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December 18, 2012

ADVICE LETTER 2435-E
(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: REQUEST FOR APPROVAL OF RENEWABLE POWER PURCHASE AGREEMENTS WITH 70SM1 8ME LLC AND TALLBEAR SEVILLE 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 two Power Purchase Agreements ("PPA" or "Proposed Agreements") executed on December 13, 2012. The PPAs each have 20-year delivery terms and are for of solar energy from two solar photovoltaic ("PV") projects ("Projects") to be constructed in the Imperial Irrigation District of California ("IID"). The PPAs are with the 20 MW Tallbear Seville LLC ("Seville") and the 20 MW 70SM1 8ME LLC ("Calipatria"). The TallBear Seville project is a joint development between Regenerate Power LLC and Tallbear Group, a certified Native American-owned Business. The Calipatria solar project is to be developed by a joint venture between Gestamp Energy ("Gestamp") and 8minuteenergy Renewables. Both Proposed Agreements are expected to commence deliveries in the first half of 2015 and will deliver energy through the Imperial Irrigation District transmission system to the delivery point via pseudo-tie at the California Independent System Operator ("CAISO") import point at the Imperial Valley substation ("IV").

B. SUBJECT OF THE ADVICE LETTER

1. **PROJECT NAMES**: Calipatria and Seville.

2. **TECHNOLOGY (INCLUDING LEVEL OF MATURITY)**: Seville will utilize solar photovoltaic ("PV") panel technology with single-axis tracking, and Calipatria will be fixed solar PV.

3. **GENERAL LOCATION AND INTERCONNECTION POINT:** The Calipatria project will be located near Calipatria, California, approximately 3 miles northwest of the City of Calipatria, Imperial County, California. The Seville project will be located approximately 29 miles northwest of the City of Brawley, Imperial County, California. Both projects will have busbars at points of interconnection within IID system, as further described in Exhibit A of each PPA, which are attached in Confidential Appendix D. Power will be dynamically scheduled via pseudo-tie into the CAISO system through the IV substation.

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4. **<u>OWNER(S) / DEVELOPER(S)</u>:**

   a. **<u>NAME(S):</u>** Tallbear Seville LLC and 70SM1 8ME LLC.

   b. **<u>TYPE OF ENTITY(IES) (E.G. LLC, PARTNERSHIP):</u>** Tallbear Seville LLC is a limited liability company owned by Regenerate Solar and the Tallbear Group. 70SM1 8ME LLC is a limited liability company owned in a joint venture between Gestamp and 8minuteenergy.

   c. **<u>BUSINESS RELATIONSHIPS BETWEEN SELLER/OWNER/DEVELOPER</u>:** Tallbear Seville LLC and 70SM1 8ME LLC are privately held entities whose principals have interests in power generation and electricity.

5. **<u>PROJECT BACKGROUND, E.G., EXPIRING QF CONTRACT, PHASED PROJECT, PREVIOUS POWER PURCHASE AGREEMENT, CONTRACT AMENDMENT</u>**

   Both projects are the result of bilateral negotiations between the project company owners and SDG&E. Contemporaneous with the filing of this Advice Letter, SDG&E is submitting a separate Advice Letter seeking modification of the Renewable Auction Mechanism ("RAM") program so that these projects, which conform to the RAM requirements (save for their location) and utilize the RAM pro forma PPA, will qualify for the RAM. SDG&E is mindful of the state policies supporting development of renewable energy projects in the service territory of IID, and submits that approval of these two Proposed Agreements and the requested changes to the RAM will supports the State's policies.

6. **<u>SOURCE OF AGREEMENT, I.E., RPS SOLICITATION YEAR OR BILATERAL NEGOTIATION</u>**

   The Proposed Agreement with Tallbear Seville LLC was the product of bilateral negotiations between SDG&E and Regenerate, which began with discussions between the parties commencing in September of 2012. The Proposed Agreement with 70SM1 8ME LLC was the product of bilateral negotiations between SDG&E and the joint venture of Gestamp and 8minuteenergy, which began with discussions between the parties commencing in September of 2012..

7. **<u>RENEWABLE AUCTION MECHANISM (RAM) CONTRIBUTION</u>**

   SDG&E requests that the Proposed Agreements contribute toward SDG&E's RAM procurement targets. On December 18, 2010, the CPUC approved the RAM program in Decision 10-12-048 (the "RAM Decision"). The RAM Decision adopted a two-year program with the purpose of lowering transaction costs and promoting the development of system-side renewable distributed generation ("DG") for individual projects up to 20 MW in size. The RAM is the primary procurement tool for this segment of the renewable market and was designed to reduce transaction costs by providing a streamlined contracting mechanism utilizing a standard contract while at the same time relying on market-based pricing. The RAM is intended to complement the RPS Program by providing a procurement opportunity for smaller RPS-eligible projects which have not been able to effectively participate in the RPS solicitations.

The Proposed Agreements utilize SDG&E's RAM standard contract (with minor changes to accommodate the pseudo-tie interconnections) and the projects would have bid and otherwise been eligible for the RAM criteria laid out above except for the RAM program's limitation that all projects solicited through RAM be located within one of the IOU's service territories.[1] Given that the energy from the Projects will flow into SDG&E's service territory by being dynamically transferred via pseudo-tie, it would be reasonable and prudent to allow these projects to count towards SDG&E's RAM targets when they otherwise would meet the RAM criteria. Accordingly, SDG&E has concurrently filed a separate advice letter requesting a programmatic change to the RAM program to allow projects from IID to qualify and bid into RAM.

The RAM Decision established a procurement target of 1,000 MW and distributed this capacity among the three IOUs in proportion to load share. The RAM Decision established SDG&E's target capacity at 81 MW. SDG&E subsequently filed a petition for modification of Decision 10-09-016 requesting the Commission's permission to combine the solicitation of 74 MW of local solar PV capacity from the power purchase agreement with independent power producers' ("IPP") portion of its Solar Energy Program ("SEP") with its RAM procurement obligations. The Commission approved this request through Decision 12-02-002, which adjusted SDG&E's RAM Procurement Target to 155 MW. This additional capacity is reflected in SDG&E's 2012 and 2013 RAM procurement targets. Table 1 summarizes SDG&E's expected RAM procurement targets for the third and fourth scheduled solicitations.

Table 1: SDG&E's RAM Remaining Procurement Targets

Product	2012 B (3)	2013 (4)
Baseload	6	5
Peaking As-Available	40	40
Non-Peaking-As Available	6	5
Total (MW)	**52**	**50**

As a result of its first RAM, SDG&E executed two RAM PPAs for a total of 15 MW of Peaking As-Available product. As a result of its second RAM solicitation, SDG&E executed four RAM PPAs for a total of approximately 38 MW of diverse product which includes: Peaking-As-Available solar PV (18.4 MW), Non- Peaking-As Available wind (9.9 MW), Baseload landfill gas (4.5 MW), and Baseload hydroelectric (5 MW). SDG&E respectfully requests that the Proposed Agreements be counted toward SDG&E's RAM procurement targets. Assuming this request is granted, SDG&E will have procured a total of approximately 93 MW under the RAM program, and will have a total of approximately 62 MW left to procure. SDG&E would maintain the 52 MW procurement target that it has established for the third RAM solicitation, which is currently ongoing, and subtract the capacity from the Proposed Agreements from its fourth RAM solicitation.

[1] D.10-12-048, at Conclusions of Law 28, ("[d]eliveries should be from projects located in one of the IOU's service territories.").

C. GENERAL PROJECT(S) DESCRIPTION

PROJECT NAME	Calipatria	Seville
TECHNOLOGY	Solar photovoltaic	Solar photovoltaic
CAPACITY (MW)	20 MW	20 MW
CAPACITY FACTOR	23.6% average annual	31.3% average annual
EXPECTED GENERATION (GWH/YEAR)	48.4 GWh first year .7% annual degradation	59 GWh first year .7% annual degradation
GUARANTEED COMMERCIAL OPERATION DATE	No later than 24 months from Commission approval (estimated May 31, 2015)	No later than 24 months from Commission approval (estimated May 31, 2015)
DATE CONTRACT DELIVERY TERM BEGINS	At Guaranteed Commercial Operation Date	At Guaranteed Commercial Operation Date
DELIVERY TERM (YEARS)	20 years	20 years
VINTAGE (NEW / EXISTING / REPOWER)	New facility	New facility
LOCATION (CITY AND STATE)	Calipatria, California (Imperial County)	Calipatria, California (Imperial County)
CONTROL AREA (E.G., CAISO, BPA)	Imperial Irrigation District (IID)	Imperial Irrigation District (IID)
NEAREST COMPETITIVE RENEWABLE ENERGY ZONE (CREZ)[2]	Imperial North B (CREZ 31)	Imperial North B (CREZ 31)
TYPE OF COOLING, IF APPLICABLE	Not applicable	Not applicable
PRICE[3] RELATIVE TO MPR (I.E. ABOVE/BELOW)	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

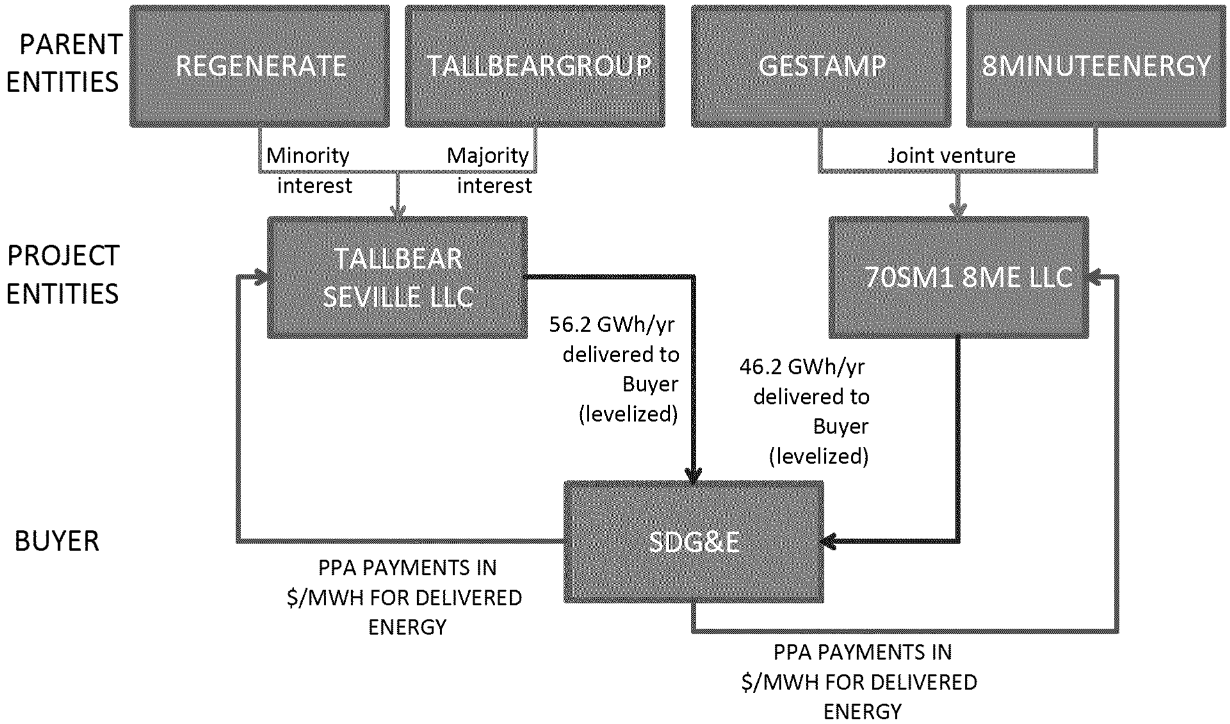
The PPAs provide for the purchase of the full output of as-available bundled energy and green attributes from the Calipatria and Seville facilities for a 20-year term. Both photovoltaic facilities will be interconnected in IID's balancing authority area ("BAA"). Pursuant to a pseudo-tie with the CAISO supported by firm transmission rights from IID, both projects' Scheduling Coordinators will schedule an energy import into the CAISO's BAA at the Imperial Valley Scheduling Point ("IVLY2"). The difference between generation from the generating facilities' metered output at the projects' busbars and the energy import schedule into the CAISO's BAA will be balanced by IID. The projects (or their representatives) will be the CAISO scheduling coordinator, and payments for energy will be

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

[3] Refers to the maximum price under the Agreement.

settled between the projects and SDG&E via contracts for differences based on the CAISO's Day-Ahead Locational Marginal Price ("LMP") at the Imperial Valley intertie.

The basic transaction structures are illustrated in the diagram below.



E. RPS STATUTORY GOALS

THE PROJECTS ARE CONSISTENT WITH AND CONTRIBUTE TOWARDS THE RPS PROGRAM'S STATUTORY GOALS SET FORTH IN PUBLIC UTILITIES CODE §399.11.

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 Proposed Agreements have known prices for 20 years of deliveries which will aid in providing price certainty for ratepayers. As solar resources being constructed in Imperial County, they will generate clean renewable energy, reduce the need for fossil fuel, and provide employment in Imperial County. In addition, Tallbear Seville LLC is owned by Regenerate, a diversity business enterprise registered with the Commissions' Utility Supplier Diverity Program Clearinghouse, and Calipatria has agreed to spend at least 50% if the projects cost with registered contractors, subcontractors and suppliers, all of which will contribute towards the Commission's goals under General Order 156[4].

F. CONFIDENTIALITY

[4] As described in California Public Utilities Code sections 8281-8286 and implemented by California Public Utilities Commission General Order 156, available at http://docs.cpuc.ca.gov/published//Graphics/608.PDF

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 PPAs 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 and 2012 Summer RAM Overview
Appendix C: PRG Materials and Project-Specific Independent Evaluator Report
Appendix D: Contract Summaries
Appendix E: Original Power Purchase Agreements
Appendix F: Project's Contribution Toward RPS Goals

Public Appendix

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

SDG&E filed its 2012 RPS Procurement Plan on November 29, 2012, just shortly before the Proposed Agreements were finalized and executed. The discussion of SDG&E's RPS Procurement Plan, therefore, focuses on consistency with the Commission-approved 2011 version of the Plan, which governed procurement of the Calipatria and Seville projects.

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).[5] 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.

On December 18, 2010, the CPUC approved the RAM program in Decision 10-12-048 (the "RAM Decision"). The RAM Decision directed the IOUs to hold four auctions over a two year period and to submit bidding protocols and standard contracts through a Tier 3 advice letter. In August 2011, the IOUs' advice letters were approved with modification in Resolution E-4114 which adopted program implementation details, bidding protocols, and a standard RAM contract. This required SDG&E to procure a total of 81 megawatts of renewable projects of no greater than 20 MW each in a series of competitive solicitations to be conducted every six months from late 2011 through 2013. SDG&E then filed supplemental Advice Letter 2232-E-D in February of 2012 to combine SDG&E's RAM process with SDG&E's Solar Electric Program ("SEP"), which had been approved in Commission decision 10-09-016. The SEP had a component requiring competitive solicitation for solar projects up to a total of 74 MW. The Commission approved this combination in Decision 12-02-002, authorizing SDG&E to procure the combined total of 155 MW under the RAM process. As of the date of this filing, SDG&E has completed two RAM solicitations and has issued a third solicitation.

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.

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[5] 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 decisión was held in 2011.

The Commission-approved RAM process for SDG&E requires procurement of 155 megawatts of renewable projects, regardless of SDG&E's need.

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 PPAs conform to SDG&E's Commission-approved 2011 RPS Plan by delivering bundled renewable energy and associated Green Attributes. Although the transactions were unsolicited, they comply 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 ≥ 1.5MW, net of all auxiliary and station parasitic loads; (if within SDG&E service area)

d. The Net Contract Capacity must be ≥ 5MW, net of all auxiliary and station parasitic loads; (if outside of SDG&E service area)[6]

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 requirements established in the 2012 Summer RAM Solicitation (the latest completed solicitation as of this filing were as follows:

a. Deliveries must begin within 24 months of CPUC approval.

b. The project must be RPS-eligible.

c. The project's Net Contract Capacity must be no less than 1.5MW and no greater than 20 MW, net of all auxiliary and station parasitic loads.

d. The project must be located within the service territories of SDG&E, Southern California Edison ("SCE"), or Pacific Gas & Electric ("PG&E").

