PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

ID #10697
RESOLUTION E-4429
October 20, 2011

REDACTED

R E S O L U T I O N

Resolution E-4429. San Diego Gas & Electric Company requests approval of a renewable energy power purchase agreement with Silicon Valley Power.

PROPOSED OUTCOME: This resolution approves cost recovery for the short-term renewable energy power purchase agreement between San Diego Gas & Electric Company and Silicon Valley Power. The power purchase agreement is approved without modification.

ESTIMATED COST: Costs of the power purchase agreement are confidential at this time and will be made public one year after the power purchase agreement terminates.

By Advice Letter 2278-E filed on August 17, 2011.

SUMMARY

San Diego Gas & Electric Company's renewable energy power purchase agreement with Silicon Valley Power complies with the Renewables Portfolio Standard procurement guidelines and is approved without modification.

San Diego Gas & Electric Company (SDG&E) filed Advice Letter 2278-E on August 17, 2011, requesting California Public Utilities Commission (Commission) review and approval of a one year renewable energy power purchase agreement between SDG&E and Silicon Valley Power. The bilaterally negotiated power purchase agreement is for generation from the operating Northern California Power Authority (NCPA) Geothermal 1 Units 1 & 2 and Geothermal 2 Units 3 & 4 located in Lake and Sonoma Counties.

This resolution approves the Silicon Valley Power power purchase agreement. SDG&E's execution of this power purchase agreement is consistent with

SDG&E's 2011 RPS Procurement Plan, including its resource need, which the Commission approved in Decision 11-04-030. Deliveries under the Silicon Valley power purchase agreement are reasonably priced and fully recoverable in rates over the life of the power purchase agreement, subject to Commission review of SDG&E's administration of the power purchase agreement.

The following table provides a summary of the Silicon Valley Power power purchase agreement:

Generating Facility	Technology Type	Capacity (MW)	Energy (GWh/yr)	Contract Start Date	Term (Years)	Location
Geothermal 1, Units 1 & 2 Geothermal 2, Units 3 & 4	Geothermal, existing	40	350	7/1/2011	1	Lake and Sonoma Counties

BACKGROUND

Overview of the Renewables Portfolio Standard (RPS) Program

The California RPS Program was established by Senate Bill (SB) 1078, and has been subsequently modified by SB 107 and SB 1036.[1] The RPS program is codified in Public Utilities Code Sections 399.11-399.20.[2] The RPS program administered by the Commission requires each utility to increase its total procurement of eligible renewable energy resources by at least one percent of retail sales per year so that 20 percent of the utility's retail sales are procured from eligible renewable energy resources no later than December 31, 2010.[3]

Furthermore, SB 2 (1X)[4] mandates that the amount of electricity generated per year from eligible renewable resources be increased to an amount that equals an average of 20% of the total electricity sold to retail customers in California for the period 2011-2013; 25% of retail sales by December 31, 2016; and 33% of retail

[1] SB 1078 (Sher, Chapter 516, Statutes of 2002); SB 107 (Simitian, Chapter 464, Statutes of 2006); SB 1036 (Perata, Chapter 685, Statutes of 2007).

[2] All further references to sections refer to Public Utilities Code unless otherwise specified.

[3] *See* § 399.15(b)(1).

[4] Stats. 2011, Ch. 1 (Simitian)

sales by December 31, 2020.[5]

Additional background information about the Commission's RPS Program, including links to relevant laws and Commission decisions, is available at http://www.cpuc.ca.gov/PUC/energy/Renewables/overview and http://www.cpuc.ca.gov/PUC/energy/Renewables/decisions.htm.

NOTICE

Notice of Advice Letter 2278-E was made by publication in the Commission's Daily Calendar. SDG&E states that copies of the Advice Letter were mailed and distributed in accordance with Section IV of General Order 96-B.

PROTESTS

SDG&E's Advice Letter 2278-E was not protested.

