

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**RESOLUTION E-4512
July 12, 2012**

REDACTED

RESOLUTION

Resolution E-4512. San Diego Gas & Electric Company (SDG&E) requests approval of a renewable power purchase agreement with Southern California Edison Company.

PROPOSED OUTCOME: This Resolution approves SDG&E's request for cost recovery of a short-term renewable energy power purchase agreement with Southern California Edison Company. The power purchase agreement is approved without modification.

ESTIMATED COST: Costs of the contract are confidential at this time

By Advice Letter 2344-E filed on April 13, 2012.

SUMMARY

San Diego Gas & Electric Company's proposed power purchase agreement with Southern California Edison Company complies with the Renewables Portfolio Standard (RPS) procurement guidelines and is approved.

San Diego Gas & Electric Company (SDG&E) filed Advice Letter (AL) 2344-E on April 13, 2012 requesting Commission review and approval of a renewable energy power purchase agreement (PPA) with Southern California Edison Company (SCE). The PPA is a short-term (four months) bilateral contract. The SCE PPA is for the resale of renewable generation from various operating, RPS-certified facilities located in California.

This resolution approves the SCE PPA without modification. SDG&E's execution of the PPA is consistent with SDG&E's 2011 RPS Procurement Plan, including its resource need, which the Commission approved in Decision 11-04-030. Deliveries under the SCE PPA are reasonably priced and fully recoverable in rates over the life of the PPA, subject to Commission review of SDG&E's administration of the PPA.

The following table summarizes the agreements:

Table 1: Summary of the SCE PPA

Seller	Technology Type	Term	Minimum Capacity (MW)	Minimum Energy (GWh)	Contract Start Date	Location
SCE	Various, existing RPS-eligible	4 months	103	301.6	9/1/2012	California

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).¹ The RPS program is codified in Public Utilities Code Sections 399.11-399.31.² 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 for compliance period 2011-2013; 25 percent of retail sales by December 31, 2016; and 33 percent of retail sales by December 31, 2020.³

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>.

¹ 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).

² All further references to sections refer to Public Utilities Code unless otherwise specified.

³ 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).

NOTICE

Notice of AL 2344-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

No protests were filed.

DISCUSSION

SDG&E requests approval of a renewable energy power purchase agreement with SCE

On April 12, 2012, SDG&E filed AL 2344-E requesting Commission approval of a bilaterally negotiated renewable energy PPA with SCE. The SCE PPA provides that SDG&E will procure RPS-eligible energy and the associated renewable energy credits (RECs) from currently operating renewable energy facilities. The facilities are listed in Table 1 (below) and are interconnected into California balancing authorities. SCE has CPUC-approved contracts with each of the facilities.

Table 2: List of Facilities under contract to SCE that may provide RPS-eligible energy to SDG&E

Facility Name/Owner	Location (all CA)	Technology	CEC ID	Online Date
Dillon Wind, LLC	Palm Springs	Wind	60542A	3/15/2008
Coso Clean Power, LLC	Little Lake	Geothermal	60321A	1/12/1990
Coso Clean Power, LLC	Little Lake	Geothermal	60309A	8/19/1987
Calpine Geysers Power Company, LLC	Middletown	Geothermal	Various	1/1/1972
Mountain View Power Partners, LLC	North Palm Springs	Wind	60284A 60285A	9/1/2001 9/1/2001
Alta Wind I, LLC	Mojave	Wind	60794A	11/1/2010
Alta Wind II, LLC	Mojave	Wind	60795A	11/1/2010
Alta Wind III, LLC	Mojave	Wind	61092A	12/22/2010
Alta Wind IV, LLC	Mojave	Wind	61093A	2/23/2011
Alta Wind V, LLC	Mojave	Wind	61094A	3/11/2011
Alta Wind VI, LLC	Mojave	Wind	61287A	1/18/2011
Alta Wind VIII, LLC	Mojave	Wind	61288C	3/11/2011

NRG Solar Blythe, LLC	Blythe	Solar	60655A	12/1/2009
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Procurement pursuant to the SCE PPA is expected to contribute a minimum of 301.6 gigawatt-hours (GWh) towards SDG&E's RPS requirements over the term of the PPA.

