

Decision 11-08-007 August 18, 2011

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Consider
the Annual Revenue Requirement
Determination of the California Department
of Water Resources and related issues.

Rulemaking 11-03-006
(Filed March 10, 2011)

**DECISION GRANTING THE REQUEST OF THE
CALIFORNIA DEPARTMENT OF WATER RESOURCES
TO MODIFY DECISION 11-03-004 REGARDING THE 2011 OPERATING
ORDER APPLICABLE TO SAN DIEGO GAS & ELECTRIC COMPANY**

Summary

Today's decision grants the modification to Decision 11-03-004, requested by the California Department of Water Resources. The Operating Order applicable to San Diego Gas & Electric Company in Decision 11-03-004 is modified to account for San Diego Gas & Electric Company now being the Scheduling Coordinator for Shell Wind's Cabazon and Whitewater Hill contracts (see Attachment A for modified Schedule 1 of Decision 11-03-004).

Procedural Background

In Decision (D.) 03-04-029, as modified by D.04-10-020, the Commission approved the servicing and operating orders and agreements applicable San Diego Gas & Electric Company (SDG&E) and other energy utilities that

operate in California,¹ which set forth the terms and conditions under which these utilities administer the California Department of Water Resources (CDWR) power contracts and how they dispatch the electricity generating assets within their portfolios. Most recently, we issued D.11-03-004, in which we approved further modifications of the servicing and operating orders and agreements of SDG&E, PG&E, and SCE.

On June 16, 2011, CDWR submitted a memorandum to Paul Clanon, Executive Director of the California Public Utilities Commission (Commission), in which CDWR requested that the Commission make a modification to the 2011 Operating Order that is applicable to SDG&E, and which was approved in D.11-03-004.² In particular, CDWR states that effective March 1, 2011, SDG&E became the Scheduling Coordinator for the two Shell Wind contracts (Cabazon and Whitewater Hill) allocated to SDG&E. During the time period when CDWR requested the Commission to adopt the SDG&E 2011 Operating Order, SDG&E and CDWR did not envision that Schedule 1 to Attachment 6 of D.11-03-004 would need to reflect this. Since SDG&E is now the Scheduling Coordinator for the Shell Wind contracts, CDWR and SDG&E have agreed that Schedule 1 of the SDG&E 2011 Operating Order should be modified to reflect the Remittance Basis for these two contracts, and requests that the Commission modify the 2011

¹ These decisions also approved the servicing and operating orders and agreements applicable to Pacific Gas and Electric Company (PG&E). D.02-12-069 approved such servicing and operating orders and agreements for Southern California Edison Company (SCE).

² This is referred to as the "2010 Operating Order" in D.11-03-004 at 2, and in Attachment 6 of that decision.

Operating Order for SDG&E by adopting the proposed revision to Schedule 1 as set forth in the June 16, 2011 memorandum.

Discussion

The June 16, 2011 memorandum of CDWR requests that the proposed modifications to SDG&E's Operating Order be adopted. In particular, CDWR requests that changes be made to Schedule 1 to Attachment 6 of D.11-03-004 regarding the Contract titled Participating Intermittent Resource Program (PIRP) that addresses the Shell Wind contracts. Attached is a proposed revised Schedule 1 with the additions either shaded or underlined:

Schedule 1

ALLOCATED CONTRACTS

SDG&E Contracts	Contract Name	Contract Bidding and Operations Summary	Remittance Basis	Contract Stated Termination Date
Must-Take Contract	JP Morgan B/C	IST in Day Ahead at SP15 Gen Hub	IST Quantity	12/31/2010
Large Dispatchable	Sunrise	Unit will be bid into Market	Metered Amount ¹	6/30/2012
Small Dispatchable (Peakers)	Calpeak - Border, El Cajon, Enterprise - SDG&E is SC*	Unit will be bid into Market	Metered Amount ¹	12/8/2011 - Escondido 12/12/2011 - Border 1/1/2012 - El Cajon
	Calpeak - Border, El Cajon, Enterprise - SDG&E is not SC	Bid or self-scheduled into market for all hours (with IST when self-scheduled) (in Day Ahead and/or HASP) at P-node ^{4,5}	IST Quantities ²	12/8/2011 - Escondido 12/12/2011 - Border 1/1/2012 - El Cajon
<u>PIRP</u>	<u>Shell Wind - Cabazon, Whitewater Hill - SDG&E is SC**</u>	<u>Unit will be bid or self-scheduled into Market as required for PIRP</u>	<u>Metered Amount¹</u>	<u>12/31/2013</u>
PIRP	Shell Wind - Cabazon, Whitewater Hill - SDG&E is not SC	IST (in Day Ahead and/or HASP) at P-node ³	IST Quantities ²	12/31/2013

¹ IOU-SC will retain market revenues/charges.