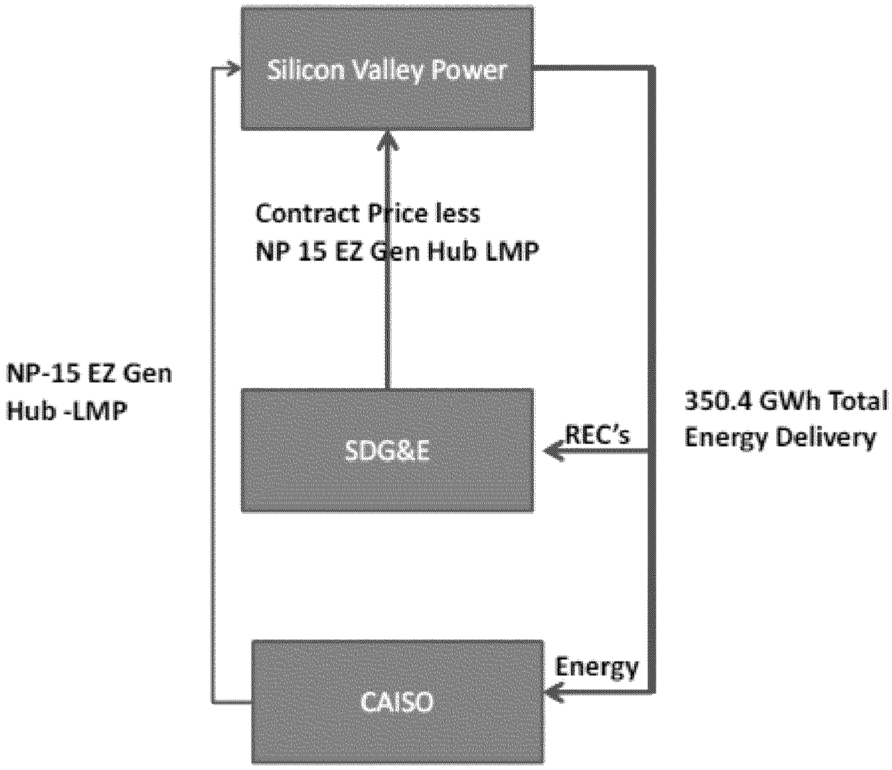
DISCUSSION

San Diego Gas & Electric Company requests approval of a renewable energy power purchase agreement with Silicon Valley Power.

On August 17, 2011, San Diego Gas and Electric Company (SDG&E) filed Advice Letter (AL) 2278-E requesting California Public Utilities Commission (Commission) approval of a short-term power purchase agreement (PPA) with Silicon Valley Power (SVP). The SVP PPA concerns generation from operating geothermal facilities located in eastern Sonoma County and western Lake County in the Geysers Known Geothermal Resource Area. Pursuant to the SVP PPA, SDG&E will receive approximately 350 gigawatt-hours (GWh) of RPS-eligible deliveries.

Deliveries to SDG&E will occur at the California Independent System Operator (CAISO) North Path (NP) 15 EZ Generation Hub. SVP will schedule the energy for delivery to the CAISO and allocate to SDG&E 40 megawatt (MW) per hour of firm fixed energy and associated green attributes from the designated units. SDG&E will coordinate its load schedules to take into account the 40 MW per hour supplied by SVP.

[5] SB 2 (1X) was signed by Governor Brown on April 12, 2011. The law becomes effective 90 days from the conclusion of the extraordinary session.



The contract term is for one year beginning in July 2011; thus, generation pursuant to the SVP PPA could count towards SDG&E's RPS requirements in the first compliance period.[6] The Commission's approval of the PPA will authorize SDG&E to accept future RPS-eligible generation that will contribute towards SDG&E's RPS requirements.

