Decision 08-09-041 September 18, 2008

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA EDISON COMPANY (U338E) for Approval of Results of Standard Track of Its New Generation Request for Offers and for Cost Recovery.	Application 08-04-011 (Filed April 4, 2008)

DECISION APPROVING APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY FOR AUTHORIZATION TO ACCEPT RESULTS OF THE STANDARD TRACK REQUEST FOR OFFERS FOR NEW GENERATION AND FOR COST RECOVERY

1. Summary

This decision approves the application by Southern California Edison Company (SCE) for authorization to sign four power purchase agreements (PPAs) for up to 1,350.30 megawatts (MW) selected in the standard track of its New Generation Request for Offers, and approves the allocation of the benefits and costs of the four PPAs to all benefitting customers in accordance with Decision (D.) 06-07-029, and D.07-09-044.

2. Background

On July 20, 2006, the Commission issued D.06-07-029 which directed SCE to issue a Request for Offers (RFO) seeking up to 1,500 MW of long-term contracts for New Generation (New Gen) resources. D.06-07-029 also established a cost-sharing mechanism to encourage the development of New Gen. Each investor-owned utility (IOU) was designated as the procurer of New Gen for its respective service territory. Once an IOU signs a PPA for New Gen, D.06-07-029 provides that the capacity is to be allocated to all benefitting customers in the service territory for their resource adequacy (RA) requirements, and the cost of the capacity is determined as a net of the total cost of the PPA minus the energy revenues from an energy auction. The particulars of the energy auction were established in D.07-09-044.

From the 1,500 MW authorized in D.06-07-029, SCE obtained 1,205 MW from its summer and fast track RFOs. That left 295 MW residual from D.06-07-029. In D.07-12-052, the Commission authorized SCE to procure 1,200 to 1,700 MW. This equals a residual range of 1,505 MW to 2,005 MW. When the 1,350.30 MW that are the subject of this application are subtracted from the residual, it leaves a range of 145 MW to 644 MW of unmet residual procurement authority. This accounting is based on need authorization plus approved resources and does not address any contingencies associated with any approved projects.

In accordance with D.06-07-029, on August 14, 2006, SCE issued an RFO seeking up to 1,500 MW of long-term PPAs for new generation that could come on-line on or before August 1, 2013.[1] As SCE sets forth in its application and in the accompanying testimony, SCE received 29 offers of resources that could meet the on-line target of 2013. Based on the final bid prices, SCE accepted the following offers:

CPV Sentinel, LLC

[1] In addition to the "Standard Track" RFO, SCE also initiated a Summer 2007 RFO and a Fast Track RFO for resources that could be on-line by August 1, 2010. This application and decision only address new generation resources from the Standard Track RFO.

1. 273 MW of expected capacity and associated energy from three General Electric LMS 100 gas turbines to be located in Riverside County, California, for delivery from May 1, 2012 through April 30, 2022, from CPV Sentinel, LLC (CPV), a special purpose entity and joint venture between GEL Funding, Inc. and CPV Power Development, Inc.;

El Segundo Energy Center LLC

2. Up to 500 MW of expected capacity and associated energy from El Segundo Energy Center LLC (El Segundo), a wholly owned subsidiary of NRG Energy, Inc., from the El Segundo Energy Center Facility located in El Segundo, California, which will consist of two One-on-One Siemens SGT6-5000F combined-cycle gas turbines featuring dry cooling technology and supporting generation equipment, with an expected initial delivery date of June 1, 2011, and the term expiring May 31, 2021;

Walnut Creek Energy, LLC

3. Up to 478.80 MW of expected contract capacity and associated energy from five General Electric LMS 100 gas turbines to be located in Industry, California, from Walnut Creek Energy, LLC (Walnut Creek), a wholly owned subsidiary of Edison Mission Energy, with a contract delivery period from June 1, 2013 through May 31, 2023; and

Wellhead Power Delano, LLC

4. Up to 48.5 MW of expected contract capacity and associated energy from one General Electric LM6000 Sprint simple cycle gas turbine and supporting equipment to be located in Delano, California, from Wellhead Delano, LLC (Wellhead), a special purpose entity and affiliate of Wellhead Electric Company, with a contract delivery period from June 1, 2012 through May 31, 2022.

