

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

ID #10048
RESOLUTION E-4388
January 13, 2011

REDACTED

R E S O L U T I O N

Resolution E-4388. San Diego Gas & Electric (SDG&E) requests approval of two renewable power purchase agreements with Centinela Solar Energy, LLC.

PROPOSED OUTCOME: This Resolution approves SDG&E's request for cost recovery of two renewable energy power purchase agreements (PPA) with Centinela Solar Energy, LLC. The PPAs are approved without modification.

ESTIMATED COST: Costs of these contracts are confidential at this time.

By Advice Letter 2171-E filed on May 19, 2010 and Advice Letter 2193-E filed on August 26, 2010

SUMMARY

SDG&E's proposed PPAs with Centinela Solar Energy, LLC comply with the Renewables Portfolio Standard (RPS) procurement guidelines and are approved.

SDG&E filed Advice Letter (AL) 2171-E on May 19, 2010 requesting Commission review and approval of a renewable energy PPA executed with Centinela Solar Energy, LLC (Centinela). This PPA is the result of SDG&E's 2009 RPS solicitation. SDG&E filed Advice Letter AL 2193-E on August 26, 2010 requesting Commission review and approval of a renewable energy PPA also executed with Centinela. This second PPA is the result of bilateral negotiations. The second PPA is for generation from an expansion of the Centinela facility, which is the facility that will provide renewable generation pursuant to the first

PPA. Both PPAs are long-term PPAs with 20-year terms. The facility will be located in Calexico, Imperial County, California, which is in the Imperial Valley region of California.

The following table summarizes the agreements:

Generating Facility	Technology Type	Term (Years)	Minimum Capacity (MW)	Energy (GWh/year)	Online Date	Location
Centinela Solar Energy	Solar PV, new	20	110	235.1	April 1, 2013	Calexico, CA
Centinela Solar Energy (expansion)	Solar PV, new	20	30	62.3	June 1, 2014	Calexico, CA

The Commission approves the proposed PPAs because they are consistent with SDG&E's 2009 RPS Procurement Plan, and the costs of the PPAs are reasonable in comparison to the bids SDG&E received in its 2009 RPS solicitation. Deliveries under the PPAs are fully recoverable in rates over the life of the PPAs, subject to Commission review of SDG&E's administration of the PPAs.

NOTICE

Notice of AL 2171-E and AL 2193-E was made by publication in the Commission's Daily Calendar. SDG&E states that copies of the Advice Letters were mailed and distributed in accordance with Section 3.14 of General Order 96-B.

BACKGROUND

Overview of the Renewables Portfolio Standard (RPS) Program

The RPS Program administered by the Commission requires each utility to increase its total procurement of eligible renewable energy resources by at least

1% of retail sales per year so that 20% of each utility's retail sales are procured from eligible renewable energy resources no later than December 31, 2010.¹

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>.

PROTESTS

AL 2171-E and AL 2193-E were not protested.

DISCUSSION

SDG&E requests approval of two renewable energy contracts with Centinela

On May 19, 2010, SDG&E filed AL 2171-E requesting Commission approval of a renewable PPA with Centinela (Centinela PPA). The Centinela PPA resulted from SDG&E's 2009 RPS solicitation. On August 26, 2010, SDG&E filed AL 2193-E requesting Commission approval of a renewable PPA (Expansion PPA) with Centinela for the additional capacity.

Procurement pursuant to the PPAs is expected to contribute a minimum of 297.4 gigawatt-hours (GWh) annually towards SDG&E's Annual Procurement Target (APT).

SDG&E requests the Commission to issue a Resolution finding that:

1. The proposed agreements are consistent with SDG&E's CPUC-approved RPS Plan and procurement from the Proposed Agreement will contribute towards SDG&E's RPS procurement obligation.
2. SDG&E's entry into the Proposed Agreements and the terms of such agreements are reasonable; therefore, the Proposed Agreements in their entirety and all costs of the Proposed Agreements including for energy, green attributes, resource adequacy, and load uplift are fully recoverable in rates over the life of the Proposed Agreements subject to Commission review of SDG&E's administration of the Proposed Agreements.

¹ See Public Utilities (Pub. Utils.) Code § 399.15(b)(1).