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6 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 ≥ 1.5MW, net of all auxiliary and station parasitic loads; (if within SDG&E service area)
(d) The Net Contract Capacity must be ≥ 5MW, net of all auxiliary and station parasitic loads; (if outside of SDG&E service area).

e. The project site cannot be adjacent to or contiguous with other existing or proposed renewable projects such that the combined capacity of the RAM project and the proposed adjacent project exceeds 20 MW of capacity, net of all auxiliary and station parasitic loads.

f. The project must have completed Phase I interconnection study with the California Independent System Operator ("CAISO") for interconnection, or otherwise demonstrate that the project has a valid existing interconnection that enables delivery to the CAISO transmission system.

g. The project cannot have received Small Generator Incentive Plan payments, or any other subsidies from other California renewable development incentive programs.

These projects will meet all of the above criteria except for item (a) under the 2011 RPS RFO (these projects are not expected to begin energy deliveries until 2015), item (d) under the 2012 Summer RAM RFO (these projects are not located within the territories of SDG&E, SCE or PG&E) and item (f) under the 2012 Summer RAM RFO (these projects will interconnect with the IID transmission system outside of the CAISO transmission system and will not receive interconnection studies from the CAISO). This is discussed in more detail in Confidential Appendix A.

B. BILATERAL CONTRACTING – IF APPLICABLE

1. THE PROPOSED AGREEMENTS COMPLY 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."[7] 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 Agreements conform to the price benchmarking requirements of D.06-10-019 and D.09-06-050. This is discussed in more detail in Confidential Appendix A.

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

These projects will remedy the shortfalls from the second RAM solicitation to date caused by shortlisted projects that are no longer participating after the shortlist had been finalized and non-shortlisted bidders had been sent appreciation letters, which prevented SDG&E from selecting alternative projects from the non-shortlisted bids.

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

7 D.06-10-019, *mimeo*, p. 31.

These projects do not qualify for a RAM solicitation at this time due to their physical location within IID and their non-CAISO interconnection, even though the projects will deliver energy into IID and delivered to SDG&E through a pseudo-tie with CAISO. The 2012 RPS RFO will not accept any proposals for projects delivering prior to the final quarter of 2016, which would exclude these projects as well. As a consequence, there is no approved process for SDG&E to procure smaller low-cost contracts located within the IID territory with delivery dates prior to October 2016 at this time other than through a bilateral process.

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

The Proposed Agreements were compared with offers in the most recent RAM Solicitation and to contracts executed in the last twelve months from the 2011 RPS RFO, the 2011 RAM RFO, the 2012 Summer RAM RFO and Feed-in Traiff ("FiT") programs. SDG&E provides a comparison of the Proposed Agreements in Confidential Appendix A.

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

The Proposed Agreements comply with all standard terms and conditions set forth by the Commission. The Proposed Agreements incorporate changes made to portions of the RAM pro forma Agreement in order to accommodate the interconnection with a non-CAISO California Balancing Authority and delivery to SDG&E. These changes 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 Proposed Agreements comply fully 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 Proposed Agreements, are not revised in the Proposed Agreements, and are used in the appropriate context. A summary of major contract provisions are provided in Confidential Appendix D.

E. **UNBUNDLED RENEWABLE ENERGY CREDIT (REC) TRANSACTIONS**

The Proposed Agreements are not unbundled REC transactions.

F. **MINIMUM QUANTITY**

MINIMUM CONTRACTING REQUIREMENTS APPLICABLE TO SHORT TERM CONTRACTS WITH EXISTING FACILITIES

The Proposed Agreements are not short-term contracts.

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

The Proposed Agreements are not short-term contracts.

H. MARKET PRICE REFERENCE (MPR)

1. CONTRACT PRICE RELATIVE TO THE MPR.

The prices included in the Proposed Agreements are both below the 2011 MPR. The exact pricing and comparison to the MPR is discussed in detail in Confidential Appendix D.

2. TOTAL COST RELATIVE TO THE MPR.

The total costs in the Proposed Agreements are both below the 2011 MPR. The total contract costs and how they compare to the MPR is discussed in more detail within Confidential Appendix D.

I. ABOVE MPR FUNDS (AMFS)

The Proposed Agreements are bilateral agreements and do not qualify for AMFs.

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.

The Proposed Agreements are for solar photovoltaic projects with no emissions, and are fully compliant with the requirements of the EPS.

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

Detailed summaries of both projects were presented to the Procurement Review Group in the presentation for the regularly scheduled meeting held on October 19, 2012. Project negotiating status was updated at the regularly scheduled meeting held on November 16, 2012.

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

SDG&E presented the PRG with details of the pricing and terms of the proposed agreements along with the status of negotiations. SDG&E also briefed the PRG about its intention to ask the Commission to modify the RAM program so that the Calipatria and Seville contracts, along with future projects located in IID, would be eligible to participate.

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

The Proposed Agreements are not short-term contracts.

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

SDG&E's IE was provided with copies of major exchanges of draft contracts and accompanying materials documenting the concerns of the parties and the exchanges that led to contract agreement. Because the non-modifiable RAM contract was used, the only terms subject to negotiation were pricing and the way in which energy would be scheduled and settled, since the projects interconnect in the IID system and are imported into CAISO via a pseudo-tie.

III. PROJECT DEVELOPMENT STATUS

Project development status is provided in Confidential Appendix B.

A. DEVELOPMENT MILESTONES

1. SITE CONTROL STATUS

The Calipatria site is privately owned and is under site control. The site for Seville is privately owned and is under site control.

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.).

Equipment procurement for the Calipatria and Seville projects has not been executed at present. Both developers are presently in discussions with various EPC contractors.

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

Gestamp Solar is an established developer of large-scale solar power plants with extensive experience that spans development, EPC, and O&M. Gestamp Solar North America, Inc. ("GASNA") is the U.S. subsidiary of Gestamp Solar that was established in September of 2009 as part a company-wide international expansion to the Americas.

Since entering the renewable energy market, Gestamp Solar has been involved in over 300MWdc of solar generation, either as EPC or as equipment supplier, and is currently developing over 870 MW of PV facilities worldwide.

Gestamp Solar has commissioned over 300MWdc of PV solar facilities through the end of 2010. Gestamp Solar acted as the developer, equity & balance-sheet finance and EPC role for 200MWdc, and designed, supplied and assembled 100MWdc in mounting structures for third parties. Gestamp Solar is providing operation and maintenance (O&M) services for 90MW of PV installations (owned and third party).

Regenerate Power is a newly formed LLC incorporated in 2011 and has not yet completed any projects. Team principals, however, have extensive experience in procuring renewable power equipment in previous projects. Further details on the principals can be found in Confidential Appendix A.

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

Equipment procurement for the Calipatria and Seville projects has not been executed at present. Both developers are presently in discussions with various EPC contractors.

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.

Certification for Calipatria's RPS eligibility was approved by the California Energy Commission in April of 2010.

Regenerate filed for Seville's RPS eligibility with the California Energy Commission on November 1, 2012.

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

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

Both projects expect to receive Investment Tax Credits (ITCs).

5. TRANSMISSION

The projects are not within CAISO, but are within IID's service territory. Both projects have entered into Generator Interconnection Agreements with IID. The projects will be interconnected to the IID transmission system. Both projects submitted interconnection requests to IID and were studied through IID's Tariff process. The System Impact Studies have been reviewed by the developers and incorporated into the Generator Interconnection Agreements (GIA) between IID and the developers. Further information is located in Confidential Appendix D.

FINANCING PLAN

Both projects anticipate using traditional project finance markets to finance the projects through a mixture of cash equity, tax equity, and debt. Further information is located in Confidential Appendix A.

IV. CONTINGENCIES AND/OR MILESTONES

A. MAJOR PERFORMANCE CRITERIA AND GUARANTEED MILESTONES.

Performance standards, contingencies and milestones associated with the Proposed Agreements are summarized in Confidential Appendix A.

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

Refer to Confidential Appendix A for a comprehensive list of contingencies and milestones.

V. PROCEDURAL MATTERS

A. REQUESTED RELIEF

SDG&E respectfully requests that the Commission expedite its review and approval of the Proposed Agreements 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 Agreements and the terms of such agreements are reasonable; therefore, all costs associated with the Proposed Agreements, including for energy, green attributes, and resource adequacy, should be fully recoverable in rates.

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

1. The Proposed Agreements are reasonable; the Proposed Agreements are consistent with SDG&E's Commission-approved RPS Plan; and procurement from the Proposed Agreements will contribute towards SDG&E's RPS procurement obligation.

2. The Proposed Agreements are consistent with the goals and objectives of the Commission-approved Renewable Auction Mechanism, and the capacity of the Proposed Agreements will be counted towards SDG&E's RAM procurement obligation.

3. SDG&E's entry into the Proposed Agreements and the terms of such Proposed Agreements are reasonable; therefore, the Proposed Agreements are approved in their entirety and all costs of the purchase associated with the Proposed Agreements, including for energy, green attributes, and resource adequacy are fully recoverable in rates over the life of the Proposed Agreements subject to Commission review of SDG&E's administration of the Proposed Agreements.

4. Generation procured pursuant to the Proposed Agreements constitutes generation from eligible renewable energy resources for purposes of determining SDG&E's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewable Portfolio Standard program (Public Utilities Code §§ 399.11, *et seq.* and / or other applicable law) and relevant Commission decisions.

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 January 7th, 2013 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 Energy Division at EDtariffUnit@cpuc.ca.gov. It is also requested that a copy of the protest be sent via electronic mail and facsimile to SDG&E on the same date it is mailed or delivered to the Commission (at the addresses shown below).

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

C. EFFECTIVE DATE

This Advice Letter is classified as a 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 April 30, 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.

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:	Contact Person: Joff Morales
☒ ELC ☐ GAS	Phone #: (858) 650-4098
☐ PLC ☐ HEAT ☐ WATER	E-mail: jmorales@semprautilities.com

EXPLANATION OF UTILITY TYPE	(Date Filed / Received Stamp by CPUC)
ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	

Advice Letter (AL) #: 2435-E

Subject of AL: Request for Approval of Renewable Power Purchase Agreements with 70SM 8ME LLC And Tallbear Seville LLC

Keywords (choose from CPUC listing): Procurement, Power Purchase Agreement

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other

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

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[1]: N/A

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

Resolution Required? ☒ Yes ☐ No Tier Designation: ☐ 1 ☐ 2 ☒ 3

Requested effective date: 4/30/2013 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[1]: None

Pending advice letters that revise the same tariff sheets: None

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

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

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

[1] Discuss in AL if more space is needed.

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

cc: (w/enclosures)

Public Utilities Commission
DRA
Y. Schmidt
W. Scott
Energy Division
P. Clanon
S. Gallagher
H. Gatchalian
D. Lafrenz
M. Salinas
CA. Energy Commission
F. DeLeon
R. Tavares
Alcantar & Kahl LLP
K. Harteloo
American Energy Institute
C. King
APS Energy Services
J. Schenk
BP Energy Company
J. Zaiontz
Barkovich & Yap, Inc.
B. Barkovich
Bartle Wells Associates
R. Schmidt
Braun & Blaising, P.C.
S. Blaising
California Energy Markets
S. O'Donnell
C. Sweet
California Farm Bureau Federation
K. Mills
California Wind Energy
N. Rader
CCSE
S. Freedman
J. Porter
Children's Hospital & Health Center
T. Jacoby
City of Chula Vista
M. Meacham
E. Hull
City of Poway
R. Willcox
City of San Diego
J. Cervantes
G. Lonergan
M. Valerio
Commerce Energy Group
V. Gan
Constellation New Energy
W. Chen
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 2435-E
December 18, 2012

CONFIDENTIAL DECLARATION

BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF CALIFORNIA

DECLARATION OF PATRICK SHEATS
REGARDING CONFIDENTIALITY OF CERTAIN DATA

I, Patrick Sheats, do declare as follows:

1. I am a Principal Business Analyst for San Diego Gas & Electric Company ("SDG&E"). I have reviewed Advice Letter 2435-E, requesting approval of two renewable Purchased Power Agreements ("PPAs"), executed on December 13, 2012. 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").[1/] In addition, the Commission has made 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."[2/]

[1/] 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.

[2/] *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).

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.[3/]

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:[4/]

Data at issue	D.06-06-066 Matrix Requirements	How moving party meets requirements
Bid Information[5/] ***Locations:*** ***1. Confidential Appendix A*** ▪ *Consistency with Commission Decisions and Rules section, paragraph C.2 (Portfolio Fit) and paragraph C.5 – project ranking with other bids in 2011 RPS RFO, 2012 Summer RAM RFO and*	Demonstrate that the material submitted constitutes a particular type of data listed in the IOU Matrix	The data provided is non-public bid data from SDG&E's Renewable RFOs.
	Identify the Matrix category or categories to which the data corresponds	This information is protected under IOU Matrix category VIII.A.
	Affirm that the IOU is complying with the	In accordance with the limitations on

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

4/ *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").

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

Recently Executed Contracts and Adders on p.5,6, 9 10; ▪ *Project Development Status section, paragraph C.1 through C.3 (Development Milestones) on p.46-47;paragraph E.2 (Transmission Confidential Information) on p. 4;Transmission Details Tables, p. 49-50; paragraph F, (Financing Plan), p. 50-51;Project Viability Calculator results, p. 52-53* ▪ 2. ***Confidential Appendix B*** *– embedded 2011 Solicitation Overview Report and 2012 Summer RAM Solicitation Overview on p.54.* 3. ***Confidential Appendix D*** *Contract Summary Section, paragraph E.10 (AMF Caluculator screenshots), p.68-69*	limitations on confidentiality specified in the Matrix for that type of data	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.
Specific Quantitative Analysis[6] ***Location:*** 1. ***Confidential Appendix A*** ▪ *Consistency with Commission Decisions and Rules section, paragraph C.1 (Project Bid Scores) – computed factors for Project in LCBF evaluation on p.4-5; Consistency with Commission Decisions and Rules section, paragraph C.2 (Portfolio Fit) and paragraph C.5 – project ranking with other bids in 2011 RPS RFO, 2012 Summer RAM RFO and Recently Executed Contracts and Adders on p.5,6,*	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 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

[6] The confidential information referenced has a **BLUE** font color / has a blue box around it in the confidential appendices.