SCE represents that the California Independent System Operator (CAISO) recently conducted the 2007 Q3 Generation Deliverability Study to assess the deliverability of all existing and proposed generation projects in the CAISO queue and that all four projects described above are deliverable under the study's conditions.

3. Application

In its application, SCE asks the Commission to approve the Standard Track New Gen RFO; find SCE's conduct in respect to the New Gen RFO reasonable; find that the CPV Contract, the El Segundo Contract, the Walnut Creek Contract and the Wellhead Contract are needed to preserve system reliability; and approve the CPV Contract, the El Segundo Contract, the Walnut Creek Contract and the Wellhead Contract as reasonable and prudent. In addition, SCE seeks authorization to allocate the benefits and costs of the four contracts to all benefitting customers in accordance with D.06-07-029 and D.07-09-044.

4. Division of Ratepayer Advocates

The Division of Ratepayer Advocates (DRA) filed a timely protest to SCE's application to preserve its right to voice any concerns it might have after completing discovery. In particular, DRA was interested in confirming the cost effectiveness of the contracts and in ensuring that they were chosen after SCE had exhausted its preferred resources and complied with the State's Energy Action Plan (EAP) and the Commission's loading order.

DRA has completed its review of the application and the proffered PPAs and amended its protest to clarify that DRA does not protest or oppose the granting of the relief sought in the application. DRA does not oppose the approval of the four contracts, the need for the contracts, or the cost recovery and allocation of benefits and costs pursuant to D.06-07-029 for the four contracts.

However, DRA amended its protest to correct SCE's understatement of its resource outlook for the time frame 2011 to 2013 when these four new contracts are scheduled to come on-line. DRA notes that this time frame, 2011-2013, will present forecast and procurement uncertainties that make it hard to accurately predict SCE's resource needs during that period. It is during this time period that many Department of Water Resources (DWR) contracts expire, the renewable portfolio standards program (RPS) deadline for the utilities to have additional renewables in their resource portfolio will pass, new transmission lines might be completed and many aging power plants could retire.[2]

From DRA's analysis of the Need Tables SCE presented with its application, SCE underestimated the proper state of its procurement activities from 2011-2013 after these four contracts are approved. DRA believes that ratepayers would benefit from having SCE's Need Tables as accurate as possible and reflect all Commission authorized need for SCE's service area. DRA is concerned that too much of a resource surplus comes with a cost to ratepayers.

In its amendment to its protest, DRA presents a Need Table that assumes the four contracts subject to this application all come on-line as projected and reflects other resources that SCE had not included in its initial Need Tables.

Since DRA's amendment recommends that the Commission approve all four contracts SCE presented in its application, this application can proceed as an unopposed proceeding. All DRA requests is that SCE's need projections for the time period 2011–2013 accurately reflect the state of SCE's procurement activities after these contracts are approved. SCE does not oppose this request.

Based on SCE's testimony and the accounting provided by DRA, as well as our analysis of the resources authorized in D.06-07-029 and D.07-12-052, when we subtract approved projects, we find that SCE has a range of residual need of

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[2] DRA Amendment to Protest, August 11, 2008.

155 MW to 655 MW, without any accounting for contingencies associated with approved resources.

5. Discussion

Even though this application is unopposed, we still evaluate the application to determine if SCE conducted the New Gen RFO in a fair and reasonable manner and if the choice of CPV, El Segundo, Walnut Creek and Wellhead as resources to serve the needs of SCE's service territory was also reasonable. In particular, we reviewed the testimony submitted by SCE in support of its application that included an Independent Evaluation Report (IE Report) prepared by Sedway Consulting, Inc. (Sedway), the description of the product requirements for bid participants, the notices for the RFO, information on meetings with the Procurement Review Groups (PRG) and the Cost Allocation Methodology (CAM) Group, the criteria SCE used in evaluating and selecting the offers, the need for the new generation, and SCE's compliance and consistency with Commission decisions.

To begin, we reviewed the testimony submitted by Sedway, the IE retained by SCE to oversee the RFO process. In the IE Report, Sedway details the tasks it undertook pursuant to the New Gen RFO and concludes that:

Independent Evaluation Report

- SCE's bid evaluation methodology and selection processes were designed fairly;
- SCE conducted a fair and effective evaluation of the offers that it received in response to the solicitation; and
- SCE made appropriate and unbiased selection decisions in choosing the four contracts.