SDG&E requests that the Commission issue a resolution that finds:

1. The SVP PPA is consistent with SDG&E's CPUC-approved RPS Plan and procurement from the Proposed Agreement will contribute towards SDG&E's RPS procurement obligation.
2. SDG&E's entry into the SVP PPA and the terms of such agreement are reasonable; therefore, the SVP PPA is approved in its entirety and all costs of the purchase associated with the SVP PPA, including for energy, green attributes, and resource adequacy are fully recoverable in rates over the life of the SVP PPA, subject to Commission review of SDG&E's administration of the SVP PPA.

[6] In addition to raising California's RPS requirement to 33% from 20%, SB 2 (1X) (Stats. 2011 (Simitian)) establishes three different compliance periods, 2011-2013, 2014-2016, and 2017-2020.

3. Generation procured pursuant to the SVP PPA constitutes generation from an eligible renewable energy resource for purposes of determining SDG&E's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewable Portfolio Standard program (Public Utilities Code §§ 399.11, et seq. and/or other applicable law) and relevant Commission decisions.
4. Expected SVP PPA deliveries are eligible for earmarking treatment under RPS flexible compliance mechanisms.

Energy Division Evaluated the SVP PPA on the following criteria:

- Consistency with bilateral contracting rules
- Consistency with SDG&E's 2011 RPS Procurement Plan
- Consistency with SDG&E's Least-Cost, Best-Fit requirements
- Consistency with RPS standard terms and conditions
- Consistency with Tradable Renewable Energy Credit rules
- Consistency with minimum quantity requirements
- Independent Evaluator review
- Cost reasonableness
- Cost containment
- Project viability assessment and development status
- Compliance with the Interim Greenhouse Gas Emissions Performance Standard
- Procurement Review Group participation

While the Commission approved a "fast track" approval process in D.09-06-050 for short-term RPS contracts, SDG&E did not request "fast-track" approval of the SVP PPA. Therefore, Energy Division reviewed the PPA based on the above criteria.

Consistency with Bilateral Contracting Rules

According to SDG&E, SVP presented the bilateral offer to SDG&E in April 2011. SDG&E pursued bilateral negotiations because SDG&E wanted to begin accepting deliveries as soon as possible to maximize the amount of generation it could procure and apply to its specific near-term RPS compliance requirements. Additionally, SDG&E did not anticipate similar offers from the 2011 RFO that could deliver a similar amount of generation during the same time period.

In D.06-10-019, the Commission established rules pursuant to which the IOUs could enter into bilateral RPS contracts. SDG&E adhered to these bilateral contracting rules because the PPA is longer than one month in duration, the PPA was filed by advice letter, the above market costs will not be applied to SDG&E's RPS cost limitation and the contract is reasonably priced, as discussed in more detail below.

In D.09-06-050, this Commission determined that bilateral agreements should be reviewed according to the same processes and standards as projects that come through a solicitation. Accordingly, as described below, the SVP PPA was compared to other RPS offers received in SDG&E's most recent RPS solicitation, bilateral offers, and recently executed agreements; the proposed agreement was reviewed by SDG&E's Procurement Review Group; and an independent evaluator oversaw the project evaluation and PPA negotiation.

<u>The SVP PPA is consistent with the bilateral contracting guidelines established in D.06-10-019 and D.09-06-050.</u>

Consistency with SDG&E's 2011 RPS Procurement Plan

Pursuant to statute, SDG&E's 2011 RPS Procurement Plan (Plan) includes an assessment of supply and demand to determine the optimal mix of renewable generation resources, consideration of flexible compliance mechanisms established by the Commission, and a bid solicitation protocol setting forth the need for renewable generation of various operational characteristics.[7] California's RPS statute also requires that the Commission review the results of a renewable energy resource solicitation submitted for approval by a utility.[8] The Commission reviews the results to verify that the utility conducted its solicitation according to its Commission-approved procurement plan.[9]

In SDG&E's 2011 RPS Plan, SDG&E expressed a commitment to contract in excess of its mandated annual procurement targets and goal of 33 percent renewables by 2020.[10] SDG&E's 2011 RPS Plan also called for SDG&E to issue a competitive solicitation for electric energy generated by eligible renewable

[7] Pub. Util. Code, Section §399.14(a)(3).