3. Generation procured pursuant to the Proposed Agreement 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 Agreements will contribute to SDG&E's minimum quantity requirement established in D.07-05-028.
5. Expected Project deliveries are eligible for earmarking treatment under RPS flexible compliance mechanisms.
6. The PPA are not an unbundled and/or tradable renewable energy credit transaction.
7. The confidential appendices attached to the Advice Letter 2171-E and the confidential portions of the Advice Letter 2171-E will not be made public upon Commission approval of the Advice Letter 2171-E.

Energy Division review of the proposed PPAs

Energy Division evaluated the PPAs according to the following criteria:

- Consistency with bilateral contracting guidelines
- Consistency with SDG&E's 2009 RPS Procurement Plan
- Consistency with least-cost best-fit methodology identified in SDG&E's RPS Procurement Plan
- Consistency with RPS standard terms and conditions (STC)
- Compliance with the minimum quantity condition
- Compliance with the Interim Emissions Performance Standard
- Cost reasonableness
- Cost containment
- Procurement Review Group (PRG) participation
- Independent Evaluator review
- Project viability

Consistency with Bilateral Contracting Guidelines

While the Centinela PPA originated from the SDG&E's 2009 RPS solicitation, the Expansion PPA is the result of bilateral negotiations. In D.06-10-019, the Commission determined that bilateral contracts were permissible provided that they were at least one month in duration, submitted for approval by advice letter, do not receive above-market funds (AMFs), and that the contracts be deemed reasonable. In D.09-06-050, the Commission determined that bilateral contracts should be reviewed according to the same processes and standards as contracts that are the result of a competitive solicitation.² Accordingly, as described below, Energy Division reviewed the bilaterally negotiated Expansion PPA using the same standards used to review PPAs resulting from an annual solicitation. Applying this standard, the Expansion PPA is consistent with the bilateral contracting guidelines established in D.06-10-019 and D.09-06-050.

While SDG&E has complied with the Commission's rules concerning bilateral contracts, we affirmatively state here, as stated previously, that the competitive solicitation process is preferred and should be the primary vehicle for RPS procurement.³

Consistency with SDG&E's 2009 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

² The current process set forth for seeking Commission approval for an RPS contract is that RPS contracts, of any length greater than one month in duration, must be submitted for approval by advice letter, unless special conditions warrant filing an application (for example, if the PPA does not include the required standard terms and conditions).

³ See, e.g., Resolution E-4350.

⁴ Pub. Utils. Code, Section §399.14(a)(3).

⁵ Pub. Utils. Code, Section §399.14.

Commission reviews the results to verify that the utility conducted its solicitation according to its Commission-approved procurement plan.⁶

In SDG&E's 2009 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 SDG&E's 2009 RPS Plan called for SDG&E to issue a competitive solicitation for electric energy generated by eligible renewable resources that could deliver in 2010, 2011, 2012, or 2013 for preferred terms of 10, 15, or 20 years in length with terms less than 10 years and terms greater than 20 years also being acceptable. 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. 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. In addition, SDG&E's Plan discussed utility plans to pursue renewable energy generation from utility-owned resources.

The PPAs are contracts for renewable generation that fit SDG&E's identified renewable resource needs. The proposed PPAs are for generation from a renewable energy facility that is expected to provide renewable energy deliveries beginning in 2013, thus contributing towards SDG&E's 20 percent RPS requirement, 33 percent goal, and SDG&E's Sunrise Powerlink commitment.

The PPAs are consistent with SDG&E's 2009 RPS Procurement Plan, as approved by D.09-06-018.

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.⁸ The decision offers guidance regarding

⁶ SDG&E's 2009 RPS Procurement Plan was approved by D.09-06-018 on June 8, 2009.

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.

⁸ See §399.14(a)(2)(B)

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 2009 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 selected the Centinela PPA from its 2009 RPS solicitation using its LCBF evaluation methodology. The Expansion PPA, however, resulted from bilateral negotiations and therefore did not compete directly with other RPS projects. In AL 2193-E, SDG&E explains that it evaluated the bilateral agreement using the same LCBF evaluation methodology it employed for evaluating its 2009 RPS solicitation. Thus, SDG&E used its LCBF methodology to evaluate both the Centinela PPA and Expansion PPA. (See the “Cost Reasonableness” section of this Resolution for a discussion of how the PPAs compare to SDG&E’s 2009 RPS solicitation and Confidential Appendix B for SDG&E’s LCBF evaluation of the PPAs.)

