DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ID #11053

ENERGY DIVISION **RESOLUTION E-4462**

March 8, 2012

REDACTED

R E S O L U T I O N

Resolution E-4462. San Diego Gas & Electric Company requests approval of a renewable energy power purchase agreement with Catalina Solar, LLC.

PROPOSED OUTCOME: This resolution approves cost recovery for the long-term renewable energy power purchase agreement between San Diego Gas & Electric Company and Catalina Solar, LLC. The power purchase agreement is approved without modification.

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

By Advice Letter 2276-E Filed on August 3, 2011.

SUMMARY

San Diego Gas & Electric Company's renewable energy power purchase agreement with Catalina Solar, LLC complies with the Renewables Portfolio Standard procurement guidelines and is approved without modification.

San Diego Gas & Electric Company (SDG&E) filed Advice Letter (AL) 2276-E on August 3, 2011, requesting California Public Utilities Commission (Commission) review and approval of a 25-year renewable energy Power Purchase Agreement (PPA) between SDG&E and Catalina Solar, LLC (Catalina or Catalina Solar). The bilaterally negotiated PPA is for generation from a solar photovoltaic (PV) facility being developed in Kern County, California for 110 megawatts (MW).

The facility is expected to achieve partial operation of 50 MW by December 31, 2012, and full commercial operation by June 30, 2013.
The following table provides a summary of the Catalina Solar PPA:

Generating Facility	Technology	Term (Years)	Capacity (MW)	Energy (GWh/year)	Online Date	Location
Catalina Solar	Solar PV	25	110	224	12/31/12 for 50 MW 6/30/13 for full contracted capacity	Kern County, CA

This resolution approves the Catalina PPA without modification. SDG&E's execution of the agreement is cost-effective and 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 Catalina PPA are reasonably priced and fully recoverable in rates over the life of the agreement, subject to Commission review of SDG&E's administration of the PPA.

BACKGROUND

Overview of the Renewables Portfolio Standard (RPS) Program

The California RPS Program was established by Senate Bill (SB) 1078, and has subsequently been modified by SB 107, SB 1036, and SB 2 (1X).[1] The RPS program

[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).

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.

NOTICE

Notice of Advice Letter 2276-E was made by publication in the Commission's Daily Calendar. San Diego Gas & Electric Company 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 2276-E was not protested.

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[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).

DISCUSSION

San Diego Gas & Electric Company requests approval of a renewable energy power purchase agreement with Catalina Solar, LLC.

On August 3, 2011, San Diego Gas and Electric Company (SDG&E) filed Advice Letter (AL) 2276-E requesting California Public Utilities Commission (Commission) approval of a long-term Power Purchase Agreement (PPA) with Catalina Solar, LLC (Catalina or Catalina Solar).

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

1. The Catalina PPA is consistent with SDG&E's Commission-approved Renewables Portfolio Standard (RPS) Plan and procurement from the PPA will contribute towards SDG&E's RPS procurement obligation.
2. SDG&E's entry into the Catalina PPA and the terms of such agreement are reasonable; therefore, the PPA is approved in its entirety and all administrative and procurement costs associated with the PPA, including for energy, green attributes, and resource adequacy, are fully recoverable in rates over the life of the PPA, subject to Commission review of SDG&E's administration of the PPA.
3. Generation procured pursuant to the Catalina 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's RPS program (Public Utilities Code §§ 399.11, *et seq*. and/or other applicable law) and relevant Commission decisions.
4. The Catalina PPA will contribute to SDG&E's minimum quantity requirement established in Decision (D.)07-05-028.
5. Expected Catalina Solar deliveries are eligible for any applicable RPS flexible compliance mechanisms.

Energy Division Evaluated the Catalina Solar PPA on the following criteria:

- Consistency with bilateral contracting rules
- Consistency with SDG&E's 2011 RPS Procurement Plan
- Consistency with SDG&E's Least-Cost, Best-Fit requirements
- Consistency with RPS standard terms and conditions
- Independent Evaluator review
- Cost reasonableness
- Cost containment
- Project viability assessment and development status
- Compliance with the Interim Greenhouse Gas Emissions Performance Standard
- Procurement Review Group participation
- Contribution to minimum quantity requirement for long-term/new facility contracts

Consistency with Bilateral Contracting Rules

According to SDG&E, the parties pursued bilateral negotiations beginning in March of 2011. SDG&E chose to pursue the contract through bilateral negotiations because the project was presented to SDG&E too late to bid into the 2009 RPS solicitation. SDG&E also stated in AL 2276-E that because there was uncertainty at the time on the date of the 2011 Request for Offers solicitation, delaying the Catalina project may have jeopardized the project's ability to use a cash grant under the American Recovery and Reinvestment Act (ARRA). In order to be eligible for a cash grant under ARRA, the project would have needed to commence construction by the end of 2011. After choosing to pursue bilateral negotiations, the PPA was negotiated over a period of less than 90 days.

