

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Investigation on the )  
Commission's Own Motion to actively promote )  
the development of transmission infrastructure to )  
provide access to renewable energy resources for )  
California. )

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FILED  
PUBLIC UTILITIES COMMISSION  
MARCH 13, 2008  
SAN FRANCISCO OFFICE  
INVESTIGATION 08-03-010

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RULEMAKING 08-03-009

**REPLY COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)  
TO THE OPENING COMMENTS OF CLEAN COALITION  
ON THE PROPOSED DECISION IMPLEMENTING ASSEMBLY BILL 1954**

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February 13, 2012

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**I. INTRODUCTION**

Pursuant to Rule 14.3 of the California Public Utility Commission's ("Commission") Rules of Practice and Procedure ("Rules"), San Diego Gas & Electric Company ("SDG&E") hereby files these reply comments to the opening comments filed February 6, 2012 by the Clean Coalition<sup>1</sup> on the January 17, 2012 Proposed Decision of Commissioner Ferron ("Proposed Decision") on the Commission's proceeding to implement Assembly Bill 1954 (2010), which has been codified at California Public Utilities Code Section 399.2.5 (hereafter,

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<sup>1</sup> On February 8, 2012, the Clean Coalition filed a Motion for Party Status in this proceeding, which was granted by ALJ Simon on February 10, 2012.

“Section 399.2.5”). As explained herein, the Clean Coalition’s suggested change to the Proposed Decision comports with neither the statute nor the Commission’s Rules and should be rejected. SDG&E supports the Proposed Decision and recommends that the long-pending issues raised in this proceeding be adopted by the Commission in a Final Decision at its next business meeting on February 16, 2012.<sup>2</sup>

## **II. COMMENTS**

The Proposed Decision proposes a number of useful implementation procedures that are intended to “facilitate” the development of transmission infrastructure to provide access to renewable generation through the use of a cost-backstopping mechanism. The Proposed Decision sets forth several requirements providing for advice letters to be filed under Section 399.2.5, and at the same time, the Proposed Decision rejects certain parties’ proposals that would have further hamstrung the legislature’s clear statutory directive to streamline the process for recovering costs of transmission infrastructure necessary for California to meet its renewable portfolio standard (“RPS”) requirement. The Proposed Decision’s proposals for advice letter format, content, and eligible costs appear suited to achieve the legislature’s objective.

However, the sole commenting party, the Clean Coalition, takes issue with one type of “showing” that an advice letter filer for Section 399.2.5 cost recovery may utilize to substantiate that the transmission infrastructure in question “has a reasonable expectation that the facility will be necessary to facilitate the achievement of RPS goals.”<sup>3</sup> Specifically, Clean Coalition, a

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<sup>2</sup> See Commission Decision (“D”).11-12-046 (at 1-2), which resolved that, due to the “many significant developments with respect to the subject matter of these proceedings,” the Commission extended by 60 days its deliberations regarding the Proposed Decision in these consolidated proceedings, for which a scoping memo was issued on January 12, 2010.

<sup>3</sup> Proposed Decision at 10.

proponent of wholesale distributed generation technology, objects to the Proposed Decision's "third" showing (at 10) that a party may use to secure cost recovery:

Evidence the facility would be a new 200 kilovolt or larger transmission facility, whether network or generation intertie, designed to serve multiple RPS-eligible generators. Evidence would be at least two generator interconnection agreements either executed or tendered by the transmission owner to developers of RPS-eligible technology that identify a need for the transmission project.

Clean Coalition wishes to replace the above "third" showing with one that provides that "transmission investment studies be rate-based only when there is a reasonable likelihood that the proposed transmission line to be studied will be cost-effective relative to the alternatives."<sup>4</sup> Additionally, Clean Coalition "propose[s] a reasonableness test based on available results of the existing RETI analysis and subsequent updates."<sup>5</sup> Clean Coalition states: "Specifically, we propose that the Commission not provide backstop study cost reimbursement for projects whose net cost is expected to exceed that required to meet 200% of the RPS net short as identified in RETI 2010 and subsequent updates."<sup>6</sup>

SDG&E objects to these proposals. First, SDG&E notes that Clean Coalition's comments fail to comply with the mandates of Commission Rule 14.3(c) in that none of Clean Coalition's proposals "focus on factual, legal or technical errors in the proposed...decision." Further, Clean Coalition's comments fail to "make specific references to the record or applicable law." In addition, Clean Coalition's proposals do not "include supporting findings of fact and conclusions of law." Essentially, Clean Coalition's comments meet none of the elements of Rule 14.3.

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<sup>4</sup> Clean Coalition Comments at 1.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.* at 4.

Second, Clean Coalition’s comments make no effort to reconcile the language of Section 399.2.5 with Clean Coalition’s specific proposals. SDG&E sees nothing in Section 399.2.5 that would allow the Commission to impose the limitations proposed by Clean Coalition. The Commission has previously addressed the requirements of Section 399.2.5 which state that the Commission “must find that a project is needed when it finds that the project is ‘necessary to facilitate achievement of’ the RPS goals.”<sup>7</sup> In both of these decisions (D.07-03-012 at 15 and D.07-03-045 at 14-15), the Commission observes that:

[t]o Merriam-Webster, that would mean “to make easier” or “to help bring about”. As long as a proposed line would connect the grid with an area capable of producing renewable power, it is hard to imagine that it would fail to clear such a low threshold.

Clean Coalition’s proposals should be rejected, accordingly, for the same reasons as the Proposed Decision rejected proposals to adopt the “three prong test” because doing so “would impose more requirements than the statute requires.”<sup>8</sup>

Third, Clean Coalition’s proposal would require reliance on the Renewable Energy Transmission Initiative (RETI), an initiative which is currently in a state of indefinite suspension.

Fourth, Clean Coalition’s proposal appears premised on the presumption that the cost of “transmission investment studies” would be “rate-based.”<sup>9</sup> The Commission’s Proposed Decision makes no presumption as to exactly how the costs of transmission investment studies would be recovered from retail customers; whether through a rate-base mechanism, a one-time flow-through mechanism, or some other process. Clean Coalition’s proposal is therefore addressing matters which are not currently pending in this proceeding.

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<sup>7</sup> D.07-03-012 at 10 and D.07-03-045 at 11.

<sup>8</sup> Proposed Decision at 11.

<sup>9</sup> Clean Coalition Comments at 1.

Finally, SDG&E notes that this proceeding has been open for more than two years, and Clean Coalition's proposals have been raised only in the past week. The Commission should promptly take action by approving the Proposed Decision as is, and avoid any further efforts to defer or impede implementation of the new statutory amendments.

DATED this 13th day of February 2012 at San Diego, California.

Respectfully submitted,

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