The PPAs were evaluated consistent with the LCBF methodology identified in SDG&E’s 2009 RPS Procurement Plan.

Consistency with RPS Standard Terms and Conditions (STCs)

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 PPAs include the Commission adopted RPS “non-modifiable” standard terms and conditions, as set forth in D.08-04-009 and amended by D.08-08-028.

Compliance with the Minimum Quantity Condition

D.07-05-028 established a "minimum quantity" condition on the ability of utilities to count an eligible short-term contract with an existing facility for compliance

with the RPS program.⁹ In the calendar year that a short-term contract with an existing facility is executed, the utility must also enter into long-term contract(s) or contract(s) with new facilities equivalent to at least 0.25% of the utility's previous year's retail sales.

The PPAs are considered new, long-term contracts because they are more than 10 years in length and the facility will begin operation after January 1, 2005. Therefore, the PPAs will contribute to SDG&E's minimum quantity requirement established in D.07-05-028.

Compliance with the Interim Greenhouse Gas Emissions Performance Standard (EPS)

California Pub. Utils. Code §§ 8340 and 8341 require that the Commission consider emissions costs associated with new long-term (five years or greater) baseload power contracts procured on behalf of California ratepayers.¹⁰

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.¹¹

The PPAs meet the conditions for EPS compliance because the Centinela solar PV facility is one of the pre-approved renewable energy technologies listed in D.07-01-039 that is deemed EPS compliant.

⁹ For purposes of D.07-05-028, contracts of less than 10 years duration are considered "short-term," and facilities that commenced commercial operations on or after January 1, 2005 are considered "new."

¹⁰ "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. Utils. Code § 8340 (a).

¹¹ D.07-01-039, Attachment 7, p. 4

Cost reasonableness evaluation

The Commission evaluates the reasonableness of each proposed RPS PPA price by comparing the proposed PPA price to a variety of factors including RPS solicitation results and other proposed RPS projects. Using this analysis, the PPAs are reasonably priced. Confidential Appendix B includes a detailed discussion of the contractual pricing terms, including SDG&E's estimates of the total contract costs under the PPAs.

The total all-in costs of the PPAs are reasonable relative to the bids SDG&E received in its 2009 solicitation.

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

Cost containment

Pursuant to statute, the Commission calculates a market price referent (MPR) to assess whether a proposed PPA has above-market costs.¹² The MPR is used by the Commission to assess the above-market costs of RPS contracts. There is a statutory limit on above-MPR costs, which serves as a cost containment mechanism for the RPS program.¹³ Contracts that meet certain criteria are eligible for above-MPR funds (AMFs).¹⁴ SDG&E has exhausted its AMFs

¹² See Pub. Util. Code § 399.15(c).

¹³ See Pub. Utils. Code §399.15.

¹⁴ Under Resolution E-4199, a PPA between a utility and a developer must meet the following requirements for the utility to achieve AMFs eligibility: (1) the PPA must have Commission approval and be selected through a competitive solicitation, (2) it must cover a duration of at least 10 years; (3) it must develop a new or repowered facility commencing operations on or after January 1, 2005; (4) it must not be a purchase of renewable energy credits; and (5) it must not include any indirect expenses as set forth in the statute.

provided by statute;¹⁵ thus, SDG&E is not required to procure RPS-eligible generation at above-MPR costs but may voluntarily choose to do so.¹⁶

Based on a 2013 commercial online date for the Centinela PPA, the 20-year PPA exceeds the 2009 MPR.¹⁷ The Centinela PPA meets the eligibility criteria for Above-MPR Funds¹⁸ (AMFs) established in Pub. Utils. Code §399.15(d)(2).¹⁹

Based on a 2014 commercial online date for the Expansion PPA, the 20-year PPA exceeds the 2009 MPR. The Expansion PPA does not meet the eligibility criteria for AMFs because it is not the result of a solicitation.

Since SDG&E has exhausted its AMFs, it is voluntarily entering into the PPAs at prices that exceed the applicable market price referent as permitted by Public Utilities Code § 399.15(d).

Procurement Review Group (PRG) Participation

The Procurement Review Group (PRG) process 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

¹⁵ On May 28, 2009, the Director of the Energy Division notified SDG&E that it had exhausted its AMFs account.

¹⁶ See Pub. Util. Code § 399.15(d).

¹⁷ See Resolution E-4298.

