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November 30, 2012

**ADVICE LETTER 2423-E  
(U 902-E)**

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

**SUBJECT: REQUEST FOR APPROVAL OF RENEWABLE POWER PURCHASE AGREEMENT,  
AS AMENDED BY THE PROPOSED FOURTH AMENDMENT, WITH SOLARGEN 2  
LLC**

**I. INTRODUCTION**

**A. PURPOSE OF THE ADVICE LETTER**

San Diego Gas & Electric Company ("SDG&E") seeks California Public Utilities Commission (the "Commission" or the "CPUC") approval of a Fourth Amendment executed on November 16, 2012, amending a previously submitted and CPUC-approved Power Purchase Agreement, as amended (the "PPA"), with Solar Gen 2 LLC. The PPA is for a 25-year delivery term of solar energy from three solar photovoltaic sites totaling 150 MW to be constructed in the Imperial Valley of California. The proposed Fourth Amendment: (i) reduces pricing; (ii) establishes a later guaranteed commercial operation date ("GCOD") which shall be within twelve months from CPUC approval (currently, the GCOD is anticipated to be in 2014); and (iii) contains non-price changes, such as a revised financing condition precedent, delay damages, construction period security, and milestone schedule. Other than changes contained in the previous three amendments, all other terms of the PPA originally filed on August 24, 2011, in Advice Letter 2279-E ("AL") and approved by the Commission on December 1, 2011, in Resolution E-4437, are unchanged and continue in full force and effect.

**B. SUBJECT OF THE ADVICE LETTER**

1. **PROJECT NAME:** Arkansas, Alhambra, and Sonora (collectively, "SolarGen 2").
2. **TECHNOLOGY (INCLUDING LEVEL OF MATURITY):** The facility plans to utilize solar photovoltaic ("PV") panel technology with single-axis tracking.
3. **GENERAL LOCATION AND INTERCONNECTION POINT:** The project will be located near Calipatria, California, approximately twenty-five (25) miles north of the City of El Centro, Imperial County, California. The project busbar is the point of interconnection of the project within the Imperial Irrigation District (IID) as further described in Exhibit A of the PPA, as amended, which is attached in Confidential Appendix F. Power will be exported into the California Independent System Operator ("CAISO") through the Imperial Valley substation ("IV").

4. OWNER(S)/DEVELOPER(S):

- a. NAME(S): Solar Gen 2 LLC.
- b. TYPE OF ENTITY(IES) (E.G. LLC, PARTNERSHIP): Solar Gen 2 LLC is a limited liability company
- c. BUSINESS RELATIONSHIPS BETWEEN SELLER/OWNER/DEVELOPER: Solar Gen 2 LLC is a privately held entity whose principals have interests in power generation, electricity, natural gas and transmission.

5. PROJECT BACKGROUND, E.G., EXPIRING QF CONTRACT, PHASED PROJECT, PREVIOUS POWER PURCHASE AGREEMENT, CONTRACT AMENDMENT

The Parties entered into a PPA on June 24, 2011. The original PPA established an initial delivery date for the first 50 MW of power by July 31, 2012 and then ramping up of capacity to the full 150 megawatts by September 30, 2012.

The Parties subsequently amended the original PPA as follows:

- First Amendment to the PPA, dated as of June 24, 2011;
- Second Amendment to the PPA, dated October 21, 2011;
- Third Amendment to the PPA, dated February 9, 2012; and
- Fourth Amendment to the PPA, dated November 16, 2012.

The proposed Fourth Amendment, a result of an arbitration process to resolve outstanding issues between the parties, seeks approval for a price change and an extension to the GCOD<sup>1</sup>.

The effectiveness of the proposed Fourth Amendment is conditioned upon receiving final CPUC approval on or before May 31, 2013.

6. SOURCE OF AGREEMENT, I.E., RPS SOLICITATION YEAR OR BILATERAL NEGOTIATION

The original PPA was a product of bilateral negotiations between SDG&E and SolarGen 2, which began with the submission of SolarGen 2 LLC's written offer in January, 2011.

C. GENERAL PROJECT(S) DESCRIPTION

|  |   |
|--|---|
| PROJECT NAME   | SolarGen 2                                    |
| TECHNOLOGY   | Solar photovoltaic                            |
| CAPACITY (MW)  | 150 MW  |
| CAPACITY FACTOR  | 30% average annual                            |
| EXPECTED GENERATION (GWH/YEAR)   | 390 GWh/ first year<br>.7% annual degradation |
| GUARANTEED COMMERCIAL OPERATION DATE<br>(AS AMENDED BY FOURTH AMENDMENT) | No later than 365 days from CPUC approval     |
| DATE CONTRACT DELIVERY TERM BEGINS<br>(AS AMENDED BY FOURTH AMENDMENT)   | At commercial operation of the full 150 MW    |
| DELIVERY TERM (YEARS)  | 25 years                                      |
| VINTAGE (NEW/EXISTING/REPOWER)   | New facility                                  |

<sup>1</sup> The proposed Fourth Amendment is attached in Confidential Appendix E and the Summary of the Fourth Amendment is attached in Confidential Appendix D.

|   |   |
|---|---|
| LOCATION (CITY AND STATE)                                     | Calipatria, California<br>(Imperial County) |
| CONTROL AREA (E.G., CAISO, BPA)                               | Imperial Irrigation District (IID)          |
| NEAREST COMPETITIVE RENEWABLE ENERGY ZONE (CREZ) <sup>2</sup> | Imperial North B (CREZ 31)                  |
| TYPE OF COOLING, IF APPLICABLE                                | Not applicable                              |
| PRICE <sup>3</sup> RELATIVE TO MPR (I.E. ABOVE/BELOW)         | Below                                       |

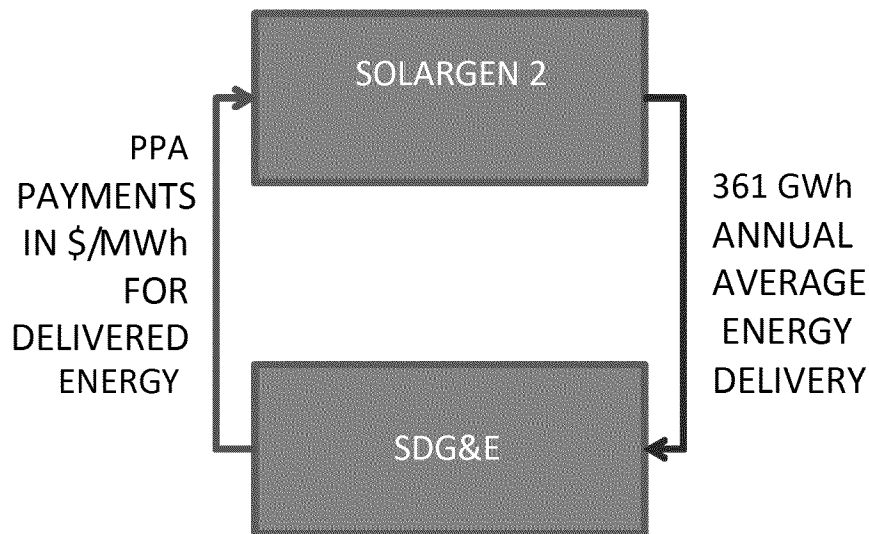
**D. GENERAL DEAL STRUCTURE**

*CHARACTERISTICS OF CONTRACTED DEAL (I.E. PARTIAL/FULL OUTPUT OF FACILITY, DELIVERY POINT (E.G. BUSBAR, HUB, ETC.), ENERGY MANAGEMENT (E.G. FIRM/SHAPE, SCHEDULING, SELLING, ETC.), DIAGRAM AND EXPLANATION OF DELIVERY STRUCTURE*

The PPA provides for the purchase of the full output of as-available bundled energy and green attributes from the SolarGen 2 facility for a 25-year term. Solar Gen 2’s photovoltaic facilities will be interconnected in Imperial Irrigation District’s (“IID’s”) balancing authority area (“BAA”). Pursuant to an energy exchange, supported by firm transmission rights from IID, Solar Gen 2’s Scheduling Coordinator will schedule an energy import into the CAISO’s BAA at the Imperial Valley Scheduling Point (“IVLY2”). The difference between generation from Solar Gen 2’s generating facilities and the energy import schedule into the CAISO’s BAA will be balanced by IID. The financial difference will be settled between Solar Gen 2 LLC and SDG&E via a contract for differences based on the CAISO’s Day-Ahead Locational Marginal Price (“LMP”) at the Imperial Valley intertie.

The proposed Fourth Amendment makes no changes to this deal structure.

The basic arrangement is:



**E. RPS STATUTORY GOALS**

*THE PROJECT IS CONSISTENT WITH AND CONTRIBUTES TOWARDS THE RPS PROGRAM’S STATUTORY GOALS SET FORTH IN PUBLIC UTILITIES CODE §399.11.*

<sup>2</sup> As identified by the Renewable Energy Transmission Initiative (RETI). Information about RETI is available at: <http://www.energy.ca.gov/reti/>

<sup>3</sup> Refers to the maximum price under the Agreement.

Public Utilities Code section 399.11(b) states that “[a]chieving the renewables portfolio standard through the procurement of various electricity products from eligible renewable energy resources is intended to provide several unique benefits,” including, *inter alia*, displacing fossil fuel, promoting stable retail rates for electric service, protecting public health, improving environmental quality and adding new electrical generating facilities in the transmission network within the Western Electricity Coordinating Council service area. The PPA, as amended, has a known price for its 25 years of deliveries which will aid in providing price certainty for ratepayers. As a solar resource, it will generate clean renewable energy and reduce the need for fossil fuel.

**F. CONFIDENTIALITY**

*CONFIDENTIAL TREATMENT OF SPECIFIC MATERIAL IS BEING REQUESTED. THE INFORMATION AND REASON(S) FOR CONFIDENTIAL TREATMENT IS CONSISTENT WITH THE SHOWING REQUIRED BY D.06-06-066, AS MODIFIED.*

As directed by the CPUC’s Energy Division, confidential information submitted in support of the PPA as amended by the proposed Fourth Amendment is provided in Confidential Appendices A through F, as listed below:

**Confidential Appendices:**

- Appendix A: Consistency with Commission decisions and Rules and Project Development Status
- Appendix B: 2011 Solicitation Overview
- Appendix C: PRG Materials
- Appendix D: Contract Summary (Original Summary As Amended by Fourth Amendment)
- Appendix E: Original Power Purchase Agreement, First, Second, Third, and Fourth Amendments

**Public Appendix**

- Appendix F: Project’s Contribution Toward RPS Goals
- Appendix G: Up-Front Showing for Category 1 Products

These appendices contain market sensitive information protected pursuant to 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**

SDG&E’s RPS procurement process complies with the Commission’s RPS-related decisions, as discussed in more detail in the following sections.

**A. RPS PROCUREMENT PLAN**

(Previously discussed in Advice Letter 2247-E, which was approved on December 1, 2011, in Resolution E-4437.)

SDG&E filed its 2012 RPS Procurement Plan on November 29, 2012. The discussion of SDG&E's RPS Procurement Plan, therefore, focuses on consistency with the 2011 version of the Plan, which governed procurement of the SolarGen 2 project.

1. THE COMMISSION APPROVED SDG&E'S 2011 RPS PROCUREMENT PLAN AND SDG&E ADHERED TO COMMISSION GUIDELINES FOR FILING AND REVISIONS.

On December 18, 2009, SDG&E filed its draft 2011 Renewable Procurement Plan (the 2011 RPS Plan).<sup>4</sup> On April 14, 2011, the CPUC issued D.11-04-030 ("the Decision") conditionally approving SDG&E's 2011 RPS Plan. In compliance with the direction set forth in the Decision, SDG&E filed a revised 2011 RPS Plan to incorporate changes required by the Commission. The Decision authorized SDG&E to proceed with its amended Plan unless suspended by the Energy Division Director. No such suspension was issued by the Energy Division; therefore, on May 12, 2011 SDG&E issued the 2011 RFO.

2. THE PROCUREMENT PLAN'S ASSESSMENT OF PORTFOLIO NEEDS.

The 2011 RPS Plan expresses SDG&E's commitment to contract in excess of its mandated annual procurement targets in the near term and adopted a goal of serving 33% of SDG&E's retail sales with renewable resources by 2020. The plan further confirms SDG&E's commitment to providing 2,253 GWh per year of renewable energy on the Sunrise Powerlink and, as part of the Sunrise decision, to treat Imperial Valley region resources separately from other RPS offers in order to achieve this goal. To date, SDG&E has entered into RPS contracts which far exceed our Sunrise Powerlink commitment. The 2011 RPS Plan also stated that, to the extent an unsolicited bilateral offer complies with RPS program requirements, fits within SDG&E's resource needs, is competitive when compared against recent RFO offers and provides benefits to SDG&E customers, SDG&E will pursue such an agreement. Amended contracts, like bilateral offers, will be compared to alternatives presented in the most recent RPS RFO. The Fourth Amendment has a fixed price with an escalator for 25 years of deliveries.