9 10; Transmission Adder, p. 6; paragraph C.3(Levelized Contract Price), p. 6;Transmission Adder, p. 7;Deliverability Adder, p. 7-8; paragraph C.6,(LCBF Criteria), p. 8,9;paragraph H (MPR), p. 39; Project Development Status section, paragraph E.3(Locational Attributes), p. 48-49; paragraph G.2 (Project Viability Score), p. 51 2. ***Confidential Appendix B*** *– Embedded 2011 Solicitation Overview Report and 2012 Summer RAM RFO Overview on p.54.* 3. ***Confidential Appendix D*** • *Contract Summary section, paragraph E.1 (Contract Price, Levelized contract price) p. 65; paragraph E.5 (Project charateristics) p. 66; AMFCaluclator Results Table and embedded spreadsheets, p. 67* 4. ***Confidential Appendix G*** • *Current product percentage tables, p. 82-83*		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.	SDG&E cannot summarize or aggregate the evaluation 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.
Contract Terms[7] ***Locations:*** 1. ***Confidential Appendix A*** ▪ *Standard Terms and Conditions table, p. 10* ▪ *Modifiable Term Redline Table, p. 11-38* ▪ *Paragraph E.1, (Electricity delivery terms) p. 48*	Demonstrate that the material submitted constitutes a particular type of data listed in the IOU Matrix	This data includes specific contract terms.
	Identify the Matrix category or categories to which the data corresponds	This information is protected under IOU Matrix category VII.G.
	Affirm that the IOU is	In accordance with the

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

SB_GT&S_0533826

2. Confidential Appendix D ▪ *Contract Summary Section Paragraph A.1. –. Site location (alternate site and project specifications tables), pgs. 58,59; paragraph C.1 (Scheduling coordinator), p. 61 ;paragraph D.1 (Major Contract Provisions table), p. 62-64; paragraph D.2 (Major provisions not previously shown), p. 65;paragraph E.2 (Pricing structure), p. 66; paragraphs E.3, E.4 and E.5 (Contract terms modifying price), p. 66* ***3. Confidential Appendix E*** ▪ *Embedded files containing both PPAs, p. 74.*	complying with the limitations on confidentiality specified in the Matrix for that type of data	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.
Analysis and Evaluation of Proposed RPS Projects[8] ***Locations:*** ***1. Confidential Appendix C*** *– PRG materials from October and November 2012 with unredacted IE report, page 55.* ***Confidential Appendix D*** *paragraphs E.13(a)-(d)(comparison with other contracts), p. 70-71; paragraph E.14 (rate impacts), p. 71-73*	Demonstrate that the material submitted constitutes a particular type of data listed in the IOU Matrix	The Commission has concluded that Actual Procurement Percentage data must be protected in order to avoid disclosing SDG&E's Bundled Retail Sales data.[9]
	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	SDG&E has not

[8] The confidential information referenced has a **VIOLET** font color / has a violet box around it in the confidential appendices

[9] *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.

	information is not already public	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.
IPT/APT Percentage[10/] ***Locations:*** 1. ***Confidential Appendix*** *F, table on p.76.*	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).[11/] The same 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	SDG&E has not publicly disclosed this

[10/] The confidential information referenced has a AQUA font color / has a aqua box around it in the confidential appendices

[11/] *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 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.

	already public	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 Agreements enclosed in the Advice Letter are 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.[12/][1]

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.

12/ 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, 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.").

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.[13/] 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.[14/]

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

[13/] *See also* Govt. Code § 6254.7(d).
[14/] *See*, D.06-06-066, *mimeo*, pp. 26-28.

is required, pursuant to the terms of its original Power Purchase Agreements, to protect non-public information. Some of the Protected Information in the original Power Purchase Agreements, and my supporting declaration (including confidential appendices), relate 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.[15/] *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 18th day of December, 2012 at San Diego, California.

15/ www.cpuc.ca.gov/PUC/ADR/adrprinciples.htm

Patrick Sheats
Principal Business Analyst
Electric and Fuel Procurement
San Diego Gas & Electric

San Diego Gas & Electric Advice Letter 2435-E

December 18, 2012

PART II

REQUEST FOR APPROVAL OF RENEWABLE POWER PURCHASE AGREEMENTS WITH 70SM 8ME AND TALLBEAR SEVILLE LLC

<u>PUBLIC VERSION</u>

(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:

<u>CONFIDENTIALITY KEY</u>

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, shortly before the Proposed Agreements were finalized and executed. The discussion of SDG&E's RPS Procurement Plan, therefore, focuses on consistency with the 2011 version of the Plan.

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.

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 to procure [redacted]

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

GESTAMP CALIPATRIA			
LCBF Criteria / Component		Project Score/Details	Notes
A	Levelized Contract Cost ($/MWh)	[redacted]	[redacted]
B	Deliverability Adder ($/MWh)	[redacted]	[redacted]
C	Transmission Cost Adder ($/MWh)	[redacted]	[redacted]
D = A + B + C	Bid Ranking Price ($/MWh)	[redacted]	

REGENERATE SEVILLE			
LCBF Criteria / Component		Project Score/Details	Notes
A	Levelized Contract Cost ($/MWh)	[redacted]	[redacted]
B	Deliverability Adder ($/MWh)	[redacted]	[redacted]

			[redacted]
C	Network Upgrade Cost Adder($/MWh)	[redacted]	[redacted]
D = A + B + C	Bid Ranking Price ($/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.

The table below shows SDG&E's LCBF Ranking of the proposed Agreements for the top 20 bids in the 2012 Summer RAM RFO. Bids shortlisted and executed in the Summer 2012 RFO are shown in green; bids shortlisted and withdrawn by bidder are shown in light red; bids terminated due to failure to post security shown in solid red; the Proposed Agreements are shown in gold.

RFO Rank	Counter-party	Project	Technology	Contract MW	Annual GWh	Interconnection Type	In SDG&E?	RA Type	Term (yrs)	Levelized Contract Cost ($/MWh)	Deliverability Adder	Network Upgrade Cost Adder ($/MWh)	Bid Ranking Price ($/MWh)	COD
1	[redacted]													
2	[redacted]													
3	[redacted]													
4	[redacted]													
5	[redacted]													
6	[redacted]													
7	[redacted]													
	[redacted]													
8	[redacted]													
9	[redacted]													
10	[redacted]													
11	[redacted]													
12	[redacted]													
	[redacted]													
13	[redacted]													

14	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
15	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
16	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
17	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
18	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
19	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
20	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

- **TRANSMISSION ADDER**

[redacted]

- **APPLICATION OF TODS**

[redacted]

- **QUALITATIVE FACTORS**

The Seville project is majority-owned by the Tallbear Group, a Diversity Business Enterprise registered with the Commission's Utility Supplier Diversity Program Clearinghouse pursuant to General Order 156.

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

- Levelized Contract Price

[redacted]

[redacted]

- Above Market Price

The Above Market Price is computed from the difference between the Levelized Contract Price and the Project-specific Price Referent ("PSPR"). The PSPR is intended to show the cost of a natural gas fired combined-cycle generating facility as a conventional power alternative to RPS

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projects, and was computed from the baseload values of the 2011 MPR adjusted for time-of-day factors and time-of-day deliveries expected from projects per their expected delivery profiles.

- Transmission Adder

[redacted]

- Deliverability Adder

The purpose of the Deliverability Adder is to illustrate the costs of building new generation to meet potential capacity deficits in future years due to renewable projects being unable or unwilling to provide Full Deliverability under the CAISO tariff, which is a prerequisite for any resource to be counted towards resource adequacy requirements of a load-serving entity ("LSE").

This calculation is based upon the PSPRs using the 2011 MPR calculation and two different sets of TOD multipliers, the "All-In" TOD multipliers and the "Energy-Only" TOD multipliers as shown in SDG&E' RPS Plan. Total costs of the project deliveries based upon MPR prices are calculated using the All-In multipliers, which incorporate costs of capacity; the same costs are then computed using the Energy-Only multipliers, which are based only on energy costs and do not incorporate capacity costs. The Energy-Only costs are subtracted from the All-In costs for each TOD period; for periods where this results in a negative value (when Energy-Only costs exceed the All-In costs), this difference is adjusted to zero. These adjusted differences are then added and prorated over the project's lifetime deliveries to produce a "Maximum Deliverability Adder".

The Deliverability Adder is assessed whenever a project is expected to provide less than full Local Resource Adequacy to SDG&E due to deliverability constraints known at the time of RFO issuance. These constraints are:

- Project is interconnected outside of SDG&E's current service territory
- Project is located outside of the CAISO and subject to ISO import counting limits
- Project has selected "energy-only" for its CAISO generation interconnection, or has not committed to performing Deliverability Studies

Projects with energy-only interconnections, or without a first point of interconnection with a California balancing authority, cannot provide deliverability under the CAISO counting rules at present and are assessed the Maximum Deliverability Adder.

[redacted]

[redacted]

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

The Proposed Agreements were negotiated bilaterally between the counterparties and SDG&E; prices were not established prior to the bid ranking of the 2012 Summer RAM RFO in July of 2012.

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

These projects are being submitted as bilateral contracts. [redacted] They were not submitted into the 2012 Summer RAM RFO due to their location within the Imperial Irrigation District; the RAM program limits bidders to sites within the territories of the three California IOUs (SDG&E, Southern California Edison, and Pacific Gas & Electric) and these projects are ineligible to submit through the normal RAM bidding process, although the Imperial Irrigation District is a California Balancing Authority and any interconnected resources within their territory are eligible for the RPS program as Category 1 resources.

The projects are also ineligible for SDG&E's Feed-in Tariff ("FiT") due to their location and their size, which exceeds the 3 megawatt upper limit for FiT contracts.

The negotiations for these contracts pre-date the filing of SDG&E's 2012 RPS RFO, and the commercial operation dates of the Proposed Agreements are outside of the product specifications for the 2012 RPS RFO as presently filed. Bids must have CODs no earlier than the last quarter of 2016 to be eligible in SDG&E's 2012 RPS RFO.

At present, federal Investment Tax Credits for solar photovoltaic projects will expire after December 31, 2016 unless extended. The Calipatria and Seville projects must be approved in a timely manner to facilitate the ability of these projects to come online prior to ITC expiration in order to take advantage of the low contract prices in these proposals. If the ITC is not extended and the Proposed Agreements are not approved, there is a significant risk that these projects cannot be completed at the prices shown.

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. Projects highlighted in green were from an RFO process (either RAM or RPS), projects highlighted in yellow are from the FiT program, and projects highlighted in blue are bilateral contracts or amendments to bilateral contracts.

Date Executed	Solicitation	Counterparty	Project	Technology	COD	Term (yrs)	Contract MW	Annual GWh	Interconnection Type	Service Territory	RA Type	Levelized Contract Cost ($/MWh)	Deliverability Adder ($/MWh)	Transmission Cost Adder ($/MWh)	Bid Ranking Price ($/MWh)
[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]	[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]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

D. STANDARD TERMS AND CONDITIONS

Modifiable? (Yes/No)	STC No.	STANDARD TERM AND CONDITION	Modified? (Yes/No)	Description of Change and Rationale
No	1	CPUC Approval	No	[redacted]
	2	RECs and Green Attributes	No	[redacted]
	6	Eligibility	No	[redacted]
	17	Applicable Law	No	[redacted]
No	REC-1	Transfer of RECs	No	[redacted]
No	REC-2	Tracking of RECs in WREGIS	No	[redacted]
Yes	4	Confidentiality	Yes	[redacted]
Yes	5	Contract Term	Yes	[redacted]

				[redacted]
	7	Performance Standards/Requirements	Yes	[redacted]
	8	Product Definitions	Yes	[redacted]
	9	Non-Performance or Termination Penalties and Default Provisions	Yes	[redacted]
	12	Credit Terms	Yes	[redacted]
	15	Contract Modifications	No	[redacted]
	16	Assignment	Yes	[redacted]
	18	Application of Prevailing Wages	Yes	[redacted]

Modifiable Term Red-line Table[1]

(Red-line is actual contract language relative to the standard modifiable term language)

Language from D.08 -04-009, as amended by D.08 -08-028	Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC
STC 1: CPUC Approval (Non-Modifiable) "CPUC Approval" means a final and non -appealable order of the CPUC, without conditions or modifications unacceptable to the Parties, or either of them, which contains the following terms: (a) approves this Agreement in its entirety, including payments to be made by the Buyer, subject to CPUC review of the Buyer's administration of the Agreement; and (b) finds that any procurement	**STC 1: CPUC Approval (Non-Modifiable)** [redacted]

[1] Language in the 70SM1 8 ME LLC and Tallbear Seville LLC contracts are identical except where otherwise identified.

Language from D.08 -04-009, as amended by D.08 - 08-028	Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC
pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 *et seq.*), Decision 03 -06-071, or other applicable law. CPUC Approval wil l be deemed to have occurred on the date that a CPUC decision containing such findings becomes final and non-appealable.	[redacted] **Page 6 of Contract, Section 1.1**
STC 2: RECs and Green Attributes (Non - Modifiable) "Green Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its avoided emission of poll utants. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law , to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; [2] (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local	**STC 2: RECs and Green Attributes (Non - Modifiable)** [redacted]

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Language from D.08 -04-009, as amended by D.08 -08-028	**Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC**
law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Project, (ii) production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income taxation obligation, (iii) fuel -related subsidies or "tipping fees" that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or (iv) e mission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality permits. If the Project is a biomass or biogas facility and Seller receives any tradable Green Attributes based on the gr eenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Project. 3.2. Green Attributes. Seller hereby provides and conveys all Green Attributes associated with all electricity generation from the Project to Buyer as part of the Product being delivered. Seller represents and warrants that Seller holds the rights to al l Green Attributes from the Project, and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Project.	[redacted] **Page 12 of Contract, Section 1.1** [redacted] **Page 23 of Contract, Section 3.1(i)**
STC 6: Eligibility (Non-Modifiable) Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that: (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public	**STC 6: Eligibility (Non-Modifiable)** [redacted]

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Language from D.08 -04-009, as amended by D.08 - 08-028	Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC
Utilities Code Section 399.12 or Section 399.16; and (ii) the Project's output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execut ion of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.	[redacted] **Page 49 of Contract, Section 10.2(a)**
STC REC-1. Transfer of renewable energy credits Renewable Energy Credits. (Non-modifiable) Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the renewable energy credits Renewable Energy Credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.	**STC REC-1. Transfer of renewable energy credits Renewable Energy Credits. (Non-modifiable)** [redacted] **Page 49 of Contract, Section 10.2(b)**
STC REC-2. Tracking of RECs in WREGIS. (Non-modifiable) Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract.	**STC REC-2. Tracking of RECs in WREGIS. (Non-modifiable)** [redacted] **Page 25 of Contract, Section 3.1(l)**
STC 17: Applicable Law (Non-Modifiable) Governing Law. THIS AGREEMENT AND T HE RIGHTS AND DUTIES OF THE PA RTIES	**STC 17: Applicable Law (Non-Modifiable)** [redacted]

Language from D.08 -04-009, as amended by D.08 -08-028	**Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC**
HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. TO THE EXTENT ENFORCEABLE AT SUCH TIME, EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.	[redacted] **Page 57 of Contract, Section 13.8**
STC 4: Confidentiality (Modifiable) "Confidentiality: Neither Party shall disclose the non-public terms or conditions of this Agreement or any Transaction hereunder to a third party, other than (i) the Party's employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential, (ii) for disclosure to the Buyer's Procurement Review Group, as defined in CPUC Decision (D.) 02 -08-071, subject to a confidentiality agreement, (iii) to the CPUC under seal for purposes of review, (iv) disclosure of terms specified in and pursuant to Section 10.12 of this Agreement; (v) in order to comply with any applicable law, regulation, or any exchange, control area or ISO rule, or order issued by a court or entity with competent jurisdiction over the disclosing Party ('Disclosing Party'), other than to those entities set forth in subsection (vi); or (vi) in order to comply with any applicable regulation, rule, or order of the CPUC, CEC, or the Federal Energy Regulatory Commission. In connection with requests made pursuant to clause (v) of this Section 10.11 ('Disclosure Order') each Party shall, to the extent practicable, use reasonable efforts: (i) to notify the other Party prior to disclosing the confidential information and (ii) prevent or limit such disclosure. After using such reasonable efforts, the Disclosing Party shall not be: (i) prohibited from complying with a Disclosure Order or (ii) liable to the other Party for monetary or other damages incurred in connection with the disclosure of the confidential information. Except as provided in the preceding sentence, the Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation."	**STC 4: Confidentiality (Modifiable)** [redacted]

Language from D.08 -04-009, as amended by D.08 -08-028	**Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC**
"10.12 RPS Confidentiality. Notwithstanding Section 10.11 of this Agreement at any time on or after the date on which the Buyer makes its advice filing letter seeking CPUC Approval of the Agreement either Party shall be pe rmitted to disclose the following terms with respect to such Transaction: Party names, resource type, delivery term, project location, and project capacity. If Option B is checked on the Cover Sheet, neither Party shall disclose party name or project loc ation, pursuant to this Section 10.12, until six months after such CPUC Approval." The Cover Sheet of the Agreement shall be amended by adding to Article 10, Confidentiality, a new "Option B," as follows: ☐ Option B RPS Confidentiality Applicable. If not checked, inapplicable" ☐ Option C Confidentiality Notificatio If Option C is checked on the Cover She Seller has waived its right to notification accordance with Section 10.11 (v)."	[redacted] **Page 54 of Contract, Section 13.1(a)** [redacted] **Page 54 of Contract, Section 13.1(b)**
STC 5: Contract Term (Modifiable) The following provision shall be included as a standard term in the Confirmation(s) for the Transaction(s) entered into under the Agreement: "Delivery Term: The Parties shall specify the period of Product delivery for the 'Delivery Term,' as defined herein, by checking one of the following boxes: ☐ Delivery shall be for a period of ten (10) years. ☐ Delivery shall be for a period of	**STC 5: Contract Term (Modifiable)** [redacted]