Sedway was provided with access to all necessary materials and meetings and was able to parallel SCE's evaluation process with its own evaluation of offers. Sedway chronicles the receipt of 22 new plant-specific, or technology-specific, offers as well as 12 additional offers from SCE's Fast Track RFO, and discusses how each offer was evaluated, including the communications with the counterparties. As the process progressed, one offer was disqualified, some offers were withdrawn by the bidders, remaining offers were told to "refresh," some offers failed to meet the refresh deadline or were withdrawn, another project was rejected, and negotiations continued with the remaining counterparties. As the process continued, final capacity prices were submitted and these offers evaluated. In the end, SCE selected the four contracts, CPV, El Segundo, Walnut Creek and Wellhead for execution. Both SCE and Sedway employed the Least Cost Best Fit (LCBF) approach for evaluating and selecting the contracts, and Sedway believes this methodology was fair and appropriate and resulted in the selection of the best projects.

Product Requirements

SCE's New Gen RFO solicited offers for the sale of electrical capacity, energy, ancillary services and resource adequacy benefits from new resources. The project was to provide incremental capacity to south-of-path (SP)-26, not already identified on the California Energy Commission's (CEC) database as "in operation" or "under construction" and had to have a remaining design life of at least 30 years. Renewable power projects, repowers, transmission projects, qualifying facilities (QF) and projects relocated from outside California to the SP-26 area could submit bids if they met the eligibility requirements.

In addition, SCE required that the bidding generating units be able to participate in the CAISO's short-term unit commitment market and generating units had to be able to start, synchronize to the system and be available for loading upon five hours' notice. The projects had to be dispatchable and SCE had to have the right to provide dispatch instructions to the generating unit for the CAISO Day-Ahead, Hour-Ahead and Real Time Markets as well as be able to start and ramp up within the time specifications given by SCE.

Projects had to have an initial delivery date on or before August 1, 2013 and have a maximum term length of 10 years. Projects had to be at least 25 MW, except for QF projects which had to be at least 1 MW.

Release of the New Gen RFO Documents

SCE's testimony sets forth in detail the notices it made available over the course of the RFO solicitation period and the IE confirmed the availability of the documents.

Consultation with PRG and CAM Group

The IOUs are required to consult with their PRG before entering into contracts for a delivery period longer than three months. Consistent with this, SCE met regularly with its PRG through all appropriate stages. In addition, D.07-12-052 required the IOUs to meet with a CAM Group for any resource that the IOU sought recovery of the costs pursuant to the cost recovery mechanism established in D.06-07-029. SCE formed a CAM group for this New Gen RFO and met regularly with the group for a discussion of the resources subject to this application.

Evaluation Methodology

In summary, SCE used the following criteria in its evaluation and selection of the Standard Track offers:

> LCBF: First to value each contract and address the least cost portion and second to select the set of contracts that best meets all the constraints and preferences required to meet SCE's system needs.

> Market Valuation: Forecasting the value of energy and ancillary services, contract costs and the net value of both. SCE does this analysis under 25 different electric power and natural gas price scenarios to capture future market conditions. Based on the resulting net present values and associated probabilities, SCE computed a probability-weighted net present value for each offer submitted in the Standard Track RFO. SCE first assessed the present value of the energy and ancillary service benefits of each offer, and then the present value of the costs of each offer. Costs included fixed costs; fuel costs; transmission upgrade costs; greenhouse gas (GHG) adder costs; credit and collateral adders; and debt equivalence. SCE then subtracted the present value of expected costs from the present value of expected benefits to determine the net present value of each offer.

SCE then calculated the net present value of each offer based on both the costs and benefits. Contracts were then ranked by this merit order and then adjustments were made to meet Commission objectives and other SP-26 system characteristics. SCE then followed four phases for offers from the RFO: indicative offer submittal; shortlist; negotiations; and final bidding offer submittal.

Need for New Generation

To begin, SCE determined the regional physical needs for SP-26 for generation from the expected regional load and the physical resources that are anticipated to be available for years into the future. SCE built off of the procurement authorization previously given to SCE by the Commission in D.06-07-029 and D.07-12-052 and selected the four contracts based on its estimation of the SP-26 system need for new generation as well as what SCE's share is of system need for its bundled customers.