3. THE PROJECT IS CONSISTENT WITH SDG&E'S PROCUREMENT PLAN AND MEETS SDG&E'S PROCUREMENT AND PORTFOLIO NEEDS (E.G. CAPACITY, ELECTRICAL ENERGY, RESOURCE ADEQUACY, OR ANY OTHER PRODUCT RESULTING FROM THE PROJECT).

The PPA as amended by the proposed Fourth Amendment conforms to SDG&E's Commission-approved 2011 RPS Plan by delivering bundled renewable energy and associated Green Attributes. The PPA also provides for annual options, exercisable by SDG&E, to purchase Resource Adequacy ("RA"). Although the transaction was unsolicited, it complies with RPS program requirements.

4. THE PROJECT MEETS REQUIREMENTS SET FORTH IN THE SOLICITATION.

The minimum requirements established in the 2011 RFO were as follows:

- a. Deliveries must begin in 2011, 2012 or 2013.
- b. The project must be RPS-eligible.
- c. The Net Contract Capacity must be  $\geq 1.5\text{MW}$ , net of all auxiliary and station parasitic loads; (if within SDG&E service area)

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<sup>4</sup> The draft Plan submitted by SDG&E was originally submitted as its 2010 draft Plan. D.11-04-030 refers to the draft Plan as the "2011" Plan since the decision was issued in 2011 and the solicitation resulting from the final decision was held in 2011.

- d. The Net Contract Capacity must be  $\geq$  5MW, net of all auxiliary and station parasitic loads; (if outside of SDG&E service area)<sup>5</sup>
- e. The project meets the optional RFO requirement of contributing towards SDG&E's commitment to 2,253 GWh/year of renewable energy to be delivered over the Sunrise Powerlink by 2015.

The project is capable of meeting all criteria, although it is not required to begin deliveries prior to the end of 2013. This is discussed in more detail in Confidential Appendix A.

**B. BILATERAL CONTRACTING - IF APPLICABLE**

**1. THE PROPOSED FOURTH AMENDMENT TO THE PPA COMPLIES WITH D.06-10-019 AND D.09-06-050.**

In D.06-10-019, the Commission concluded that bilateral contracts used for RPS compliance must be submitted for approval via advice letter and, while not subject to the MPR, must contain pricing that is "reasonable."<sup>6</sup> In D.09-06-050, the Commission established price benchmarks and contract review processes for very short term (< four years), moderately short term (at least 4 years, less than 10 yrs.) and bilateral RPS contracts. The proposed Fourth Amendment reduces the pricing approved in the original PPA (see Resolution E-4437), thus it conforms to the price benchmarking requirements of D.06-10-019 and D.09-06-050.

**2. THE PROCUREMENT AND/OR PORTFOLIO NEEDS NECESSITATING SDG&E TO PROCURE BILATERALLY AS OPPOSED TO A SOLICITATION.**

The Commission approved SDG&E's 2011 RPS Plan, which allowed for bilateral renewable contracts. The original PPA resulted from negotiations during the first half of 2011.

**3. WHY THE PROJECT DID NOT PARTICIPATE IN THE SOLICITATION AND WHY THE BENEFITS OF THE PROJECT CANNOT BE PROCURED THROUGH A SUBSEQUENT SOLICITATION.**

Principals of SolarGen 2 LLC first approached SDG&E in summer of 2010 and described a proposed transaction. Negotiations began in earnest in January 2011. With the uncertainty (at that time) surrounding when the next RPS RFO would be issued, it was decided to commence negotiations with SolarGen 2 rather than require SolarGen 2 to bid into the to-be-determined RFO. The latest pricing change is a result of an arbitration process.

**C. LEAST COST BEST FIT (LCBF) METHODOLOGY AND EVALUATION - IF APPLICABLE**

SDG&E presented its LCBF evaluation of the PPA in Advice Letter 2247-E, which was approved in Resolution E-4437. SDG&E provides a comparison of the proposed Fourth Amendment final price in Confidential Appendix A.

**D. COMPLIANCE WITH STANDARD TERMS AND CONDITIONS**

<sup>5</sup> The minimum requirements established in the 2011 RFO were as follows: (a) Deliveries must begin in 2011, 2012, or 2013, (b) The project must be RPS-eligible. (c) The Net Contract Capacity must be  $\geq$  1.5MW, net of all auxiliary and station parasitic loads; (if within SDG&E service area) (d) The Net Contract Capacity must be  $\geq$  5MW, net of all auxiliary and station parasitic loads; (if outside of SDG&E service area).

<sup>6</sup> D.06-10-019, *mimeo*, p. 31.

SDG&E discussed the PPA's compliance with standard terms and conditions in Advice Letter 2247-E, which was approved in Resolution E-4437. The revisions made by the proposed Fourth Amendment do not relate to the Standard Terms and Conditions.

1. THE PROPOSED CONTRACT COMPLIES WITH D.08-04-009 AND D.08-08-028

The original PPA fully complied with D.04-06-014, D.08-04-009, D.08-08-028 and D.11-01-025. D.04-06-014 originally adopted standard contract terms and conditions for use in the RPS program. These standard terms and conditions were updated in D.08-04-009, D.08-08-028 and D.11-01-025. All non-modifiable terms and conditions remain intact in the PPA, are not revised by the proposed Fourth Amendment, and are used in the appropriate context. A summary of major contract provisions are provided in Confidential Appendix D. Copies of the original PPA and supporting documentation are also provided in Confidential Appendix F.

E. UNBUNDLED RENEWABLE ENERGY CREDIT (REC) TRANSACTIONS

Not Applicable.

F. MINIMUM QUANTITY

MINIMUM CONTRACTING REQUIREMENTS APPLICABLE TO SHORT TERM CONTRACTS WITH EXISTING FACILITIES

Not applicable. This proposed Fourth Amendment does not trigger the minimum quantity requirement.

G. TIER 2 SHORT-TERM CONTRACT "FAST TRACK" PROCESS

Not applicable.

H. MARKET PRICE REFERENCE (MPR)

1. CONTRACT PRICE RELATIVE TO THE MPR.

The pricing included in the proposed Fourth Amendment is below the 2011 MPR. The exact pricing and its comparison to the MPR is discussed in detail in Confidential Appendix D.

2. TOTAL COST RELATIVE TO THE MPR.

This proposed Fourth Amendment has a total cost that is above the MPR, but is still within the competitive range of the 2011 RPS RFO Shortlist. The total contract cost and how it compares to the MPR is discussed in more detail within Confidential Appendix D.

I. ABOVE MPR FUNDS (AMFs)

Not Applicable

J. INTERIM EMISSIONS PERFORMANCE STANDARD

COMPLIANCE WITH D.07-01-039, WHERE THE COMMISSION ADOPTED A GREENHOUSE GAS EMISSIONS PERFORMANCE STANDARD (EPS) APPLICABLE TO CONTRACTS FOR BASELOAD GENERATION, AS DEFINED, WITH DELIVERY TERMS OF FIVE YEARS OR MORE.

Not Applicable.

K. PROCUREMENT REVIEW GROUP (PRG) PARTICIPATION

1. PRG PARTICIPANTS (BY ORGANIZATION/COMPANY).

SDG&E's PRG is comprised of over fifty representatives from the following organizations:

- a. California Department of Water Resources
- b. California Public Utilities Commission – Energy Division
- c. California Public Utilities Commission – Division of Ratepayers Advocates
- d. The Utility Reform Network
- e. Union of Concerned Scientists
- f. Coalition of California Utility Employees

2. WHEN THE PRG WAS PROVIDED INFORMATION ON THE CONTRACT

The PRG was provided with a summary of contract administration and amendments during the 2012 regularly scheduled PRG meetings, and was specifically provided an update on August 17, September 7, September 21, October 19, November 16, and November 28, 2012 as shown on copies of materials provided in Confidential Appendix C.

3. SDG&E CONSULTED WITH THE PRG REGARDING THIS CONTRACT

SDG&E communicated with the PRG regarding the PPA amendment on September 7, September 19, October 19 and November 28, 2012.

4. WHY THE PRG COULD NOT BE INFORMED (FOR SHORT-TERM CONTRACTS ONLY)

Not applicable.

L. INDEPENDENT EVALUATOR (IE)

THE USE OF AN IE IS REQUIRED BY D.04-12-048, D.06-05-039, 07-12-052, AND D.09-06-050

Not Applicable.

**III. PROJECT DEVELOPMENT STATUS**

Project updates provided in Confidential Appendix B.

A. DEVELOPMENT MILESTONES

1. SITE CONTROL STATUS

According to SolarGen 2 LLC, it has an option to purchase the land and interconnection rights.

2. EQUIPMENT PROCUREMENT STATUS

a. STATUS OF THE PROCUREMENT OF MAJOR EQUIPMENT (E.G. EQUIPMENT IN-HAND, CONTRACTS EXECUTED AND EQUIPMENT IN DELIVERY, NEGOTIATING CONTRACTS WITH SUPPLIER(S), ETC.).

According to SolarGen 2 LLC, it has acquired the solar panels necessary for meeting eligibility for the Federal Cash Grant. See Confidential Appendix E, proposed Fourth Amendment, with Exhibit B Milestone Schedule, listing the milestone for executing an Engineering, Procurement, Construction ("EPC") contract and inverter order.

b. THE DEVELOPER'S HISTORY OF ABILITY TO PROCURE EQUIPMENT.



According to SolarGen 2 LLC, principals of SolarGen 2 LLC have an extensive history of power plant development, construction and operation, which requires the ability to handle complex equipment procurement issues.

c. IDENTIFIED EQUIPMENT PROCUREMENT ISSUES, SUCH AS LEAD TIME, AND THEIR EFFECT ON THE PROJECT'S DATE OF OPERABILITY.

Issues relating to long lead time equipment procurement were previously discussed in Advice Letter 2247-E.

3. PERMITTING / CERTIFICATIONS STATUS

a. STATUS OF THE PROJECT'S RPS-ELIGIBILITY CERTIFICATION FROM THE CEC. EXPLAIN IF THERE IS ANY UNCERTAINTY REGARDING THE PROJECT'S ELIGIBILITY.

CEC Pre-Certification and Verification applications for the proposed projects were approved on February 16, 2012 for CEC-RPS-IID numbers 61646C (Alhambra Solar Project), 61844C (Arkansas Solar Project) and 61645C Sonora Solar Project).

b. THE FOLLOWING TABLE DESCRIBES THE STATUS OF ALL MAJOR PERMITS OR AUTHORIZATIONS NECESSARY FOR DEVELOPMENT AND OPERATION OF THE PROJECT.

An updated permitting status and information is located in Confidential Appendix A, Project Development Status, paragraph C.3 (Permitting Status).

4. PRODUCTION TAX CREDIT (PTC)/INVESTMENT TAX CREDIT (ITC) - IF APPLICABLE

This discussion was provided in the original Advice Letter 2247-E.

5. TRANSMISSION

This discussion was provided in the original Advice Letter 2247-E. A status update is provided in Confidential Appendix D.

B. FINANCING PLAN

SDG&E is not aware of any changes to SolarGen 2 LLC's financing plan since the PPA was approved by Resolution in Advice Letter 2247-E. Additional details are listed in Confidential Appendix A, Section F.

IV. CONTINGENCIES AND/OR MILESTONES

A. MAJOR PERFORMANCE CRITERIA AND GUARANTEED MILESTONES.

Performance standards, contingencies and milestones associated with the PPA as amended by the proposed Fourth Amendment are summarized in Confidential Appendix A and all milestones that have been met are listed in the proposed Fourth Amendment in Confidential Appendix E.

B. OTHER CONTINGENCIES AND MILESTONES (I.E. 500 KV LINE, INTERCONNECTION COSTS, GENERATOR FINANCING, PERMITTING)

Please see Confidential Appendix A for a comprehensive list of contingencies and milestones. Most of the project milestones have been completed, including receipt of permits. This project is highly viable.

## V. PROCEDURAL MATTERS

### A. REQUESTED RELIEF

SDG&E respectfully requests that the Commission expedite its review and approval of the PPA as amended by the proposed Fourth Amendment through the issuance of a resolution no later than April 30, 2013.

As detailed in this Advice Letter, SDG&E's entry into the proposed Fourth Amendment to the PPA, and the terms of such agreement are reasonable; therefore, all costs associated with the PPA, as amended, including for energy, green attributes, and resource adequacy, should be fully recoverable in rates.