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Language from D.08 -04-009, as amended by D.08 -08-028	Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC
fifteen (15) years. ☐ Delivery shall be for a period of twenty (20) years. ☐ Non-standard Delivery shall be for a period of ___ years." If the "Non-standard Delivery" contract term is selected, Parties need to apply to the CPUC justifying the need for non-standard delivery.	[redacted] [redacted] [redacted] **Page 22 of Contract, Section 3.1(c)**
STC 7: Performance Standards/Requirements (Modifiable) A. The following shall be included in the applicable post Commercial Operation Date performance standards/requirement provisions of the Agreement or Confirmation for "As Available" projects: "Energy Production Guarantees The Buyer shall in its sole discretion have the right to declare an Event of Default if Seller fails to achieve the Guaranteed Energy Production in any [12 month period] [or] [24 month period] and such failure is not excused by the reasons set forth in subsections (ii), (iii), or (v) of Section __ of this Agreement, "Excuses for Failure to Perform." Guaranteed Energy Production = __________MWh."	**STC 7: Performance Standards/Requirements (Modifiable)** **70SM1 8ME LLC:** [redacted] **Page 22 of Contract, Section 3.1(e)** **Tallbear Seville LLC:** [redacted]

Language from D.08 -04-009, as amended by D.08 -08-028	Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC
	[redacted] **Page 22 of Contract, Section 3.1(e)**
B. The following shall be included in the applicable performance standards/requirement provisions, as "Excuses for Failure to Perform" in the Agreement or Confirmation for "As Available" projects: "Seller shall not be liable to Buyer for any damages determined pursuant to Article Four of the Agreement in the event that Seller fails to deliver the Product to Buyer for any of the following reasons: i. if the specified generation asset(s) are unavailable as a result of a Forced Outage (as defined in the NERC Generating Unit Availability Data System (GADS) Forced Outage reporting guidelines) and such Forced Outage is not the result of Seller's negligence or willful misconduct; ii. Force Majeure;	[redacted] **Page 22 of Contract, Section 3.1(e)** [redacted]

Language from D.08 -04-009, as amended by D.08 -08-028	Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC
iii. by the Buyer's failure to perform; iv. by scheduled maintenance outages of the specified units; v. a reduction in Output as ordered under terms of the dispatch down and Curtailment provisions (including CAISO or Buyer's system emergencies); or vi. [the unavailability of landfill gas which was not anticipated as of the date this [Confirmation] was agreed to, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such landfill gas to the Project, and which by the exercise of reasonable due diligence, Seller is unable to overcome or avoid or causes to be avoided; OR insufficient wind power for the specified units to generate energy as determined by the best wind speed and direction standards utilized by other wind producers or purchasers in the vicinity of the Project or if wind speeds exceed the specified units' technical specifications; OR the unavailability of water or the unavailability of sufficient pressure required for operation of the hydroelectric turbine-generator as reasonably determined by Seller within its operating procedures, neither of which was anticipated as of the date this [Confirmation] was agreed to, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such water to the Project, and which by the exercise of due diligence, such Seller or the party supplying the	[redacted] [redacted] [redacted] [redacted] [redacted] **Page 3 of Contract, Section 1.1** [redacted] **Page 23 of Contract, Section 3.1(h)(ii)**

Language from D.08 -04-009, as amended by D.08 - 08-028	**Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC**
water is unable to overcome or avoid or causes to be avoided.] The performance of the Buyer to receive the Product may be excused only (i) during periods of Force Majeure, (ii) by the Seller's failure to perform or (iii) during dispatch down periods."	
C. The following shall be included in the applicable performance standards/requirement provisions as "Excuses for Failure to Perform" in the Agreement or Confirmation for "Unit Firm" projects: "Net Rated Output Capacity. If the Net Rated Output Capacity at the Commercial Operation Date or at the end of the first twelve (12) consecutive months after the Commercial Operation Date [and every twelve (12) consecutive months thereafter] is less than ___ MW, Buyer shall have the right to declare an Event of Default. For subsequent contract years, Buyer shall trigger an Annual Capacity Test to determine each year's Net Rated Output Capacity by scheduling Deliveries from the facility for two consecutive weeks. Buyer shall provide Seller two (2) weeks notice of the Annual Capacity Test. For the second year and thereafter the Net Rated Output Capacity shall be the ratio of the sum of average hourly Energy Delivered for two (2) weeks divided by 336 hours (24 hours x 14 days). Energy Delivered shall exclude any energy greater than ___ MW average in each hour. The resulting Net Rated Output Capacity shall remain in effect until the next Annual Capacity Test. The Net Rated Output Capacity shall not exceed the Contract Capacity of __MW. Additional Event of Default. It shall be an additional Event of Default if (i) the Availability Adjustment Factor is less than ____% for ___ consecutive months, or (ii) Net Rated Output Capacity falls below ___ MW. In no event shall the Seller have the right to procure Energy from sources other than the Facility for sale and delivery pursuant to this Agreement."	Excuses for Failure to Perform for Unit Firm projects **Contract is not for Unit Firm Product.**
D. The following shall be included in the applicable performance standards/requirement provisions of	Excuses for Failure to Perform – availability adjustment factor:

Language from D.08 -04-009, as amended by D.08 - 08-028	**Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC**
the Agreement or Confirmation for "Unit Firm" projects: "Seller shall be excused from achieving the Availability Adjustment Factor for the applicable time period, in the event that Seller fails to deliver the Product to Buyer for any of the following reason: i. during Force Majeure; ii. by Buyer's failure to perform; or, iii. a reduction in Output as ordered under terms of the dispatch-down and Curtailment provisions (including CAISO or Buyer's system emergencies.)"	**Contract is not a Dispatchable Product.**
E. The following shall be included in the applicable performance standards/requirement provisions as "Excuses for Failure to Perform" in the Agreement or Confirmation for "Unit Firm," "Baseload," "Peaking," and "Dispatchable" Products: "Seller shall not be liable to Buyer for any damages determined pursuant to Article Four of the Agreement, in the event that Seller fails to deliver the Product to Buyer for any of the following reason: i. if the specified generation asset(s) are unavailable as a result of a Forced Outage (as defined in the NERC Generating Unit Availability Data System (GADS) Forced Outage reporting guidelines) and such Forced Outage is not the result of Seller's negligence or willful misconduct; ii. Force Majeure; iii. by the Buyer's failure to perform; iv. by scheduled maintenance outages of the specified units; or, a reduction in Output as ordered under terms of the dispatch down and Curtailment provisions (including CAISO or Buyer's system emergencies). The performance of the Buyer to receive the product may be excused only (i) during periods of Force Majeure, (ii) during periods of dispatch-down, or (iii) by the Seller's failure to perform."	Excuses for Failure to Perform – unit firm: **Contract is not unit firm, baseload or dispatchable.**

Language from D.08 -04-009, as amended by D.08 -08-028	**Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC**
STC 8: Product Definitions (Modifiable) " '<u>As Available</u>' means, with respect to a Transaction, that Seller shall deliver to Buyer and Buyer shall purchase at the Delivery Point the Product from the Units, in accordance with the terms of this Agreement and subject to the excuses for performance specified in this Agreement." The "Unit Firm" Product Definition in Schedule P of the EEI Agreement shall be deleted in its entirety and replaced with the following: " '<u>Unit Firm</u>' means, with respect to a Transaction, that the Product subject to the Transaction is intended to be supplied from a specified generation asset or assets specified in the Transaction. The following Products shall be considered "Unit Firm" products: '<u>Peaking</u>' means with respect to a Transaction, a Product for which Delivery Periods coincide with Peak Periods, as defined by Buyer. '<u>Baseload</u>' means with respect to a Transaction, a Product for which Delivery levels are uniform for all Delivery Periods. '<u>Dispatchable</u>' means with respect to a Transaction, a Product for which Seller makes available unit-contingent capacity for a Buyer to schedule and dispatch up or down at Buyer's option."	**STC 8: Product Definitions (Modifiable)** [redacted] **Page 3 of Contract, Section 1.1**
STC 9: Non-Performance or Termination Penalties and Default Provisions (Modifiable) *"5.1 <u>Events of Default</u>. An 'Event of Default' shall mean, with respect to a Party (a 'Defaulting Party'), the occurrence of any of the following:* (a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within three (3) Business Days after written notice; (b) any representation or warranty made	**STC 9: Non -Performance or Termination Penalties and Default Provisions (Modifiable)** [redacted] [redacted] [redacted]

Language from D.08 -04-009, as amended by D.08 - 08-028	Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC
by such Party herein is false or misleading in any material respect when made or when deemed made or repeated;	[redacted]
(c) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default, and except for such Party's obligations to deliver or receive the Product, the exclusive remedy for which is provided in Article Four) if such failure is not remedied within three (3) Business Days after written notice;	[redacted]
(d) such Party becomes Bankrupt;	[redacted]
(e) the failure of such Party to satisfy the creditworthiness/collateral requirements agreed to pursuant to Article Eight hereof;	[redacted]
(f) such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party;	[redacted]
(g) if the applicable cross default section in the Cover Sheet is indicated for such Party, the occurrence and continuation of (i) a default, event of default or other similar condition or event in respect of such Party or any other party specified in the Cover Sheet for such Party under one or more agreements or instruments, individually or collectively, relating to indebtedness for borrowed money in an aggregate amount of not less than the applicable Cross Default Amount (as specified in the Cover Sheet), which results in such indebtedness	[redacted]

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Language from D.08 -04-009, as amended by D.08 -08-028	Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC
becoming, or becoming capable at such time of being declared, immediately due and payable or (ii) a default by such Party or any other party specified in the Cover Sheet for such Party in making on the due date therefore one or more payments, individually or collectively, in an aggregate amount of not less than the applicable Cross Default Amount (as specified in the Cover Sheet);	[redacted]
(h) with respect to such Party's Guarantor, if any:	
(i) if any representation or warranty made by a Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated;	[redacted]
(ii) the failure of a Guarantor to make any payment required or to perform any other material covenant or obligation in any guaranty made in connection with this Agreement and such failure shall not be remedied within three (3) Business Days after written notice;	[redacted]
(iii) a Guarantor becomes Bankrupt; the failure of a Guarantor's guaranty to be in full force and effect for purposes of this Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under each Transaction to which such guaranty shall relate without the written consent of the other Party; or	[redacted]
(v) a Guarantor shall repudiate, disaffirm, disclaim, or reject, in whole or in part, or challenge the validity of any guaranty."	[redacted]
Section 5.1 of the Agreement, as provided above, shall	[redacted]

Language from D.08 -04-009, as amended by D.08 -08-028	Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC
be modified as follows: *Section 5.1(c) is amended by deleting the reference to "three (3) Business Days" and replacing it with "thirty (30) days;" and* *Sections 5.1(b) and 5.1(h)(i) are amended by adding the following at the end thereof: "or with respect to the representations and warranties made pursuant to Section 10.2 of this Agreement or any additional representations and warranties agreed upon by the parties, any such representation and warranty becomes false or misleading in any material respect during the term of this Agreement or any Transaction entered into hereunder."* The following new "Events of Default" shall be included in Section 5.1 of the Agreement, as amended: Section 5.1 (i) is added as follows: "if at any time during the Term of Agreement, Seller delivers or attempts to deliver to the Delivery Point for sale under this Agreement electrical power that was not generated by the Unit(s)"; and Section 5.1(j) is added as follows: "failure to meet the performance requirements agreed to pursuant to Section __ hereof."	[redacted] **Page 41 of Contract, Section 5.1**
Non- Performance/Termination penalites: The following modifications to Article One of the EEI Agreement are offered as "Non-Performance/Termination Penalties" for the Agreement: The definition of "Gains" shall be deleted in its entirety and replaced with the following: " 'Gains' means with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of a Terminated Transaction for the	**Non-Performance/Termination Penalties:** [redacted]

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Language from D.08 -04-009, as amended by D.08 -08-028	Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC
remaining term of such Transaction, determined in a commercially reasonable manner. Factors used in determining economic benefit may include, without limitation, reference to information either available to it internally or supplied by one or more third parties, including, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets market referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g., NYMEX), all of which should be calculated for the remaining term of the applicable Transaction and include the value of Environmental Attributes." The definition of "Losses" shall be deleted in its entirety and replaced with the following: " 'Losses' means with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from the termination of a Terminated Transaction for the remaining term of such Transaction, determined in a commercially reasonable manner. Factors used in determining the loss of economic benefit may include, without limitation, reference to information either available to it internally or supplied by one or more third parties including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, market referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g. NYMEX), all of which should be calculated for the remaining term of the applicable Transaction and include value of Environmental Attributes." The definition of "Costs" shall be deleted in its entirety and replaced with the following: " 'Costs' means, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace a Terminated Transaction; and all reasonable attorneys' fees and expenses incurred by the Non-Defaulting Party in connection with the termination of	[redacted] **Page 10 of Contract, Section 1.1** [redacted] **Page 14 of Contract, Section 1.1** [redacted] **Page 5 of Contract, Section 1.1**

Language from D.08 -04-009, as amended by D.08 - 08-028	**Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC**
a Transaction." The definition of "Settlement Amount" shall be adopted in its entirety as follows: "1.56 'Settlement Amount' means, with respect to a Transaction and the Non-Defaulting Party, the Losses or Gains, and Costs, expressed in U.S. Dollars, which such party incurs as a result of the liquidation of a Terminated Transaction pursuant to Section 5.2."	[redacted] **Page 19 of Contract, Section 1.1**
Section 5.2 of the Agreement shall be deleted in its entirety and replaced with the following: "5.2 Declaration of Early Termination Date and Calculation of Settlement Amounts: If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party ('Non-Defaulting Party') shall have the right to (i) designate a day, no earlier than the day such notice is effective and no later than 20 days after such notice is effective, as an early termination date ('Early Termination Date') to accelerate all amounts owing between the Parties and to liquidate and terminate all, but not less than all, Transactions (each referred to as a 'Terminated Transaction') between the Parties, (ii) withhold any payments due to the Defaulting Party under this Agreement and (iii) suspend performance. The Non-defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for each such Terminated Transaction as of the Early Termination Date. Third parties supplying information for purposes of the calculation of Gains or Losses may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information. The Settlement Amount shall not include consequential, incidental, punitive, exemplary, indirect or business interruption damages. The Non-Defaulting Party shall not have to enter into replacement transactions to establish a Settlement Amount."	[redacted]

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Language from D.08 -04-009, as amended by D.08 -08-028	**Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC**
	[redacted] **Page 43 of Contract, Section 5.2**
Section 5.3 through 5.5 of the Agreement shall be adopted in their entirety. For reference Section 5.3 – 5.5 are as follows: "5.3 Net Out of Settlement Amounts. The Non-Defaulting Party shall aggregate all Settlement Amounts into a single amount by: netting out (a) all Settlement Amounts that are due to the Defaulting Party, plus, at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party pursuant to Article Eight, plus any or all other amounts due to the Defaulting Party under this Agreement against (b) all Settlement Amounts that are due to the Non-Defaulting Party, plus any or all other amounts due to the Non-Defaulting Party under this Agreement, so that all such amounts shall be netted out to a single liquidated amount (the 'Termination Payment'). If the Non-Defaulting Party's aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the Termination Payment shall be zero.	[redacted]