¹⁸ The \$/MWh portion of the contract price that exceeds the MPR, multiplied by the expected generation throughout the contract term, represents the total AMFs for a given PPA.

¹⁹ The following eligibility criteria for AMFs: (1) contract was selected through a competitive solicitation, (2) contract covers a duration of no less than 10 year, (3) contracted project is a new facility that will commence commercial operations after January 1, 2005, (4) contract is not for renewable energy credits, and (5) the above-market costs of a contract do not include any indirect expenses including imbalance energy charges, sale of excess energy, decreased generation from existing resources, or transmission upgrades.

other procurement processes prior to submitting filings to the Commission as an interim mechanism for procurement review.²⁰

SDG&E provided its PRG with information on the contract negotiations for the Centinela PPA on September 25, 2009 and January 15, 2010. SDG&E provided its PRG with information on the contract negotiations for the Expansion PPA on July 16, 2010. Pursuant to D.02-08-071, SDG&E's Procurement Review Group participated in the review of the PPAs.

Independent Evaluator (IE) review of SDG&E's RPS Procurement Process

The Commission requires the use of an IE to ensure that solicitation processes are undertaken in a consistent and objective manner so that projects selected for shortlisting and resulting in executed contracts are selected in a rational and equitable manner. Specifically, the IE's role is to review SDG&E's bid evaluation, monitor negotiations, and review the resulting PPA. SDG&E retained PA Consulting (PA) as the IE for SDG&E's 2009 RPS solicitation. Also, as required, SDG&E submitted IE Reports prepared by PA with AL 2171-E and AL 2193-E.

According to the IE Reports, PA performed its duties overseeing the 2009 solicitation. In its IE Reports, PA asserts that SDG&E's bid evaluation methodology is reasonable and SDG&E conducted the solicitation in a fair and equitable manner. PA also concludes that the PPAs merit Commission approval based on their prices and value relative to SDG&E's 2009 solicitation and other current offers. (See Confidential Appendix C and D for the IE's reports on the Centinela PPA and the Expansion PPA.)

Consistent with D.06-05-039 and D.09-06-050, an independent evaluator (IE) oversaw SDG&E's RPS procurement process.

²⁰ SDG&E's PRG participants are: California Department of Water Resources, California Public Utilities Commission – Division of Ratepayer Advocates, The Utility Reform Network, Union of Concerned Scientists, and Coalition of California Utility Employees

Project Viability

SDG&E asserts that the Centinela project and Expansion are viable and will be able to fulfill the terms and conditions in the PPAs. SDG&E provided the following information regarding the viability of the project.

Developer experience

The developer, LS Power, has an extensive history of power plant development and operation.²¹ In addition to the Centinela project, LS Power has two other solar projects in advanced development stages: Dover SUN Park in Delaware and Arlington Valley Solar Energy in Arizona.

Technology and Resource

The Centinela project will use proven solar photovoltaic technology and will be located within the Renewable Energy Transmission Initiative (RETI) defined Imperial South Competitive Renewable Energy Zone (CREZ).²² The Imperial South CREZ is rated as an area with significant solar resources. Additionally, the Centinela site has an average of insolation of 7.23 kWh/m²/day. Based on the National Renewable Energy Laboratory's scale, this insolation classifies the area as a solar class 2 area which is generally considered as economically competitive.

Project Development

Full site control has been obtained via options to purchase, options to lease, and purchase contracts. The lengths of the options are longer than the anticipated permitting schedule and lease terms exceed the term length of the proposed PPAs. A SF299 Application for Transportation and Utility Systems and Facilities on Federal Lands has been filed with the United States Bureau of Land Management (BLM), which is necessary for the project's interconnection with the Imperial Valley substation. Also, a conditional use permit has been filed with Imperial County. Additionally, the project has received CEC pre-certification for RPS-eligibility.

²¹ <http://www.lspower.com/>

²² RETI CREZ map (March 2010):
http://www.energy.ca.gov/reti/documents/phase2B/RETI-CREZ_Map_10_0309.pdf

The project plans to interconnect to the Imperial Valley substation. Phase I and II transmission studies are complete for the project capacity pursuant to the Centinela PPA. A CAISO Large Generator Interconnection Agreement (LGIA) is expected to be executed by the end of 2010. Required network upgrades for deliverability of the generation under the Centinela PPA include extension of the Imperial Valley 230 kV bus and the installation of three breakers with disconnects, as well as communications equipment. The network upgrades are expected to take 18 months to complete and will not begin construction until the LGIA is complete. The interconnection application for the expansion of the project was submitted in July 2010, and required upgrades, if any, are not yet known.