Compliance and Consistency with Commission Decisions

Both D.06-07-029 and D.07-12-052 directed SCE to issue RFOs for long-term contracts for new generation resources, and the four contracts that are the subject of this application are the results of SCE's Standard Track RFO. SCE states in its application that it followed all established Commission protocol in its RFO process from the solicitation through the final bid evaluation and selection process, including retaining an IE, and consulting with SCE's PRG and CAM Group. In addition, SCE posits that with respect to the Walnut Creek contract with Edison Mission Energy, an SCE affiliate, SCE used Sedway for all meetings and communications with the affiliate. Sedway confirmed in its IE Report that Edison Mission Energy was not afforded any preferential treatment in the evaluation of its offers it in the negotiation of final PPAs.

SCE's application also includes testimony on its attempts to ensure the robustness of the RFO process through e-mail notifications, press releases and posting information and documents on SCE's website. SCE also describes the collaborative steps it took with the South Coast Air Quality Management District (SCAQMD), CAISO and SCE's transmission group (with a Federal Energy Regulatory Commission Standards of Conduct monitor).

SCE also propounds that it makes extensive efforts to ensure that its procurement choices are consistent with the State's Energy Action Plan (EAP) and loading order of preferred resources. SCE claims that the contracts for CPV, El Segundo, Walnut Creek and Wellhead were only chosen after energy efficiency, demand response, renewables, combined heat and power, distributed generation and repowering of existing sites had been exhausted in a cost-effective manner. In particular, SCE states that it takes three steps to ensure that its procurement decisions are consistent with the EAP: ensures that its demand-side management programs, renewable procurement, and QF procurement are accurately forecasted so that SCE only uses conventional resources as a last resort; it does not "close out" its energy needs via conventional resources for years ahead; and it uses a greenhouse gas (GHG) adder in the evaluation of contracts greater than five years in duration to effectively assess the environmental benefits of all resources.

In addition, SCE solicited, and chose, resources that can support the integration of intermittent resources. SCE's goal is to have generation projects that facilitate its incorporation of preferred resources into its portfolio and provide required system reliability.

Greenhouse Gas Emissions Performance Standards

The California Legislature passed Senate Bill (SB) 1368 on August 31, 2006 and Governor Schwarzenegger signed the bill into law on September 29, 2006. Section 2 of the bill adds Public Utilities Code Section 8341(a), which provides that "No load-serving entity or local publicly owned electric utility may enter into a long-term financial commitment unless any baseload generation supplied under the long-term financial commitment complies with the greenhouse gas emission performance standard established by the commission, pursuant to subdivision (d)."

The Commission opened R.06-04-009 to implement the provisions of SB 1368. The proceeding resulted in the establishment of a GHG emissions performance standard (EPS), for carbon dioxide (CO2). D.07-01-039 noted that "SB 1368 establishes a minimum performance requirement for any long-term financial commitment for baseload generation that will be supplying power to California ratepayers. The new law established that the GHG emissions rates for these facilities must be no higher than the GHG emissions rate of a combined-cycle gas turbine (CCGT) powerplant."

The CCGT-equivalent emissions limit adopted by the Commission is 1,100 pounds of CO2/MWh.

The Decision further explains:

> SB 1368 describes what types of generation and financial commitments will be subject to the EPS ("covered procurements"). Under SB 1368, the EPS applies to "baseload generation," but the requirement to comply with it is triggered only if there is a "long-term financial commitment" by an LSE. The statute defines baseload generation as "electricity generation from a powerplant that is designed and intended to provide electricity at an annualized plant capacity factor of at least 60%. … For baseload generation procured under contract, there is a long-term commitment when the LSE enters into "a new or renewed contract with a term of five or more years."
>
> SB 1368 provides that CCGT baseload powerplants currently in operation, or that have a CEC final permit decision to operate as of June 30, 2007, shall be "deemed to be in compliance" with the EPS.

The "Adopted Interim Rules for Greenhouse Gas Emissions Performance Standard" are attached to D.07-01-039 as Attachment 7.

CPV, Walnut Creek and Wellhead will be operating as peaking resources with expected capacity factors that exempt them from the proposed GHG emissions performance standards for facilities with a baseload capacity factor of 60%. While El Segundo is capable of operating as a baseload facility, the current limits by the air pollution control district limits the operation of the units to approximately 5,456 hours per year, or a 57.5% maximum capacity factor. In addition, SCE's projections for the facility have it operating well below the 60% baseload capacity factor, above which the GHG emission performance rules would apply. If El Segundo does operate at above the 60% base load capacity factor, the facility must meet the EPS requirement. In summary, SCE claims that the four new contracts are more efficient and cleaner resources than the facilities they are replacing and SCE expects to have them running even fewer hours when it has its expected increase in renewable resources also on-line. With the renewables and these new resources working together, SCE expects that the system level of GHG emissions will be reduced.

