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September 12, 2011

Honesto Gatchalian  
Maria Salinas  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

**Re: Comments of San Diego Gas & Electric Company on Alternate Draft Resolution E-4335**

Dear Mr. Gatchalian and Ms. Salinas:

Pursuant to Rule 14.5 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), San Diego Gas & Electric Company (“SDG&E”) submits the following comments regarding Alternate Draft Resolution E-4335 (the “ADR”), which approves two Green Attribute Purchase and Sale Agreement (“GAPSAs”) between SDG&E and Cabazon Wind Partners, LLC (“Cabazon”) and Whitewater Hill Wind Partners, LLC (Whitewater”), respectively. The ADR determines that for the purposes of contribution towards SDG&E’s Renewable Portfolio Standard (“RPS”) compliance obligation, the GAPSAs will be treated as “bundled” procurement under D.10-03-021.

As described in Advice Letter 2118-E, filed October 28, 2009,<sup>1</sup> the GAPSAs are designed to reverse the current disaggregation of renewable energy credits (“RECs”) from the associated wind generation currently received by SDG&E pursuant to certain contracts between Cabazon and Whitewater and the California Department of Water Resources (“CDWR”), and to reunite the delivered null generation with its associated RECs.

The ADR finds that the GAPSAs are “REC-only” contracts under D.10-03-021 since they are for the procurement of only RECs, but grants a non-precedential exception to the current rules so that the RECs received under the GAPSAs, to the extent they are reunited with the underlying renewable generation delivered under the CDWR contracts, will be treated as “bundled” procurement from an eligible renewable energy resource for

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<sup>1</sup> Advice Letter 2118-E was amended by Advice Letter 2118-E-A, filed June 2, 2011, and Advice Letter AL 2118-E-B, filed June 10, 2011.

purposes of SDG&E's RPS compliance. The exception granted under the ADR recognizes "the exceptional circumstances concerning these PSAs and also that SDG&E ratepayers should receive . . . the full benefit of the renewable energy generated by the Cabazon and Whitewater Hill wind facilities."<sup>2</sup>

SDG&E strongly supports the determinations set forth in the ADR and agrees that the ADR sets forth a "fair and common sense outcome."<sup>3</sup> The exception granted in the ADR will ensure that SDG&E ratepayers receive the full benefit of the CDWR/GAPSA transaction. SDG&E appreciates and commends the Commission for its willingness to develop a workable solution to the unique circumstances surrounding the CDWR/GAPSA transaction.

Respectfully Submitted,

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Clay Faber

cc: President Michael R. Peevey  
Commissioner Mark J. Ferron  
Commissioner Timothy A. Simon  
Commissioner Michel P. Florio  
Commissioner Catherine J.K. Sandoval  
Julie Fitch, Director of Energy Division  
Cheryl Lee, Energy Division  
Karen Clopton, Chief Administrative Law Judge  
Frank Lindh General Counsel  
Service List attached to ADR E-4335

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<sup>2</sup> ADR, p. 14

<sup>3</sup> See ADR, p. 3.