The proposed Fourth Amendment is conditioned upon "CPUC Approval." SDG&E, therefore, requests that the Commission include the following findings in its Resolution approving the PPA as amended by the proposed Fourth Amendment:

1. The proposed Fourth amendment is reasonable; the PPA, as amended, is consistent with SDG&E's CPUC-approved RPS Plan; and procurement from the PPA, as amended, will contribute towards SDG&E's RPS procurement obligation.
2. SDG&E's entry into the PPA, as amended, and the terms of such agreement are reasonable; therefore, the PPA, as amended, is approved in its entirety and all costs of the purchase associated with the PPA, as amended, including for energy, green attributes, and resource adequacy are fully recoverable in rates over the life of the PPA as amended subject to Commission review of SDG&E's administration of the PPA, as amended.
3. Generation procured pursuant to the PPA, as amended, constitutes generation from an eligible renewable energy resource 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 PPA, as amended, will contribute to SDG&E's minimum quantity requirement established in D. 12-06-038.

### B. 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. The protest must be made in writing and received no later than December 20, which is 20 days from the date this 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 Honesto Gatchallian (jnj@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. 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

SDG&E believes that this Advice Letter is classified as Tier 3 (effective after Commission approval) pursuant to GO 96-B. SDG&E respectfully requests that the Commission issue a resolution approving this advice letter on or before January 20, 2013.

D. 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 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.

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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) #: 2423-E

Subject of AL: Request for Approval of Renewable Power Purchase Agreement as Amended by the Proposed Fourth Amendment with Solargen 2 LLC

Keywords (choose from CPUC listing): Procurement

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 AL<sup>1</sup>: N/A

Does AL request confidential treatment? If so, provide explanation: Yes. See attached

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 1/20/2013

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 proposed<sup>1</sup>: 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

<sup>1</sup> 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

R.11-05-005

San Diego Gas & Electric Advice Letter 2423-E  
November 30, 2012

**CONFIDENTIAL DECLARATION**

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

**DECLARATION OF F. MAURENE BISHOP  
REGARDING CONFIDENTIALITY OF CERTAIN DATA**

I, F. Maurene Bishop, do declare as follows:

1. I am a Senior Energy Administrator for San Diego Gas & Electric Company (“SDG&E”). I have reviewed Advice Letter 2423-E, requesting approval of a Fourth Amendment, executed on November 16, 2012, amending a previously submitted and CPUC approved Power Purchase Agreement with Solar Gen 2 LLC dated November 30, 2012 (“Advice Letter”). I am personally familiar with the facts and representations in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or belief.

2. I hereby provide this Declaration in accordance with D.06-06-066, as modified by D.07-05-032, and D.08-04-023, to demonstrate that the confidential information (“Protected Information”) provided in the Advice Letter submitted concurrently herewith, falls within the scope of data protected pursuant to the IOU Matrix attached to D.06-06-066 (the “IOU Matrix”).<sup>1/</sup> In addition, the Commission has made

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<sup>1/</sup> The Matrix is derived from the statutory protections extended to non-public market sensitive and trade secret information. (See D.06-06-066, *mimeo*, Ordering Paragraph 1). The Commission is obligated to act in a manner consistent with applicable law. The analysis of protection afforded under the Matrix must always produce a result that is consistent with the relevant underlying statutes; if information is eligible for statutory protection, it must be protected under the Matrix. (See *Southern California Edison Co. v. Public Utilities Comm.* 2000 Cal. App. LEXIS 995, \*38-39) Thus, by claiming applicability of the Matrix, SDG&E relies upon and simultaneously claims the protection of Public Utilities Code §§ 454.5(g) and 583, Govt. Code § 6254(k) and General Order 66-C.

clear that information must be protected where “it matches a Matrix category exactly . . . or consists of information from which that information may be easily derived.”<sup>2/</sup>

3. I address below each of the following five features of Ordering Paragraph 2 in D.06-06-066:

- That the material constitutes a particular type of data listed in the Matrix,
- The category or categories in the Matrix to which the data corresponds,
- That it is complying with the limitations on confidentiality specified in the Matrix for that type of data,
- That the information is not already public, and
- That the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure.<sup>3/</sup>

4. SDG&E’s Protected Information: As directed by the Commission, SDG&E demonstrates in table form below that the instant confidentiality request satisfies the requirements of D.06-06-066:<sup>4/</sup>

| Data at issue  | D.06-06-066 Matrix Requirements  | How moving party meets requirements   |
|--|--|---|
| <p><i>Bid Information</i><sup>5/</sup></p> <p><b>Locations:</b></p> <p><b>1. Confidential Appendix A</b></p> <ul style="list-style-type: none"> <li>▪ Consistency with Commission Decisions and</li> </ul> | <p>Demonstrate that the material submitted constitutes a particular type of data listed in the IOU Matrix</p> <p>Identify the Matrix</p> | <p>The data provided is non-public bid data from SDG&amp;E’s Renewable RFOs.</p> <p>This information is</p> |

<sup>2/</sup> See, *Administrative Law Judge’s Ruling on San Diego Gas & Electric Company’s April 3, 2007 Motion to File Data Under Seal*, issued May 4, 2007 in R.06-05-027, p. 2 (emphasis added).

<sup>3/</sup> D.06-06-066, as amended by D.07-05-032, *mimeo*, p. 81, Ordering Paragraph 2.

<sup>4/</sup> See, *Administrative Law Judge’s Ruling on San Diego Gas & Electric Company’s Motions to File Data Under Seal*, issued April 30 in R.06-05-027, p. 7, Ordering Paragraph 3 (“In all future filings, SDG&E shall include with any request for confidentiality a table that lists the five D.06-06-066 Matrix requirements, and explains how each item of data meets the matrix”).

<sup>5/</sup> The confidential information referenced has a GREEN font color / has a green box around it in the confidential appendices.



|   |   |  |
|---|---|--|
| <p><i>Rules section, paragraph C.2 (Portfolio Fit) – project ranking with other bids in 2011 RPS RFO and Adders on p.4,5;</i></p> <p>2. <b>Confidential Appendix B</b> – <i>embedded 2011 Solicitation Overview Report on p.19.</i></p> <p>3. <b>Confidential Appendix D</b> <i>Contract Price Section, Section 13, How the Contract compares to other bids, p.31</i></p>   | category or categories to which the data corresponds  | protected under IOU Matrix category VIII.A.  |
|   | Affirm that the IOU is complying with the limitations on confidentiality specified in the Matrix for that type of data                  | In accordance with the limitations on confidentiality set forth in the IOU Matrix, SDG&E requests that this information be kept confidential until the final contracts from each of the RFOs have been submitted to the CPUC for approval. |
|   | Affirm that the information is not already public   | SDG&E has not publicly disclosed this information and is not aware that it has been disclosed by any other party.  |
|   | Affirm that the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure. | SDG&E cannot summarize or aggregate the bid data while still providing project-specific details. SDG&E cannot provide redacted or masked versions of these data points while maintaining the format requested by the CPUC.                 |
| <p><b>Specific Quantitative Analysis</b><sup>6/</sup></p> <p><b>Location:</b></p> <p>1. <b>Confidential Appendix A</b></p> <ul style="list-style-type: none"> <li>▪ <i>Consistency with Commission Decisions and Rules section, paragraph C.1 (Project Bid Scores) – computed factors for Project in 2011 LCBF evaluation on p.3;</i></li> <li>▪ <i>Consistency with Commission Decisions and Rules section, paragraph C.1</i></li> </ul> | Demonstrate that the material submitted constitutes a particular type of data listed in the IOU Matrix                                  | This data is SDG&E’s specific quantitative analysis involved in scoring and evaluating renewable bids. Some of the data also involves analysis/evaluation of proposed RPS projects.  |
|   | Identify the Matrix category or categories to which the data corresponds  | This information is protected under IOU Matrix categories VII.G and/or VIII.B.   |
|   | Affirm that the IOU is  | In accordance with the   |

<sup>6/</sup> The confidential information referenced has a BLUE font color / has a blue box around it in the confidential appendices.

|   |  |  |
|---|--|--|
| <p><i>(Portfolio Fit) - computed factors for Project in 2011 LCBF evaluation and embedded SDG&amp;E's LCBF Ranking for the 2011 RPS RFO on p.4; Transmission Adder p. 4</i></p> <ul style="list-style-type: none"> <li>▪ <i>Consistency with Commission Decisions and Rules section, paragraph C.3 (LCBF Adders - computed factors for Project in 2011 LCBF evaluation on p.4-6</i></li> <li>▪ <i>Supplement of LCBF analysis with other contract terms and prices, p.9</i></li> <li>▪ <i>Project Development Status section, paragraph G.2. – Project Viability Calculator (PVC) scoring and associated narrative on p.18;</i></li> <li>▪ <i>Consistency with Commission Decisions and Rules section, paragraph H – MPR on p.10</i></li> <li>▪ <i>Financing Plan, page 17</i></li> </ul> <p><b>2. Confidential Appendix B – Embedded 2011 Solicitation Overview Report on p.19.</b></p> <p><b>3. Confidential Appendix D</b></p> <ul style="list-style-type: none"> <li>• <i>Contract Summary and comparison to original PPA Terms and Conditions Summary p.26-28</i></li> <li>• <i>Contract Price, Levelized contract price, p. 28</i></li> </ul> | <p>complying with the limitations on confidentiality specified in the Matrix for that type of data</p>   | <p>limitations on confidentiality set forth in the IOU Matrix, SDG&amp;E requests that this information be kept confidential for three years.</p>  |
|   | <p>Affirm that the information is not already public</p>   | <p>SDG&amp;E has not publicly disclosed this information and is not aware that it has been disclosed by any other party.</p>   |
|   | <p>Affirm that the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure.</p> | <p>SDG&amp;E cannot summarize or aggregate the evaluation data while still providing project-specific details. SDG&amp;E cannot provide redacted or masked versions of these data points while maintaining the format requested by the CPUC.</p> |
| <p><b><u>Contract Terms</u></b><sup>7/</sup></p> <p><b>Locations:</b></p> <p><b>1. Confidential Appendix A</b></p> <ul style="list-style-type: none"> <li>▪ <i>Application of TOD pricing, pg. 4</i></li> </ul>   | <p>Demonstrate that the material submitted constitutes a particular type of data listed in the IOU Matrix</p>                                  | <p>This data includes specific contract terms.</p>   |
|   | <p>Identify the Matrix</p>   | <p>This information is</p>   |

<sup>7/</sup> The confidential information referenced has a RED font color / has a red box around it in the confidential appendices

|   |   |   |
|---|---|---|
| <ul style="list-style-type: none"> <li>▪ <i>Supplement of LCBF analysis with other contract terms and prices, p.9</i></li> <li>▪ <i>Section H. MPR showing Levelized Contract Cost of proposed Fourth Amendment, page 10.</i></li> <li>▪ <i>Third Amendment description of site p. 11 Section F. Financing Plan language from Fourth Amendment, p. 17</i></li> </ul> <p>2. <b>Confidential Appendix C</b> – <i>PRG materials from August through November 2012, with contract terms page 20.</i></p> <p>3. <b>Confidential Appendix D</b></p> <ul style="list-style-type: none"> <li>▪ <i>Contract Summary Section Paragraph D.1. – Major Contract Provisions A. Site location, pgs. 22-25</i></li> <li>▪ <i>Contract Summary Paragraph E.1 Levelized contract cost p.28</i></li> <li>▪ <i>Contract Summary Section Paragraph E.2-3 , pg. 29</i></li> <li>▪ <i>Contract Summary Section Paragraph E.8. – Indirect Expenses on p.30;</i></li> <li>▪ <i>Paragraph E.14 – Rate impact and embedded rate impact calculation spreadsheet on p.32.</i></li> </ul> <p>4. <b>Confidential Appendix E</b></p> <ul style="list-style-type: none"> <li>▪ <i>Embedded files containing PPA, First, Second, Third, and proposed Fourth Amendment with pricing, p. 33.</i></li> </ul> | category or categories to which the data corresponds  | protected under IOU Matrix category VII.G.  |
|   | Affirm that the IOU is complying with the limitations on confidentiality specified in the Matrix for that type of data                  | In accordance with the limitations on confidentiality set forth in the IOU Matrix, SDG&E requests that this information be kept confidential for three years. |
|   | Affirm that the information is not already public   | SDG&E has not publicly disclosed this information and is not aware that it has been disclosed by any other party.   |
|   | Affirm that the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure. | In order to include as much detail as possible, SDG&E has provided specific contract terms instead of summaries.  |
| <b><i>Analysis and Evaluation of Proposed RPS Projects<sup>8/</sup></i></b>   | Demonstrate that the material submitted constitutes a particular type of data listed in the   | The Commission has concluded that Actual Procurement Percentage data must be protected  |
| <b><i>Locations:</i></b>  |   |   |