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Language from D.08 -04-009, as amended by D.08 - 08-028	Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC
5.4 Notice of Payment of Termination Payment. As soon as practicable after a liquidation, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount and the sources for such calculation. The Termination Payment shall be made to the Non-Defaulting Party, as applicable, within two (2) Business Days after such notice is effective.	[redacted] **Page 43 of Contract, Section 5.3** [redacted] **Page 44 of Contract, Section 5.4**
5.5 Disputes With Respect to Termination Payment. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that if the Termination Payment is due from the Defaulting Party, the Defaulting Party shall first transfer Performance Assurance to the Non-defaulting Party in an amount equal to the Termination Payment."	[redacted] **Page 44 of Contract, Section 5.5**

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Language from D.08 -04-009, as amended by D.08 -08-028	**Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC**
STC 12: Credit Terms (Modifiable) Sections 8.1 through 8.3 of the EEI Agreement shall be adopted in their entirety for inclusion in the Agreement as follows: "8.1 Party A Credit Protection. The applicable credit and collateral requirements shall be as specified on the Cover Sheet and shall only apply if marked as "Applicable" on the Cover Sheet. (a) Financial Information. Option A: If requested by Party A, Party B shall deliver (i) within 120 days following the end of each fiscal year, a copy of Party B's annual report containing audited consolidated financial statements for such fiscal year	**STC 12: Credit Terms (Modifiable)** **Both Agreements:** [redacted]

Language from D.08 -04-009, as amended by D.08 - 08-028	**Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC**
and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of Party B's quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as Party B diligently pursues the preparation, certification and delivery of the statements. Option B: If requested by Party A, Party B shall deliver (i) within 120 days following the end of each fiscal year, a copy of the annual report containing audited consolidated financial statements for such fiscal year for the party(s) specified on the Cover Sheet and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of quarterly report containing unaudited consolidated financial statements for such fiscal quarter for the party(s) specified on the Cover Sheet. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification and delivery of the statements. Option C: Party A may request from Party B the information specified in the Cover Sheet. (b) Credit Assurances. If Party A has reasonable grounds to believe that Party B's creditworthiness or performance under this Agreement has become unsatisfactory, Party A will provide Party B with written notice requesting Performance Assurance in an amount determined by Party A in a commercially reasonable manner. Upon receipt of such notice Party B shall have three (3) Business Days to remedy the situation by providing such Performance Assurance to Party A. In the event that Party B fails to provide such Performance Assurance, or a guaranty or other credit assurance acceptable to Party A within three (3) Business Days of receipt of notice, then an Event of Default under Article Five will be deemed to have occurred and Party A will be entitled to the remedies set forth in Article Five of this Master Agreement. (c) Collateral Threshold. If at any time and from time to time during the term of this Agreement	[redacted]

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Language from D.08 -04-009, as amended by D.08 -08-028	Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC
(and notwithstanding whether an Event of Default has occurred), the Termination Payment that would be owed to Party A plus Party B's Independent Amount, if any, exceeds the Party B Collateral Threshold, then Party A, on any Business Day, may request that Party B provide Performance Assurance in an amount equal to the amount by which the Termination Payment plus Party B's Independent Amount, if any, exceeds the Party B Collateral Threshold (rounding upwards for any fractional amount to the next Party B Rounding Amount) ("Party B Performance Assurance"), less any Party B Performance Assurance already posted with Party A. Such Party B Performance Assurance shall be delivered to Party A within three (3) Business Days of the date of such request. On any Business Day (but no more frequently than weekly with respect to Letters of Credit and daily with respect to cash), Party B, at its sole cost, may request that such Party B Performance Assurance be reduced correspondingly to the amount of such excess Termination Payment plus Party B's Independent Amount, if any, (rounding upwards for any fractional amount to the next Party B Rounding Amount). In the event that Party B fails to provide Party B Performance Assurance pursuant to the terms of this Article Eight within three (3) Business Days, then an Event of Default under Article Five shall be deemed to have occurred and Party A will be entitled to the remedies set forth in Article Five of this Master Agreement. For purposes of this Section 8.1(c), the calculation of the Termination Payment shall be calculated pursuant to Section 5.3 by Party A as if all outstanding Transactions had been liquidated, and in addition thereto, shall include all amounts owed but not yet paid by Party B to Party A, whether or not such amounts are due, for performance already provided pursuant to any and all Transactions. (d) Downgrade Event. If at any time there shall occur a Downgrade Event in respect of Party B, then Party A may require Party B to provide Performance Assurance in an amount determined by Party A in a commercially reasonable manner. In the event Party B shall fail to provide such Performance Assurance or a guaranty or other credit assurance acceptable to Party A within three (3) Business Days of receipt of notice, then an Event of Default shall be deemed to have occurred and Party A will be entitled to the remedies set forth in Article Five of this Master Agreement. (e) If specified on the Cover Sheet, Party B shall deliver to Party A, prior to or concurrently with the execution and delivery of this Master Agreement a guarantee in an amount not less than the Guarantee	[redacted]

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Language from D.08 -04-009, as amended by D.08 - 08-028	**Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC**
Amount specified on the Cover Sheet and in a form reasonably acceptable to Party A. 8.2 Party B Credit Protection. The applicable credit and collateral requirements shall be as specified on the Cover Sheet and shall only apply if marked as "Applicable" on the Cover Sheet. (a) Financial Information. Option A: If requested by Party B, Party A shall deliver (i) within 120 days following the end of each fiscal year, a copy of Party A's annual report containing audited consolidated financial statements for such fiscal year and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of such Party's quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as such Party diligently pursues the preparation, certification and delivery of the statements. Option B: If requested by Party B, Party A shall deliver (i) within 120 days following the end of each fiscal year, a copy of the annual report containing audited consolidated financial statements for such fiscal year for the party(s) specified on the Cover Sheet and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of quarterly report containing unaudited consolidated financial statements for such fiscal quarter for the party(s) specified on the Cover Sheet. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification and delivery of the statements. Option C: Party B may request from Party A the information specified in the Cover Sheet. (b) Credit Assurances. If Party B has reasonable grounds to believe that Party A's creditworthiness or performance under this Agreement has become unsatisfactory, Party B will provide Party A with written notice requesting Performance Assurance in an amount determined by Party B in a commercially reasonable manner. Upon receipt of such notice Party A shall have three (3) Business Days	[redacted]

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Language from D.08 -04-009, as amended by D.08 - 08-028	Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC
to remedy the situation by providing such Performance Assurance to Party B. In the event that Party A fails to provide such Performance Assurance, or a guaranty or other credit assurance acceptable to Party B within three (3) Business Days of receipt of notice, then an Event of Default under Article Five will be deemed to have occurred and Party B will be entitled to the remedies set forth in Article Five of this Master Agreement. (c) Collateral Threshold. If at any time and from time to time during the term of this Agreement (and notwithstanding whether an Event of Default has occurred), the Termination Payment that would be owed to Party B plus Party A's Independent Amount, if any, exceeds the Party A Collateral Threshold, then Party B, on any Business Day, may request that Party A provide Performance Assurance in an amount equal to the amount by which the Termination Payment plus Party A's Independent Amount, if any, exceeds the Party A Collateral Threshold (rounding upwards for any fractional amount to the next Party A Rounding Amount) ("Party A Performance Assurance"), less any Party A Performance Assurance already posted with Party B. Such Party A Performance Assurance shall be delivered to Party B within three (3) Business Days of the date of such request. On any Business Day (but no more frequently than weekly with respect to Letters of Credit and daily with respect to cash), Party A, at its sole cost, may request that such Party A Performance Assurance be reduced correspondingly to the amount of such excess Termination Payment plus Party A's Independent Amount, if any, (rounding upwards for any fractional amount to the next Party A Rounding Amount). In the event that Party A fails to provide Party A Performance Assurance pursuant to the terms of this Article Eight within three (3) Business Days, then an Event of Default under Article Five shall be deemed to have occurred and Party B will be entitled to the remedies set forth in Article Five of this Master Agreement. For purposes of this Section 8.2(c), the calculation of the Termination Payment shall be calculated pursuant to Section 5.3 by Party B as if all outstanding Transactions had been liquidated, and in addition thereto, shall include all amounts owed but not yet paid by Party A to Party B, whether or not such amounts are due, for performance already provided pursuant to any and all Transactions. (d) Downgrade Event. If at any time there shall occur a Downgrade Event in respect of Party A, then Party B may require Party A to provide Performance Assurance in an amount determined by Party B in a commercially reasonable manner. In the	[redacted]

Language from D.08 -04-009, as amended by D.08 -08-028	Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC
event Party A shall fail to provide such Performance Assurance or a guaranty or other credit assurance acceptable to Party B within three (3) Business Days of receipt of notice, then an Event of Default shall be deemed to have occurred and Party B will be entitled to the remedies set forth in Article Five of this Master Agreement. (e) If specified on the Cover Sheet, Party A shall deliver to Party B, prior to or concurrently with the execution and delivery of this Master Agreement a guarantee in an amount not less than the Guarantee Amount specified on the Cover Sheet and in a form reasonably acceptable to Party B. 8.3 Grant of Security Interest/Remedies. To secure its obligations under this Agreement and to the extent either or both Parties deliver Performance Assurance hereunder, each Party (a "Pledgor") hereby grants to the other Party (the "Secured Party") a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, such Secured Party, and each Party agrees to take such action as the other Party reasonably requires in order to perfect the Secured Party's first-priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence or deemed occurrence and during the continuation of an Event of Default or an Early Termination Date, the Non-Defaulting Party may do any one or more of the following: (i) exercise any of the rights and remedies of a Secured Party with respect to all Performance Assurance, including any such rights and remedies under law then in effect; (ii) exercise its rights of setoff against any and all property of the Defaulting Party in the possession of the Non-Defaulting Party or its agent; (iii) draw on any outstanding Letter of Credit issued for its benefit; and (iv) liquidate all Performance Assurance then held by or for the benefit of the Secured Party free from any claim or right of any nature whatsoever of the Defaulting Party, including any equity or right of purchase or redemption by the Defaulting Party. The Secured Party shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the Pledgor's obligations under the Agreement (the Pledgor remaining liable for any amounts owing to the Secured Party after such application), subject to the Secured Party's obligation to return any surplus proceeds remaining after such	[redacted]

Language from D.08 -04-009, as amended by D.08 -08-028	Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC
obligations are satisfied in full." If the parties elect as being applicable on the Cover Sheet, the following new Section 8.4 shall be added to Article Eight of the EEI Master Agreement: To secure its obligations under this Agreement, in addition to satisfying any credit terms pursuant to the terms of Section [8.1 or 8.2] to the extent marked applicable, Seller agrees to deliver to Buyer (the "Secured Party") within thirty (30) days of the date on which all of the conditions precedent set forth in Section __ are either satisfied or waived, and Seller shall maintain in full force and effect a) until the Commercial Operation Date a [INSERT TYPE OF COLLATERAL] in the amount of $[_____], the form of which shall be determined in [the sole discretion of] [or] [by] Buyer and (b) from the Commercial Operation Date until the end of the Term [INSERT TYPE OF COLLATERAL]in the amount of $[____], the form of which shall be determined [in the sole discretion of] [or][by] the Buyer. Any such security shall not be deemed a limitation of damages."	[redacted] **SDG&E-70SM1 8ME LLC Agreement:** [redacted] **SDG&E-Tallbear Seville Agreement:** [redacted] **Both Agreements:** [redacted]

Language from D.08 -04-009, as amended by D.08 - 08-028	Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC
	[redacted] **Pages 46-48 of Contract, Sections 8.2-8.5**
STC 15: Contract Modifications (Modifiable) "Except to the extent herein provided for, no amendment or modification to this Agreement shall be enforceable unless reduced to writing and executed by both parties."	**STC 15: Contract Modifications (Modifiable)** [redacted] **Page 57 of Contract, Section 13.10**
STC 16: Assignment (Modifiable) "Assignment. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld; provided, however, either Party may, without the consent of the other Party	**STC 16: Assignment (Modifiable)** [redacted]

Language from D.08 -04-009, as amended by D.08 - 08-028	Parallel Terms in SDG&E -70SM1 8ME LLC and SDG&E-Tallbear Seville LLC
(and without relieving itself from liability hereunder), transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof to its financing providers and the financing provider(s) shall assume the payment and performance obligations provided under this Agreement with respect to the transferring Party provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request."	[redacted] **Page 54 of Contract, Section 13.2**
STC 18: Application of Prevailing Wage (Modifiable) To the extent applicable, Seller shall comply with the prevailing wage requirements of Public Utilities Code section 399.14, subdivision (h).	**STC 18: Application of Prevailing Wage (Modifiable)** [redacted]

E. UNBUNDLED RENEWABLE ENERGY CREDIT TRANSACTIONS

The Proposed Agreements are not unbundled Renewable Energy Credit transactions. 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 Agreements are not short-term contracts.

H. MPR

[redacted]

I. AMFS

These contracts are bilateral agreements and are not eligible for AMFs.

J. EMISSIONS PERFORMANCE STANDARD

These contracts are for solar photovoltaic generating facilities with no emissions and are 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 Agreements. Attached below in Confidential Appendix C is a compilation of the various presentations that were made to the PRG in October and November, 2012.

L. INDEPENDENT EVALUATOR

The Independent Evaluator was informed through PRG meetings and consultations with SDG&E during project negotiation. The Independent Evaluator's report is attached in Appendix C.

PROJECT DEVELOPMENT STATUS

A. COMPANY/DEVELOPMENT TEAM

GESTAMP SOLAR AND 8MINUTEENERGY

The Calipatria project is a joint venture between Gestamp Solar and 8minuteenergy Renewables. Below is a description of the principals from both entities.

Gestamp Solar is an established developer of large-scale solar power plants with extensive experience that spans development, EPC, and O&M. Gestamp Solar North America, Inc. ("GASNA") is the U.S. subsidiary of Gestamp Solar that was established in September of 2009 as part a company-wide international expansion to the Americas.

Since entering the renewable energy market, Gestamp Solar has been involved in over 300MWdc of solar generation, either as EPC or as equipment supplier, and is currently developing over 870 MW of PV facilities in worldwide.

Gestamp Solar has commissioned over 300MWdc of PV solar facilities through the end of 2010. Gestamp Solar acted as the developer, equity & balance-sheet finance and EPC role for 200MWdc, and designed, supplied and assembled 100MWdc in mounting structures for third parties. Gestamp Solar is providing operation and maintenance (O&M) services for 90MW of PV installations (owned and third party).

Gestamp Solar employs 125 professionals located in Spain (45), Italy (35), and the USA (37) with activity spanning France (2), Czech Republic, Bulgaria, India (5), South Africa (1), Peru and Chile. As a result, Gestamp Solar brings strong experience and key relationships with PV suppliers direct from factory.

Gestamp Solar U.S. team key members:

Pablo Otín, VP & Country Manager, Gestamp Solar

Mr. Otín founded the U.S. operations and is responsible for all its activities. Mr. Otin holds a degree in Electronic Engineering from the University of Central Lancashire (Preston, UK) and the University of Zaragoza (Zaragoza, Spain) and an executive MBA from IEB-Universidad Complutense (Madrid, Spain). Mr. Otin has extensive experience in the Renewable Energy sector. Prior to Gestamp Solar, Mr. Otin was responsible for construction and operations of wind farms in Spain at GAMESA, lead business development activities at BP Alternative Energy and finance wind and solar projects throughout Europe at Allco Finance Group. Within Gestamp Solar, Mr. Otin has been responsible of the international operations for Gestamp Solar and set-up the Company's operation in Italy before moving to the U.S.

Edgar Arvizu, Head of Power Markets & Strategy, Gestamp Solar

Mr. Arvizu is responsible for Gestamp Solar's U.S. utility-scale product offerings and market strategy, including building the company's capabilities to meet utility segment customer needs, and supporting marketing, regulatory and policy functions. Mr. Arvizu has a background in technology start-ups (Revolution Money Inc.), venture capital (Visa Ventures), and private equity (SVB Capital). Mr. Arvizu began his career in banking at Silicon Valley Bank (NASDAQ: SIVB) where he was Vice President of the Biotechnology and Technology group, leading the execution of over $400M in debt, equity, and leverage buyout transactions in over 25 high-growth companies. Mr. Arvizu earned a degree in Finance from San Diego State University and an MBA from Cornell University as a Merit Scholar.