In D.06-10-019, modified by D.07-07-025, 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, was filed by advice letter, and was subject to the use of an Independent Evaluator (IE) pursuant to D.04-12-048.

In D.09-06-050, this Commission determined that bilateral agreements should be reviewed according to the same processes and standards as projects that come through a solicitation. Accordingly, as described below, the Catalina PPA was compared to other RPS offers received in SDG&E's 2011 RPS solicitation and other bilateral offers; the proposed agreement was reviewed by SDG&E's Procurement Review Group; and an Independent Evaluator oversaw the project evaluation and PPA negotiation. Also, the contract is reasonably priced, as discussed in more detail below.

<u>The Catalina Solar PPA is consistent with the bilateral contracting guidelines established in D.06-10-019 and D.09-06-050.</u>

Consistency with SDG&E's 2011 RPS Procurement Plan

California's RPS statute requires the Commission to direct each utility to prepare a Renewable Portfolio Standard Energy Procurement Plan (Plan) and then review and accept, modify, or reject the Plan prior to the commencement of a utility's annual RPS solicitation.[4] The Commission must then accept or reject proposed PPAs based on their consistency with the utility's approved Plan.

Pursuant to statute, SDG&E's RPS 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.[5] California's RPS statute also requires that the Commission review the results of a renewable energy resource solicitation submitted for approval by a utility.[6] The Commission reviews the results to verify that the utility conducted its solicitation according to its Commission-approved procurement plan.[7]

[4] Pub. Util. Code § 399.13.

[5] Pub. Util. Code § 399.13(a)(5).

[6] Pub. Util. Code § 399.13.

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

In SDG&E's 2011 RPS Plan, SDG&E expressed a commitment to contract in excess of its mandated annual procurement targets with a goal of 33 percent renewables by 2020.[8] 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 also 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. Last of all, SDG&E's Plan discussed its plans to pursue renewable energy generation development partnerships and utility-owned resources.

The PPA is for renewable generation that fits SDG&E's identified renewable resource needs. The proposed PPA is for as-available generation pursuant to a 25 year contract from a renewable energy facility. The facility is expected to provide renewable energy deliveries beginning in 2012, which will contribute towards SDG&E's near term RPS requirement. As a long-term contract, it will also contribute to SDG&E's RPS procurement portfolio in the future. See "SDG&E's RPS Need" section below and in Confidential Appendix A for its specific contributions to SDG&E's RPS portfolio.

<u>The Catalina Solar PPA is consistent with SDG&E's 2009 and 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. 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

[8] 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.

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 Catalina Solar PPA bilaterally and therefore the project did not compete directly with other RPS projects. In AL 2276-E, SDG&E explains that it evaluated the bilateral agreement using the same LCBF evaluation methodology it employs for evaluating bids from competitive solicitations. See the "Cost Reasonableness" section of this resolution for a discussion of how the project compares to offers in SDG&E's 2011 RPS solicitation. In addition, see Appendix A for SDG&E's LCBF evaluation of the project.

<u>The Catalina Solar PPA was evaluated consistent with the LCBF methodology identified in SDG&E's RPS Procurement Plan.</u>

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. More recently in D.10-03-021, as modified by D.11-01-025, the Commission further refined these STCs.

<u>The Catalina Solar 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>

Independent Evaluator Review

SDG&E retained IE Jonathan Jacobs of the PA Consulting Group to oversee SDG&E's bilateral negotiations with Catalina Solar and to evaluate the overall merits of the PPA. AL 2276-E included a public and confidential IE report.

In the IE report, the IE states that negotiations between SDG&E and Catalina Solar were fair. Additionally, the IE notes that the PPA terms appear reasonable, fairly balanced, and that the PPA is well-priced. The IE also notes that the project viability score is comparable to or better than viability scores of similar projects that have been executed or shortlisted. Although the IE's own project viability score was lower than SDG&E's assigned score, the IE noted that its lower score was based on viability issues common to similarly sized solar projects, and that the score was still above average for solar PV projects. See Confidential Appendix C for excerpts of the IE report.

An Independent Evaluator oversaw SDG&E's negotiations with Catalina Solar, consistent with D.06-05-039 and D.09-06-050.