<sup>8/</sup> The confidential information referenced has a VIOLET font color / has a violet box around it in the confidential appendices

|  |   |  |
|--|---|--|
| <p><b>1. Confidential Appendix A</b></p> <ul style="list-style-type: none"> <li>▪ <i>Consistency with Commission Decisions and Rules section, Paragraph A. Procurement strategy, p. 2.</i></li> <li>▪ <i>PRG Participation and Feedback materials, p. 20,</i></li> </ul> <p><b>2. Confidential Appendix F.</b><br/><i>Project's Contribution Toward RPS Goals. P. 34</i></p> | IOU Matrix  | in order to avoid disclosing SDG&E's Bundled Retail Sales data. <sup>9/</sup>  |
|  | Identify the Matrix category or categories to which the data corresponds  | This information is protected under IOU Matrix category V.C.   |
|  | Affirm that the IOU is complying with the limitations on confidentiality specified in the Matrix for that type of data                  | In accordance with the limitations on confidentiality set forth in the IOU Matrix, SDG&E requests that the "front three years" of this information be kept confidential.   |
|  | Affirm that the information is not already public   | SDG&E has not publicly disclosed this information and is not aware that it has been disclosed by any other party.  |
|  | Affirm that the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure. | It is not possible to provide this data point in an aggregated, redacted, summarized or masked fashion.  |
| <p><b><i>IPT/APT Percentage<sup>10/</sup></i></b></p> <p><b><i>Locations:</i></b></p> <p><b>1. Confidential Appendix A -</b><br/><i>Consistency with Commission Decisions and Rules section, paragraph A, the project's contribution numbers to the SDG&amp;E's RPS obligations on p. 3;</i></p> <p><b>2. Confidential Appendix C -</b></p>                                  | Demonstrate that the material submitted constitutes a particular type of data listed in the IOU Matrix                                  | The Commission has concluded that since APT Percentage is a formula linked to Bundled Retail Sales Forecasts, disclosure of APT would allow interest parties to easily calculate SDG&E's Total Energy Forecast – Bundled Customer (MWH). <sup>11/</sup> The same |

<sup>9/</sup> See, *Administrative Law Judge's Ruling on San Diego Gas & Electric Company's Motions to File Data Under Seal*, issued April 30 in R.06-05-027.

<sup>10/</sup> The confidential information referenced has a AQUA font color / has a aqua box around it in the confidential appendices

<sup>11/</sup> See, *Administrative Law Judge's Ruling on San Diego Gas & Electric Company's April 3, 2007 Motion to File Data Under Seal*, issued May 4, 2007 in R.06-05-027; *Administrative Law Judge's*

|   |   |  |
|---|---|--|
| <p><i>PRG materials from August through November 2012, page 20.</i></p> <p>3. <b><i>Confidential Appendix F, table on p.34.</i></b></p> |   | concern exists with regard to IPT percentage.  |
|   | Identify the Matrix category or categories to which the data corresponds  | This information is protected under IOU Matrix category V.C.   |
|   | Affirm that the IOU is complying with the limitations on confidentiality specified in the Matrix for that type of data                  | In accordance with the limitations on confidentiality set forth in the IOU Matrix, SDG&E requests that the “front three years” of this information be kept confidential. |
|   | Affirm that the information is not already public   | SDG&E has not publicly disclosed this information and is not aware that it has been disclosed by any other party.  |
|   | Affirm that the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure. | It is not possible to provide these data points in an aggregated, redacted, summarized or masked fashion.  |

5. As an alternative basis for requesting confidential treatment, SDG&E submits that the Power Purchase Agreement enclosed in the Advice Letter is material, market sensitive, electric procurement-related information protected under §§ 454.5(g) and 583, as well as trade secret information protected under Govt. Code § 6254(k). Disclosure of this information would place SDG&E at an unfair business disadvantage, thus triggering the protection of G.O. 66-C.<sup>12/[1]</sup>

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*Ruling Granting San Diego Gas & Electric Company's May 21, 2007 Amendment to April 3, 2007 Motion and May 22, 2007 Amendment to August 1, 2006 Motion, issued June 28, 2007 in R.06-05-027.*

<sup>12/</sup> This argument is offered in the alternative, not as a supplement to the claim that the data is protected under the IOU Matrix. California law supports the offering of arguments in the alternative. *See,*

6. Public Utilities Code § 454.5(g) provides:

The commission shall adopt appropriate procedures to ensure the confidentiality of any market sensitive information submitted in an electrical corporation's proposed procurement plan or resulting from or related to its approved procurement plan, including, but not limited to, proposed or executed power purchase agreements, data request responses, or consultant reports, or any combination, provided that the Office of Ratepayer Advocates and other consumer groups that are nonmarket participants shall be provided access to this information under confidentiality procedures authorized by the commission.

7. General Order 66-C protects “[r]eports, records and information requested or required by the Commission which, if revealed, would place the regulated company at an unfair business disadvantage.”

8. Under the Public Records Act, Govt. Code § 6254(k), records subject to the privileges established in the Evidence Code are not required to be disclosed.<sup>13/</sup> Evidence Code § 1060 provides a privilege for trade secrets, which Civil Code § 3426.1 defines, in pertinent part, as information that derives independent economic value from not being generally known to the public or to other persons who could obtain value from its disclosure.

9. Public Utilities Code § 583 establishes a right to confidential treatment of information otherwise protected by law.<sup>14/</sup>

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*Brandolino v. Lindsay*, 269 Cal. App. 2d 319, 324 (1969) (concluding that a plaintiff may plead inconsistent, mutually exclusive remedies, such as breach of contract and specific performance, in the same complaint); *Tanforan v. Tanforan*, 173 Cal. 270, 274 (1916) (“Since . . . inconsistent causes of action may be pleaded, it is not proper for the judge to force upon the plaintiff an election between those causes which he has a right to plead.”).

<sup>13/</sup> See also Govt. Code § 6254.7(d).

<sup>14/</sup> See, D.06-06-066, *mimeo*, pp. 26-28.

10. If disclosed, the Protected Information could provide parties, with whom SDG&E is currently negotiating, insight into SDG&E's procurement needs, which would unfairly undermine SDG&E's negotiation position and could ultimately result in increased cost to ratepayers. In addition, if developers mistakenly perceive that SDG&E is not committed to assisting their projects, disclosure of the Protected Information could act as a disincentive to developers. Accordingly, pursuant to P.U. Code § 583, SDG&E seeks confidential treatment of this data, which falls within the scope of P.U. Code § 454.5(g), Evidence Code § 1060 and General Order 66-C.

11. Developers' Protected Information: The Protected Information also constitutes confidential trade secret information of the developer listed therein. SDG&E is required pursuant to the terms of its original Power Purchase Agreement as amended, to protect non-public information. Some of the Protected Information in the original Power Purchase Agreement as amended, and my supporting declaration (including confidential appendices), relates directly to viability of the respective projects. Disclosure of this extremely sensitive information could harm the developers' ability to negotiate necessary contracts and/or could invite interference with project development by competitors.

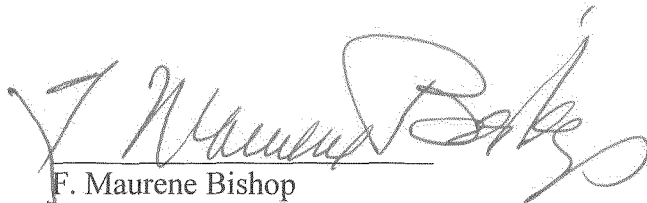
12. Information Related to Arbitration: The Protected Information includes discussion of the details surrounding the arbitration process pursued by the parties through the Commission's alternative dispute resolution ("ADR") function. According to the "Basic Principles of Alternative Dispute Resolution" articulated by the Commission,

the ADR process is confidential.<sup>15/</sup> *See also*, Commission Rule of Practice and Procedure 12.6.

13. In accordance with its obligations under its Power Purchase Agreement as amended, and pursuant to the relevant statutory provisions and Commission rules described herein, SDG&E hereby requests that the Protected Information be protected from public disclosure.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 30<sup>th</sup> day of November, 2012 at San Diego, California.



F. Maurene Bishop  
Senior Energy Administrator  
Generation & Supply Project Management  
San Diego Gas & Electric

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<sup>15/</sup> [www.cpuc.ca.gov/PUC/ADR/adrprinciples.htm](http://www.cpuc.ca.gov/PUC/ADR/adrprinciples.htm)



San Diego Gas & Electric Advice Letter 2423-E

November 30, 2012

## PART II

**REQUEST FOR APPROVAL OF RENEWABLE POWER PURCHASE AGREEMENT,  
AS AMENDED BY THE PROPOSED FOURTH AMENDMENT, WITH SOLARGEN 2  
LLC**

### **PUBLIC VERSION**

(Distributed to Service List R.11-05-005)

## PART 2 – CONFIDENTIAL APPENDICES OF ADVICE LETTER

PROTECTED INFORMATION WITHIN PART 2 OF THIS ADVICE LETTER IS IDENTIFIED WITH COLOR FONTS AND CATEGORIZED IN ACCORDANCE WITH THE CONFIDENTIALITY CODE SHOWN BELOW:

### CONFIDENTIALITY KEY

VIOLET FONT = ANALYSIS AND EVALUATION OF PROPOSED RPS PROJECTS (VII.G)


RED FONT = CONTRACT TERMS & CONDITIONS (VII.G)

GREEN FONT = BID INFORMATION (VIII.A)

BLUE FONT = SPECIFIC QUANTITATIVE ANALYSIS (VIII.B)

BROWN FONT = NET SHORT POSITION (V.C)

AQUA FONT = IPT/APT PERCENTAGES (V.C)

 = BID INFORMATION (VIII.A) AND SPECIFIC QUANTITATIVE ANALYSIS (VIII.B)

Appendix A  
CONTAINS CONFIDENTIAL MATERIAL

Consistency with Commission Decisions and Rules  
and Project Development Status

**THIS CONFIDENTIAL APPENDIX A**

**1. PROVIDES, WHERE APPROPRIATE, CONFIDENTIAL INFORMATION NECESSARY TO FULLY ANSWER ANY ITEMS IN PART 1 OF THE ADVICE LETTER.**

**2. PROVIDE ANSWERS TO THE ADDITIONAL ITEMS INCLUDED IN THIS APPENDIX A. TO THE EXTENT SUCH INFORMATION IS NOT CONFIDENTIAL, IT IS INCLUDED IN THE PUBLIC VERSION OF THE ADVICE LETTER.**

## CONSISTENCY WITH COMMISSION DECISIONS AND RULES

### A. RPS Procurement Plan

SDG&E filed its 2012 RPS Procurement Plan on November 29, 2012. The discussion of SDG&E's RPS Procurement Plan, therefore, focuses on consistency with the 2011 version of the Plan, which governed procurement of the SolarGen 2 project.

SDG&E's 2011 RPS Plan was originally filed with the Commission on December 18, 2009. On April 14, 2011, the Commission issued Decision 11- 04-030 conditionally approving SDG&E's 2011 RPS Plan and ordering that a Renewable Request for Offers ("RFO") be issued by SDG&E within seven days of filing amended RPS plans to conform to the Commission's directions in Decision 11- 04-030. SDG&E issued the 2011 RPS RFO on May 12, 2011 and received bids from counterparties until July 11, 2011. Consistent with its RPS Plan, SDG&E launched the 2011 RFO with the goal of attracting bids from existing and developing renewable projects to deliver RPS-eligible renewable energy in order to enable SDG&E to continue to be compliant with State RPS requirements. With respect to determining need, SDG&E stated in its RPS Plan its intent to:

- Comply with applicable Commission and California Energy Commission ("CEC") RPS program requirements;
- Issue a renewable-only RFO in 2011 for projects that can deliver renewable power beginning in years 2011-2015; and
- Procure in excess of near-term annual RPS procurement goals in order to account for unanticipated project failures, delays or under-deliveries.<sup>1</sup>

On April 13, 2011, Governor Brown signed into law Senate Bill 2 from the First Extraordinary Session 2011-12 (SB2x1). This resulted in several major changes to the RPS program which directly affected SDG&E's ability to comply with RPS requirements. Two of these changes had the greatest impact upon the 2011 RPS RFO; the removal of flexible compliance mechanisms and the changing of near-term compliance targets from an annual target to an "average" annual target of 20% in a three-year period from January 1, 2011 to December 31, 2013 ("Compliance Period 1").

The combined effect of removing flexible compliance and setting an average target of 20% in 2011-13 required SDG&E to modify its compliance strategy, within the parameters of its approved RPS Plan. Without flexible compliance, SDG&E would find itself well short of the 20% goal, as SDG&E was able to procure only 11.9% of retail sales through existing contracts in 2010, and most of SDG&E's procurement efforts had been directed towards fulfilling the commitments to provide 100% renewable power on the Sunrise Powerlink with contracted projects expected to start in the 2014-16 time frame. This required SDG&E

[REDACTED]

<sup>1</sup> RPS Plan, pp. 4, 9 – 11. See also RPS Plan, pp. 3-4 ("In the event that such compliance flexibility is removed from the RPS program . . . SDG&E would, in such a case, seek to procure as many short-term offers as needed in order to achieve RPS compliance . . .")

