Commission further refined some of the STCs in D.10-03-021, as modified by D.11-01-025.

<u>The Manzana Wind LLC PPA includes the Commission adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, and D.10-03-021, as modified by D.11-01-025.</u>

Consistency with Portfolio Content Category Requirements

In D.11-12-052, the Commission defined and implemented portfolio content categories for the RPS program and authorized the Director of Energy Division to require the investor-owned utilities to provide information regarding the proposed contract's portfolio content category classification in each advice letter seeking Commission-approval of an RPS contract. The purpose of the information is to allow the Commission to evaluate the claimed portfolio content category of the proposed RPS PPA and the risks and value to ratepayers if the proposed PPA ultimately results in renewable energy credits in another, less preferred, portfolio content category. In AL 2345-E, SDG&E claims that its procurement resulting from the Manzana PPA will be classified as Portfolio Content Category 1. To support its claim, SDG&E demonstrated that the PPA requires Manzana to provide both the energy and renewable energy certificates associated with generation from 100 MW of its wind facility and SDG&E demonstrated that the Manzana wind facility will interconnect with a transmission system within the CAISO balancing authority area.

Consistent with D.11-12-052, SDG&E provided information in AL 2345-E regarding the expected portfolio content category classification of the renewable energy credits procured from the Manzana Wind LLC PPA.

In this resolution, the Commission makes no determination regarding the Manzana PPA's portfolio content category classification. The RPS contract evaluation process is separate from the RPS compliance and portfolio content category classification process, which require consideration of several factors based on various showings in a compliance filing. Thus, making a portfolio content category classification determination in this resolution regarding the procurement considered herein is not appropriate. SDG&E should incorporate the procurement resulting from the approved Manzana PPA and all applicable supporting documentation to demonstrate portfolio content category classification in the appropriate compliance showing(s) consistent with all applicable RPS program rules.

Compliance with the Interim Greenhouse Gas Emissions Performance Standard

California Pub. Util. Code §§ 8340 and 8341 require that the Commission consider emissions associated with new long-term (five years or greater) baseload power contracts procured on behalf of California ratepayers. [13]

D.07-01-039 adopted an interim Emissions Performance Standard (EPS) that establishes an emission rate for obligated facilities at levels no greater than the greenhouse gas (GHG) emissions of a combined-cycle gas turbine power plant.

[13] "Baseload generation" is electricity generation at a power plant "designed and intended to provide electricity at an annualized plant capacity factor of at least 60%." Pub. Util. Code § 8340 (a).

Generating facilities using certain renewable resources are deemed compliant with the EPS.[14]

SDG&E's PPA with Manzana Wind LLC is compliant with the EPS because it is for energy from an EPS-compliant renewable technology that does not require firming and shaping.

Independent Evaluator Review

SDG&E retained independent evaluator ("IE") Jonathan Jacobs of PA Consulting Group to oversee SDG&E's negotiations with Manazana and to evaluate the overall merits of the PPA. AL 2345-E included a public and confidential version of the independent evaluator's report.

In the IE's opinion, the Manzana PPA reflects fair negotiations and balances the risks and costs between Manzana and SDG&E's ratepayers. The IE notes the value of the PPA in that it is expected to provide generation in the first compliance period and that the costs and value of the Manzana PPA are within the range of projects SDG&E shortlisted from its 2011 RPS solicitation. The IE states that overall he agrees with SDG&E that the Manzana PPA merits Commission approval.

Consistent with D.06-05-039, an independent evaluator oversaw SDG&E's negotiations with Manzana Wind LLC.

Procurement Review Group Participation

The Procurement Review Group (PRG) was initially established in D.02-08-071 as an advisory group to review and assess the details of the IOUs' overall procurement strategy, solicitations, specific proposed procurement contracts and other procurement processes prior to submitting filings to the Commission.[15] SDG&E asserts that the Manzana PPA was discussed at regularly-scheduled PRG meetings in August 2011, September 2011, October 2011, November 2011, December 2011, and February 2012.

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14 D.07-01-039, Attachment 7, p. 4.

