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July 11, 2012

**ADVICE LETTER 2377-E-A
(U 902-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: SUPPLEMENT TO ADVICE LETTER REQUESTING APPROVAL OF GREEN
ATTRIBUTE PURCHASE AND SALE AGREEMENTS WITH WHITEWATER
HILL WIND LLC AND CABAZON WIND PARTNERS LLC**

I. INTRODUCTION

A. PURPOSE OF THE ADVICE LETTER

San Diego Gas & Electric Company ("SDG&E") herein seeks California Public Utilities Commission ("CPUC" or "Commission") approval of two short term Green Attribute Purchase and Sale Agreements (together the "GAPSAs" or "Proposed Agreements"), executed on July 3, 2012, with Cabazon Wind Partners, LLC ("Cabazon") and Whitewater Hill Wind Partners, LLC ("Whitewater") (together, the "Projects"), both wholly-owned subsidiaries of a joint venture of Shell Wind Energy Incorporated ("Shell Wind") and Goldman Sachs ("Goldman"). The GAPSAs allow SDG&E to acquire unbundled renewable energy credits ("RECs") to be "re-united" with underlying generation delivered by the Projects pursuant to contracts between the California Department of Water Resources ("CDWR") and Cabazon and Whitewater, respectively, administered by SDG&E on behalf of CDWR ("CDWR Contracts"). Accordingly, pursuant to Commission Decision ("D.") 11-12-052, SDG&E requests that it receive RPS credit for the GAPSAs as though the RECs and underlying generation had been purchased together.¹ Specifically, it requests that the "re-united" generation be deemed a "Category 1" product for purposes of compliance with § 399.16(c).²

SDG&E makes this supplemental filing in order to update the information provided in Advice Letter 2377-E (the "Original AL"), filed July 6, 2012 consistent with the "2011 RPS SOLICITATION ADVICE LETTER TEMPLATE" recently distributed by the Commission's Energy Division. The Original AL was drafted utilizing the 2010 Template. The supplement provides information in the public portion of the Advice Letter that may have been included in the Confidential Appendices of the original filing, or may not have been included in the Original AL.

General Order 96-B provides that "[t]he filing of a supplement . . . does not automatically continue or reopen the protest period or delay the effective date of the advice letter."³ The Energy Division may on its own motion or at the request of any person, issue a notice continuing or reopening the protest period. Any new protest, however, "shall be limited to the

¹ D.11-12-053, *mimeo*, p. 58.

² See D.11-12-053, *mimeo*, pp. 18-43. A "Category 1" transaction is deemed to have met the criteria set forth in Public Utilities Code § 399.16(b)(1) for purposes of compliance with § 399.16(c).

³ General Order 96-B §7.5.1.

substance of the supplement . . .” SDG&E submits that the supplemental information provided herein is non-controversial in nature and that reopening of the protest period is not warranted. According, SDG&E respectfully requests that the protest period remain closed and that no further delay be introduced to disposition of Advice Letter 2377-E, as supplemented.

B. SUBJECT OF THE ADVICE LETTER

Provided in Original Advice Letter

C. GENERAL PROJECT DESCRIPTION

Provided in Original Advice Letter

D. PROJECT LOCATION

1. Map



2. For new projects describe facility’s current land use type (private, agricultural, county, state lands (agency), federal lands (agency), etc.)

N/A – these are existing projects.

E. GENERAL DEAL STRUCTURE

As discussed above, SDG&E is proposing to purchase the RECs from the Cabazon and Whitewater projects in order to reunite them with the underlying energy, which is already being

delivered to SDG&E customers via the CDWR Contracts. The GAPSA's are structured to terminate on the same date as the CDWR Contracts.

F. RPS STATUTORY GOALS & REQUIREMENTS

Provided in the Original Advice Letter. Further, the GAPSA's contribute to a balanced generation portfolio for SDG&E by reuniting the unbundled RECs from generation already serving SDG&E customers with that underlying energy – thereby creating low cost bundled renewable energy and adding in-state bundled energy to SDG&E's RPS compliance portfolio by maximizing the use of existing generation.

G. CONFIDENTIALITY

The confidential Appendices submitted in the Original Advice Letter contain market sensitive information protected pursuant to the Public Utilities Code and Commission Decision D.06-06-066, *et seq.*, as detailed in the concurrently-filed declaration. The following table presents the type of information contained within the confidential appendices and the matrix category under which D.06-06-066 permits the data to be protected.