As noted above, the Commission approved SDG&E's 2011 RPS Plan in D.11- 04-030 and ordered issuance of SDG&E's RFO. Although adoption of SB2x1 had changed the requirements for RPS compliance in the 2011-13 period, the Commission issued no directives regarding substantial modification of the RFO structure (originally included in the draft 2009 RPS Plan) in order to comply with the new law. In order to account for the changes to the RPS program made by SB2x1, SDG&E applied certain additional qualitative and quantitative factors to bids received in the 2011 RFO that were not included in the original 2009 RPS Plan, but nevertheless reflect the procurement approach outlined in SDG&E's approved RPS Plan and detailed above.

**B. BILATERALS**

In D.06- 10-019, the Commission concluded that bilateral contracts used for RPS compliance must be submitted for approval via advice letter and, while not subject to the MPR, must contain pricing that is "reasonable." On June 19, 2009, the Commission issued D.09- 06-050 establishing price benchmarks and contract review processes for very short term (less than four years), moderately short term (at least 4 years, less than 10 yrs) and bilateral RPS contracts. Below, SDG&E reviews the Least Cost Best Fit evaluation used in the 2011 RPS RFO. This analysis confirms that the proposed Fourth Amendment conforms to the price benchmarking requirements of D.06-10-019 and D.09-06-050.

**C. LEAST-COST BEST-FIT – IF APPLICABLE**

**1. AMENDMENT PRICE SCORES UNDER SDG&E'S APPROVED LCBF EVALUATION CRITERIA.**

| LCBF Criteria / Component |  | Project Score/Details | Notes      |
|---------------------------|--|-----------------------|------------|
| A                         | Levelized Contract Cost (\$/MWh)         | [REDACTED]            | [REDACTED] |
| B                         | Project specific Price Referent (\$/MWh) | [REDACTED]            | [REDACTED] |
| C = A - B                 | Above Market Price (\$/MWh)              | [REDACTED]            |            |
| D                         | Short-Term/Long-Term Adder (\$/MWh)      | [REDACTED]            | [REDACTED] |
| E                         | Deliverability Adder (\$/MWh)            | [REDACTED]            | [REDACTED] |
| F                         | Congestion Cost (\$/MWh)                 | [REDACTED]            | [REDACTED] |
| G                         | TRCR Adder (\$/MWh)                      | [REDACTED]            | [REDACTED] |
| H = C + D + E + F + G     | Bid Ranking Price (\$/MWh)               | [REDACTED]            |            |

**2. HOW THE PROJECT COMPARES WITH OTHER BIDS RECEIVED IN THE SOLICITATION WITH REGARD TO EACH LCBF FACTOR AND WHY THE SUBMITTED CONTRACT RANKED HIGHER (QUANTITATIVELY AND/OR QUALITATIVELY) THAN THE OTHER BIDS USING THE LCBF CRITERIA.**

- **PORTFOLIO FIT**

As discussed below, various factors which describe “portfolio fit” have been quantitatively and qualitatively evaluated. Each is presented in this section.

Attached below is SDG&E’s LCBF Ranking of the SolarGen 2 proposed Fourth Amendment for the 2011 RPS RFO.



- **TRANSMISSION ADDER**


. There are no transmission upgrade costs associated with the Proposed Fourth Amendment. 

- **APPLICATION OF TODS**



- **QUALITATIVE FACTORS**

There were no qualitative factors used in the LCBF analysis of the Proposed Fourth Amendment.

SDG&E notes, however, that  proposed Fourth Amendment, as discussed in Section 5 below.

**3. THE ADDERS APPLIED IN THE LCBF ANALYTICAL PROCESS AND THE IMPACT OF THOSE ADDERS ON THE PROJECT'S RANKING.**

- [REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]

- [REDACTED]

■ [REDACTED]

[REDACTED]

[REDACTED]

■ [REDACTED]

■ [REDACTED]

[REDACTED]

[REDACTED]

<sup>2</sup> Bids with online dates before June of 2013 are considered CP1 bids.

<sup>3</sup> Bids with online dates between July 2013 and December 2015 are considered CP2 bids.



**4. HOW AND WHY THE PROJECT'S BID RANKING CHANGED AFTER NEGOTIATIONS.**

The Parties entered into a PPA on June 24, 2011. The original PPA established an initial delivery date determined by the in-service date of the first 50 MW of power by July 31, 2012 and the ramping up of capacity to the full expected quantities of 150 megawatts by September 30, 2012.

The Parties subsequently amended the original PPA by the following:

- First Amendment to the PPA, dated as of June 24, 2011;
- Second Amendment to the PPA, dated October 21, 2011;
- Third Amendment to the PPA, dated February 9, 2012; and
- Fourth Amendment to the PPA, dated November 16, 2012.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The original agreement between SDG&E and SolarGen2 was evaluated using the 2009 RPS RFO methodology, as it had been executed prior to the 2011 RPS RFO. Since that time, SDG&E has conducted the 2011 RPS RFO and two RAM RFOs. Previous amendments had not resulted in a change in contract cost or deliveries, and there had been no reason to re-rank the project against more recent solicitations.

**5. USING LCBF CRITERIA AND OTHER RELEVANT CRITERIA, EXPLAIN WHY THE SUBMITTED CONTRACT WAS PREFERRED RELATIVE TO OTHER SHORTLISTED BIDS OR OTHER PROCUREMENT OPTIONS.**

As a project exceeding 20 megawatts of nameplate capacity, the SolarGen 2 project is not eligible to compete in Renewable Auction Mechanism ("RAM") solicitations. It is also ineligible for SDG&E's Feed-in Tariff ("FiT") program.

Direct comparisons with recently executed long-term contracts from the 2011 RPS RFO, 2011 RAM RFO, 2012 Summer RAM RFO and FiT are shown below.

As a supplement to the LCBF analysis presented herein, SDG&E notes the existence of other relevant criteria supporting approval of the proposed Fourth Amendment. Specifically, the [REDACTED] Resolution of disputes through settlement shields ratepayers from potential litigation costs.



**D. STANDARD TERMS AND CONDITIONS**

The Proposed Fourth Amendment does not change any Standard Terms and Conditions

**E. UNBUNDLED RENEWABLE ENERGY CREDIT TRANSACTIONS**

This Proposed Fourth Amendment is not an unbundled Renewable Energy Credit transaction. The renewable generating units are located in California and are interconnected to the Imperial Irrigation District, a California balancing authority.

**F. MINIMUM QUANTITY (IF APPLICABLE)**

As described in Part 1 of the Advice Letter, the minimum quantity requirement set forth in D.07-05-028 has been satisfied.

**G.SHORT-TERM CONTRACT (IF APPLICABLE)**

The proposed Fourth Amendment is a not a short-term contract.

**H. MPR**

[REDACTED]

**I.AMFs**

This contract is a bilateral agreement and is not eligible for AMFs.

**J. EMISSIONS PERFORMANCE STANDARD**

This contract is for a solar photovoltaic generating facility with no emissions and is not subject to the EPS.

**K. PRG PARTICIPATION AND FEEDBACK**

Part 1 of the Advice Letter provides a discussion of PRG briefings and feedback on the Proposed Fourth Amendment. Attached below in Confidential Appendix C is a compilation of the various presentations that were made to the PRG from August to November, 2012

**L. INDEPENDENT EVALUATOR**

N/A

**PROJECT DEVELOPMENT STATUS**

**A. COMPANY/DEVELOPMENT TEAM-NO CHANGES**

Discussed in the original Advice Letter, filed on August 24, 2011, in Advice Letter 2279-E, and approved by the Commission on December 1, 2011.

**B.TECHNOLOGY-NO CHANGES**

Discussed in the original Advice Letter, filed on August 24, 2011, in Advice Letter 2279-E, and approved by the Commission on December 1, 2011.

**C. DEVELOPMENT MILESTONES (UPDATED NOVEMBER 28, 2012)**

1. SITE CONTROL

On March 31, 2011, SolarGen 2 executed an option agreement for the purchase of land and transmission rights owned by Green Light Corporation for the three sites, Mayflower (50 MW), Sonora (50 MW) and Alhambra (50 MW). According to SolarGen 2, this option has been extended and not yet exercised. In the Third Amendment [REDACTED]

2. EQUIPMENT PROCUREMENT

Discussed in public portion of the Advice Letter

3. PERMITTING STATUS

Discussed in the original Advice Letter, filed on August 24, 2011, in Advice Letter 2279-E, and approved by the Commission on December 1, 2011. The following table below has been updated to show the current status of permitting, according to SolarGen 2:

PERMITTING STATUS (UPDATED AS OF NOVEMBER 28, 2012)

The entire Project area is zoned A2 and A3 (medium and heavy agriculture) which, pursuant to Section 90509.02 (Uses Permitted with a Conditional Use Permit Only) of Division 5 of Title 9 of the Imperial County Land Use Code, provides for the construction and operation of "Solar energy plants," subject to first securing a conditional use permit in accordance with the procedures and standards established within Title 9 of the Imperial County Code (Land Use Ordinance). All of the Project area lands were previously farmed with various hay and grass crops. Currently, none of the Project area lands are under agricultural production.

| Approval   | Responsible Agency | Current Status  | Comments  |
|--|--------------------|---|---|
| Right-of-Way Grants for the transmission gen-tie lines | NA                 | The Project area lands are all privately owned, and do not require the use of any Federal Land for access, gen -tie lines or otherwise. The Point of Interconnection (POI) for each project will be the High Side of a step up transformer. All such transformers are to be located on and within the footprint of each respective project site, which sites are all privately owned. Further, no gen -ties will need to be constructed to reach any Imperial Irrigation District transmission facilities. Further, no federal or private land will be intersected, entered upon or otherwise impacted to allow access for a gen -tie or any other facilities related to the Project. | N/A. No right-of-way grants needed because each project will interconnect to the Imperial Irrigation District transmission system on each of the project sites. |

|   |                                     |  |  |
|---|-------------------------------------|--|--|
| National Environmental Policy Act ("NEPA") certification    | NA                                  | The development of this project did not trigger any federal involvement; the refore NEPA did not apply to the Solar Gen 2 projects.  | N/A. As no Federal Lands or other Federal nexus was present which would trigger review under NEPA, the project continued processing through the County of Imperial Planning Department in accordance with all applicable rules and ordinances and in accordance with the California Environmental Quality Act ("CEQA") |
| Conditional Use Permit ("CUP")                              | Imperial County Planning Department | <p>The Conditional Use Permit (CUP) application was filed with the County of Imperial on June 30<sup>th</sup> 2011.</p> <p>Following an exhaustive administrative review and public hearing process, on May 29, 2012 the Imperial County Board of Supervisors voted unanimously (5-0) to approve CUP 11-0018 (Arkansas), CUP 11-0020 (Alhambra) and CUP 11-0021 (Sonora), which granted to Solar Gen 2 the right to construct the Sonora, Arkansas and Alhambra solar generating facilities on the specified properties. Following the approval, each of the three CUP's were filed in the Office of the Imperial County Clerk/Recorder, as follows:</p> <p>CUP 11-0018 (Arkansas), Document #2012016330, July 19, 2012 at 10:48am;</p> <p>CUP 11-0020 (Alhambra), Document #20122016329, July 19, 2012 at 10:46am;</p> <p>CUP 11-0021 (Sonora), Document #2012012628, July 19, 2012, at 10:43am.</p> <p>Copies of the recorded CUP's made available upon request.</p> | Complete. The SolarGen2 project was processed for approval by the Imperial County Planning Department. Approval of the Conditional Use Permit was by the Imperial County Board of Supervisors, a five member elected Board.  |
| California Environmental Quality Act ("CEQA") Certification | Imperial County Planning Department | <p>Imperial County (through its Planning Department) acted as the Lead Agency under CEQA. In November 2011, the County, through its third -party contractor, ESA, Inc., began preparation of an Environmental Impact Report (EIR) to study the impact of the Project on the surrounding environment. ESA concluded its review with a Final EIR (FEIR) in April 2012, which found the project did not have substantial and immit igable impacts on the surrounding environment.</p> <p>At its May 29, 2012, the Board of Supervisors voted to certify the FEIR and its findings related to the three Solar Gen 2 CUP applications.</p>  | Complete. Imperial County is the lead agency for ensuring full compliance with CEQA.   |