[8] Pub. Util. Code, Section §399.14.

[9] SDG&E's 2011 RPS Procurement Plan was approved by D.11-04-030 on April 14, 2011.

[10] In D.08-12-058, which approved SDG&E's Sunrise Powerlink, SDG&E committed to procuring 33 percent of its electricity from renewables by 2020.

resources that could begin delivering in 2011, 2012, 2013, 2014, and 2015 for terms of one month to 20 years in length with terms greater than 20 years also being acceptable. Proposals could be for peaking, baseload, dispatchable, or as-available deliveries. SDG&E additionally expressed a preference for projects that could contribute towards SDG&E's Sunrise Powerlink commitment. SDG&E also stated in its Plan that bilateral offers would be considered if they were competitive when compared against recent RFO offers and provide benefits to SDG&E customers. Last of all, SDG&E's Plan discussed utility plans to pursue renewable energy generation development partnerships and utility-owned resources.

The PPA is a contract for renewable generation that fits SDG&E's identified renewable resource needs because the proposed one year PPA is for baseload generation from a renewable energy facility that provide renewable energy deliveries in 2011. Thus, the generation will contribute towards SDG&E's near-term RPS requirement.

<u>The SVP PPA is consistent with SDG&E's 2011 RPS Procurement Plan, as approved by D.11-04-030.</u>

Consistency with SDG&E's least-cost best-fit (LCBF) methodology

In D.04-07-029, the Commission directs the utilities to use certain criteria in their LCBF selection of renewable resources.[11] The decision offers guidance regarding the process by which the utility ranks bids in order to select or "shortlist" the bids with which it will commence negotiations. As described in its 2011 RPS Procurement Plan, SDG&E's LCBF bid evaluation includes a quantitative analysis and qualitative criteria. SDG&E's quantitative analysis or market valuation includes evaluation of price, time of delivery factors, transmission costs, congestion costs, and resource adequacy. SDG&E's qualitative analysis focuses on comparing similar bids across numerous factors, such as location, benefits to minority and low income areas, resource diversity, etc.

While SDG&E negotiated the SVP PPA bilaterally, and therefore it did not compete directly with other RPS projects, SDG&E explains in AL 2278-E that it evaluated the bilateral agreement using the same LCBF evaluation methodology it employs for evaluating bids from solicitations. Thus, SDG&E used its LCBF methodology to evaluate the SVP PPA. See the "Cost Reasonableness" section of this Resolution for a discussion of how the project compares to SDG&E's 2011 RPS solicitation, recent bilateral offers, and recently approved contracts. In

[11] *See* §399.14(a)(2)(B)

addition, see Confidential Appendix A for SDG&E's LCBF evaluation of the project.

The SVP PPA was evaluated consistent with the LCBF methodology identified in SDG&E's RPS Procurement Plan

Consistency with RPS Standard Terms and Conditions

The Commission adopted a set of standard terms and conditions (STCs) required in RPS contracts, four of which are considered "non-modifiable." The STCs were compiled in D.08-04-009 and subsequently amended in D.08-08-028. More recently in D.10-03-021, as modified by D.11-01-025, the Commission further refined these STCs.

The Western Systems Power Pool (WSPP)-based SVP PPA includes the Commission adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, and D.10-03-021, as modified by D.11-01-025.

Contribution to Minimum Quantity Requirement for Long-Term/New Facility Contracts

D.07-05-028 established a "minimum quantity" condition on the ability of utilities to count an eligible contract of less than 10 years duration with a facility that commenced commercial operations prior to January 1, 2005 for compliance with the RPS program.[12] In the calendar year that a short-term contract with an existing facility is executed, the utility must also enter into long-term contracts with new facilities equivalent to at least 0.25% of the utility's previous year's retail sales.