Cost Reasonableness

The Catalina Solar project was negotiated as a bilateral contract and executed in 2011. Therefore, the contracts against which the Commission primarily measured the Catalina PPA were the contracts shortlisted by SDG&E in its 2011 RPS solicitation. In addition, the Catalina PPA was compared to recent bilateral offers and recently executed contracts. Based on the comparison to SDG&E's 2011 RPS solicitation, recent bilateral offers, and recently executed contracts, the price of the PPA is reasonable. See Confidential Appendix A for a discussion on the price reasonableness of the Catalina Solar project.

The Catalina Solar PPA reasonably compares to the results of SDG&E's 2011 RPS solicitation and other comparable contracts.

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

Cost Containment

Pursuant to D.08-10-026, the Commission calculated and adopted a 2009 market price referent (MPR) in Resolution E-4298. Additionally, in E-4199, the Commission adopted rules and limitations regarding costs above the MPR. Based on the Catalina Projects' commercial operation dates of December 31, 2012 and June 30, 2013, the price of the Catalina PPA is above the applicable 2009

MPR.[9] Because SDG&E had exhausted its above-market costs allocated in E-4199, it voluntarily entered into the PPA at a price that exceeded the applicable MPR.

Pursuant to SB 2(1X), the Commission is implementing a new cost containment framework in Rulemaking 11-05-005.

Project Viability Assessment and Development Status

SDG&E and the IE evaluated the Catalina Solar project using the Commission-approved project viability calculator.[10] See Confidential Appendix A for the project's scores. Based on his scoring, the IE noted in his report that the project's viability was at or above average. Additionally, SDG&E provided the following information about the project's developer and development status, and other issues related to project viability.

Developer experience

The project owner and seller, Catalina Solar, LLC, is a wholly owned subsidiary of enXco. enXco has a number of renewable and conventional projects completed and currently operating, including approximately 136 MW of solar projects.

Resource quality

According to solar insolation maps, the project is located within one of the best solar resources in the United States. The estimated annual global horizontal solar resource in the region of the Mojave Desert where the project will be located is estimated to be between 2050 and 2100 kWh/m2 per year or 5.62 to 5.75 kWh/m2 per day. Generally, resources above 4 kWh/m2 per day are considered the strongest.

[9] See Resolution E-4298.

[10] See Project Viability Calculator, http://www.cpuc.ca.gov/NR/rdonlyres/7B9EE608-CE16-4EAB-BEDC-616F526214EE/0/Final_RPS_Project_Viability_Calculator.xls

Site control and permitting status

The proposed facility is to be located on private lands. Catalina Solar has secured full site control through options to purchase and long-term leases. Land control has also been obtained for the preferred generation-tie route.

Catalina is pursuing the permits required for the project and has received California Energy Commission (CEC) Pre-Certification for the facility's RPS eligibility. A Draft Environmental Impact Report was also released for the project in August of 2011 and Kern County also approved the Conditional Use Permit (CUP) for the project on December 6, 2011. All other required permits (e.g. grading, water discharge, etc.) are expected to be obtained in a timely manner to achieve the conditions precedent in the PPA.

Interconnection and transmission

The project will interconnect to the CAISO grid at the Whirlwind Substation, which is part of SCE's Tehachapi Renewable Transmission Project.

Both the CAISO Phase I and Phase II Interconnection Studies have been completed and an Interconnection Agreement has been executed. See Confidential Appendix A for information about the interconnection study results.

Financing Plan

The project is expected to be financed through a combination of debt and equity. The developer plans to pursue a cash grant under Section 1603 of ARRA (Payments for Specified Energy Property in Lieu of Tax Credits). The project is eligible for a cash grant as long as construction has begun or 5 percent of eligible capital was spent by December, 31 2011.[11] The project expects to utilize cash

[11] enXco has entered into a deal to purchase thin-film photovoltaic panels. ("Japan's Solar Frontier Lands California Power Plant Deal" Woody, Todd, Forbes, January 17, 2012,accessed 1/25/2012 (http://www.forbes.com/sites/toddwoody/2012/01/17/japans-solar-frontier-lands-big-california-power-plant-deal/)

grants but the price does not change if the project does not qualify for such funds. See Appendix A for more information on expected project financing.

Based on the project's project viability score and the above development progress, it is reasonable that Catalina Solar will be able to meet the PPA's terms and conditions.

Portfolio Need

As a resource with commercial deliveries beginning in 2013, this project will provide deliveries during Compliance Period 2011-2013. Future RPS procurement quantity requirements adopted in D.11-12-020 were defined as follows: SDG&E must procure RPS-eligible resources equivalent to an average of 20% of retail sales for 2011-2013; 25% of retail sales by the end of 2016; and 33% of retail sales by 2020 and for each year thereafter.