|  |   |  |  |
|--|---|--|--|
| <ul style="list-style-type: none"> <li>•Excavation and Class 'A' Permanent Resurfacing Permit</li> <li>•Grading Permits</li> <li>•Haul Route Permits</li> <li>•Encroachment Permits</li> <li>•Cable Crossing Easements/ Permits</li> </ul> | Imperial County Planning and Development Services             | <p>SG2 will need up to 2 - 3 months to design the site improvement plans and complete plan check by Imperial County Permitting Departments prior to the agency issuing any grading and/or building permits which will allow for physical construction activities on the site. SG2, through its EPC contractor, has submitted an application for grading permit for the Sonora site; the application is still processing through the County Building Department. SG2, to the extent possible, will expedite this process to obtain all required permits to grade the land and construct all structural facilities.</p> <p>No Haul Permits required.</p> <p>SG2, through its EPC contractor, will make application to the County of Imperial for encroachment onto all County roadways where SG2's project site entrances are to be located.</p> | Applications for these permits will be submitted within 2-3 months and the permits are expected to be approved 2-3 months following submittal. |
| Permit for Use of Septic System  | NA  | No buildings, which would require septic systems are planned for these projects.   | N/A  |
| <p>Permits for:</p> <ul style="list-style-type: none"> <li>• Building</li> <li>• Electrical</li> <li>• Mechanical</li> <li>• Fire Sprinkler</li> <li>• Grading</li> <li>• Plumbing</li> <li>• Demolition</li> </ul>                        | County of Imperial, Building Division                         | <p>Discussed above, SG2 will need up to 2 -3 months to design the site improvement plans and complete plan check by Imperial County Permitting Departments prior to the agency issuing any grading and/or building permits which will allow for physical construction activities on the site. SG2, to the extent possible, will expedite this process to obtain all required permits to grade the land and construct all structural facilities.</p> <p>The only "building" permit required for any on-site facilities is for the substation control room buildings, which is mostly a structural review of the building's structural integrity.</p> <p>No demolition, plumbing, fire sprinkler or other electrical permits are required.</p>   | Applications for these permits will be submitted within 2-3 months and the permits are expected to be approved 2-3 months following submittal. |
| Permit for Alteration of Storm Facilities  | County of Imperial, Department of Public Works, Flood Control | The project proposes to construct retention ponds onsite to hold onsite storm water flows, which will be reduced through infiltration and evaporation. No discharge into any storm facility is required,; therefore no permit is required to discharge into or otherwise alter any storm facilities.   | N/A  |
| Hazardous Material Business Plan for Operation of the Facility   | County of Imperial Department of Public Works, Flood Control  | It will take the EPC Contractor 2 weeks to design the plan and up to 2 months of plan checks prior to the agency issuing the permit.   | These permits are expected to be approved in the next 2-3 months.  |

|   |   |   |   |
|---|---|---|---|
| <p>•Easements for Right of Way Crossings/Encroachments</p> <p>•Cable Crossing and Road Encroachment permits</p>   | <p>IID</p>  | <p>SG2's EPC contractor will prepare and submit applications for encroachment to IID to obtain permission to encroach upon IID facilities and upon existing rights of way across and/or adjacent to the project site. SG2 purchased the project site land from IID and acknowledges the existence of an existing power line right of way for which it must obtain an encroachment permit to cross the right of way for ingress and egress to the site..</p> | <p>These are standard, ministerial permits which are expected to be approved in 2-3 months.</p>   |
| <p>Consultations, actions, and permits under Sections 1602 and/or 2081 of the Fish and Game Code relative to impacts to waters of the state and protection of rare, threatened, and endangered species or other sensitive species protected by law (discretionary).</p> | <p>State of California, Department of Fish and Game ("CDFG")</p>        | <p>CDFG has "accepted" SG2's Mitigation Monitoring and Reporting Plan (MMRP) for mitigation and avoidance of Burrowing Owl, which are located on each of the three project sites. Copies of MMRP and evidence of CDFG's acceptance available upon request.</p>  | <p>Complete. Project required to adhere to provisions of MMRP.</p>  |
| <p>Biological Opinion</p>   | <p>United States Fish &amp; Wildlife Service ("USFWS")</p>              | <p>N/A</p>  | <p>N/A</p>  |
| <p>Section 401 Water Quality Certification</p>  | <p>Regional Water Quality Control Board – Colorado Region ("RWQCB")</p> | <p>N/A</p>  | <p>In the event CWA § 404 permit is not required, a CWA § 401 water quality certification will not be required. In such case, a Report of Waste Discharge will be submitted to the RWQCB for determination of other potential applicable water pollution control regulations that may apply under the California Water Code and Title 23 of the California Code of Regulations.</p> |



|  |   |   |  |
|--|---|---|--|
| General Permit for Discharges of Storm Water Runoff Associated with Construction and Land Disturbance Activities | State Water Resources Control Board ("SWRCB") | The SWRCB regulates storm water discharges associated with construction projects affecting areas greater than or equal to 1 acre to protect state waters. Projects can qualify under this permit if specific criteria are met and an acceptable Storm Water Pollution Prevention Plan (SWPPP) is prepared and implemented after notifying the SWRCB with a Notice of Intent. This requires a complete application and Storm Water Pollution Prevention Plan to be filed with the State. There is no plan check and no permit is issued; all that is required under the plan is that the SWPPP be maintained on site and adhered to. | Coverage under California's General Permit for Discharges of Storm Water Runoff Associated with Construction and Land Disturbance Activities will be obtained prior to commencement of construction. A Notice of Intent shall be prepared and filed electronically and a fee paid to the agency. Coverage under the General Permit begins following receipt of notice that a complete registration has been received at the agency. A Storm Water Pollution Prevention Plan will be prepared in accordance with the permit requirements. |
| General Permit for Discharges of Storm Water Runoff Associated with Industrial Activities                        | SWRCB   | N/A   | N/A  |
| Section 404 under the Clean Water Act  | U.S. Army Corps of Engineers ("USACE")        | N/A   | N/A  |
| Encroachment and Oversize Load Permits   | County of Imperial                            | N/A. All facilities anticipated to be constructed on the site are both compact and moveable in sections and thus no heavy or oversized loads are anticipated.   | NA   |
| Interconnection Agreement  | Imperial Irrigation District (IID)            | Complete. Please refer to IID Generator Interconnection Agreement for Sonora Solar Generating Facility, IID Contract No. GIA -0811-18; IID Generator Interconnection Agreement for Arkansas Solar Generating Facility, IID Contract No. GIA -0412-20; IID Generator Interconnection Agreement for Alhambra Solar Generating Facility, IID Contract No. GIA-0811-17.   | Complete.  |

#### D. PTC/ITC

Discussed in the original Advice Letter, filed on August 24, 2011, in Advice Letter 2279-E, and approved by the Commission on December 1, 2011. SDG&E understands from Seller that this will be a Cash Grant eligible project.

#### E. TRANSMISSION

1. HOW ELECTRICITY WILL BE DELIVERED UNDER THE CONTRACT IN TERMS OF COST, TIMING, AND LOCATION. ANY IMPROVEMENTS, TRANSACTIONS, AND OTHER CONTINGENCIES THAT MUST BE MET, TO ENABLE DELIVERY AS PLANNED

Provided in public portion of the Advice Letter.

2. CONFIDENTIAL INFORMATION ON GEN-TIE AND NETWORK UPGRADES AND COSTS THAT IS NOT PROVIDED IN THE PUBLIC PORTION OF THE ADVICE LETTER.

Provided in public portion of the Advice Letter.

3. LOCATIONAL ATTRIBUTES OF THE CONTRACT SUCH AS, CONGESTION RISK, IMPACT ON THE STATUS OF RUN MUST RUN (RMR) GENERATORS, AND RESOURCE ADEQUACY REQUIREMENTS.

Discussed in the original Advice Letter, filed on August 24, 2011, in Advice Letter 2279-E, and approved by the Commission on December 1, 2011.

4. TRANSMISSION DETAILS (UPDATED AS OF NOVEMBER 28, 2012)

| TRANSMISSION DETAILS   |   |
|--|---|
| QUEUE NUMBER (SPECIFY CONTROL AREA : CAISO, IID, ETC)<br>AND RELATIVE POSITION | IID Generator Interconnection Agreement for Sonora Solar Generating Facility, IID Contract No. GIA-0811-18; IID Generator Interconnection Agreement for Arkansas Solar Generating Facility, IID Contract No. GIA-0412-20; IID Generator Interconnection Agreement for Alhambra Solar Generating Facility, IID Contract No. GIA-0811-17. |

|   |  |
|---|--|
| IF IN CAISO SERIAL GROUP, STATUS OF:  | Not in CAISO Serial Group  |
| FEASIBILITY STUDY   | Not in CAISO Serial Group  |
| SYSTEM IMPACT STUDY   | Not in CAISO Serial Group  |
| FACILITIES STUDY  | Not in CAISO Serial Group  |
| IF IN CAISO CLUSTER:  | Not in the CAISO Cluster   |
| NAME OF CLUSTER   | Not in the CAISO Cluster   |
| STATUS OF PHASE I AND II STUDIES  | Not in the CAISO Cluster   |
| INTERCONNECTION AGREEMENT - DATE SIGNED OR ANTICIPATED  | August 9, 2011   |
| PREFERRED POINT OF INTERCONNECTION<br>(LINE, SUBSTATION, ETC.)  | Alhambra – IID 161 kV “M” Line;<br>Arkansas – IID 161 kV “M” Line;<br>Sonora – IID 230 kV Midway –<br>Bannister Line   |
| EARLY INTERCONNECTION DETAILS, IF APPLICABLE  | Not applicable   |
| GEN-TIE TYPE<br>(NEW LINE, RECONDUCTOR, INCREASED TRANSFORMER BANK CAPACITY,<br>INCREASED BUS CAPACITY, INCREASED SUB AREA) | Installation of inset poles within<br>existing pole lines to allow single<br>span installation of wires to<br>connect to each project<br>interconnection facility. |
| GEN-TIE LENGTH  | Alhambra – single span (75 ft)<br>161 kV; Arkansas – single span<br>(75 ft); Sonora – single span (75<br>ft) 230 kV  |
| GEN-TIE VOLTAGE   | Alhambra – 161 kV; Arkansas –<br>161 kV; Sonora – 230 kV   |
| DEPENDENT NETWORK UPGRADE(S)  | Not applicable   |
| EXPECTED NETWORK UPGRADE COMPLETION DATE  | Not applicable   |

**F. FINANCING PLAN**

Discussed in the original Advice Letter, filed on August 24, 2011, in Advice Letter 2279-E, and approved by the Commission on December 1, 2011. Under the Fourth Amendment, [REDACTED]

**G. PROJECT VIABILITY CALCULATOR (PVC) – NOT APPLICABLE IF PROJECT IS COMMERCIALY OPERATIONAL**

1. MODIFICATIONS THAT WERE MADE TO THE PVC

SDG&E did not make any modifications to the Energy Division issued PVC.

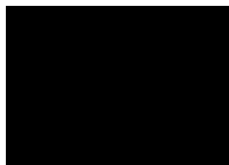
2. THE PROJECT'S PVC SCORE RELATIVE TO OTHER PROJECTS ON THE SHORTLIST AND IN THE SOLICITATION (E.G. RELATION TO MEAN AND MEDIAN, ANY PROJECTS NOT SHORTLISTED WITH HIGHER PVC SCORES, ETC.). USE FIGURES FROM BID WORKPAPERS, AS APPROPRIATE.

SDG&E's originally scored the project [REDACTED] original Advice Letter, filed on August 24, 2011, in Advice Letter 2279-E, and approved by the Commission on December 1, 2011. Since that time, the project has received its Conditional Use Permit in Imperial County and the Project Viability Score is now [REDACTED]

3. GENERATED GRAPHS FROM THE RPS WORKPAPERS:

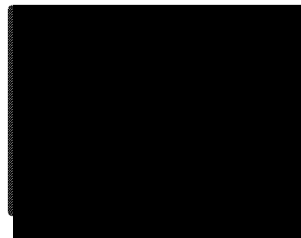
The 2011 RPS Report filed on November 7, 2011. Graphs from the RPS Work papers have been completed and filed.

