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August 16, 2012

ADVICE LETTER 2394-E

(San Diego Gas & Electric Company ID U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: REQUEST FOR MODIFICATIONS TO SDG&E'S RENEWABLE AUCTION
MECHANISM ("RAM") PROGRAM PURSUANT TO D.12-05-035**

A. PURPOSE OF THE ADVICE LETTER

San Diego Gas and Electric Company ("SDG&E") respectfully submits this advice letter for California Public Utilities Commission ("CPUC" or "Commission") approval to modify the generator eligibility requirements for projects participating in the RAM pursuant to Decision ("D.") 12-05-035.

Ordering Paragraph 7 of D.12-05-035 directs the California investor-owned utilities ("IOUs"), SDG&E, Pacific Gas & Electric Company ("PG&E") and Southern California Edison Company ("SCE") to modify their respective RAM programs to restrict RAM to generators with a nameplate capacity of greater than three megawatts (MWs) and that do not satisfy the Feed-in Tariff eligibility criteria adopted in D.12-05-035 if the capacity for the relevant Feed-in Tariff ("FiT") product type has not yet been reached.

In compliance with D.12-05-035, SDG&E files this Tier 1 Advice Letter in order for the changes to take effect in time for the third RAM auction scheduled for November 2012. For SDG&E's November 2012 auction and any subsequent RAM auction, SDG&E will restrict generators with a nameplate capacity of less than or equal to three MW that satisfy the FiT program eligibility criteria outlined in D.12-05-035 from participating in its RAM. SDG&E will modify the RAM eligibility requirements in its solicitation documentation accordingly.

B. BACKGROUND

On December 18, 2010, the CPUC approved the RAM program in D. 10-12-048 (the "RAM Decision"). The RAM Decision established a procurement target of 1000 MWs and distributed this capacity among the IOUs to procure via four auctions over a two year period using Commission approved bidding protocols and a standard non-negotiable contract. The RAM program, as adopted in D.10-12-048, applies to renewable generation from 1 MW to 20 MWs. D.12-05-035 adopted by the Commission on May 24, 2012 eliminated the overlap of the RAM program and the §399.20 FiT Program by prohibiting generators with a nameplate capacity of 3 MW and under and that meet the other eligibility criteria for the FiT Program from participating in the RAM program if the capacity for the relevant feed-in tariff product type has not yet been reached. The purpose behind adopting this restriction is to prevent potential gaming between the two programs.

C. REQUEST FOR COMMISSION APPROVAL

Pursuant to D.12-05-035, SDG&E submits this Advice Letter with a Tier 1 designation.

D. EFFECTIVE DATE

SDG&E believes this filing is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) pursuant to GO 96-B. Since this filing is being made pursuant to D.12-05-035, SDG&E respectfully requests that this advice letter become effective on August 16, 2012, which is the date filed.

E. PROTEST

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. 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 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

F. NOTICE

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 A.08-07-017 and 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

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) #: 2394-E

Subject of AL: Request for Modifications to SDG&E's Renewable Auction Mechanism ("RAM") Program Pursuant to D.12-05-035

Keywords (choose from CPUC listing): Procurement, Renewables

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: See attached

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 08/16/2012

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: No re

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

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill
J. Pau

Dept. of General Services

H. Nanjo
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

L. Belew

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

A.08-07-017

R.11-05-005