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

1. The SCE PPA is consistent with SDG&E's CPUC-approved RPS Plan and procurement from the SCE PPA will contribute towards SDG&E's RPS procurement obligation.
2. SDG&E's entry into the SCE PPA and the terms of such agreement are reasonable; therefore, the SCE PPA is approved in its entirety and all administrative and procurement costs associated with the SCE PPA, including for energy, green attributes, and resource adequacy, are fully recoverable in rates over the life of the SCE PPA, subject to Commission review of SDG&E's administration of the SCE PPA.
3. Generation procured pursuant to the SCE 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. Expected deliveries under the SCE PPA are eligible for any and all applicable RPS flexible compliance mechanisms.
5. All procurement pursuant to the SCE 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 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 Review Of The Proposed PPA

Energy Division evaluated the PPA for the following criteria:

- Consistency with bilateral contracting guidelines;

- Consistency with SDG&E's 2011 RPS Procurement Plan (Plan);
- RPS Procurement Portfolio need;
- Consistency with SDG&E's least-cost, best-fit requirements;
- Consistency with RPS standard terms and conditions (STC);
- Compliance with the minimum quantity condition;
- Consistency with Portfolio Content Categories Requirements;
- Cost and value reasonableness;
- Independent Evaluator review;
- Procurement Review Group (PRG) participation;
- Consistency with the Interim Emissions Performance Standard; and
- Project viability.

Consistency With Bilateral Contracting Guidelines

According to SDG&E, the bilateral offers from SCE were received subsequent to SDG&E's 2011 RPS solicitation, but were compared against its 2011 solicitation offers. SDG&E states that it executed the SCE PPA because it is competitive with the bids received in its 2011 RPS solicitation and it provides RPS generation in the near-term, which is when SDG&E has a specific need to meet its RPS compliance requirements (see RPS Portfolio Need section below for more details). In D.06-10-019, the Commission established rules pursuant to which the IOUs could enter into bilateral RPS contracts. SDG&E adhered to these bilateral contracting rules because the PPA is longer than one month in duration, the PPA was filed by advice letter, and the contract is reasonably priced, as discussed in more detail below.

In D.09-06-050, this Commission also determined that bilateral agreements should be reviewed according to the same processes and standards as projects that come through a solicitation. Accordingly, as described in more detail below, the SCE PPA was compared to other RPS offers received in SDG&E's most recent RPS solicitation and recently executed PPAs; the proposed agreements were reviewed by SDG&E's Procurement Review Group; and an independent evaluator oversaw the PPA negotiations and evaluations.

The PPA is consistent with the bilateral contracting guidelines established in D.06-10-019 and D.09-06-050.

Consistency with SDG&E's 2011 RPS Procurement Plan

Pursuant to statute, SDG&E's RPS Procurement Plan (Plan) includes an assessment of supply and demand to determine the optimal mix of renewable generation resources, consideration of flexible compliance mechanisms established by the Commission, and a bid solicitation protocol setting forth the need for renewable generation of various operational characteristics.⁴ California's RPS statute also requires that the Commission review the results of a renewable energy resource solicitation submitted for approval by a utility.⁵ The Commission reviews the results to verify that the utility conducted its solicitation according to its Commission-approved procurement plan.⁶

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 2020.⁷ Specifically, SDG&E's 2011 RPS Plan 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 for terms of one month to 30 years in length. Proposals could be for peaking, baseload, dispatchable, or as-available deliveries. SDG&E additionally expressed 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 SCE PPA is a contract for renewable generation that fits SDG&E's identified renewable resource needs. The short-term PPA is for firm deliveries of

⁴ Pub. Util. Code, §399.13(a)(5).

⁵ Pub. Util. Code, §399.13.

⁶ SDG&E's 2011 RPS Procurement Plan was approved by D.11-04-030 on April 14, 2011.

⁷ 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. Since the SDG&E's 2011 Plan was approved, the RPS requirement was raised to 33 percent by 2020 by SB 2 (1X).

renewable generation from operating renewable energy facilities and could contribute towards SDG&E's RPS requirement.