The SVP PPA triggers the minimum quantity condition because the facilities that are to deliver energy pursuant to the short-term PPA began commercial operation between 1983 and 1986.[13] SDG&E's retail sales for 2010 were 16,283 GWh, and 0.25 percent of its 2010 retail sales are 40.7 GWh. On February 1, 2011, SDG&E executed a PPA with Pattern Energy for the Ocotillo Express wind

[12] For purposes of D.07-05-028, contracts of less than 10 years duration are considered "short-term" contracts and facilities that commenced commercial operations prior to January 1, 2005 are considered "existing".

[13] Geothermal 1, Units 1 & 2 began commercial operation on January 1, 1983; Geothermal 2, Unit 3 began commercial operation on January 1, 1985; and Geothermal 2, Unit 4 began commercial operation on May 1, 1986.

project, which is expected to provide annual deliveries of 890 GWh. Therefore, SDG&E has satisfied the minimum quantity condition.

Independent Evaluator Review

SDG&E retained independent evaluator (IE) Jonathan Jacobs of PA Consulting Group to oversee SDG&E's bilateral negotiations with SVP and to evaluate the overall merits for CPUC approval of the PPA. AL 2278-E included a public and confidential independent evaluator's report.

In the IE report, the IE states that he compared the project to other similar offers SDG&E has received, the short-term fast track benchmarks, and SDG&E's recent solicitation.[14] The IE states that the most reasonable comparison is to other similar offers since most of the offers in the solicitation are for long-term PPAs, and that the "fast-track" per se reasonableness benchmarks are only benchmarks for pursuing approval of a PPA via the "fast track" approval process. Based on his comparisons, the IE states that the SVP PPA is priced comparable with other similar offers available to SDG&E and appears quite reasonable. Also, in the IE report, the IE states that he agrees with SDG&E that the SVP PPA merits approval." (See Confidential Appendix B for an excerpt of the IE report.)

Consistent with D.06-05-039 and D.09-06-050, an independent evaluator oversaw SDG&E's negotiations with SVP.

Cost Reasonableness

The Commission's reasonableness review for RPS PPA prices includes a comparison of the proposed PPA price to other RPS offers received in recent RPS solicitations, bilaterals offers, and recently approved contracts. Using this analysis and the confidential analysis provided by SDG&E in AL 2278-E, the Commission determines that the cost of the SVP PPA is reasonable. (See Confidential Appendix A for a discussion of the contractual pricing terms.)

The SVP PPA compares favorably to other comparable RPS offers.

Payments made by SDG&E under the SVP PPA are fully recoverable in rates over the life of the PPA, subject to Commission review of SDG&E's administration of the PPA.

[14] Report of the Independent Evaluator on the Silicon Valley Power (August 12, 2011). Jonathan Jacobs, PA Consulting.

Cost Containment

Pursuant to statute, the Commission calculates a market price referent (MPR) to assess whether a proposed PPA has above-market costs.[15] The MPR is used by the Commission to assess the above-market costs of RPS contracts. There is a statutory limit on above-MPR costs, which serves as a cost containment mechanism for the RPS program.[16] Contracts that meet certain criteria are eligible for above-MPR funds (AMFs).[17]

The PPA is priced above the 2009 MPR for a contract beginning operation in 2011.[18] The PPA is not eligible for AMFs, however, because it was negotiated bilaterally and is a short-term contract.

SDG&E has exhausted its AMFs, so it is no longer required to procure RPS generation at above-MPR costs, but it may voluntarily incur the above-MPR costs of the PPA as permitted by statue.[19] Therefore, SDG&E is voluntarily entering into the SVP PPA.

Project Viability Assessment

The generation to be delivered pursuant to the contract is from operating facilities that have been certified by the CEC as RPS-eligible; thus, SDG&E asserts that the SVP will be able to meet the terms and conditions in the PPA.