Ran Bujanover, Head of Finance, Gestamp Solar

Mr. Bujanover functions as the Head of Finance, overseeing pricing, financing and M&A decisions. Before joining Gestamp, Ran headed the Business Modeling Practice on the West Coast for Ernst & Young, were he focused on advising clients in the energy and Project Finance space. Prior to that Ran worked as a consultant at Tel Aviv Strategic Consulting. Ran received a BS in Chemistry and CS from Tel Aviv University and an MBA from The Wharton School.

Albert Aldo, Head of Business Development

Mr. Aldo leads Gestamp Solar's new business opportunities, including joint ventures, M&A partnerships and strategic finance relationships. Mr. Aldo brings over four (4) years of strategic consulting experience in the solar industry. He spent over fifteen (15) years in the investment management and banking industry with Wells Fargo, Stephens Incorporated and Montgomery Securities.

Ignacio Fuentes, Head of Development, Gestamp Solar

Mr. Fuentes manages U.S. project development activities, encompassing a portfolio of c. 1.5GW in several states (CA, NM, NV, AZ, NJ and HI). Prior to Gestamp Solar, Mr. Fuentes worked as a Procurement Engineer for Foster Wheeler Energía (high pressure and temperature steam boilers) and as a Physic and Mechanical Design Teacher for the National Spain Open University (UNED). Within Gestamp Solar, Mr. Fuentes was responsible for project development in Spain and Italy.

8minutenergy team members:

8minutenergy develops and delivers utility-scale solar PV projects using a unique, proprietary process to select and integrate the most suitable land-sites and technologies. 8minutenergy is a leading utility-scale solar PV developer, with a portfolio of >2,000 MW in California. With over 1300 MW of Solar PV projects under development in Imperial County, 8minutenergy is the largest solar developer in IID service territory. It's development experience includes over 200 years of combined experience in PV technology, PV plant engineering, land assembly, land-use permitting and entitlement, structured finance and transactions.

The following personnel fill key roles in the management of the joint venture.

Martin Hermann, Founder and CEO, 8minutenergy.

Before founding 8minutenergy, Martin developed a 100MW solar PV module manufacturing plant in Europe and closed business deals in excess of $350M as Chief Strategy Officer with Advent Solar, an industry leading developer of next generation technology called Emitter Wrap Through (now part of Applied Materials). Prior to Advent Solar, Martin was in the executive management team and responsible for the semiconductor supply-chain in Intel's Wireless Business Group. Martin started his career as a Co-Founder and COO of CAD-UL, market leader in embedded systems, which he sold 10 years later to Intel.

Tom Buttgenbach, Ph.D., President and Co-founder, 8minutenergy.

He brings over 15 years of executive management experience in solar PV and CSP, large-scale land entitlement and project development, due diligence, M&A, and capital structuring and origination. Tom has lead transactions totaling over $500 million involving over 10,000 acres of land development across the US. Prior to 8minutenergy Renewables he has been a successful entrepreneur and fund manager and worked on Wall Street with Alliance Bernstein, a $500 billion fund, leading the investment banking group of RCLCO, and as a project manager for McKinsey & Company in Europe and the US. He earned his Ph.D. in physics and astronomy from the California Institute of Technology.

Ali Chowdhury, Ph.D., Vice President, Utility Interconnections and Transmission Planning, 8minutenergy.

Dr. Chowdhury has over two decades of electric utility industry and electric equipment manufacturing industry experience. Before joining 8minutenergy, he was the Director of Infrastructure Development at the California Independent System Operator (CAISO) responsible for system reliability, economic and renewable energy transmission planning, renewable and conventional generation interconnection studies as well as tariff and business process development. At CAISO, Dr. Chowdhury was also responsible for dealing with different federal and state regulatory agencies. Before joining CAISO, he has held senior management positions in GE Company, Atlantic Nuclear Services, Alberta Power Limited and MidAmerican Energy Company. His experience also includes consulting, teaching, research and development experience in power system reliability and security assessments, planning, and analysis. He earned his MSc and PhD degrees in electrical engineering from the University of Saskatchewan, Canada, and his MBA degree from the St. Ambrose University, Davenport, USA.

Kevin Butler, Vice President, Project Financing, 8minutenergy.

Mr. Butler has more than 20 years experience in independent power and utility power procurement. He has arranged more than 3,500 MW of power procurement arrangements that includes over 900 MW of utility-scale solar power PPAs. He also raised over $10 billion for power projects and utility operations, and has led over $1 billion of acquisitions and divestitures. Prior to joining 8minutenergy, Mr. Butler was the Director, Energy Supply at Pacific Gas and Electric Company, California's largest electric and gas utility, and Senior Director, Corporate Development at PG&E Corporation. He created the utility's New Resource Procurement Department after the California energy crisis, and successfully designed and executed PG&E's first solicitation for new power resources in more than a decade. His responsibilities included leading the development and execution of 2,300MW of power purchase, build-own-transfer, and EPC agreements. He has advised emerging power developers, on finance, greenfield development, and strategy. His experience includes leadership positions with CalEnergy, FloWind Corporation and Cleantech America. Mr. Butler earned a BS from UC Berkeley's Haas School of Business.

REGENERATE POWER

Reyad Fezzani, Chairman and CEO

Mr. Fezzani has more than 20 years of experience in energy and finance. He currently serves as the Chairman and CEO of Regenerate Power, a developer, owner and operator of utility-scale renewable energy projects. Prior to co-founding Regenerate Power, Mr. Fezzani was CEO of BP Solar and Chairman of Tata-BP Solar. He previously served as President of BP's Global Wind and Solar business. With more than 3,000 employees, the business operated solar manufacturing plants in the U.S., Spain, India, China and Australia, and developed, constructed, and operated solar and wind farms in the U.S., Europe, India and China. During his tenure, the wind business unit completed U.S. utility-scale project financing, construction and operation of 1 GW of operating assets and maintained a pipeline in excess of 20 GW. The solar business unit completed utility-scale and distributed generation solar project financing, construction and operation of 300 MW of assets, including a 32 MW solar farm in Long Island financed and co-owned by MetLife. Before leading the wind and solar units, Mr. Fezzani was CEO of BP's Global Chemicals business (annual sales of $10 billion). He previously was the Executive Assistant to the BP Group Chief Executive, Lord Browne, at the time when BP launched its Alternative and Renewable Energy business. Prior to that, he served as Vice President of Strategy & Planning for BP's global refining, manufacturing and marketing business. Mr. Fezzani joined BP in 1989, and early in his career held a variety of commercial and operational posts in finance, exploration and production, refining and marketing, and supply and trading. Mr. Fezzani holds an ME in Chemical Engineering and Chemical Technology from Imperial College, London. He is a Chartered Engineer, and a Fellow of the Institute of Chemical Engineers, the Energy Institute and the Institute of Materials, Minerals and Mining.

Mark Sampson, Executive Vice President – Capital Markets

Mr. Sampson has more than 30 years of structured finance and tax credit experience. His firms have raised in excess of $5 billion of municipal notes and bonds, corporate debt, equity and tax credit funding for a wide range of clients. Mr. Sampson currently serves as Managing Partner of Regenerate Power, a developer, owner and operator of utility-scale renewable energy projects. He also serves as Managing Partner of Energy Finance Company, an owner, operator and financier of smaller-scale, distributed solar photovoltaic systems. Prior to co-founding Regenerate Power, Mr. Sampson was Managing Director, Head of Corporate Finance and a member of the Board of Directors of Newman and Associates, an investment bank focused on the equity and debt financing of affordable housing. He previously was President of First Interstate Securities where he provided tax-exempt and taxable investment banking products and services to First Interstate's municipal and corporate customers. Prior to joining First Interstate, Mr. Sampson was the Director of Financial Analysis at the University of Southern California. Mr. Sampson earned his BA from the University of Southern California. He holds FINRA Series 7, 23, and 63 licenses.

Mohammed Alrai, Executive Vice President

Mr. Alrai has more than 15 years of experience in energy and finance. He currently serves as Executive Vice President of Regenerate Power, a developer, owner and operator of utility--scale renewable energy projects. Prior to joining Regenerate Power, Mr. Alrai was Director of Development at BP Solar where he led development of the company's west coast solar initiative. During his tenure, BP grew its solar photovoltaic project portfolio from 0 MW to 400 MW under various stages of development. Previously, Mr. Alrai was Senior Vice President at Oregon LNG, a proposed LNG receiving terminal. At Oregon LNG, he managed the local, state and federal permitting process in addition to managing the business development activities to tolling customers. Prior to Oregon LNG, Mr. Alrai worked for Calpine Corporation where he developed power projects in North America, the Middle East and North Africa. He began his career as a consultant at KPMG and PricewaterhouseCoopers, focusing on M&A transactions, including the energy sector. Mr. Alrai holds a BS in Business Administration from California State University, Sacramento.

Ali Mirza, Senior Vice President and Head of Project Finance

Mr. Mirza has two decades of global structured and project finance experience, first as a financier/advisor and then as a project developer. He joined Regenerate Power from Solar Trust of America (STA) where he was the VP & Head of Project Finance, responsible for securing $2.9 billion in aggregate commitments for the 500 MW solar thermal Blythe Project from the Department of Energy (DOE), Development Bank of Japan, project finance lenders, and tax equity and private equity sponsors. In addition, he led STA's response to utility RFPs and helped with EPC and O&M contract negotiations. Prior to joining STA, Mr. Mirza founded

AIM Capital Ventures LLC (AIM), a boutique investment banking firm providing financial advisory services to renewable energy companies. His solar clients included utility-scale project developers such as Cleantech America/Meridian Energy, NextLight/First Solar, and RES America. During that time, Mr. Mirza worked on 800 MW of solar projects, 600 MW of which are scheduled to come online in 2012/13. His practice also included geothermal and next--generation biofuels clients. Previously, Mr. Mirza worked for several years at GE Capital as a Vice President responsible for underwriting asset based (ABL), cash flow and debtor-in-possession (DIP) transactions and managing a $1.5 billion portfolio. He began his structured finance career in Bank of America's Global Project Finance group, based initially in San Francisco (covering IPPs in North America) and later in Hong Kong (covering Asia) and New York (covering Latin America). During his tenure at BofA and GE, Mr. Mirza raised in excess of $5 billion for his clients. Mr. Mirza received dual Bachelors in Physics and Economics from University of California at Berkeley.

Allan Riska, Senior Finance and Business Development Associate

Prior to joining Regenerate Power, Mr. Riska was earning his MBA at the University of California Haas School of Business where he focused on renewable energy and finance. During his MBA, Mr. Riska interned at Sungevity, a residential solar installer, where he worked cross--functionally in Project Finance and Operations. Here he was responsible for reporting on Solar Renewable Energy Credit (SREC) monetization opportunities, improving consumer pricing and tax-equity financing. Additionally, through solar system performance monitoring he was able to improve energy output which lead to increased customer conversation rates and revenue. Mr. Riska started his career at Lehman Brothers where he acted as a transaction manager for over $50 Billion worth of mortgaged backed securities. As the credit crisis evolved, he moved to UBS and then Merrill Lynch where he developed and implemented valuation techniques for asset backed securities ranging from residential mortgages to corporate debt. Allan holds an MBA from the University of California Haas School of Business and a Bachelors in Finance from Virginia Polytechnic Institute and State University.

TALLBEAR SOLAR

Tallbear Solar helps to build infrastructure and increase tribal sovereignty through solar power generation.

Richard Tall Bear – President

Richard is an enrolled member of the Sisseton Wahpeton Dakota Oyate located in Sisseton, South Dakota. Richard worked in commercial furniture sales and services for many years, prior to the start of the Tall Bear Group. He has represented most of the major manufacturers in the gaming industry, as well as all other furniture markets.

Richard Bencivengo – Managing Partner

Richard's expertise is in sales, marketing, and in the financial controls of highly creative projects. Previously he was President and CEO of Lexington, a full service creative design and custom fabrication firm. He has been involved in a range of projects particularly from the mass market retail and casino worlds. His career includes management positions at WABC, WCBS, Showtime Networks, MTV Networks and Playboy Entertainment Group.

Lee Ann Tall Bear - Tribal Business Development

Lee Ann has worked as a professional planner and writer for almost 30 years. She has a broad range of professional experience ranging from serving as the first American Indian fulltime staff member for several presidential campaigns in the late 80's; serving as the chief executive officer of a national organization, the Managing Editor of a national quarterly; to working for tribal governments as a planner and grant writer.

Stewart Zilberberg – Director of Planning & Development

With over 25 years of experience in the industry, Stewart is widely recognized as an authority in the entertainment design and construction field. He has served on the Board of Directors of the Themed Entertainment Association for three years, including one year as Treasurer. Stewart studied theater construction and design at Brooklyn College and Lester Polokov School of Design in New York City. He served his apprenticeship at the Nolan Scenic Studios and continued his career as a carpenter and stagehand for Broadway theaters, the Metropolitan Opera and television in New York City.

Tiffany Johnson - Business Development

Tiffany joined The Tall Bear Group, bringing with her extensive experience in project management and coordination. Tiffany's diverse background in construction, design and fabrication has been key in tracking projects in development. She has been instrumental in Tall Bear Group Solar developing new projects and cultivating client relationships. Tiffany is intimately involved in each solar project from its inception to completion. A California native, Tiffany attended San Diego State University, where she earned her BS degree in Business Administration with an emphasis in marketing.

B. TECHNOLOGY

Both projects are solar photovoltaic generating facilities relying upon proven commercial technology. Project sizes are 20 MW each and do not exceed the scale of other utility-scale photovoltaic generating facilities presently operating elsewhere.

C. DEVELOPMENT MILESTONES

1. SITE CONTROL

The site for Calipatria is privately owned and is under site control. [redacted].

The site for Seville is privately owned and is under site control. [redacted]

2. EQUIPMENT PROCUREMENT

[redacted]

3. PERMITTING STATUS

GESTAMP CALIPATRIA:

The Conditional Use Permit application for the Calipatria project was submitted to Imperial County on November 1, 2010 and was approved by the Imperial County Planning Commission on August 27, 2012.

Water for the Calipatria project will be obtained from the current landowner's water allocation from the Imperial Irrigation District (IID). [redacted]

Certification for Calipatria's RPS eligibility was approved by the California Energy Commission in April of 2010.

REGENERATE SEVILLE:

[redacted]

Regenerate filed for Seville's RPS eligibility with the California Energy Commission on November 1, 2012.

D. PTC/ITC

Both the Calipatria and Seville project are expected to receive federal Investment Tax Credits ("ITCs") upon COD. The ITC will expire for new projects on December 31, 2016 unless extended.

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

Both projects will be interconnected with IID's transmission system. The Proposed Agreements require that the projects deliver energy from the projects to the CAISO import point at Imperial Valley substation. [redacted]

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

[redacted]

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

[redacted]

[redacted]

[redacted]

[redacted]

4. TRANSMISSION DETAILS

GESTAMP CALIPATRIA	
QUEUE NUMBER (SPECIFY CONTROL AREA : CAISO, IID, ETC) AND RELATIVE POSITION	IID Control Area
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	IID Interconnection agreement completed and signed August 22, 2011
PREFERRED POINT OF INTERCONNECTION (LINE, SUBSTATION, ETC.)	The Calipatria project will have an onsite substation with interconnection to IID's 92kV "J" powerline. [redacted]
EARLY INTERCONNECTION DETAILS, IF APPLICABLE	None
GEN-TIE TYPE (NEW LINE, RECONDUCTOR, INCREASED TRANSFORMER BANK CAPACITY, INCREASED BUS CAPACITY, INCREASED SUB AREA)	On-site substation
GEN-TIE LENGTH	
GEN-TIE VOLTAGE	
DEPENDENT NETWORK UPGRADE(S)	
EXPECTED NETWORK UPGRADE COMPLETION DATE	

REGENERATE SEVILLE	
QUEUE NUMBER (SPECIFY CONTROL AREA : CAISO, IID, ETC) AND RELATIVE POSITION	IID Control Area
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	Conditional IID Interconnection agreement completed and signed August 23, 2011. [redacted]
EARLY INTERCONNECTION DETAILS, IF APPLICABLE	None
GEN-TIE TYPE (NEW LINE, RECONDUCTOR, INCREASED TRANSFORMER BANK CAPACITY, INCREASED BUS CAPACITY, INCREASED SUB AREA)	On-site substation
GEN-TIE LENGTH	[redacted]
GEN-TIE VOLTAGE	[redacted]
DEPENDENT NETWORK UPGRADE(S)	[redacted]
EXPECTED NETWORK UPGRADE COMPLETION DATE	[redacted]

F. <u>FINANCING PLAN</u>

GESTAMP CALIPATRIA:

[redacted]

[redacted]

REGENERATE SEVILLE:

[redacted]

G. PROJECT VIABILITY CALCULATOR (PVC) – NOT APPLICABLE IF PROJECT IS COMMERCIALLY 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.

