

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

ENERGY DIVISION

**Agenda ID #20943  
RESOLUTION E-5235  
OCTOBER 20, 2022**

**R E S O L U T I O N**

Resolution E-5235. San Diego Gas & Electric Company Amendments to System Reliability Contract with Ortega Grid, LLC.

PROPOSED OUTCOME:

- Approves San Diego Gas & Electric Company Amendments to System Reliability Contract with Ortega Grid, LLC.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution.

ESTIMATED COST:

- Contract costs are confidential at this time.

By Advice Letter 4026-E, Filed on June 28, 2022

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**SUMMARY**

This resolution approves San Diego Gas & Electric Company (SDG&E) amendments to one system reliability contract for capacity procured to meet requirements of Decision (D.)19-11-009. The contract with Ortega Grid, LLC. (Ortega Grid) is amended to delay the online date by one year to June 1, 2023, in exchange for a reduction in the agreement's original contract price.

**BACKGROUND**

D.19-11-016 in the Integrated Resource Plan (IRP) Rulemaking, (R.)16-02-007, ordered SDG&E to procure 292.9 MW of system resource adequacy (RA) capacity, at least 50% of which is required to come online by August 1, 2021, 75% by August 1, 2022, and 100% by August 1, 2023. The Commission directed the IOUs to conduct all-source

## SAN DIEGO GAS &amp; ELECTRIC COMPANY AL 4026-E/CHO

solicitations that would consider “existing as well as new resources, demand-side resources, combined heat and power, and storage,” provided that selected resources were incremental to baseline resource assumptions included in the Preferred System Plan that the Commission adopted in D.19-04-040.

In addition to procurement to serve bundled customers, SDG&E is required to procure on behalf of opt-out customers. In D.19-11-016, the Commission established that if a Community Choice Aggregator (CCA) or Electric Service Provider (ESP) opted not to procure its total allocation, the relevant investor-owned utility (IOU) will be required to procure the remaining portion of the allocation. Due to this decision provision, SDG&E’s total procurement requirement is 301.3 MW, including 292.9 MW corresponding to bundled customers and 8.4 MW corresponding to customers of load serving entities (LSE) operating within the SDG&E service territory that opted out of their D.19-11-016 procurement requirements. Thus, SDG&E’s total procurement requirement is at least 150.65 MW by August 1, 2021, at least 225.98 MW by August 1, 2022, and 301.3 MW by August 1, 2023.

In December 2019, SDG&E launched its 2021-2023 IRP RFO. On September 11, 2020, SDG&E submitted AL 3605-E requesting approval of 164 MW of capacity expected to come online by August 1, 2021, to meet its Tranche 1 requirements. On December 30, 2020, SDG&E submitted AL 3666-E requesting approval of agreements for an additional 140 MW of capacity, for a combined total of up to 304 MW towards Tranche 1, 2, and 3 requirements established by D.19-11-016. The Commission subsequently partially approved Tranche 1 in Resolution E-5117 and approved Tranche 2 and 3 in Resolution E-5139.

On June 28, 2022, SDG&E filed Tier 3 AL 4026-E requesting approval of amendments to one of the Tranche 3 contracts originally approved in Resolution E-5139. The original transaction is:

Counterparty (Project Name)	Technology	Size (MW)	Location	Contract Type	Initial Delivery Date	Term (Years)
Ortega Grid Energy Storage	Standalone Lithium Ion Battery	10	Riverside, CA	RA-only	6/1/2022	10

In November 2021, Ortega Grid notified SDG&E that it was unable to complete the Generator Interconnection Agreement and interconnection construction milestones in time to meet the commercial online deadline of June 1, 2022. Ortega Grid proposed to

## SAN DIEGO GAS &amp; ELECTRIC COMPANY AL 4026-E/CHO

amend the agreement to extend the online deadline from June 1, 2022, to June 1, 2023 in exchange for a three percent (3%) reduction to the capacity price. Ortega Grid ultimately increased the price reduction to five percent (5%).<sup>1</sup>

The amendment to the agreement with Ortega Grid, LLC. amends the agreement to change the initial delivery date from June 1, 2022, to June 1, 2023 and reduces the contract price by 5%.

To evaluate the impacts of the revised price and online date, SDG&E utilized the Least-Cost, Best-Fit methodology and confirmed that the resource provides incremental system RA consistent with D.19-11-016. SDG&E compared Ortega Grid's revised price and commercial operation deadline to offers with 2023 commercial operation deadlines from the Mid-term Integrated Resource Planning Solicitation. SDG&E finds that Ortega Grid continued to have a positive Net Market Value when compared to the other offers with 2023 online dates.<sup>2</sup>

SDG&E notified the CAM PRG group of the Ortega Grid amendment on April 15, 2022, and May 20, 2022.

### **NOTICE**

Notice of AL 4026-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 4 of General Order 96-B.

### **PROTESTS**

Advice Letter 4026-E was not protested.

### **DISCUSSION**

The Commission has reviewed the Advice Letter and Confidential Appendices and finds the contract amendments to be reasonable given the interconnection delay.

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<sup>1</sup> SDG&E AL 4026-E at p. 2

<sup>2</sup> *Ibid.* at p. 3

**COMMENTS**

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-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**

1. San Diego Gas and Electric Company's total procurement requirement ordered in D.19-11-016 was 301.3 MW, including 292.9 MW corresponding to bundled customers and 8.4 MW corresponding to customers of load serving entities operating within the SDG&E service territory that opted out of their procurement requirements.
2. The Commission partially approved contracts for 164 MW of incremental capacity in Resolution E-5117 and approved contracts for 140 MW of incremental capacity in Resolution E-5139 to meet D.19-11-016 requirements.
3. The amendments to San Diego Gas and Electric Company's System Reliability contract with Ortega Grid, LLC. is reasonable given the interconnection delay.

**THEREFORE IT IS ORDERED THAT:**

1. The request of San Diego Gas & Electric Company to amend its System Reliability Contract with Ortega Grid, LLC as requested in Advice Letter 4026-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 October 20, 2022; the following Commissioners voting favorably thereon:

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Rachel Peterson  
Executive Director