6. Conclusion

After reviewing all the documents submitted by SCE in support of its application we find that the New Gen RFO was an open and competitive solicitation and was conducted in a fair and reasonable manner. In addition, we find that the choice of CPV, El Segundo, Walnut Creek and Wellhead as the selected resources from the RFO was also reasonable. SCE was authorized by the Commission in D.07-12-052 to procure up to 1,700 MW of new generation resources for delivery by 2013. SCE also still had 295 MW to fill from the authorization given in D.06-07-029. SCE’s selection of these four resources, for a total of 1350.30 MW is within its established need range and the resources are needed for system reliability. The projected on-line delivery dates for all the contracts are all between 2011 and 2013. In addition, SCE is concerned about potential future retirements of aging plants in the Los Angeles basin, and these chosen resources will help meet SCE’s Local Area Requirements in the Los Angeles basin.

All four resources will be new, state-of-the-art facilities and will produce electricity more efficiently and with fewer pollutants than older power plants.

It appears from the information provided that SCE only chose these fossil-fueled resources after all the preferred resources had been exhausted in a cost-effective manner. In addition, by all indicators, these contracts are cost-effective and will not result in large surpluses of resources that will unnecessarily cost ratepayers.

7. Allocation of Benefits and Costs and Cost Recovery

As described earlier in the decision, D.06-07-029 and D.07-09-044 established a cost allocation methodology and energy auction protocols for new generation long-term contracts whereby the capacity is shared with all benefitting customers in an IOU's service territory and the energy rights are auctioned. The price benefitting customers pay for the capacity is the net of the contract price minus the energy auction proceeds.

SCE asks that the Commission find that the four new long-term contracts, CPV, El Segundo, Walnut Creek and Wellhead, are all eligible for the cost allocation methodology and energy auction procedures established by the Commission, and allow cost recovery for these four contracts in accordance with D.06-07-029 and D.07-09-044.

We find that the four contracts are needed for SCE's service territory, and therefore the contracts are eligible for the cost recovery mechanism and energy auction as established in D.06-07-029 and D.07-09-044.

8. Scoping Memo

Pursuant to Resolution ALJ 176-3211, April 10, 2008, this matter was preliminarily determined to be ratesetting and that no hearing was necessary. Pursuant to Rule 7.3 of the Commission's Rules of Practice and Procedure, no scoping memo issued. It is confirmed that this is a ratesetting proceeding and that no hearing is necessary.

9. Comments on Proposed Decision

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

10. Assignment of Proceeding

President Michael R. Peevey is the assigned Commissioner and Carol A. Brown is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. We find that SCE's conduct in respect to the Standard Track RFO for new generation was reasonable.

2. We find that SCE's choice of the CPV Contract from the other offers in the Standard Track RFO is reasonable.

3. We find that the CPV Contract is needed to preserve system reliability.

4. We find that the CPV Contract is reasonable and prudent and that SCE should recover any payments it makes pursuant to the contract in full through rates or such other cost recovery mechanism as may be authorized by the Commission, subject only to SCE's prudent administration of the contract.

5. SCE is authorized to allocate the benefits and costs of the CPV Contract to all benefitting customers in accordance with D.06-07-029.

6. We find that SCE's choice of the El Segundo Contract from the other offers in the Standard Track RFO is reasonable.

7. We find that the El Segundo Contract is needed to preserve system reliability.

8. We find that the El Segundo Contract is reasonable and prudent and that SCE should recover any payments it makes pursuant to the contract in full through rates or such other cost recovery mechanism as may be authorized by the Commission, subject only to SCE's prudent administration of the contract.

9. SCE is authorized to allocate the benefits and costs of the El Segundo Contract to all benefitting customers in accordance with D.06-07-029.

10. We find that SCE's choice of the Walnut Creek Contract from the other offers in the Standard Track RFO is reasonable.

11. We find that the Walnut Creek Contract is needed to preserve system reliability.

12. We find that Edison Mission Energy, an SCE affiliate, was not afforded any preferential treatment in the evaluation of its offer or in the negotiations of the final contract.