4. THE PROJECT'S PVC RESULTS



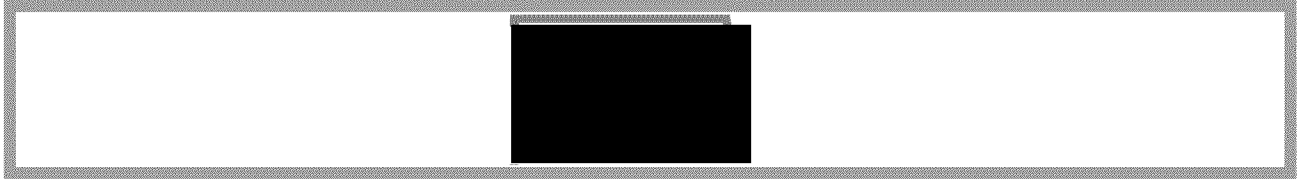
Confidential Appendix B  
2011 Solicitation Overview

**ATTACHED IS THE 2011 SOLICITATION OVERVIEW (PUBLIC AND  
CONFIDENTIAL VERSIONS) WHICH WAS FILED ON NOVEMBER 7,  
2011**



Confidential Appendix C

PRG Materials



Confidential Appendix D

Contract Summary: SolarGen 2  
As Amended by Prior Amendments, and including the Proposed  
Fourth Amendment

**THIS CONFIDENTIAL APPENDIX D SETS FORTH THE INFORMATION REQUIRED TO DEVELOP THE  
PROJECT CONTRACT SUMMARY.**

**CONTRACT SUMMARY**

**A. SITE (UPDATED AS OF NOVEMBER 28, 2012)**

**1. ADDRESS AND LATITUDE AND LONGITUDE OF THE PROJECT'S SITE**

- Name: SolarGen 2

- Address:

The electric generating units utilized as generation assets as part of the Project are described below:

**Arkansas:**

[REDACTED]  
[REDACTED]

**Alhambra:**

[REDACTED]  
[REDACTED]

**Sonora:**

[REDACTED]  
[REDACTED]  
[REDACTED]

- County Name: Imperial | City: Calipatria, near the southern end of the Salton Sea, north of El Centro, CA.

- State: California

**1. Latitude/Longitude:**

**Arkansas**

[REDACTED] [REDACTED]  
[REDACTED] [REDACTED]

**Alhambra**

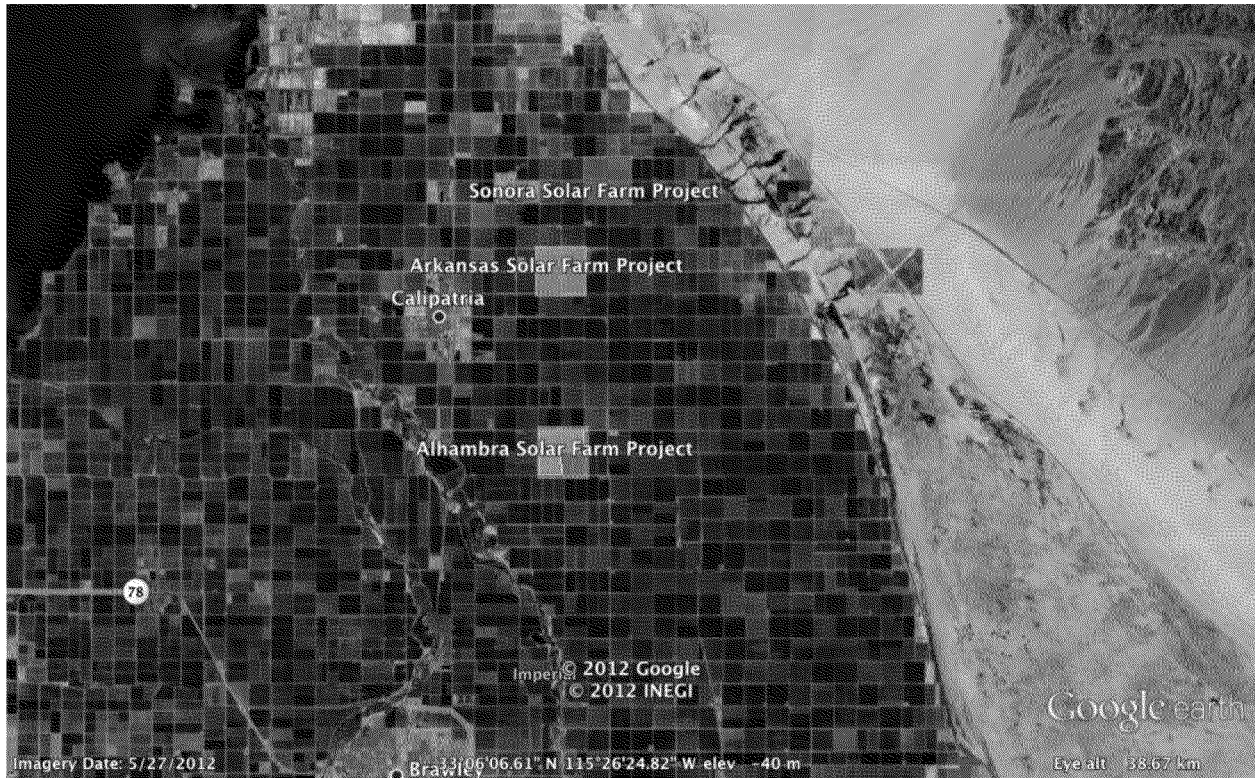
[REDACTED]  
[REDACTED]

**Sonora**

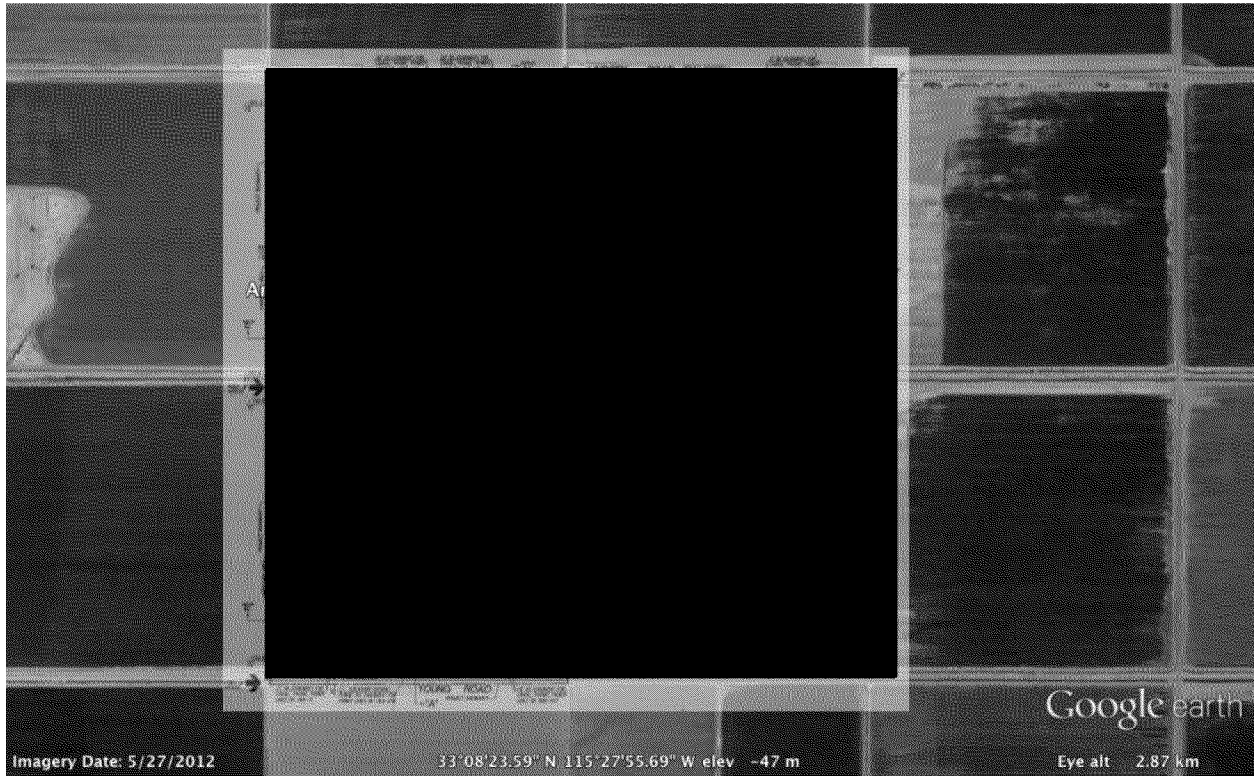
[REDACTED]  
[REDACTED]



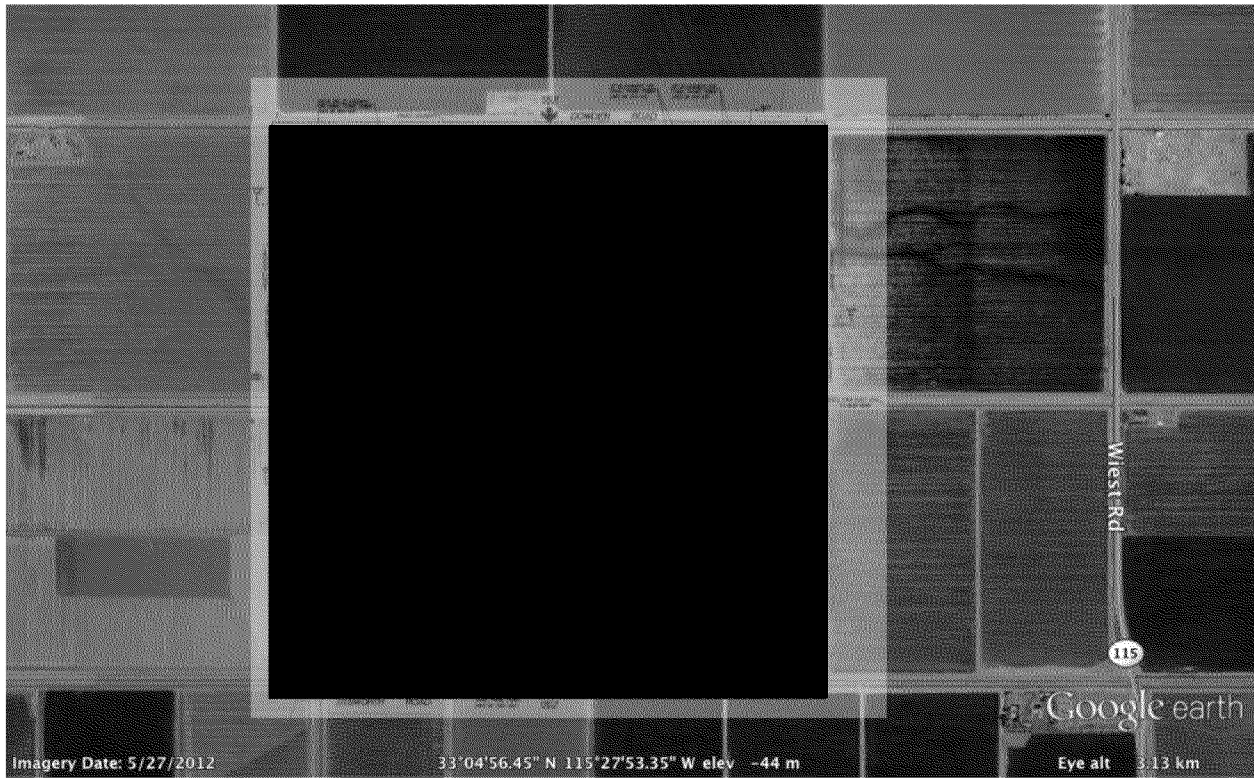
3. GENERAL MAP OF THE PROJECT'S PROPOSED LOCATION (THREE SITES).