[redacted]

[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

GESTAMP CALIPATRIA:

[redacted]

REGENERATE SEVILLE:

[redacted]

Confidential Appendix B

2011 Solicitation Overview and 2012 Summer RAM Overview

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

AL2300E Public.pdf

ATTACHED IS THE 2012 SUMMER RAM SOLICITATION OVERVIEW (PUBLIC AND CONFIDENTIAL VERSIONS) WHICH WAS FILED ON NOVEMBER 9, 2012

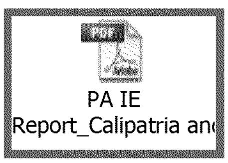
SDG&E RAM II AL 2418-E (Public).pdf

Confidential Appendix C

PRG Materials and Project-Specific Independent Evaluator Report

[redacted]

[redacted]



Confidential Appendix D

Contract Summaries
70SM1 8ME LLC and
Tallbear Seville, LLC

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

CONTRACT SUMMARY

A. SITE

1. ADDRESS AND LATITUDE AND LONGITUDE OF THE PROJECTS' SITES

GESTAMP CALIPATRIA:

Project name: 70SM1 8me, LLC project

Project site name: Calipatria Solar Farm

Project physical address: 6703 Blair Road, Calipatria, CA 92233

Latitude: 33 deg 08 min 31.63 sec N   Longitude: 115 deg 29 min 47.44 sec W

[redacted]

[redacted]

[redacted]

[redacted]

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

Project Specifications[3]	
Project Size (MWdc)	[redacted]
Mounting technology	[redacted]
Module model	[redacted]
Module size (W)	[redacted]
Number of modules	[redacted]
Inverter model	[redacted]
Inverter size (kW)	[redacted]
Number of inverters	[redacted]
Medium voltage transformer (M.V.T.) size	[redacted]
Number of M.V.T.s	[redacted]
Step-up transformer (S.T.) size	[redacted]
Number of S.T.s	[redacted]

[3] All components described in this proposal are based on preliminary engineering and design and are subject to change based on final engineering and design and availability at time of construction. Seller will have the right to utilize other components, including different numbers and types of modules, inverters, and transformers without Buyer's consent, provided that (a) Seller provides Notice to Buyer of such changes, including a revised Exhibit A, and (b) such changes do not increase the Contract Capacity.

REGENERATE SEVILLE:

Project name: Seville Solar Project

Project site name: Seville

Project physical address: Imperial County, California

Latitude: 33 deg 06 min 43.84 sec N Longitude: 116 deg 00 min 42.75 sec W

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

Project Specifications	
Project Size (MWdc)	[redacted]
Mounting technology	[redacted]
Module model	[redacted]
Module size (W)	[redacted]
Number of modules	[redacted]
Inverter model	[redacted]
Inverter size (kW)	[redacted]
Number of inverters	[redacted]
Medium voltage transformer (M.V.T.) size	[redacted]
Number of M.V.T.s	[redacted]
Step-up transformer (S.T.) size	[redacted]
Number of S.T.s	[redacted]

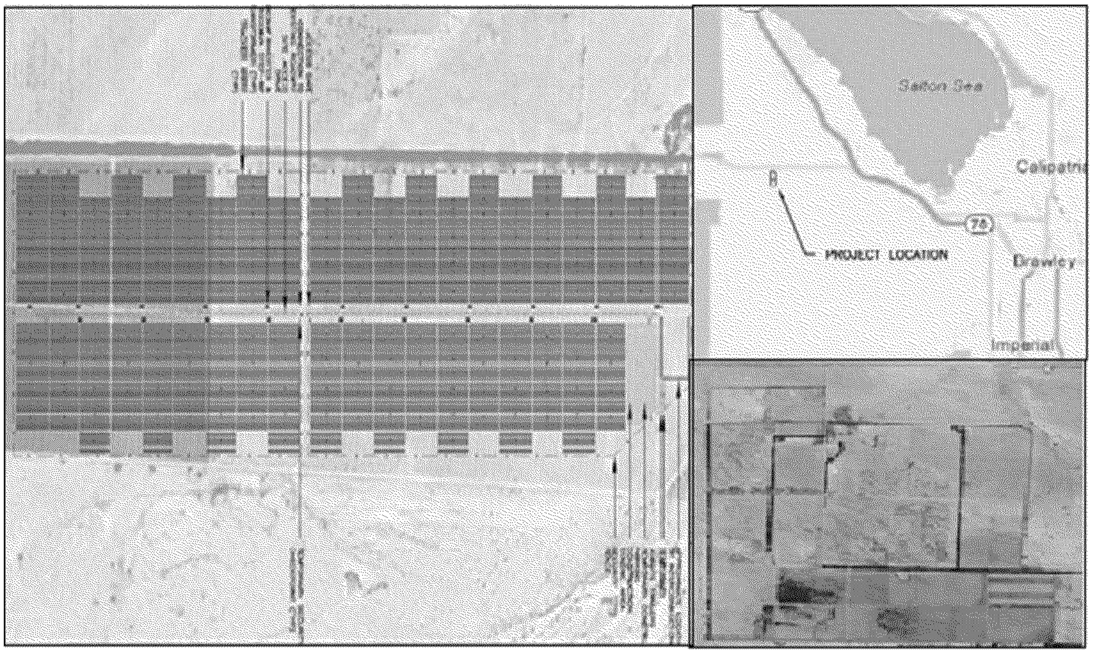
3. GENERAL MAP OF THE PROJECTS' PROPOSED LOCATIONS

GESTAMP CALIPATRIA:

[redacted]

[redacted]

REGENERATE SEVILLE:



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. [redacted] At the time of this AL filing, based on updated RPS need, these percentages may contribute to a renewable surplus of energy above SDG&E's RPS requirements.

C. TERMS AND CONDITIONS OF DELIVERY

1. THE POINT OF DELIVERY FOR THE PROJECT'S ENERGY AND THE SCHEDULING COORDINATOR.

The Point of Delivery for both contracts is the Imperial Valley Substation.

[redacted]

2. INFORMATION REGARDING FIRMING AND SHAPING ARRANGEMENTS, OR OTHER PLANS TO MANAGE DELIVERY OF THE ENERGY THAT IS NOT INCLUDED IN THE PUBLIC SECTION OF THE ADVICE LETTER.

There are no firming and shaping provisions or other plans to manage energy delivery to SDG&E other than what has been included in the public section of this Advice Letter.

D. <u>MAJOR CONTRACT PROVISIONS</u>

1. MAJOR CONTRACT PROVISIONS ARE UPDATED SUMMARIZED IN THE THE MATRIX BELOW.

TERM/CONDITION	RPS CONTRACT
TYPE OF PURCHASE (RENEWABLE, RENEWABLE/CONVENTIONAL HYBRID, ETC.)	[redacted]
UTILITY OWNERSHIP OPTION	[redacted]
CONDITIONS PRECEDENT AND DATE TRIGGERS	[redacted] [redacted] [redacted]

SB_GT&S_0533895

AVERAGE ACTUAL PRICE ($/MWH)	[redacted]
KEY CONTRACT DATES (INITIAL STARTUP DEADLINE, COMMERCIAL OPERATION DEADLINE, PTC DEADLINES, ETC.)	[redacted]
EXPECTED PAYMENTS	[redacted]
PROJECT DEVELOPMENT SECURITY	[redacted]
DAILY DELAY DAMAGES	[redacted]

SELLER PERFORMANCE ASSURANCES (CALCULATION METHODOLOGY, FORM OF PERFORMANCE ASSURANCE AND AMOUNT)	[redacted]
SELLER'S TERMINATION RIGHTS	[redacted]
UTILITY'S TERMINATION RIGHTS	[redacted]

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

[redacted]

3. OTHER CONTRACT PROVISIONS

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

Both contracts are in the form of the Renewable Auction Mechanism ("RAM") Proforma Agreement. Modifications have been made to accommodate the unusual circumstances of IID interconnection and delivery to a CAISO import point, which is outside the scope of a standard RAM Agreement.

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

The projects do not depend on biomass fuel.

E. <u>CONTRACT PRICE</u>

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 ($/MWH)	[redacted]	Levelized contract cost over 20 year term
LEVELIZED BID PRICE – FINAL ($/MWH)	[redacted]	Levelized contract cost over 20 year term
LEVELIZED CONTRACT PRICE – FINAL ($/MWH)	[redacted]	Levelized contract cost over 20 year term
TOTAL SUM OF CONTRACT PAYMENTS	[redacted]	Sum of payments over 20 year term

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

- FLAT PRICING: Pricing is not flat, but is adjusted for Time-of-Day deliveries for both Proposed Agreements.

- INDEXED PRICING: There are no indexed price components in the Proposed Agreements.

- ESCALATION FACTORS: [redacted]

- NON-AMFS SUBSIDIES: Both projects expect to qualify for federal Investment Tax Credits.

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

[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.

[redacted]

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.

There are no project characteristics for either of the Proposed Agreements known to SDG&E at this time that are expected to change the contract prices or their effect on the levelized contract costs [redacted].

6. FOR BIOMASS PROJECTS:

The projects 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.

There are no indirect costs associated with the Proposed Agreements.

8. INDIRECT EXPENSES [ARE/ARE NOT] BUILT INTO THE CONTRACT PRICE, PROVIDE:

The Proposed Agreements do not have indirect expenses built into the contract price.

9. FOR AN OUT-OF-STATE CONTRACT IN WHICH THE ENERGY WILL BE FIRMED AND SHAPED, THE TABLE BELOW IDENTIFIES ALL FIRMING AND SHAPING COSTS ASSOCIATED WITH THE PROJECT AND WHETHER THEY ARE INCLUDED IN THE CONTRACT PRICE. (IF THERE ARE MULTIPLE POTENTIAL DELIVERY OPTIONS, THE TABLE IDENTIFIES THE FIRMING AND SHAPING COSTS ASSOCIATED WITH EACH OPTION, AND A NARRATIVE BELOW EXPLAINS WHICH OPTION SDG&E EXPECTS IS THE MOST AND LEAST LIKELY.)

The projects are not out-of-state contracts in which the energy will be firmed and shaped.

10. RESULTS FROM THE ENERGY DIVISION'S AMFS CALCULATOR

	($/MWH)	NOTES
LEVELIZED TOD-ADJUSTED CONTRACT PRICE	[redacted]	Levelized over 20 year contract terms
LEVELIZED TOD-ADJUSTED TOTAL CONTRACT COST (CONTRACT PRICE + FIRMING AND SHAPING)	[redacted]	No firming/shaping costs
LEVELIZED MPR	$101.38 for both contracts	Base 2011 MPR for 2015, 20-yr term
LEVELIZED TOD-ADJUSTED MPR	[redacted]	per delivery profiles with project bids
ABOVE-MPR COST ($/MWH)	[redacted]	per AMF Calculator
TOTAL SUM OF ABOVE-MPR PAYMENTS ($)	[redacted]	per AMF Calculator

[redacted] [redacted]

GESTAMP CALIPATRIA:

[redacted]

REGENERATE SEVILLE:

[redacted]

11. EXPLAINING WHICH MPR WAS USED FOR THE AMFS / COST CONTAINMENT CALCULATION (ONLY IF THE CONTRACT IS ELIGIBLE FOR AMFS).

The Proposed Agreements are ineligible for AMFs.

12. GRAPHS FROM THE RPS WORKPAPERS:

There are no graphs from the 2011 RPS Report that require inclusion in this advice letter, based upon guidance from Energy Division staff as of November 7, 2011.

13. HOW THE CONTRACT PRICE COMPARES WITH THE FOLLOWING:

a. OTHER BIDS IN THE SOLICITATION,

Six bids were shortlisted in SDG&E's 2012 Summer RAM RFO out of a total of 76 conforming bids. [redacted]

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

Two solar project bids for the RAM peaking product were shortlisted in SDG&E's 2012 Summer RAM RFO out of a total of 67 conforming solar project bids for the RAM peaking product. [redacted]

c. RECENTLY EXECUTED CONTRACTS

SDG&E has executed seventeen RPS, RAM and feed-in tariff renewable contracts in the last twelve months. [redacted]

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

[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]

RATE IMPACT - GESTAMP CALIPATRIA

[redacted]

RATE IMPACT - REGENERATE SEVILLE

[redacted]

Confidential Appendix E

Original Power Purchase Agreements

[redacted] [redacted]

Confidential Appendix F

Project's Contribution Toward RPS Goals

Project Name	Technology	COD	Location
Calipatria	Solar Photovoltaic	24 months from Commission Approval (expected date 4/1/2015)	Imperial County, CA
Seville	Solar Photovoltaic	24 months from Commission Approval (expected date 4/1/2015)	Imperial County, CA

Deliveries (GWh/yr)

	2013	2014	2015	2016	2017	2018	2019	2020
Deliveries from Calipatria and Seville (MWh)	[redacted]							
Projected Retail Sales (MWh)	17,114,000	17,380,000	17,768,000	18,200,000	18,661,000	19,090,000	19,571,000	20,042,000
APT (MWh)	3,422,800	3,765,667	4,145,867	4,550,000	5,038,470	5,536,100	6,067,010	6,613,860
IPT (MWh)	88,952	342,867	380,200	404,133	488,470	497,630	530,910	546,850
Calipatria and Seville contracts % of retail sales	[redacted]							
% Goal from other signed contracts	[redacted]							
RPS Goal % including Calipatria and Seville (MWh)	[redacted]							
% Contribution to APT	[redacted]							
% Contribution to IPT	[redacted]							

Appendix G

Up-Front Showing Requirements for Category 1 Products

70SM1 8ME LLC
Up-Front Showing for Category 1 Products

Category 1 Criteria	Explanation of How Product Meets Criteria
1. ERR first POI with: a. WECC Transmission System within CBA boundaries -OR- b. distribution system within CBA boundaries	The project is located in California. Interconnection Points are within the Imperial Irrigation District, which is a California Balancing Authority. See PPA Exhibit A Project Description Including Description of Site.
2. Prove the product is bundled	The product being purchased is As-Available energy including capacity attributes & green attributes at the project busbar. See Section 3.1(a) definition of Product and PPA Article One; General Definitions: "As Available" and "Eligible Renewable Energy Source" & Green Attributes"
3. If using hourly scheduling into CA without substitution – hourly schedule can be maintained, substitution is unlikely	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.
4. If using dynamic transfer: a. There is a dynamic transfer agreement b. Generation is included in agreement scope c. Agreement will be in operation for duration of contract	N/A – project is directly interconnected to its host California Balancing Authority (IID) so dynamic transfer is not required for delivery into California.
5. Risk of actual deliveries not qualifying for expected product	This project qualifies for Category 1. See Criteria Nos. 1 & 2 above

category	It does not qualify for Category 2 because it is not an import, nor does the contract contemplate the purchase of substitute energy for firming and shaping purposes. See Criteria No. 3 above. It does not qualify for Category 3 because the contract does not allow for the purchase of unbundled RECs. See criteria number 1 & 2 above

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.