SDG&E asserts that the Centinela project is viable and will provide renewable energy according to the terms and conditions in the PPAs.

RPS ELIGIBILITY AND CPUC APPROVAL

Pursuant to Pub. Utils. Code § 399.13, 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.²³

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”

²³ See, e.g. D. 08-04-009 at Appendix A, STC 6, Eligibility.

(Public Utilities Code Section 399.11 et seq.), Decision 03-06-071, or other applicable law."²⁴

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."

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 a 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. Utils. 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.

²⁴ See, e.g. D. 08-04-009 at Appendix A, STC 1, CPUC Approval.

COMMENTS ON THIS RESOLUTION

Public Utilities Code § 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

FINDINGS AND CONCLUSIONS

1. The Centinela expansion power purchase agreement (PPA) is consistent with the bilateral contracting guidelines established in D.06-10-019 and D.09-06-050.
2. The PPAs are consistent with SDG&E's 2009 RPS Procurement Plan, as approved by D.09-06-018.
3. The PPAs were evaluated consistent with the least-cost best-fit methodology identified in SDG&E's 2009 RPS Procurement Plan.
4. The PPAs include the Commission-adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009 and amended by D.08-08-028.
5. The PPAs will contribute to SDG&E's minimum quantity requirement established in D.07-05-028.
6. The PPAs meet the condition for EPS compliance because the Centinela facility will use one of the pre-approved renewable energy technologies listed in D.07-01-039 that is deemed compliant.
7. The total all-in costs of the PPAs are reasonable relative to the bids SDG&E received in its 2009 RPS solicitation.
8. Payments made by SDG&E under the PPAs are fully recoverable in rates over the life of the PPAs, subject to Commission review of SDG&E's administration of the PPAs.
9. The PPAs' prices exceed the applicable 2009 market price referent.

10. SDG&E is voluntarily entering into the PPAs at prices that exceed the applicable market price referent, as permitted under the Public Utilities Code §399.15.
11. Pursuant to D.02-08-071, SDG&E's Procurement Review Group participated in the review of the PPAs.
12. Consistent with D.06-05-039 and D.09-06-050, an independent evaluator oversaw SDG&E's RPS procurement process.
13. SDG&E asserts that the Centinela project is viable and will provide renewable energy according to the terms and conditions in the PPAs.
14. Procurement pursuant to the PPAs 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.), D.03-06-071 and D.06-10-050, 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 PPAs to count towards an RPS compliance obligation. Nor shall that finding absolve SDG&E of its obligation to enforce compliance with these PPAs.
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 2171-E and AL 2193-E should be approved effective today without modification.

THEREFORE IT IS ORDERED THAT:

1. The request of San Diego Gas & Electric Company for Commission review and approval of a power purchase agreement with Centinela Solar Energy, LLC, as requested in Advice Letter 2171-E, is approved.
2. The request of San Diego Gas & Electric Company for Commission review and approval of a power purchase agreement with Centinela Solar Energy, LLC, as requested in Advice Letter 2193-E, 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 January 13, 2011; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

Confidential Appendix A

Evaluation Summary of the Centinela PPA and the Centinela Expansion PPA

[Redacted]

Confidential Appendix B

Summary of the Terms and Conditions of the Centinela
PPA and the Centinela Expansion PPA

[Redacted]

Confidential Appendix C

Excerpt from Confidential IE Report regarding SDG&E's
PPA with Centinela for 110 MW²⁵

[Redacted]

²⁵ Confidential Appendix C to Advice Letter 2171-E, Report of the Independent Evaluator on the 125 MW Centinela solar contract bid into the 2009 Request for Offers from Eligible Renewable Resources (2009 Renewable RFO) May 17, 2010

Confidential Appendix D

Excerpt from Confidential IE Report regarding SDG&E's
PPA with Centinela for 30 MW²⁶

[Redacted]

²⁶ Confidential Appendix C to Advice Letter 2193-E, Report of the Independent Evaluator on the 35 MW Centinela II contract relative to the 2009 Request for Offers from Eligible Renewable Resources (2009 Renewable RFO) August 24, 2010