13. We find that the Walnut Creek Contract is reasonable and prudent and that SCE should recover any payments it makes pursuant to the contract in full through rates or such other cost recovery mechanism as may be authorized by the Commission, subject only to SCE's prudent administration of the contract.

14. SCE is authorized to allocate the benefits and costs of the Walnut Creek Contract to all benefitting customers in accordance with D.06-07-029.

15. We find that SCE's choice of the Wellhead Contract from the other offers in the Standard Track RFO is reasonable.

16. We find that the Wellhead Contract is needed to preserve system reliability.

17. We find that the Wellhead Contract is reasonable and prudent and that SCE should recover any payments it makes pursuant to the contract in full

through rates or such other cost recovery mechanism as may be authorized by the Commission, subject only to SCE's prudent administration of the contract.

18. SCE is authorized to allocate the benefits and costs of the Wellhead Contract to all benefitting customers in accordance with D.06-07-029.

19. We find that CPV, Walnut Creek and Wellhead are exempt from the EPS requirements since they will operate as peakers and will not have capacity factors that will trigger compliance with EPS.

20. We find that while El Segundo is capable of operating as a baseload facility, the current limits by the air pollution control district limits operation of the units to a maximum 57.5% capacity factor, exempting the facility from compliance with EPS. If, however, El Segunda exceeds 60% baseload capacity it must meet EPS requirements.

Conclusions of Law

1. The CPV Contract for up to 273 MW of expected capacity and associated energy for delivery from May 1, 2012 through April 30, 2022 is reasonable and should be approved.

2. The El Segundo Contract for up to 550 MW of expected capacity and associated energy with an expected initial delivery date of June 1, 2011, with the term ending May 31, 2021, is reasonable and should be approved.

3. The Walnut Creek Contract for up to 478.80 MW of expected capacity and associated energy for delivery from June 1, 2012 through May 31, 2022 is reasonable and should be approved.

4. The Wellhead Contract for up to 48.5 MW of expected capacity and associated energy for delivery from June 1, 2012 through May 31, 2022 is reasonable and should be approved.

5. The costs and benefits of the CPV Contract, the El Segundo Contract, the Walnut Creek Contract and the Wellhead Contract should be shared with all benefitting customers in SCE's service territory in accordance with the cost allocation methodology established in D.06-07-029.

O R D E R

IT IS ORDERED that:

1. We authorize Southern California Edison Company (SCE) to enter into a power purchase agreement (PPA) selected in the standard track of its New Generation Request for Offers (New Gen RFO), with CPV Sentinel, LLC, for 273 megawatts (MW) of capacity and energy deliverable from May 1, 2012 through April 30, 2022.
2. We authorize SCE to allocate the costs and benefits of the CPV Sentinel, LLC PPA to all benefitting customers in accordance with the cost allocation methodology adopted in Decision (D.) 06-07-029 and the energy auction protocols adopted in D.07-09-044.
3. We authorize SCE to enter into a PPA selected in the standard track of its New Gen RFO with El Segundo Energy Center, LLC for 550 MW of capacity and energy deliverable from June 1, 2011 through May 31, 2021.
4. We authorize SCE to allocate the costs and benefits of the El Segundo Energy Center, LLC PPA to all benefitting customers in accordance with the cost allocation methodology adopted in D.06-07-029 and the energy auction protocols adopted in D.07-09-044.

5. We authorize SCE to enter into a PPA selected in the standard track of its New Gen RFO with Walnut Creek Energy, LLC for 478.80 MW of capacity and energy deliverable from June 1, 2013 through May 31, 2023.

6. We authorize SCE to allocate the costs and benefits of the Walnut Creek Energy, LLC PPA to all benefitting customers in accordance with the cost allocation methodology adopted in D.06-07-029 and the energy auction protocols adopted in D.07-09-044.

7. We authorize SCE to enter into a PPA selected in the standard track of its New Gen RFO with Wellhead Delano, LLC for 48.5 MW of capacity and energy deliverable from June 1, 2012 through May 31, 2022.

8. We authorize SCE to allocate the costs and benefits of the Walnut Creek Energy, LLC PPA to all benefitting customers in accordance with the cost allocation methodology adopted in D.06-07-029 and the energy auction protocols adopted in D.07-09-044.

9. Application 08-04-011 is closed.

This order is effective today.

Dated September 18, 2008, at San Francisco, California.

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners