

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

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| Order Instituting Rulemaking to Continue |) | Rulemaking 11-05-005 |
| Implementation and Administration of California |) | (Filed May 5, 2011) |
| Renewables Portfolio Standard Program. |) | |

**REPLY COMMENTS OF SAN DIEGO GAS & ELECTRIC
COMPANY (U 902 E) ON THE PROPOSED DRAFT TARIFF
FOR THE SECTION 399.20 FEED-IN TARIFF PROGRAM**

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**I.
INTRODUCTION**

In accordance with the direction provided by Administrative Law Judge (“ALJ”) Regina DeAngelis in her e-mail ruling dated June 26, 2012, San Diego Gas & Electric Company (“SDG&E”) hereby submits these reply comments in response to opening comments on SDG&E’s draft tariff schedule “Renewable Market Adjusting Tariff” (“ReMAT”) relating to the Public Utilities Code § 399.20 Feed-In-Tariff (“FIT”) program. Concurrent with this filing, SDG&E is jointly filing reply comments with the other California investor-owned utilities (“IOUs”), Pacific Gas & Electric Company (“PG&E”) and Southern California Edison Company (“SCE”), in response to opening comments on the IOUs’ third revised proposed form joint IOU Power Purchase Agreement (“PPA”).

**II.
DISCUSSION**

In its opening comments, the Solar Energy Industries Association (“SEIA”) argues that various proposed tariff provisions lack clarity or are otherwise problematic, and points out areas of inconsistency among the three IOUs.^{1/} SDG&E agrees with the general proposition that the

^{1/} See Comments of the Solar Energy Industries Association on the Third Revised Proposed Standard Form Contract and the Proposed Draft Tariffs for the Section 399.20 Feed-In Tariff Program, dated August 15, 2012 (“SEIA Comments”).

tariffs should be as clear as possible, and that a general level of consistency among the three tariffs would benefit the market. It notes, however, that the FiT program rules are not simple and that the IOUs implementation of the FiT program may not be in lock-step due to differing business practices and varying staffing levels. SDG&E appreciates the opportunity to consider the details of the FiT process with this stakeholder group and responds to SEIA's comments with the goal of creating transparency regarding the rationale supporting its proposals. SDG&E also responds herein to an issue raised by the Interstate Renewable Energy Council ("IREC") regarding interconnection requirements set forth in the proposed FiT tariffs.

A. Program Start Date

The tariffs proposed by the IOUs differ on the issue of the FiT program start date. SEIA argues that SDG&E's proposed period between approval of the tariff and the effective date of the program is too long.^{2/} It proposes that all three IOUs adopt PG&E's approach, which would allow for approximately two months between tariff approval and the program start date.^{3/} SDG&E has no objection to a requirement that the program start date be identical among the three IOUs, but is concerned that PG&E's approach may not provide adequate time to the IOUs to establish the internal processes required to comply with the tariff as approved by the Commission.

There are two important dates that must be considered in establishing the FiT program start date: (1) when Respondents may begin submitting Program Participation Request forms ("PPRs"); and (2) when the IOUs will begin offering the first program period's ReMAT price to Respondents in the queue. SDG&E proposes that Respondents may begin submitting PPRs ten business days following a final, non-appealable Commission decision approving the FiT tariff and standard PPA. This will provide sufficient time for the IOUs to establish the internal

^{2/} *Id.* at p. 3.

^{3/} *Id.* at p. 2.

procedures necessary to comply with the final decision, and for the market to respond to any changes to relevant forms or the application process that may be required by the final decision. PG&E’s proposal provides only five days between Commission approval and the date that acceptance of applications would begin;^{4/} SCE’s proposal would provide 30 days.^{5/} SDG&E submits that ten business days after a final, non-appealable Commission decision approving the FiT tariff and standard PPA should be sufficient.

It is also important that the IOUs have adequate time to process the high volume of applications that will likely be submitted to establish the initial queue. PG&E and SCE propose approximately two months between the date that Respondents may begin submitting applications and the date on which the first program period’s ReMAT pricing will be offered.^{6/} SDG&E initially proposed 60 business days or three months,^{7/} but revises its proposal to 40 business days. When combined with the proposed ten business days between a final, non-appealable Commission decision approving the FiT tariff/standard PPA and submittal of PPRs, the total time between final Commission approval of the FiT tariff/standard PPA and offering the first ReMAT price to Respondents in the queue would be 50 business days. Since the ReMAT must be offered on the first day of the month,^{8/} SDG&E proposes that the first ReMAT price be offered on the first day of the month that follows the date that is 50 business days after issuance of final, non-appealable Commission approval of both the tariff and standard contract.

^{4/} PG&E proposed Electric Schedule E-REMAT, sub-section (a) of “Effective Date and Program Periods” section.
^{5/} SCE proposed Schedule Re-MAT – Renewable Market Adjusting Tariff, “Applicability” section.
^{6/} PG&E proposed Electric Schedule E-REMAT, sub-section (c) of “Effective Date and Program Periods” section; SCE proposed Schedule Re-MAT – RENEWABLE MARKET ADJUSTING TARIFF, “Applicability” section.
^{7/} SDG&E proposed Schedule RE-MAT, “Queue Process” section.
^{8/} D.12-05-035(“FiT Decision”), p. 44.

B. Seller Concentration Limit

SEIA argues that the Commission must provide detailed specifications for applying the program's seller concentration limit.^{9/} SEIA suggests that stakeholders should consider how Engineering Procurement and Construction ("EPC") projects or tax equity investors will be treated.^{10/} The purpose of the seller concentration limit is to avoid depending on a small number of parties for the FiT program's success. In order to achieve this objective, the seller concentration limit should be set so that no more than 10 MWs per IOU is financed by any single financing party or built by any single EPC contractor. This will ensure that the FiT program's success is not dependent upon one financing structure or one company's EPC abilities.

C. Queue Ranking For PPRs Received on the Same Day

SEIA proposes that if two or more "deemed complete" applications are received on the same day, the application that is ranked earlier in the interconnection queue should receive the priority. SDG&E does not support this approach. Projects should be prioritized pursuant to the date and time of the email to which their PPR is attached. The Commission and stakeholders spent nearly two years carefully considering the eligibility requirements for the FiT and determined that all projects must have a System Impact Study, Phase 1 Study, or passed Fast Track screens or supplemental review.^{11/} This criterion is intended to be a yes/no evaluation, not one based on the project's progress in the interconnection process. All projects that meet the eligibility criteria established by the FiT decision should have an equal opportunity to participate. Prioritizing the queue based on date and time of PPR submittal is the best way to achieve this goal.

^{9/} SEIA comments, pg. 4.

^{10/} *Id.*

^{11/} *Id.*

D. How to Address Incomplete PPRs

SEIA proposes that all three IOUs adopt SCE’s proposal to allow ten business days to cure a PPR deficiency.^{12/} SDG&E agrees that it is reasonable to offer Respondents a cure period to resolve minor errors in their PPRs. SDG&E proposes that Respondents be allowed ten days after SDG&E’s review of the initial PPR form (SDG&E proposes a 20-business day period for it to review the initial PPR form) to correct any deficiencies noted by SDG&E. This cure period is intended solely to correct minor mistakes or to clarify project details; PPRs for projects that have material problems with project eligibility would not be afforded an extra ten business days to solve the problem. In other words, projects must be able to show that they meet the FiT program’s eligibility requirements (including having their interconnection study) on the day that they submit initial PPRs.

E. Application of Program Capacity

SEIA argues that the IOUs should be directed to “... procure above the bi-monthly product allocation to account for the actual size of the next project in the queue that would fulfill (and then exceed) that allocation.”^{13/} SDG&E agrees that this is an issue worth considering, but suggests a different approach. Because SDG&E’s bi-monthly capacity targets are relatively small (3 MWs per product category), SDG&E’s entire capacity target for a certain product may be subsumed in the prior period if the Commission were to adopt SEIA’s approach. This proposed method of capacity allocation could result in SDG&E’s program capacity being subscribed very quickly instead of being allocated in a controlled fashion over time as the Commission intends. In order to avoid this outcome, SDG&E proposes that the IOUs be required to move forward with the next project in the queue that would fulfill the bi-monthly period’s capacity target only if such project would deplete no more than 50% of the next period’s

^{12/} *Id.* at p. 7.

^{13/} *Id.* at p. 9.

capacity target. This method provides a straightforward and transparent process for allocating program capacity while ensuring that SDG&E's capacity targets are not subscribed too quickly at the beginning of the program before the market pricing mechanism has had a chance to take effect.

F. IREC's Request for Clarification Regarding the Interconnection Process

IREC requests revision of the IOUs' proposed tariffs in one limited respect:

"...applicants who have filed an interconnection application under [the Wholesale Distribution Access Tariff ("WDAT")] before the Commission adopts Rule 21 revisions should be allowed to continue on the path to interconnection under that tariff in the event that Commission action on Rule 21 occurs before the applicant is "deemed eligible" under the ReMAT tariff."^{14/} SDG&E agrees with this approach and did not intend in its proposed tariff to suggest otherwise. Section 7 of SDG&E's proposed tariff, titled "Interconnection to Support this Schedule," states that "[p]rojects can choose between SDG&E's Rule 21 or SDG&E's WDAT and must follow these procedures until the Commission makes a final determination in Rulemaking (R.) 11-09-011 revising SDG&E's Rule 21, after which the project must interconnect through SDG&E's revised Rule 21." The purpose of this language is to clarify that until the Commission makes a final determination in proceeding R.11-09-011, Respondents may choose between the two interconnection processes. This language was not intended to require Respondents who chose to proceed under WDAT to switch courses once the Commission makes a final determination in proceeding R.11-09-011. SDG&E agrees that it would be reasonable to clarify this language to avoid the interpretation made by IREC.

^{14/} Comments of the Interstate Renewable Energy Council, Inc. on Proposed Draft Tariffs for the Section 399.20 Feed-in-Tariff Program, dated August 15, 2012 ("IREC Comments"), pp. 1, 2.

Respectfully submitted this 10th day of September, 2012.

/s/ Aimee M. Smith

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