Compliance with the Interim Greenhouse Gas Emissions Performance Standard

California Pub. Util. Code §§ 8340 and 8341 require that the Commission consider emissions costs associated with new long-term (five years or greater)

[15] *See* Pub. Util. Code § 399.15(c).

[16] *See* Pub. Util. Code §399.15(d).

[17] Under Resolution E-4199, a PPA between a utility and a developer must meet the following requirements for the utility to achieve AMFs eligibility: (1) the PPA must have Commission approval and be selected through a competitive solicitation, (2) it must cover a duration of at least 10 years; (3) it must develop a new or repowered facility commencing operations on or after January 1, 2005; (4) it must not be a purchase of renewable energy credits; and (5) it must not include any indirect expenses as set forth in the statute.

[18] Resolution E-4298: http://docs.cpuc.ca.gov/word_pdf/FINAL_RESOLUTION/111386.pdf

[19] On May 28, 2009, the Director of the Energy Division notified SDG&E that it had exhausted its AMFs account.

baseload power contracts procured on behalf of California ratepayers.[20]

D.07-01-039 adopted an interim Emissions Performance Standard (EPS) that establishes an emission rate for obligated facilities at levels no greater than the greenhouse gas (GHG) emissions of a combined-cycle gas turbine power plant. Generating facilities using certain renewable resources are deemed compliant with the EPS.[21]

<u>The SVP PPA is not a long-term financial commitment subject to the EPS because the term of the PPA is less than five years.</u>

Procurement Review Group Participation

The Procurement Review Group (PRG) was initially established in D.02-08-071 as an advisory group to review and assess the details of the IOUs' overall procurement strategy, solicitations, specific proposed procurement contracts and other procurement processes prior to submitting filings to the Commission.[22] SDG&E asserts that the SVP PPA was discussed at the June 17, 2011 PRG meeting.

<u>Pursuant to D.02-08-071, SDG&E's Procurement Review Group participated in the review of the SVP PPA.</u>

RPS Eligibility and CPUC Approval

Pursuant to Pub. Util. Code § 399.13, the CEC certifies eligible renewable energy resources. Generation from a resource that is not CEC-certified cannot be used to meet RPS requirements. To ensure that only CEC-certified energy is procured under a Commission-approved RPS contract, the Commission has required standard and non-modifiable "eligibility" language in all RPS contracts. That language requires a seller to warrant that the project qualifies and is certified by the CEC as an "Eligible Renewable Energy Resource," that the project's output delivered to the buyer qualifies under the requirements of the California RPS, and that the seller uses commercially reasonable efforts to

[20] **"**Baseload generation**"** is electricity generation at a power plant "designed and intended to provide electricity at an annualized plant capacity factor of at least 60%." Pub. Util. Code § 8340 (a).

[21] D.07-01-039, Attachment 7, p. 4

[22] SDG&E's PRG includes representatives of the Union of Concerned Scientists, the Coalition of California Utility Employees, The Utility Reform Network, the California Public Utility Commission's Energy Division and Division of Ratepayer Advocates, and the California Department of Water Resources.

maintain eligibility should there be a change in law affecting eligibility.[23]

The Commission requires a standard and non-modifiable clause in all RPS contracts that requires "CPUC Approval" of a PPA to include an explicit finding that "any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (*Public Utilities Code Section 399.11 et seq.*), Decision 03-06-071, or other applicable law."[24]

Notwithstanding this language, the Commission has no jurisdiction to determine whether a project is an eligible renewable energy resource, neither can the Commission determine prior to final CEC certification of a project, that "any procurement" pursuant to a specific contract will be "procurement from an eligible renewable energy resource." In this instance, though, the facilities are already operating and the CEC has certified the facilities as RPS-eligible.[25]

Therefore, while we include the required finding here, this finding has never been intended, and shall not be read now, to allow the generation from a non-RPS-eligible resource to count towards an RPS compliance obligation. Nor shall such finding absolve the seller of its obligation to obtain or maintain CEC certification, or the utility of its obligation to pursue remedies for breach of contract. Such contract enforcement activities shall be reviewed pursuant to the Commission's authority to review the utilities' administration of contracts.