Type of Information	D.06-06-066 Confidential Matrix Category
Analysis and Evaluation of Proposed RPS Projects	VII.G
Contract Terms and Conditions	VII.G
Raw Bid Information	VIII.A
Quantitative Analysis	VIII.B
Net Short Position	V.C
IPT/APT Percentages	V.C

II. CONSISTENCY WITH COMMISSION DECISIONS

- A. RPS PROCUREMENT PLAN
Provided in Original Advice Letter
- B. BILATERAL CONTRACTING – IF APPLICABLE
N/A – the GAPSA's resulted from an RFO.
- C. LEAST-COST, BEST-FIT (LCBF) METHODOLOGY AND EVALUATION
Provided in Original Advice Letter
- D. COMPLIANCE WITH STANDARD TERMS AND CONDITIONS (STCs)
Provided in Original Advice Letter

E. PORTFOLIO CONTENT CATEGORY CLAIM AND UPFRONT SHOWING (D.11-12-052, ORDERING PARAGRAPH 9).

1. Describe the contract's claimed portfolio content category
2. Explain how the procurement pursuant to the contract is consistent with the criteria of the claimed portfolio content category as adopted in D.11-12-052
3. Describe the risks that the procurement will not be classified in the claimed portfolio content category
4. Describe the value of the contract to ratepayers if:
 - a. Contract is classified as claimed
 - b. Contract is not classified as claimed

As noted above, this transaction involves the unique circumstance of unbundled RECs being "reunited" with associated generation delivered pursuant to CDWR contracts. D. 11-12-052 treats this circumstance as an exception to Category 3; it allows the acquisition of unbundled RECs separately from the energy conveyed under CDWR contracts to receive credit for compliance with the California renewable portfolio standard as though they had been purchased together. The underlying energy is purchased pursuant to CDWR contracts. Thus, since the GAPSA's reunite unbundled REC with the associated energy received under the CDWR contracts, they are exempted from classification as Category 3 and should instead be classified as a Category 1 product for RPS compliance purposes, as explained below.

Category 1 Criteria	Explanation of How Product Meets Criteria
1. ERR first POI with: <ol style="list-style-type: none"> a. WECC Transmission System within CBA boundaries b. Or, distribution system within CBA boundaries 	Both the interconnection point and delivery point are within the California border, near Palm Springs, in Riverside County, and feed into two substations, Transwind and Sandwind, which in turn feed into the 115 Devers-Banning-Garnet 115 kV line See page 17 of the contract for a description of the CAISO in state meter read at the Delivery Point.
2. Prove the product is bundled	The purpose of purchasing these unbundled RECs is to reunite them with the underlying energy produced from the Cabazon Wind Partners and Whitewater Hill projects. SDG&E currently receives and pays for the electric generation from these projects pursuant to two contracts administered by SDG&E on behalf of the CDWR. In the CDWR contracts, all rights and interests in the renewable attributes associated with the wind generation are retained by the seller. SDG&E seeks to acquire these attributes and then reunite them with the energy and obtain credit for compliance with the RPS as though they had been purchased together. See D.11-12-052 page 58 which states: "...SDG&E and SCE should be allowed to acquire the RECs separately from the

	energy but receive RPS compliance credit as though they had been purchased together.”
3. Show RECs originally associated with RPS-eligible generation	The energy and associated RECs are generated from CEC Certified projects #60737A and #60736A.
4. The unbundled RECs are registered in WREGIS for RPS compliance per 399.21(a)(6)	The Whitewater Hill and Cabazon Wind Partners WREGIS ID numbers are W835 and W834
5. Risk of actual deliveries not qualifying for expected product category.	There is a risk that D 11-12-052 may be modified in the future to not allow this exception to Category 3. The product does not qualify for Category 2 because it is not an import, nor does the contract contemplate the purchase of substitute energy for firming and shaping purposes. If the Commission were, for whatever reason, to ignore its determination in D.11-12-052, then the transaction would be classified as a Category 3.

Value Analysis

	Expected Product Category	Other Product Category
Price Value, \$/MWh	Exception to Category 3 and treated as a Category 1 equivalent	If the Commission were to classify the GAPsAs under Category 2 or 3, SDG&E would not go forward with the transaction and would need to find a substitute product in the then current market.
RPS Compliance Value, including: <ol style="list-style-type: none"> 1. Impact to product percentage limits 2. <i>Others?</i> 	As an exception to Category 3, treatment SDG&E will utilize the “re-united” generation as Category 1 for meeting RPS requirements. As a Category 1 product, the transaction will have no impact on any procurement percentage limits.	The product has no value to SDG&E as Category 2 or 3.

F. MINIMUM QUANTITY

Provided in Original Advice Letter

G. TIER 2 SHORT-TERM CONTRACT “FAST TRACK” PROCESS - IF APPLICABLE

N/A

H. INTERIM EMISSIONS PERFORMANCE STANDARD

Provided in Original Advice Letter

I. PROCUREMENT REVIEW GROUP (PRG) PARTICIPATION

Provided in Original Advice Letter

J. INDEPENDENT EVALUATOR (IE)

Provided in Original Advice Letter

III. PROJECT DEVELOPMENT STATUS

N/A – Existing Projects

IV. CONTINGENCIES AND/OR MILESTONES

N/A – Existing Projects

V. PROCEDURAL MATTERS

A. REQUESTED RELIEF

SDG&E respectfully requests that the Commission approve the Proposed Agreements through the adoption of a final Resolution approving this Advice Letter, as supplemented, no later than September 30, 2012.

As detailed in this Advice Letter, SDG&E's entry into the Proposed Agreements and the terms of such agreements are reasonable; therefore, all costs associated with the Proposed Agreements, including RECs, should be fully recoverable in rates.

