

Memorandum

Date: June 16, 2011

To: Paul Clanon
Executive Director, Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

From: Department of Water Resources

Subject: **Rulemaking 09-06-018 - Request of the California Department of Water Resources for Modification of Decision (D.) 11-03-004 (2011 Operating Order Applicable to SDG&E).**

Consistent with California Water Code §§ 80016¹ and 80106(b)², the California Energy Resources Scheduling division of the California Department of Water Resources ("CDWR") hereby requests that the California Public Utilities Commission ("Commission") adopt proposed modifications to the 2011 Operating Order (the "2011 SDG&E Operating Order") applicable to San Diego Gas & Electric Company ("SDG&E") approved in D.11-03-004.

Effective March 1, 2011, SDG&E became the Scheduling Coordinator for the two Shell Wind contracts (Cabazon and Whitewater Hill) allocated to SDG&E. CDWR requests a modification to the 2011 SDG&E Operating Order to reflect the agreement between CDWR and SDG&E regarding the Remittance Basis SDG&E will use in calculating Remittances for energy delivered to SDG&E's customers for these two contracts.

Background

On September 20, 2010, CDWR submitted modifications and clarifications to the then existing servicing and operating arrangements ("CDWR Submitted Orders") in response to the California Independent System Operator's implementation of Market Redesign and Technology Update. The CDWR Submitted Orders reflect the agreed-upon changes to operation and remittance procedures as provided in the Memorandum of Understanding ("MOU") filed with the Commission on February 13, 2009 and approved by the Commission on March 13, 2009.

¹ Water Code § 80116 states: All state agencies and other official state organizations, and all persons connected therewith, shall and are hereby authorized to, at the request of the department, give the department reasonable assistance or other cooperation in carrying out the purposes of this division.

² Water Code § 80106(b) states: At the request of the department, the commission shall order the related electrical corporation or its successor in the performance of related service, to transmit or provide for the transmission of, and distribute all power made available by the department, and, as agent of the department, provide billing, collection, and other related services on terms and conditions that reasonably compensate the electrical corporation for its services, and adequately secure payment to the department.

In D.11-03-004 dated March 10, 2011, the Commission approved the CDWR Submitted Orders applicable to SDG&E, Pacific Gas and Electric Company ("PG&E"), and Southern California Edison Company ("SCE") (collectively, the "IOUs").

During the time that the Commission was reviewing and considering the CDWR Submitted Orders, SDG&E completed its negotiations to become the Scheduling Coordinator for Shell Wind's Cabazon and Whitewater Hill contracts, effective March 1, 2011. Unlike some of the other contracts allocated to SDG&E, this appointment as Scheduling Coordinator was not envisioned at the time the Schedule 1 table was negotiated as provided in the MOU or in the CDWR Submitted Orders.

CDWR and SDG&E have agreed to the revisions provided in the attached Schedule 1. The Remittance Basis listed in the attached Schedule 1 for SDG&E is consistent with the Remittance Basis for the other contracts where SDG&E acts as the Scheduling Coordinator. SDG&E has begun remitting its Bundled Customers' Power Charges according to the attached Schedule 1 table effective March 1, 2011. This request conforms the 2011 SDG&E Operating Order Schedule 1 to the attached revised Schedule 1. We have attached the marked version of Schedule 1 to indicate the requested changes. Other than the noted items to Schedule 1 of 2011 SDG&E Operating Order, no additional changes to the other CDWR Submitted Orders are needed to effect the changes as described in this Memorandum.

CDWR thanks SDG&E for its diligence and cooperation in this effort.

CDWR requests that the Commission adopt this proposed revision to SDG&E's 2011 Operating Order as soon as possible. CDWR appreciates the Commission's assistance with this matter.

If you have any questions or need additional information, please contact me at (916) 574-2733.

Sincerely,



John Pacheco, Acting Deputy Director
California Energy Resources Scheduling

Attachment: Schedule 1

cc: (See attached list)

VIA OVERNIGHT DELIVERY AND ELECTRONIC MAIL

cc: Ms. Julie Fitch
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Mr. Jake Wise
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Ms. Sue Garcia
San Diego Gas & Electric Company
8315 Century Park Court, CP21D
San Diego, California 92123

VIA ELECTRONIC MAIL

Service List Rulemaking 11-03-006

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
PIRP	Shell Wind - Cabazon, Whitewater Hill - SDG&E is SC**	Unit will be bid or self-scheduled into Market as required for PIRP	Metered Amount ¹	12/31/2013
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.