The SCE PPA is consistent with SDG&E's 2011 RPS Procurement Plan, as approved by D.11-04-030.

SDG&E's RPS Procurement Portfolio Need

When adjusting SDG&E's RPS procurement portfolio to account for a certain amount of contract failure, the Commission forecasts SDG&E's primary need for additional renewable generation to be in Compliance Period 2011-2013 and Compliance Period 2017-2020.^{8,9} Figure 1 depicts the Commission's forecast of SDG&E's RPS net long/short position for each compliance period under a risk-adjusted scenario. This graphical illustration shows that SDG&E is forecasted to be over-contracted in Compliance Period 2014-2016, and that it is under-contracted in Compliance Period 2011-2013 and Compliance Period 2017-2020.

⁸ The Commission's forecast of SDG&E's RPS Procurement Portfolio is based on 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. The Commission's forecast does not include any contracts pending Commission approval, executed - but not filed, nor contracts under negotiation.

⁹ 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 RPS procurement quantity requirements for each compliance period.

Figure 1: The Commission’s Forecast of SDG&E RPS Portfolio Net Short/Long Position¹⁰

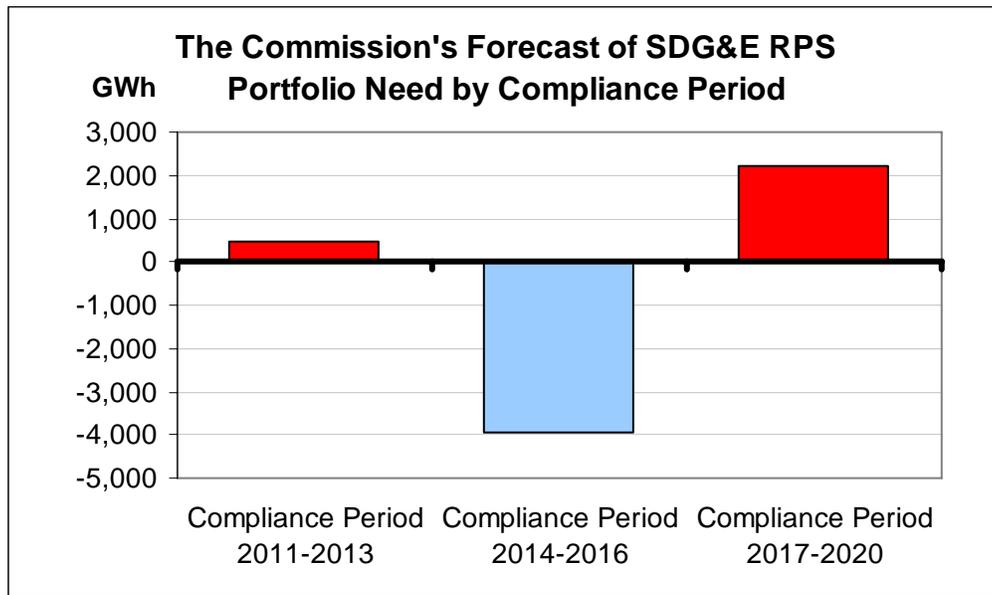


Table 1, below, provides a summary of: 1) The Commission’s forecast of SDG&E’s RPS procurement portfolio (includes projects currently in operation and those with CPUC-approved contracts under a risk-adjusted scenario); 2) the Commission’s forecast of SDG&E’s RPS procurement portfolio net long/short positions relative to the RPS compliance periods’ quantity requirements; and 3) the forecasted generation pursuant to the SCE PPA. Given the contracted delivery start date of September 1, 2012, generation pursuant to the PPA will contribute 301.6 GWhs towards SDG&E’s Compliance Period 2011-2013 RPS procurement needs.

¹⁰ Includes: operating RPS-eligible generation under CPUC-approved PPAs and RPS-eligible generation under CPUC-approved PPAs that are under development. The Commission assumed that projects under development will have a 60 percent rate of meeting the terms and conditions of the PPAs. The Commission did not assume any carrying over of forecasted excess generation because SDG&E may or may not choose to apply all excess procurement towards subsequent requirements.