15 SDG&E's PRG includes representatives of the Union of Concerned Scientists, the Coalition of California Utility Employees, The Utility Reform Network, the California Public Utility Commission's Energy Division and Division of Ratepayer Advocates, and the California Department of Water Resources.

Pursuant to D.02-08-071, SDG&E's Procurement Review Group participated in the review of the Manzana Wind LLC PPA.

Long-Term Contracting Requirement

In D.12-06-038, the Commission established a long-term contacting requirement that must be met in order for retail sellers to count RPS procurement from contracts less than 10 years duration for compliance with the RPS program.[16] In order for the procurement from any short-term contract(s) signed after June 1, 2010 to count for RPS compliance the retail seller must execute long-term contract(s) in the same compliance period in which the short-term contract(s) is signed. The volume of expected generation in the long-term contract(s) must be sufficient to cover the volume of generation from the short-term contract(s).[17]

Because the Manzana Wind LLC PPA is greater than 10 years in length, the PPA will contribute to SDG&E's long-term contracting requirement established in D.12-06-038.

Project Viability Assessment and Development Status

SDG&E asserts that the Manzana wind facility is viable and will be developed according to the terms and conditions in the PPA. SDG&E bases its assertion on its evaluation of the viability of the project using the Commission-approved project viability calculator, which uses standardized criteria to quantify a project's strengths and weaknesses in key areas of renewable project development. SDG&E provided the following information about the project's developer and the project's development status:

Developers:

The Manzana wind facility is being developed by Iberdrola Renewables, Inc., which is the largest developer of renewable energy projects in the world and second largest in the United States.

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[16] For the purposes of the long-term contracting requirement, contracts of less than 10 years duration are considered "short-term" contracts. (D.12-06-038)

[17] Pursuant to D.12-06-038, the methodology setting the long-term contracting requirement is: 0.25% of Total Retail Sales in 2010 for the first compliance period; 0.25% of Total Retail Sales in 2011-2013 for the second compliance period; and 0.25% of Total Retail Sales in 2014-2016 for the third compliance period.

Technology and Quality of Resource:

The 189 MW Manzana wind project will use 126 General Electric 1.5 MW SLE wind turbines, which SDG&E explains is the most widely used wind turbines in the world with a proven operating history. In addition, California's Tehachapi region in Kern County is a proven wind resource area and there are newly constructed facilities operating in the area.

Site Control and Permitting Status:

SDG&E asserts that the Manzana wind facility will be located on private land and has secured site control through long-term leases sufficient to cover the length of the PPA. All necessary permits have been secured to construct the facility.

Interconnection Status:

The Manzana wind facility will interconnect at the Whirlwind Substation consistent with its Large Generator Interconnection Agreement with Southern California Edison Company and the CAISO, which was executed in October 2010.

Financing Plan:

Financing detail for the Manzana wind facility are confidential; however, given the size of its parent company, Iberdrola Renewables, Inc., there is no reason to anticipate any financing risk.

Based on the project's project viability calculator score and its significant development progress, it is reasonable to expect that Manzana Wind LLC will meet the terms and conditions of its PPA with SDG&E.

Confidential Information

The Commission, in implementing Pub. Util. Code § 454.5(g), has determined in D.06-06-066, as modified by D.07-05-032, that certain material submitted to the Commission as confidential should be kept confidential to ensure that market sensitive data does not influence the behavior of bidders in future RPS solicitations. D.06-06-066 adopted a time limit on the confidentiality of specific terms in RPS contracts. Such information, such as price, is confidential for three years from the date the contract states that energy deliveries begin, except contracts between IOUs and their affiliates, which are public.

The confidential appendices, marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.