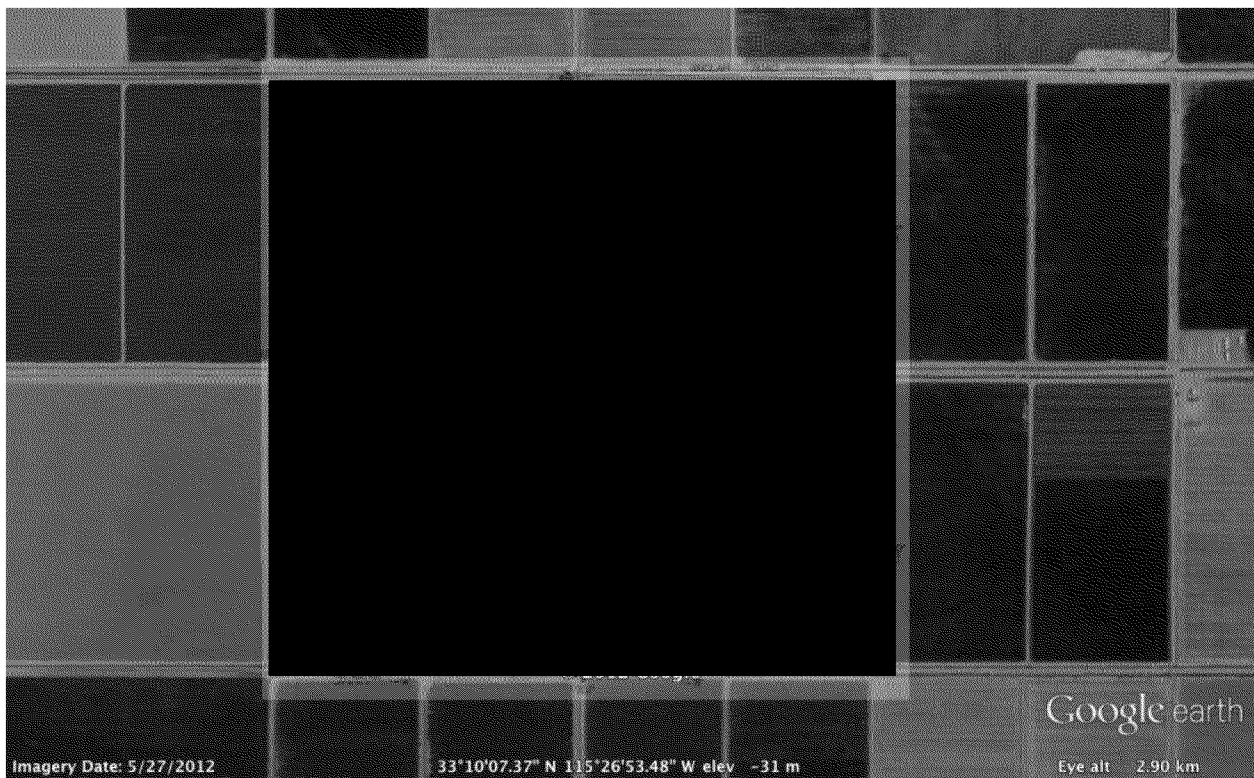
Arkansas:



Alhambra:



Sonora:



**B. THE PROJECT’S CONTRIBUTION TO SDG&E’S RPS PROCUREMENT TARGETS**

The table in Appendix G (below) sets forth the Project’s contribution to SDG&E’s APT and IPT goals on a percentage basis. The project represents [REDACTED] first full year and [REDACTED]. At the time of this AL filing, based on updated RPS need, these percentages may contribute above SDG&E’s RPS requirements, not towards the requirements.

**C. TERMS AND CONDITIONS OF DELIVERY**

Discussed in the original Advice Letter, filed on August 24, 2011, in Advice Letter 2279-E, and approved by the Commission on December 1, 2011.

**D. MAJOR CONTRACT PROVISIONS (UPDATED ON NOVEMBER 28, 2012)**

**1. MAJOR CONTRACT PROVISIONS ARE UPDATED SUMMARIZED IN THE THE MATRIX BELOW.** Contract provisions shown in the original Advice Letter, filed on August 24, 2011, in Advice Letter 2279-E, and approved by the Commission on December 1, 2011. Changes from the proposed Fourth Amendment shown in strike-through and the replacement language is underlined .

| TERM/CONDITION                                       | RPS CONTRACT  |
|--|---|
| <p><b>CONDITIONS PRECEDENT AND DATE TRIGGERS</b></p> | <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> |
| <p><b>AVERAGE ACTUAL PRICE (\$/MWH)</b></p>          | <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> |

| TERM/CONDITION  | RPS CONTRACT |
|---|--------------|
| <b>KEY CONTRACT DATES</b><br>(INITIAL STARTUP DEADLINE,<br>COMMERCIAL OPERATION<br>DEADLINE, PTC DEADLINES, ETC.)     | [REDACTED]   |
| <b>EXPECTED PAYMENTS</b>  | [REDACTED]   |
| <b>PROJECT DEVELOPMENT<br/>SECURITY</b>   | [REDACTED]   |
| <b>DAILY DELAY DAMAGES</b>  | [REDACTED]   |
| <b>SELLER PERFORMANCE<br/>ASSURANCES</b> (CALCULATION<br>METHODOLOGY, FORM OF<br>PERFORMANCE ASSURANCE AND<br>AMOUNT) | [REDACTED]   |
| <b>SELLER'S TERMINATION<br/>RIGHTS</b>  | [REDACTED]   |

| TERM/CONDITION               | RPS CONTRACT   |
|------------------------------|--|
| UTILITY'S TERMINATION RIGHTS | <ul style="list-style-type: none"> <li>• [REDACTED]</li> <li>[REDACTED]</li> <li>[REDACTED]</li> <li>[REDACTED]</li> </ul> |

**2. CONTROVERSIAL AND/OR MAJOR PROVISIONS NOT EXPRESSLY IDENTIFIED IN THE MATRIX ABOVE.**

Discussed in the original Advice Letter, filed on August 24, 2011, in Advice Letter 2279-E, and approved by the Commission on December 1, 2011.

**3. OTHER CONTRACT PROVISIONS**

**a. ANY OTHER SIGNIFICANT OR UNIQUE CONTRACT PROVISIONS TOO DETAILED AND/OR COMPLICATED TO INCLUDE IN THE MATRIX ABOVE.**

Discussed in the original Advice Letter, filed on August 24, 2011, in Advice Letter 2279-E, and approved by the Commission on December 1, 2011.  
None

**b. WHETHER THE DEVELOPER IS TAKING ON THE FULL RISK UNDER CURRENT CONTRACT TERMS AND PRICE (FOR BIOMASS CONTRACTS ONLY).**

The project does not depend on biomass fuel.

**E. CONTRACT PRICE**

**1. THE LEVELIZED CONTRACT PRICE USING SDG&E'S BEFORE TAX WEIGHTED AVERAGE COST OF CAPITAL DISCOUNT RATE IS INDICATED BELOW.**

|   | PRICE      | NOTES      |
|---|------------|------------|
| LEVELIZED BID PRICE – INITIAL (\$/MWH)    | [REDACTED] | [REDACTED] |
| LEVELIZED BID PRICE – FINAL (\$/MWH)**    | [REDACTED] | [REDACTED] |
| LEVELIZED CONTRACT PRICE – FINAL (\$/MWH) | [REDACTED] |            |

|                                |            |            |
|--------------------------------|------------|------------|
|                                |            |            |
| TOTAL SUM OF CONTRACT PAYMENTS | [REDACTED] | [REDACTED] |

2. THE INDIVIDUAL COMPONENTS OF THE CONTRACT PRICING STRUCTURE ARE AS FOLLOWS:

- FLAT PRICING: [REDACTED]
- INDEXED PRICING: [REDACTED]
- ESCALATION FACTORS: [REDACTED]
- NON-AMFs SUBSIDIES: The project expects to qualify for a Department of Energy cash grant.

3. CONTRACT TERMS THAT PERMIT MODIFICATIONS TO THE CONTRACT PRICE.

As discussed in the original Advice Letter, filed on August 24, 2011, in Advice Letter 2279-E, and approved by the Commission on December 1, 2011. [REDACTED]

4. PRICE ADJUSTMENTS/MODIFICATIONS REQUESTED OF THE DEVELOPER DURING THE NEGOTIATION PERIOD. PRICE ADJUSTMENTS/MODIFICATIONS REQUESTED OF THE UTILITY DURING THE NEGOTIATION PERIOD. REASON(S) FOR THE PRICE ADJUSTMENT(S). HOW THE INITIAL BID PRICE COMPARES TO THE FINAL CONTRACT PRICE.

As mentioned in the public portion of the Advice Letter, the price adjustment was a result of Arbitration.

5. PROJECT CHARACTERISTICS (E.G. NETWORK UPGRADE COSTS, EQUIPMENT COSTS, CHANGES IN CAPACITY FACTOR, ETC.) THAT COULD CHANGE THE CONTRACT PRICE AND THEIR EFFECT ON THE LEVELIZED CONTRACT PRICE.

As discussed in the original Advice Letter, filed on August 24, 2011, in Advice Letter 2279-E, and approved by the Commission on December 1, 2011, there are no characteristics of the project that are expected to change the levelized contract price.

6. FOR BIOMASS PROJECTS:

The project will not depend on biomass fuel.

7. THE FOLLOWING TABLE ESTIMATES/PROVIDES ALL APPLICABLE ASSUMPTIONS REGARDING DIRECT OR INDIRECT CONTRACT COSTS THAT ARE PART OF THE CONTRACT, BUT NOT INCLUDED IN THE CONTRACT'S \$/MWH PRICE.





**13. HOW THE CONTRACT PRICE COMPARES WITH THE FOLLOWING:**

**a. OTHER BIDS IN THE SOLICITATION,**

The proposed Fourth Amendment would have ranked [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]

**b. OTHER BIDS IN THE RELEVANT SOLICITATION USING THE SAME TECHNOLOGY,**

The proposed Fourth Amendment would have ranked [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

**c. RECENTLY EXECUTED CONTRACTS**

The Proposed Fourth Amendment would have ranked [REDACTED] ed [REDACTED] [REDACTED]

[REDACTED]  
[REDACTED]

**d. OTHER PROCUREMENT OPTIONS (E.G. BILATERALS, UTILITY-SPECIFIC PROGRAMS, ETC.)**

The Proposed Fourth Amendment would have ranked [REDACTED] ed [REDACTED]

[REDACTED]

**14. THE RATE IMPACT OF THE PROPOSED CONTRACT (CENTS PER KILOWATT-HOUR) BASED ON THE RETAIL SALES FOR THE YEAR WHICH THE PROJECT IS EXPECTED TO COME ONLINE.**

[REDACTED]  
[REDACTED]  
[REDACTED]



Confidential Appendix E

Original Power Purchase Agreement  
First Amendment  
Second Amendment  
Third Amendment  
Proposed Fourth Amendment



Confidential Appendix F

Project's Contribution Toward RPS Goals

| Project Name | Technology | COD       | Location            |
|--------------|------------|-----------|---------------------|
| SolarGen 2   | Solar      | 5/31/2014 | Imperial County, CA |

|            | Deliveries (GWh/yr) |            |            |            |            |            |            |            |            |  |
|------------|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|--|
|            | 2012                | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       |  |
| [REDACTED] |                     |            | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |  |
| [REDACTED] | [REDACTED]          | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |  |
| [REDACTED] | [REDACTED]          | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |  |
| [REDACTED] | [REDACTED]          | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |  |
| [REDACTED] | [REDACTED]          | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |  |
| [REDACTED] | [REDACTED]          | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |  |
| [REDACTED] | [REDACTED]          | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |  |
| [REDACTED] | [REDACTED]          | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |  |

Appendix G

**Up-Front Showing Requirements  
for Category 1 Products**

**Up-Front Showing for Category 1 Products**

| Category 1 Criteria  | Explanation of How Product Meets Criteria   |
|--|---|
| <p>1. ERR first POI with:</p> <p>a. WECC Transmission System within CBA boundaries<br/>-OR-<br/>b. distribution system within CBA boundaries</p>   | <p>The project is located in California. Interconnection Points are within the Imperial Irrigation District, which is a California Balancing Authority.</p> <p>See PPA Sec 3.1(d) and Exhibit A Project Description Including Description of Site.</p>  |
| <p>2. Prove the product is bundled</p>   | <p>The product being purchased is As-Available energy including capacity attributes &amp; green attributes at the project busbar.</p> <p>See Section 3.1(a) definition of Product and PPA Article One; General Definitions: "As Available" and "Eligible Renewable Energy Source" &amp; Green Attributes"</p> |
| <p>3. If using hourly scheduling into CA without substitution – hourly schedule can be maintained, substitution is unlikely</p>  | <p>N/A – not an imported product, project is physically located within California in Imperial County and interconnected to the Imperial Irrigation District as stated above.</p>  |
| <p>4. If using dynamic transfer:</p> <p>a. There is a dynamic transfer agreement<br/>b. Generation is included in agreement scope<br/>c. Agreement will be in operation for duration of contract</p> | <p>N/A – project is directly interconnected to its host California Balancing Authority (IID) so dynamic transfer is not required for delivery into California.</p>  |
| <p>5. Risk of actual deliveries not qualifying for expected product category</p>   | <p>This project qualifies for Category 1. See Criteria Nos. 1 &amp; 2 above</p> <p>It does <u>not</u> qualify for Category 2 because it is not an import, nor does the contract contemplate</p>   |

|  |  |
|--|--|
|  | <p>the purchase of substitute energy for firming and shaping purposes.<br/>See Criteria No. 3 above.</p> <p>It does <u>not</u> qualify for Category 3 because the contract does not allow for the purchase of unbundled RECs.</p> <p>See criteria number 1 &amp; 2 above</p> |
|--|--|

Value Analysis

|                       | Expected Product Category   | Other Product Category   |
|-----------------------|---|--|
| Price Value, \$/MWh   | The value of the product as Category 1 is reflected by the Levelized Contract Cost.   | The product has no value as Category 2 or 3 because the contract does not contemplate the purchase of the product if it does not meet Category 1 criteria as described in the table above. |
| RPS Compliance Value: | This product will help SDG&E to meet its obligation to purchase 65% of its RPS products from Category 1 in Compliance Period 2. | N/A: see row 5 above.  |