Table 3: Expected Generation pursuant to the SCE PPA will contribute significantly to SDG&E's RPS Portfolio Requirements in Compliance Period 2011-2013

	Compliance Period 2011-2013	Compliance Period 2014-2016	Compliance Period 2017-2020
RPS Target	10,283	12,836	23,202
Operating	7,803	6,515	6,671
Approved ^a	<u>2,017</u>	<u>10,286</u>	<u>14,316</u>
Subtotal	9,820	16,801	20,986
Need ^b	463	-3,965	2,216
SCE PPA	302	0	0

Units: GWh

^a The Commission assumes 60% success for projects under development

^b The Commission assumes no carrying over of excess forecasted generation because SDG&E may or may not choose to apply all excess procurement towards subsequent requirements

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. 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 focuses on comparing similar bids across numerous factors, such as location, benefits to minority and low income areas, resource diversity, etc.

SDG&E negotiated the SCE PPA bilaterally and therefore it did not compete directly with other RPS offers. In AL 2344-E, SDG&E explains that it evaluated

the bilateral agreement using the same LCBF evaluation methodology it employed for evaluating bids from its 2011 solicitation and that the SCE PPA was compared against the offers it received in the solicitation. Thus, SDG&E used its LCBF methodology to evaluate the SCE PPA. See the “Cost Reasonableness” section of this resolution for a discussion of how the project compares to SDG&E’s 2011 RPS solicitation and recently executed contracts. In addition, see Confidential Appendix A for SDG&E’s LCBF evaluation of the project.

The SCE PPA was evaluated consistent with the LCBF methodology approved in SDG&E’s 2011 RPS Procurement Plan.

Consistency with RPS Standard Terms and Conditions

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

The SCE 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.

Compliance with the Minimum Quantity Condition for Long-Term Contracts

D.12-06-038 established a minimum quantity condition on the ability of retail sellers to count an eligible contract of less than 10 years duration for compliance with the RPS program.¹¹ In order for the procurement from any short term contract signed after June 1, 2010 to count for RPS compliance the retail seller must meet the following requirements for expected generation from long term contracts signed in the compliance period in which the short term contracts are signed:

¹¹ For the purposes of D.12-06-038, contracts of less than 10 years duration are considered “short-term” contracts.

Table 4: Long-term Contracting Requirement

Compliance Period	Minimum Quantity of Expected Generation from Long-Term Contracts (MWh)
2011-2013	0.25% of Total Retail Sales in 2010
2014-2016	0.25% of Total Retail Sales in 2011-2013
2017-2020	0.25% of Total Retail Sales in 2014-2016

The SCE PPA triggers the minimum quantity condition because the contract term is less than 10 years and was signed after June 1, 2010. SDG&E’s retail sales for 2010 were 16,283 GWh, and 0.25 percent of its 2010 retail sales are 40.7 GWh. SDG&E has executed a number of contracts in Compliance Period 2011-2013 that are longer than 10 years in contract term length (Table 5). In total, the listed contracts represent 3,926 GWh. Thus, SDG&E has satisfied the minimum quantity condition because the contracts SDG&E executed in Compliance Period 2011-2013 exceed the minimum quantity threshold.

Table 5: List of SDG&E PPAs that are greater than 10 years in contract term length and were executed in Compliance Period 2011-2013

Project Name	Execution Date	Term (Years)	Vintage	Capacity (MW)	Generation (GWh/yr)
NRG Borrego	1/25/2011	25	New	26	60
Ocotillo Express Wind Project	2/1/2011	20	New	315	1022
CSolar Imperial Valley Solar West	3/8/2011	25	New	150	356
Energia Sierra Juarez	4/6/2011	20	New	156	414
Sol Orchard San Diego 1-23	4/11/2011	25	New	50	47
Soitec (5 contracts)	5/17/2011	30	New	160	398
Arlington Valley Solar Energy II	6/3/2011	25	New	127	270
Catalina	6/3/2011	25	New	110	244
SolarGen 2	6/24/2011	25	New	150	361
Mt. Signal Solar I	2/3/2012	25	New	200	495