Confidential Information

The Commission, in implementing Pub. Util. Code § 454.5(g), has determined in D.06-06-066, as modified by D.07-05-032, that certain material submitted to the Commission as confidential should be kept confidential to ensure that market sensitive data does not influence the behavior of bidders in future RPS solicitations. D.06-06-066 adopted a time limit on the confidentiality of specific terms in RPS contracts. Such information, such as price, is confidential for three years from the date the contract states that energy deliveries begin, except contracts between IOUs and their affiliates, which are public.

[23] *See, e.g.* D. 08-04-009 at Appendix A, STC 6, Eligibility.

[24] *See, e.g.* D. 08-04-009 at Appendix A, STC 1, CPUC Approval.

[25] http://www.energy.ca.gov/portfolio/documents/List_RPS_CERT.pdf

The confidential appendices, marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.

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 and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-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 AND CONCLUSIONS

1. The SVP PPA is consistent with the bilateral contracting guidelines established in D.06-10-019 and D.09-06-050.
2. The SVP PPA is consistent with SDG&E's 2011 RPS Procurement Plan, as approved by D.11-04-030.
3. The SVP PPA was evaluated consistent with the least-cost best-fit methodology identified in SDG&E's 2011 RPS Procurement Plan.
4. The SVP PPA includes the Commission-adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, and D.10-03-021, as amended by D.11-01-025.
5. The SVP PPA triggers the minimum quantity condition because the facilities that are to deliver energy pursuant to the short-term PPA began commercial operation between 1983 and 1986.
6. SDG&E has satisfied the minimum quantity condition.
7. Consistent with D.06-05-039 and D.09-06-050, an independent evaluator oversaw SDG&E's RPS procurement process.
8. The SVP PPA compares favorably to other comparable offers.
9. Payments made by SDG&E under the SVP PPA are fully recoverable in rates over the life of the SVP PPA, subject to Commission review of SDG&E's administration of the SVP PPA.
10. The SVP PPA price is above the applicable 2009 market price referent.

11. The SVP PPA is not eligible for AMFs because it is a short-term, bilateral PPA.
12. SDG&E is voluntarily entering into the SVP PPA as permitted by statute.
13. SDG&E asserts that the SVP project is viable and will provide renewable energy according to the terms and conditions in the SVP PPA.
14. The SVP PPA is not a long-term financial commitment subject to the EPS because the term of the PPA is less than five years.
15. Pursuant to D.02-08-071, SDG&E's Procurement Review Group participated in the review of the SVP PPA.
16. Procurement pursuant to the SVP PPA is procurement from eligible renewable energy resources for purposes of determining SDG&E's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), D.03-06-071 and D.06-10-050, or other applicable law.
17. The immediately preceding finding shall not be read to allow generation from a non-RPS eligible renewable energy resource under this PPA to count towards an RPS compliance obligation. Nor shall that finding absolve SDG&E of its obligation to enforce compliance with this PPA.
18. The confidential appendices, marked "[REDACTED]" in the public copy of this Resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.
19. AL 2278-E should be approved effective today.

<u>THEREFORE IT IS ORDERED THAT:</u>

1. San Diego Gas & Electric Company's Advice Letters 2278-E, requesting Commission review and approval of a power purchase agreement with Silicon Valley Power, is approved without modification.

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, 2011; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

Confidential Appendix A

Summary of SVP PPA

[Redacted]

Confidential Appendix B

Excerpt from Independent Evaluator's Report regarding SDG&E's PPA with SVP[26]

[Redacted]

[26] Confidential Appendix C to Advice Letter 2278-E, Report of the Independent Evaluator on the SVP contract (August 12, 2011). Jonathan M. Jacobs, PA Consulting