

Responses to Questions from the CPUC Energy Division

- 3. If SGS-1 is deemed a pseudo-tie resource by CAISO, please explain how SGS-1 can pursue a dynamic scheduling arrangement to import power to CAISO, potentially mitigating delay of energy delivery as upgrades are being undertaken.**

Sempra Generation has submitted information to the CAISO that indicates the Mesquite interconnection facilities are already in physical contact with the CAISO grid, and that the Mesquite Solar project and MGS may be moved into the CAISO BAA by including their meters in the meter sum that defines the BAA boundary between the CAISO and SRP. If the Mesquite Solar project is rendered an on-system resource in this manner, then there would be no need for construction of new facilities at the point of interconnection, and Mesquite Solar would be able to operate under an ordinary PGA (rather than a Pseudo-PGA). However, the CAISO disagreed with the conclusions of Sempra Generation's submittal, and the timing of any resolution of this disagreement will not support initial operation under a PGA. Consequently, Mesquite Solar will begin operation in the SRP BAA and be dynamically transferred to the CAISO BAA by means of a pseudo-tie. Such a pseudo-tie arrangement will remain in place until resolution of the disagreement and implementation of the meter sum approach, or construction of the new facilities at the point of interconnection, at which time Mesquite Solar will be rendered an on-system resource and shift to operation under an ordinary PGA.

Sempra Generation submitted its request to the CAISO on March 15, 2010 for a pseudo-tie for Mesquite Solar, formalizing its request initially made six months earlier. The CAISO has conducted a stakeholder process in support of promulgating new tariff provisions that will make pseudo-ties generally available to renewable energy projects such as Mesquite Solar. In order to provide the stakeholder process with information gained through operating experience, the CAISO selected Sempra Generation's 48 MW Copper Mountain Solar I (CMS I) project located in Nevada to operate under a pseudo-tie pilot program. The CMS I pseudo-tie has operated smoothly since the CMS I facility began generating power in May 2010, with the facility's output being sold to PG&E pursuant to a long term PPA. Although the CAISO has targeted May 2011 for presentation of its pseudo-tie proposal to the CAISO Board, a tariff-based Pseudo-PGA for the Mesquite Solar project will not be available for execution as early as desired. Consequently, for the Mesquite Solar project, the CAISO and Sempra Generation have agreed to use the same form of Pseudo-PGA as is already in place for CMS I, and the parties plan to execute the Pseudo-PGA for Mesquite Solar by May 14, 2011. Mesquite Solar will therefore (a) begin operation under the CMS I form of Pseudo-PGA, (b) then transition to a tariff-based Pseudo-PGA when the CAISO implements the requisite tariff changes, and (c) then transition to an ordinary PGA pursuant to the CAISO Large Generator Interconnection Process (LGIP) under which the CAISO has designated Mesquite Solar as Queue Position 643T based on our July 29, 2010 interconnection request. Step (c) will be implemented by either construction of a new switchyard at the requested point of interconnection or by the meter sum approach.