Manzana Wind Project	2/15/2012	20	New	100	259
			Total	1,544	3,926

Consistency with Portfolio Content Categories

In D.11-12-052, the Commission implemented portfolio content categories for the RPS program and authorized the Director the Energy Division to require the IOUs to provide information in the advice letter seeking Commission-approval regarding the proposed contract's portfolio content category classification. The purpose of the information is to allow the Commission to evaluate the claimed portfolio content category of the proposed contract and the risks and value to ratepayers if the proposed PPA is subsequently classified as a different portfolio content category. In AL 2344-E, SDG&E claims that the procurement pursuant to the SCE PPA will be classified as Portfolio Content Category 1. To support its claim, SDG&E asserts that the product being purchased is bundled and that all the generating facilities that are to provide product pursuant to the PPA are interconnected to the CAISO grid.

Consistent with D.11-12-052, SDG&E provided information in AL 2344-E regarding the SCE PPA's portfolio content category classification.

In this resolution, however, the Commission makes no determination regarding the proposed PPA's portfolio content category classification because RPS compliance determination and portfolio content category classification is a separate process from the RPS contract evaluation process that requires consideration of several factors based on various showings.¹² Thus, making a portfolio content classification determination in this resolution regarding the procurement considered herein is not appropriate. SDG&E should incorporate the procurement approved in this resolution in its appropriate compliance showing(s) consistent with RPS program rules and, if necessary, include any assertions regarding the PPA's classification or definition within those compliance filings.

¹² D.11-12-052, pp. 8, 12

Cost Reasonableness

The Commission's reasonableness review for RPS PPA costs includes a comparison of the proposed PPA's value and price to offers received in SDG&E's 2011 RPS solicitation and the contracts that SDG&E executed in the 12 months prior to executing the SCE PPA. Based on this analysis of the PPA's price and value and the confidential analysis provided by SDG&E in AL 2344-E, the Commission determines that the costs of the SCE PPA are reasonable. (See Confidential Appendix A for a detailed discussion of the contractual pricing terms.)

The SCE PPA compares favorably to the results of SDG&E's 2011 RPS solicitation and SDG&E's recently executed contracts.

Payments made by SDG&E under the SCE PPA are fully recoverable in rates over the life of the PPA, subject to Commission review of SDG&E's administration of the PPA.

Independent Evaluator Review

SDG&E retained independent evaluator (IE) Jonathan Jacobs of PA Consulting Group to oversee SDG&E's bilateral negotiations with SCE and to evaluate the overall merits for CPUC approval of the PPA. AL 2344-E included public and confidential independent evaluator's reports of the SCE PPA.

In the IE reports, the IE recommends that the CPUC approve the SCE PPA because he believes that SCE was not provided any advantage over bidders that participated in SDG&E's solicitation, the SCE PPA is priced appropriately relative to market, and will provide significant renewable energy in Compliance Period 2011-2013. See Confidential Appendix B for an excerpt of the IE report.

Consistent with D.06-05-039 and D.09-06-050, an independent evaluator oversaw SDG&E's negotiations with SCE.

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.¹³ SDG&E asserts that the SCE PPA was discussed at PRG meetings in December 2011, January 2012, February 2012, and March 2012.

Thus, pursuant to D.02-08-071, SDG&E's Procurement Review Group participated in the review of the SCE PPA.

Compliance With The Interim Greenhouse Gas Emissions Performance Standard (EPS)

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

D.07-01-039 adopted an interim EPS that establishes an emission rate quota for obligated facilities to levels no greater than the greenhouse gas (GHG) emissions of a combined-cycle gas turbine power plant. The EPS applies to all energy contracts for baseload generation that are at least five years in duration.¹⁴ Generating facilities using certain renewable resources are deemed compliant with the EPS, although contracts with intermittent resources are subject to the limitation that total purchases under the contract do not exceed the expected output from the facility over the term of the contract.

The SCE PPA is not a long-term financial commitment subject to the EPS because the terms of the PPA is less than five years.

¹³ 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.

¹⁴ "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).

Contract Viability

The generation to be delivered pursuant to the SCE PPA is from operating facilities that have been certified by the CEC as RPS-eligible; thus, it is reasonable that SCE will be able to meet the terms and conditions of the PPA.

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 use commercially reasonable efforts to maintain eligibility should there be a change in law affecting eligibility.¹⁵

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.”¹⁶

Notwithstanding this language, the Commission has no jurisdiction to determine whether a project is an eligible renewable energy resource, nor 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.”

¹⁵ See, e.g. D. 08-04-009 at Appendix A, STC 6, Eligibility.

¹⁶ See, e.g. D. 08-04-009 at Appendix A, STC 1, CPUC Approval.

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 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 administration of such contracts.

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.

COMMENTS ON THIS RESOLUTION

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

FINDINGS AND CONCLUSIONS

1. The SCE power purchase agreement is consistent with the bilateral contracting guidelines established in D.06-10-019 and D.09-06-050.
2. The SCE power purchase agreement is consistent with SDG&E's 2011 RPS Procurement Plan, approved by D.11-04-030.
3. The SCE power purchase agreement was evaluated consistent with the LCBF methodology approved in SDG&E's 2011 RPS Procurement Plan.
4. The SCE power purchase agreement includes the Commission-adopted RPS standard terms and conditions including those deemed "non-modifiable."

5. The SCE power purchase agreement triggers the minimum quantity condition.
6. SDG&E has satisfied the minimum quantity condition.
7. Consistent with D.11-12-052, SDG&E provided information in AL 2344-E regarding the SCE power purchase agreement's portfolio content category classification.
8. The SCE power purchase agreement compares favorably to the results of SDG&E's 2011 RPS solicitation and SDG&E's recently executed contracts.
9. Payments made by SDG&E under the SCE power purchase agreement are fully recoverable in rates over the life of the power purchase agreement, subject to Commission review of SDG&E's administration of the power purchase agreement.
10. Consistent with D.06-05-039 an independent evaluator oversaw SDG&E's procurement process.
11. SDG&E's Procurement Review Group participated in the review of the SCE power purchase agreement consistent with D.02-08-071.
12. The SCE power purchase agreement is not a long-term financial commitment subject to the Emissions Performance Standard because the term of the power purchase agreement is less than five years.
13. It is reasonable to expect that SCE will meet the terms and conditions of the power purchase agreement.
14. Procurement pursuant to the SCE power purchase agreement 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 (Public Utilities Code Section 399.11 et seq.), or other applicable law.
15. The immediately preceding finding shall not be read to allow generation from a non-RPS-eligible renewable energy resource under these power purchase agreements to count towards an RPS compliance obligation. Nor shall that finding absolve SDG&E of its obligation to enforce compliance with this power purchase agreement.
16. 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.

17. AL 2344-E should be approved effective today.

THEREFORE IT IS ORDERED THAT:

1. San Diego Gas & Electric Company's Advice Letter 2344-E, requesting Commission review and approval of a power purchase agreement with Southern California Edison Company, is approved.

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 July 12, 2012; the following Commissioners voting favorably thereon:

/s/ PAUL CLANON
PAUL CLANON
Executive Director

MICHAEL R. PEEVEY
President
TIMOTHY ALAN SIMON
MICHEL PETER FLORIO
CATHERINE J.K. SANDOVAL
MARK J. FERRON
Commissioners

Confidential Appendix A

Evaluation Summary of the SCE PPA

[Redacted]

Confidential Appendix B

Excerpt from the SCE Independent Evaluator Project-Specific Report¹⁷

[Redacted]

¹⁷ Excerpt from the “Report of the Independent Evaluator on the 103 MW SCE Firm Renewable Energy contract relative to the results of the 2011 Request for Offers from Eligible Renewable Resources (2011 Renewable RFO)” (March 30, 2012), PA Consulting Group, Jonathan M. Jacobs, submitted with SDG&E AL 2344-E on April 13, 2012.