The Proposed Agreements are conditioned upon "CPUC Approval." Therefore, SDG&E requests that the Commission include the following findings in its Resolution approving the agreements:

1. The Proposed Agreements are consistent with SDG&E's CPUC-approved RPS Plan and procurement from the Proposed Agreements will contribute towards SDG&E's RPS procurement obligation.
2. SDG&E's entry into the Proposed Agreements and the terms of such agreements are reasonable; therefore, the Proposed Agreements are approved in their entirety and all administrative and procurement costs associated with the Proposed Agreements, including the RECs, are fully recoverable in rates over the term of the Proposed Agreements, subject to Commission review of SDG&E's administration of the Proposed Agreements.
3. RECs procured pursuant to the Proposed Agreements constitute RECs from generation 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 Renewable Portfolio Standard program (Public Utilities Code §§ 399.11, et seq. and/or other applicable law) and relevant Commission decisions.

4. The RECs purchased pursuant to the Proposed Agreements (i) are deemed to have satisfied the product content requirements set forth in Public Utilities Code Section 399.16(b)(1) ("Category 1"), as adopted in California Senate Bill 2 (1x) (Stats. 2011, Ch. 1) and implemented by the California Public Utilities Commission in D.11-12-053; and (ii) will be counted as a Category 1 product for purposes of compliance with the requirements of the California Renewables Portfolio Standard Program and other applicable Law.

B. PROTEST

The filing of a supplement does not automatically continue or reopen the protest period or delay the effective date of the advice letter.⁴ Anyone may protest this Advice Letter to the California Public Utilities Commission.

If the protest period is reopened, anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received no later than July 31, 2012, which is 20 days from the date this Supplemental Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies should also be sent via e-mail to the attention of the Energy Division at EDTariffUnit@cpuc.ca.gov. It is also requested that a copy of the protest be sent via electronic mail and facsimile to SDG&E on the same date it is mailed or delivered to the Commission (at the addresses shown below).

Attn: Megan Caulson
Regulatory Tariff Manager
8330 Century Park Court, Room 32C
San Diego, CA 92123-1548
Facsimile No. 858-654-1879
E-Mail: MCaulson@semprautilities.com

C. EFFECTIVE DATE

This Advice Letter is classified as Tier 3 (effective after Commission approval) pursuant to GO 96-B. As discussed above, the ability to secure the RECs associated with underlying generation delivered pursuant to CDWR contracts for 2012 and 2013 is critical to SDG&E's RPS compliance effort. Accordingly, SDG&E requests approval of Advice Letter 2377-E and 2377-E-A at the earliest possible date, but in no event later than September 30, 2012.

D. NOTICE

⁴ General Order 96-B, §7.5.1.

In accordance with General Order No. 96-B, a copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties in R.11-05-005, by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1879 or by e-mail to SDG&ETariffs@semprautilities.com.

CLAY FABER
Director – Regulatory Affairs

(cc list enclosed)

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Joff Morales

Phone #: (858) 650-4098

E-mail: jmorales@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2377-E-A

Subject of AL: Supplement to Advice Letter Requesting Approval of Green Attribute Purchase
And Sale Agreements with Whitewater Hill Wind LLC and Cabazon Wind Partners LLC

Keywords (choose from CPUC listing): Procurement, Renewables, Supplemental

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: None

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: None

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 9/30/2012

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: None

Service affected and changes proposed¹: None

Pending advice letters that revise the same tariff sheets: None

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

San Diego Gas & Electric
Attention: Megan Caulson
8330 Century Park Ct, Room 32C
San Diego, CA 92123
mcaulson@semprautilities.com

¹ Discuss in AL if more space is needed.

General Order No. 96-B
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

Y. Schmidt
W. Scott

Energy Division

P. Clanon
S. Gallagher
H. Gatchalian
D. Lafrenz
M. Salinas

CA. Energy Commission

F. DeLeon
R. Tavares

Alcantar & Kahl LLP

K. Harteloo

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

CCSE

S. Freedman
J. Porter

Children's Hospital & Health Center

T. Jacoby

City of Chula Vista

M. Meacham
E. Hull

City of Poway

R. Willcox

City of San Diego

J. Cervantes
G. Lonergan
M. Valerio

Commerce Energy Group

V. Gan

Constellation New Energy

W. Chen

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Davis Wright Tremaine, LLP

E. O'Neill
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Dept. of General Services

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M. Clark

Douglass & Liddell

D. Douglass
D. Liddell
G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell
M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg
J. Heather Patrick

J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

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J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard
R. Keen

Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

OnGrid Solar

Andy Black

Pacific Gas & Electric Co.

J. Clark
M. Huffman
S. Lawrie
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

School Project for Utility Rate
Reduction

M. Rochman

Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Sutherland Asbill & Brennan LLP

K. McCrea

Southern California Edison Co.

M. Alexander

K. Cini

K. Gansecki

H. Romero

TransCanada

R. Hunter

D. White

TURN

M. Florio
M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi

N. Furuta

L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing
Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties

R.11-05-005