When adjusting its RPS portfolio to account for a certain amount of contract failure, SDG&E's primary need for new renewable generation is projected in Compliance Period 2011-2013 and Compliance Period 2017-2020 as shown in Figure 1. Figure 1 depicts the projected annual net long/short position under a risk-adjusted scenario. This graphical illustration shows that SDG&E is over-contracted from 2014 through 2016, and that its annual need increases during the third compliance period from 2017 to 2020.

Figure 1: SDG&E's RPS Portfolio Need[12]

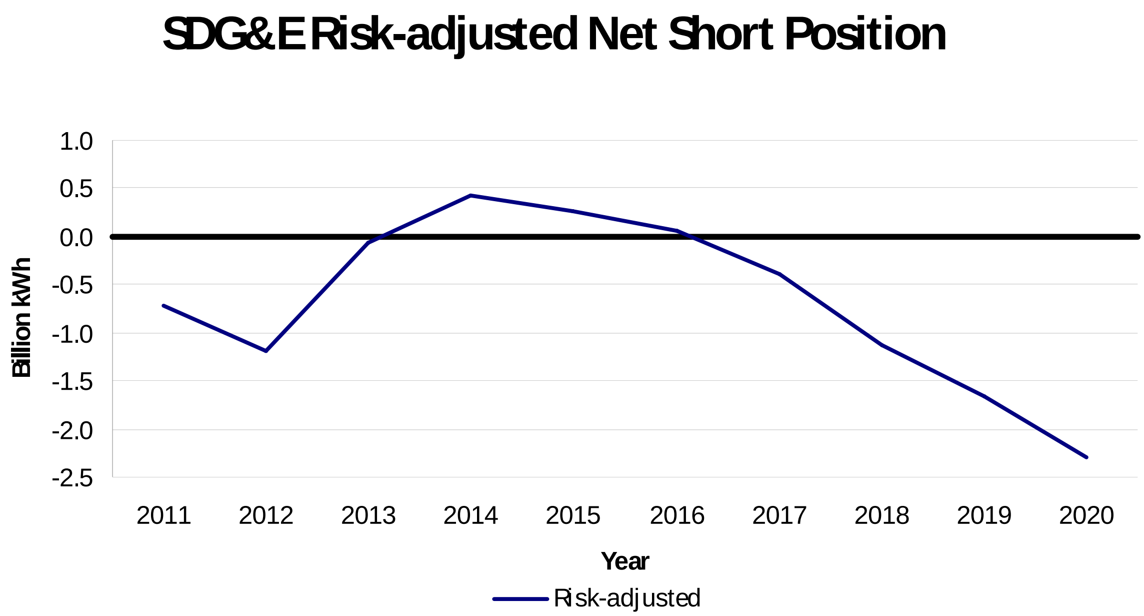

Table 1, below, provides a summary of 1) SDG&E's forecast for RPS compliant renewable generation on a under a risk-adjusted scenario and 2) the forecast annual generation from 2011 to 2020 for the Catalina Solar project. Table 1 also shows the forecast annual generation as well as the annual net long/short positions of the portfolio when benchmarked against the compliance periods.

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[12] Data is based on SDG&E AL 2300-E. For assumptions see Table 1

Table 1: SDG&E's RPS Portfolio Needs and Catalina Solar's Expected Generation

Risk-adjusted Portfolio Scenario

Assumes the IOU's forecased risk-adjusted (i.e. 60% project success) deliveries from executed contracts not yet on-line
APT based on the utility's most recent bundled sales forecast
APT assumes 20% goal through 2013, straight-line to 25% in 2016, and straight-line to 33% in 2020 and beyond
Includes all contracts executed through August 31, 2011 as well asd bilateral contracts that are currently being negotiated.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
RPS-Eligible Energy Delivery (billions of kWh)	[redacted]				4.4	4.6	4.5	4.2	4.1	2.2
Long/Short Position (billions of kWh)					0.3	0.1	-0.4	-1.1	-1.7	-2.3

Catalina Solar Projected Energy Delivery

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expected Catalina Solar Energy Deliveries (billions of kWh)	0.000	0.000	0.163	0.222	0.221	0.219	0.218	0.216	0.215	0.213
% of Retail Sales	[redacted]				1.21%	1.18%	1.16%	1.13%	1.10%	1.09%
Long/Short Position w/Catalina Solar (billions of kWh)					0.5	0.3	-0.2	-0.9	-1.5	-2.1

Thus, as noted above, generation from the Catalina Solar project will contribute both to SDG&E's near-term and long-term RPS procurement portfolio needs. See Confidential Appendix A for further discussion on SDG&E's need requirements and portfolio fit.