RPS Eligibility and CPUC Approval

Pursuant to Pub. Util. Code § 399.25, the CEC certifies eligible renewable energy resources. Generation from a resource that is not CEC-certified cannot be used to meet RPS requirements. To ensure that only CEC-certified energy is procured under a Commission-approved RPS contract, the Commission has required standard and non-modifiable "eligibility" language in all RPS contracts. That language requires a seller to warrant that the project qualifies and is certified by the CEC as an "Eligible Renewable Energy Resource," that the project's output delivered to the buyer qualifies under the requirements of the California RPS, and that the seller uses commercially reasonable efforts to maintain eligibility should there be a change in law affecting eligibility.[18]

The Commission requires a standard and non-modifiable clause in all RPS contracts that requires "CPUC Approval" of a PPA to include an explicit finding that "any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (*Public Utilities Code Section 399.11 et seq.*), Decision 03-06-071, or other applicable law."[19]

Notwithstanding this language, the Commission has no jurisdiction to determine whether a project is an eligible renewable energy resource, neither can the Commission determine, prior to final CEC certification of a project, that "any procurement" pursuant to a specific contract will be "procurement from an eligible renewable energy resource."

Therefore, while we include the required finding here, this finding has never been intended, and shall not be read now, to allow the generation from a non-RPS-eligible resource to count towards an RPS compliance obligation. Nor shall such finding absolve the seller of its obligation to obtain CEC certification, or the

[18] *See, e.g.* D.08-04-009 at Appendix A, STC 6, Eligibility.

[19] *See, e.g.* D.08-04-009 at Appendix A, STC 1, CPUC Approval.

utility of its obligation to pursue remedies for breach of contract. Such contract enforcement activities shall be reviewed pursuant to the Commission's authority to review the utilities' administration of contracts.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS AND CONCLUSIONS

1. The Manzana Wind LLC power purchase agreement (PPA) is consistent with San Diego Gas & Electric Company's (SDG&E) 2011 RPS Procurement Plan, as approved by Decision (D.) 11-04-030.
2. The Manzana Wind LLC PPA was evaluated consistent with the Least-Cost, Best-Fit methodology identified in SDG&E's 2011 Renewables Portfolio Standard (RPS) Procurement Plan.
3. The Manzana Wind LLC PPA is comparables reasonably on a net market value and cost basis to SDG&E's 2011 RPS shortlist and contracts executed by SDG&E in the 12 months prior to the execution of the Manzana Wind LLC PPA.
4. Payments made by SDG&E pursuant to the Manzana Wind LLC PPA are fully recoverable in rates over the life of the PPA, subject to Commission review of SDG&E's administration of the PPA.
5. The Manzana Wind LLC PPA includes the Commission adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, and D.10-03-021, as modified by D.11-01-025.
6. Consistent with D.11-12-052, SDG&E provided information in AL 2345-E regarding the expected portfolio content category classification of generation procured from the Manzana Wind LLC PPA.
7. SDG&E's PPA with Manzana Wind LLC is compliant with the EPS because it is for energy from an EPS-compliant renewable technology that does not require firming and shaping.
8. Consistent with D.06-05-039, an independent evaluator oversaw SDG&E's negotiations with Manzana Wind LLC.

9. Pursuant to D.02-08-071, SDG&E's Procurement Review Group participated in the review of the Manzana Wind LLC PPA.
10. Because the Manzana Wind LLC PPA is greater than 10 years in length, the PPA will contribute to SDG&E's long-term contracting requirement established in D.12-06-038.
11. It is reasonable to expect that Manzana Wind LLC will meet the terms and conditions of the PPA.
12. The confidential appendices, marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.
13. Procurement pursuant to the Manzana Wind LLC PPA is procurement from eligible renewable energy resources for purposes of determining SDG&E's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Pub. Util. Code § 399.11 et seq.), D.11-12-020, D.11-12-052, D.12-06-038 or other applicable law.
14. The immediately preceding finding shall not be read to allow generation from a non-RPS eligible renewable energy resource under this PPA to count towards an RPS compliance obligation. Nor shall that finding absolve SDG&E of its obligation to enforce compliance with this PPA.
15. Advice Letter 2345-E should be approved effective today without modifications.

THEREFORE IT IS ORDERED THAT:

1. San Diego Gas & Electric Company's Advice Letter 2345-E, requesting Commission review and approval, is approved without modifications.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on August 23, 2012; the following Commissioners voting favorably thereon:

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PAUL CLANON
Executive Director

Confidential Appendix A

Evaluation Summary of Manzana PPA

[Redacted]