² IST quantities include CPT quantities, if any.

³ IOU will schedule PIRP units according to PIRP requirements.

⁴ Market Revenues generated by Bid awards will be paid to DWR by the counterparty.

⁵ A schedule reduction in HASP can only be accomplished by DEC bids.

* Effective April 1, 2010, SDG&E became the SC for Calpeak Contracts.

**Effective March 1, 2011, SDG&E became the SC for the Shell Wind Contracts.

According to the June 16, 2011 memorandum request, CDWR worked with SDG&E to make the changes that are reflected in the updated Operating Order. On June 17, 2011, the assigned Administrative Law Judge (ALJ) issued an email ruling treating CDWR's June 16th, 2011 memorandum as a petition to modify D.11-03-004 and requesting comments from the parties. This e-mail was followed by a written ruling issued on June 27, 2011. No responses in opposition to CDWR's memorandum request were received. We have reviewed the proposed modifications to the Operating Order and find them to be reasonable and in compliance with previous Commission decisions.

Since CDWR and SDG&E agree to the proposed modifications, and no one has objected to the June 16, 2011 memorandum request of CDWR to modify the SDG&E Operating Order that was approved in D.11-03-004, the request of CDWR is granted. The proposed modifications to SDG&E's Operating Order, in particular to Schedule 1 to Attachment 6 of D.11-03-004, as shown above, are approved.

Rehearing and Judicial Review

This decision construes, applies, implements, and interprets the provisions of Assembly Bill 1 of the Legislature's First Extraordinary Session of 2001-2002 (AB 1X). Pursuant to Public Utilities Code Section 1731(c) any application for rehearing of this decision must be filed within 10 days of the date of issuance of this decision, and the provisions of Public Utilities Code Section 1768 are applicable to any judicial review of this decision.

Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Pub. Util. Code and

Rule 14.6(c)(2), the otherwise applicable 30-day period for public review and comment is waived.

Assignment of Proceeding

Michael R. Peevey is the assigned Commissioner, and Seaneen M. Wilson is the assigned ALJ in this proceeding.

Findings of Fact

1. The Commission approved the operating orders of PG&E and SDG&E in D.03-04-029 as modified by D.04-10-020.
2. Most recently, we issued D.11-03-004, in which we approved further modifications to the servicing and operating orders and agreements of SDG&E, PG&E, and SCE. In particular, we adopted a 2011 Operating Order applicable to SDG&E.
3. On June 16, 2011, CDWR submitted a memorandum requesting that the Commission make a modification to the 2011 Operating Order applicable to SDG&E, which was approved in D.11-03-004. This memorandum included the specific modifications to Schedule 1 of Attachment 6 of D.11-03-004.
4. On June 17, 2011, the assigned ALJ issued an email ruling requesting comments on CDWR's June 16th, 2011 memorandum. This ruling was memorialized in a written ruling of the ALJ issued on June 27, 2011.
5. The June 17 and 27, 2011 ALJ rulings treat CDWR's request as a petition to modify D.11-03-004.
6. SDG&E concurs with the proposed modifications to 2011 Operating Order.

Conclusions of Law

1. CDWR's June 16, 2011 request to modify the 2011 Operating Order applicable to SDG&E as detailed below should be granted.

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**Effective March 1, 2011, SDG&E became the SC for the Shell Wind Contracts.

2. This decision construes, applies, implements, and interprets the provisions of Assembly Bill 1 of the Legislature’s First Extraordinary Session of 2001-2002 (AB 1X). Pursuant to Public Utilities Code Section 1731(c) any application for rehearing of this decision should be filed within 10 days of the date of issuance of this decision, and the provisions of Public Utilities Code Section 1768 are applicable to any judicial review of this decision.

ORDER

1. The June 16, 2011 memorandum request of the California Department of Water Resources, to modify Schedule 1 of Attachment 6 of Decision 11-03-004, the 2011 Operating Order applicable to San Diego Gas & Electric Company, as detailed below, is granted.

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2. This decision construes, applies, implements, and interprets the provisions of Assembly Bill 1 of the Legislature's First Extraordinary Session of 2001-2002 (AB 1X). Pursuant to Public Utilities Code Section 1731(c) any application for

rehearing of this decision should be filed within 10 days of the date of issuance of this decision, and the provisions of Public Utilities Code Section 1768 are applicable to any judicial review of this decision.

3. Rulemaking 11-03-006 remains open.

This decision is effective immediately.

Dated August 18, 2011, at San Francisco, California.

MICHAEL R. PEEVEY

President

TIMOTHY ALAN SIMON

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

MARK J. FERRON

Commissioners