Compliance with the Interim Greenhouse Gas Emissions Performance Standard

California Public Utilities Code Sections 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. Generating facilities using certain renewable resources are deemed compliant with the EPS.[14]

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).

14 D.07-01-039, Attachment 7, at page 4

The Catalina Solar PPA meets the conditions for EPS compliance because it is for intermittent generation with a capacity factor less than 60 percent.

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.

SDG&E's PRG is comprised of representatives from various organizations including the Division of Ratepayer Advocates, The Utility Reform Network, and the Union of Concerned Scientists. SDG&E asserts that the Catalina Solar PPA appeared on the PRG meeting agendas for the April and May, 2011 meetings. SDG&E asserts that it consulted with the PRG regarding the Catalina PPA at both of these meetings.

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

Contribution to Minimum Quantity Requirement for Long-Term/New Facility Contracts

D.07-05-028 established a "minimum quantity" condition on the ability of the utilities to count an eligible contract of less than 10 years duration for compliance with the RPS program.[15] In the calendar year that a short-term contract with an existing facility is executed, the utility must also enter into long-term contracts or contracts with new facilities equivalent to at least 0.25 percent of the utility's previous year's retail sales.

[15] For purposes of D.07-05-028, contracts of less than 10 years duration are considered "short-term" contracts and facilities that commenced commercial operations prior to January 1, 2005 are considered "existing."

The Catalina Solar PPA will contribute to SDG&E's minimum quantity requirement established in D.07-05-028 because it is a long-term contract for a new facility.

Pursuant to SB 2(1X), the Commission is implementing a new minimum quantity requirement in Rulemaking 11-05-005.

RPS Eligibility and Commission Approval

Pursuant to Public Utilities Code Section 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.[16]

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."[17]

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

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

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

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 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.

Confidential Information

The Commission, in implementing Public Utilities Code Section 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

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 Catalina Solar Power Purchase Agreement (PPA) is consistent with the bilateral contracting guidelines established in Decision (D.)06-10-019 and D.09-06-050.
2. The Catalina Solar PPA is consistent with San Diego Gas & Electric's (SDG&E's) 2011 Renewables Portfolio Standard (RPS) Procurement Plan, as approved by D.11-04-030.
3. The Catalina Solar PPA was evaluated consistent with the Least Cost Best Fit (LCBF) methodology identified in SDG&E's RPS Procurement Plan.
4. The Catalina Solar 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.
5. An Independent Evaluator (IE) oversaw SDG&E's negotiations with Catalina Solar, consistent with D.06-05-039 and D.09-06-050.
6. The Catalina Solar PPA reasonably compares to the results of SDG&E's 2011 RPS solicitation and other comparable contracts.
7. Payments made by SDG&E under the Catalina Solar PPA are fully recoverable in rates over the life of the PPA, subject to Commission review of SDG&E's administration of the PPA.
8. The price of the Catalina PPA is above the applicable 2009 MPR. Because SDG&E had exhausted its above-market costs allocated in E-4199, it voluntarily entered into the Catalina PPA at a price that exceeded the applicable market price referent.
9. It is reasonable to expect that Catalina Solar will be able to meet the PPA's terms and conditions.
10. The Catalina Solar PPA meets the conditions for Emission Performance Standard compliance because it is for intermittent generation with a capacity factor less than 60 percent.
11. Pursuant to D.02-08-071, SDG&E's Procurement Review Group participated in the review of the Catalina Solar PPA.

12. The Catalina Solar PPA will contribute to SDG&E's minimum quantity requirement established in D.07-05-028 because it is a long-term contract for a new facility.
13. Any procurement pursuant to the Catalina Solar PPA is procurement 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 RPS, Decision 03-06-071, or other applicable law.
14. The above 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 California Energy Commission certification, or the utility of its obligation to pursue remedies for breach of contract.
15. 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.

THEREFORE IT IS ORDERED THAT:

1. San Diego Gas & Electric Company's Advice Letter 2276-E, requesting Commission review and approval of a power purchase agreement with Catalina Solar, LLC, is approved without modification.

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 March 8, 2012; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

Confidential Appendix A

Evaluation Summary of the Catalina Solar PPA

[Redacted]

Confidential Appendix B

Excerpt from Independent Evaluator's Report and Supplemental Report Regarding SDG&E's PPA with Catalina Solar

[Redacted]