Tallbear Seville LLC
Up-Front Showing for Category 1 Products

Category 1 Criteria	Explanation of How Product Meets Criteria
6. ERR first POI with: a. WECC Transmission System within CBA boundaries -OR- b. distribution system within CBA boundaries	The project is located in California. Interconnection Points are within the Imperial Irrigation District, which is a California Balancing Authority. See PPA Exhibit A Project Description Including Description of Site.
7. Prove the product is bundled	The product being purchased is As-Available energy including capacity attributes & green attributes at the project busbar. See Section 3.1(a) definition of Product and PPA Article One; General Definitions: "As Available" and "Eligible Renewable Energy Source" & Green Attributes"
8. If using hourly scheduling into CA without substitution – hourly schedule can be maintained, substitution is unlikely	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.
9. If using dynamic transfer: a. There is a dynamic transfer agreement b. Generation is included in agreement scope c. Agreement will be in operation for duration of contract	N/A – project is directly interconnected to its host California Balancing Authority (IID) so dynamic transfer is not required for delivery into California.
10. Risk of actual deliveries not qualifying for expected product category	This project qualifies for Category 1. See Criteria Nos. 1 & 2 above It does not qualify for Category 2 because it is

	not an import, nor does the contract contemplate the purchase of substitute energy for firming and shaping purposes. See Criteria No. 3 above. It does not qualify for Category 3 because the contract does not allow for the purchase of unbundled RECs. See criteria number 1 & 2 above

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.

Current Product Percentage for 70SM1 8ME LLC

SDG&E RPS Procurement Categories as of December 13, 2012				CP1				CP2					CP3
Nominal Deliveries (100% of Contract)	2011	2012	2013	**2011-13**	2014	2015	**2016**	2014-2016	2017	2018	2019	**2020**	2017-2020
Procurement Quantity Requirement (% of Retail Sales)	20.0%	20.0%	20.0%	**20%**	21.7%	23.3%	**25.0%**		27.0%	29.0%	31.0%	**33.0%**	
Procurement Quantity Requirement (MWh)	3,249,806	3,328,009	3,422,800	**10,000,615**	3,765,667	4,145,867	**4,550,000**	12,461,533	5,038,470	5,536,100	6,067,010	**6,613,860**	23,255,440
RECs from contracts executed prior to June 1, 2010	[redacted]												
RECs from contracts executed after to June 1, 2010													
Deliveries from long-term Category 1 contracts (>=10 yrs)													
Deliveries from short-term Category 1 contracts (<10 yrs)													
Total Category 1 deliveries													
Deliveries from long-term Category 2 contracts (>=10 yrs)													
Deliveries from short-term Category 2 contracts (<10 yrs)													
Total Category 2 deliveries													
Deliveries from long-term Category 3 contracts (>= 10 yrs)													
Deliveries from short-term Category 3 contracts (< 10 yrs)													
Total Category 3 deliveries													
Total RECs from contracts executed after June 1, 2010													
Total RPS deliveries from executed contracts													
Deliveries from 70SM1 8ME LLC													
Percentage of Category 1 deliveries from 70SM1 8ME LLC													
Percentage of all RPS deliveries from 70SM1 8ME LLC													

Current Product Percentage for Tallbear Seville LLC

SDG&E RPS Procurement Categories as of December 13, 2012				CP1				CP2					CP3
Nominal Deliveries (100% of Contract)	2011	2012	2013	**2011-13**	2014	2015	**2016**	2014-2016	2017	2018	2019	**2020**	2017-2020
Procurement Quantity Requirement (% of Retail Sales)	20.0%	20.0%	20.0%	**20%**	21.7%	23.3%	**25.0%**		27.0%	29.0%	31.0%	**33.0%**	
Procurement Quantity Requirement (MWh)	3,249,806	3,328,009	3,422,800	**10,000,615**	3,765,667	4,145,867	**4,550,000**	12,461,533	5,038,470	5,536,100	6,067,010	**6,613,860**	23,255,440
RECs from contracts executed prior to June 1, 2010	[redacted]												
RECs from contracts executed after to June 1, 2010	[redacted]												
Deliveries from long-term Category 1 contracts (>=10 yrs)	[redacted]												
Deliveries from short-term Category 1 contracts (<10 yrs)	[redacted]												
Total Category 1 deliveries	[redacted]												
Deliveries from long-term Category 2 contracts (>=10 yrs)	[redacted]												
Deliveries from short-term Category 2 contracts (<10 yrs)	[redacted]												
Total Category 2 deliveries	[redacted]												
Deliveries from long-term Category 3 contracts (>= 10 yrs)	[redacted]												
Deliveries from short-term Category 3 contracts (< 10 yrs)	[redacted]												
Total Category 3 deliveries	[redacted]												
Total RECs from contracts executed after June 1, 2010	[redacted]												
Total RPS deliveries from executed contracts	[redacted]												
Deliveries from Tallbear Seville LLC	[redacted]												
Percentage of Category 1 deliveries from Tallbear Seville LLC	[redacted]												
Percentage of all RPS deliveries from Tallbear Seville LLC	[redacted]												

San Diego Gas & Electric Advice Letter 2435-E
December 18, 2012

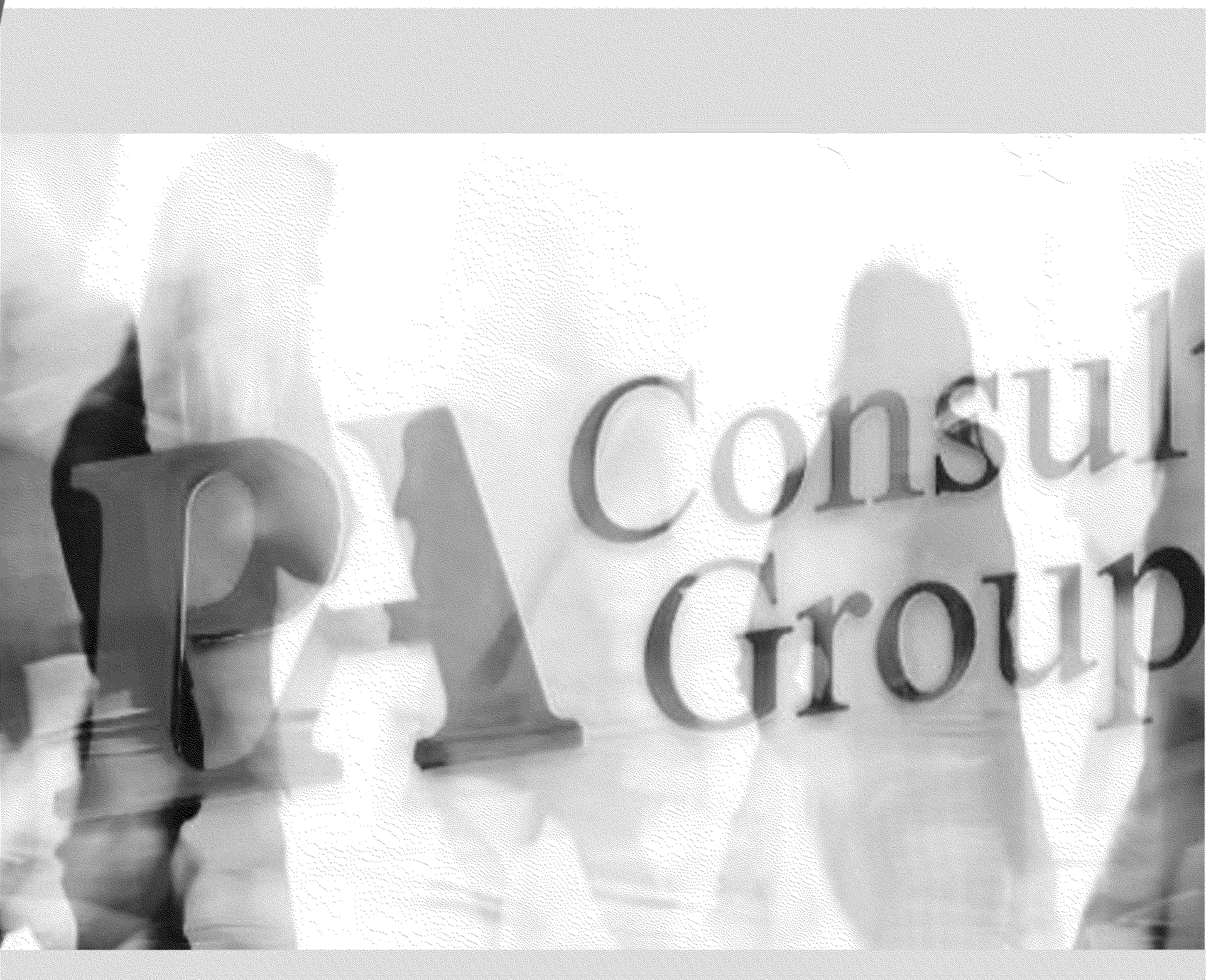
Public Version of the Project Specific IE Report

PA Consulting Group

San Diego Gas & Electric

Independent Evaluator Report on the Calipatria Solar Project and Seville Solar Project contracts relative to the May 2012 Renewable Auction Mechanism Request for Offers (RAM RFO)

December 17, 2012



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Foreword

This report provides PA Consulting Group's Independent Evaluator ("IE") Report analyzing San Diego Gas & Electric Company's ("SDG&E's") renewable power purchase agreements ("PPA's") for the Calipatria Solar Project with 70SM1 8me, LLC and the Seville Solar Project with Tallbear Seville, LLC (the "Calipatria Agreement" and "Seville Agreement", or collectively, the "Agreements"). It is our understanding that both Agreements were executed on December 13, 2012 and are being submitted to the California Public Utilities Commission ("CPUC") via a single Advice Letter. These are pure bilateral contracts and these projects were not bid into any of SDG&E's Renewable Request for Offers ("RFOs").

The CPUC requires that an IE report accompany any bilateral contract submitted for approval, and the report templates provided by the CPUC relate to RFOs. Since these contracts were not submitted into any RFO and they closely resemble the size and have characteristics similar to projects submitted to SDG&E's Renewable Auction Mechanism ("RAM") RFOs, PA has based this report upon its IE report for the May 2012 RAM RFO ("PA's RAM IE Report"), which is SDG&E's most recently completed RAM RFO.

PA's RAM IE Report, dated November 2, 2012, was attached to SDG&E's Advice Letter 2418-E (dated November 9, 2012). All of the text of PA's RAM IE Report is included in this report. In the body of this report (that is, except for this Foreword), text from PA's RAM IE Report is shown in gray while new text is presented in black. This should help the reader identify the new text related to the Agreements. As noted below, two new sections were added to address the evaluation of the Agreements.

This report contains confidential and/or privileged materials. Review and access are restricted subject to PUC Sections 454.5(g), 583, d.06-06-066, GO 66-C and the Confidentiality Agreement with the CPUC.

This report addresses the CPUC Independent Evaluator Report Template as summarized below, with the new text included for the evaluation of the Agreements (i.e., Section 9 - Fairness of Project Specific Negotiations and the Project Specific Recommendations which now forms the bulk of Section 10):

Item	CPUC Independent Evaluator Report Template (Short Form)	PA Report Section
1	Describe in detail the role of the IE throughout the solicitation and negotiation process.	Section 2
2	How did the IOU conduct outreach to bidders, and was the solicitation robust?	Section 3.1
3	Was the outreach sufficient and materials clear such that the bids received met the needs the solicitation was intending to fill?	Section 3.2
4	Please evaluate the fairness of the IOU's bidding and selection process. (i.e., quantitative and qualitative methodology used to evaluate bids, consistency of evaluation methods with criteria specified in bid documents, etc.)	Section 4

5	If applicable, describe safeguards and methodologies employed by the IOU to compare affiliate bids or UOG ownership proposals. If a utility selected a bid from an affiliate or a bid **** * ***** * ****** * ** * ************** * * ******* * ************ * *** * *** * * * **** of such bid(s) was appropriate.	Section 5
6	Based on the complete bid process, are the IOU contracts the best overall offers received by the IOU?	Section 6
7	If the contract does not directly reflect a product solicited and bid in an RFO, is the contract superior to the bids received on the products solicited in the RFO? Explain.	Section 7
8	Is the contract a reasonable way of achieving the need identified in the RFO?	Section 8
New	Fairness of Project Specific Negotiations	Section 9
9	Based on your analysis of the RFO bids, the bid process, and the overall market, do(es) the contract(s) merit Commission approval? Explain.	Section 10
New	Project Specific Recommendation	Included in Section 10
10	Based on the complete bid process, should some component(s) be changed to ensure future RFOs are fairer or provide a more efficient, lower cost option?	Section 11

Contents

1 *************

San Diego Gas & Electric ("SDG&E") launched its May 2012 Renewable Auction Mechanism ("RAM") solicitation with the Request for Offers ("RFO") issued May 1, 2012 and bids due May 31, 2012. The RAM RFO represents SDG&E's 10th RFO process with renewables since 2003, but only its second simplified auction style RFO. Background on the RAM program as well as SDG&E's specific RAM RFO process is provided in this section.

1.1 RAM Background

To promote small-scale renewable development (i.e., 20 MW or less) and supplement California's Renewable Portfolio Standard ("RPS") as well as other related factors, the California Public Utility Commission ("CPUC") in Decision (D.) 10-12-048 ("RAM Decision") issued on December 17, 2010 and Resolution E-4414 ("RAM Resolution") issued on August 22, 2011 approved and implemented RAM, a new auction based procurement mechanism for the three investor-owned utilities ("IOUs"): Pacific Gas and Electric Company ("PG&E"), Southern California Edison ("SCE"), and SDG&E.

The RAM Decision authorized the IOUs to procure eligible renewable resources located in the service territories of PG&E, SCE and SDG&E for the following three product categories:

* Baseload products: generation resources that produce energy around-the-clock
* Peaking As-Available products: generation resources whose energy production follows the IOU's hourly load profile during daytime hours
* Non-peaking As-Available products: generation resources whose energy production follows IOU's off peak hours, usually during the evening hours

Each of the three IOUs filed advice letters with the CPUC to implement the RAM program details that the CPUC approved, with several modifications regarding generators' eligibility as well as the overall RAM process. Some of these requirements are listed below:

* IOUs shall hold auctions every six months, with the first auction closing no later than November 15, 2011 and the second auction closing no later than May 31, 2012.
* IOUs shall solicit capacity from each product category: baseload, peaking as-available, and non-peaking as-available; SDG&E shall solicit a minimum of three MW from each product category.
* IOUS may procure plus or minus 20 MW of the capacity required in each product category as long as the total capacity procured in each auction is plus or minus 20 MW.
* IOUs shall allow contract term lengths of 10, 15, and 20 years.

1.2 Changes for the May 2012 RAM

Pursuant to Resolution E-4489 and Decision D.12-02-022[1], the CPUC required certain changes to SDG&E's May 2012 RAM RFO and RAM Power Purchase Agreement (PPA) as compared to SDG&E's 2011 RAM solicitation. In compliance, SDG&E incorporated the following specific changes as well as other non-substantive changes to the RAM RFO materials[2]:

* Increased the deadline by which producers must bring their projects online from 18 months to 24 months after the date of Commission approval;
* Revised the RAM PPA to include optional provisions that can be tailored for either energy only or Full Capacity Deliverability Status ("FCDS") projects. The PPA does not require the seller to achieve FCDS as a condition precedent to the effectiveness of the contract, but it does provide a deadline by which FCDS projects must obtain FCDS. SDG&E will pay the seller a price that is discounted by the value of FCDS until the project achieves FCDS, which shall be no later than January 1, 2022. Once the seller achieves FCDS, it will receive a price that includes the value of FCDS;
* Included a methodology to consider the resource adequacy benefits and the cost of deliverability upgrades in its RAM RFO; and
* Increased the total obligation to 155 MW, which reflects the merging of SDG&E Solar Energy Program ("SEP") obligation to procure 74 MW of solar photovoltaic generation pursuant to power purchase agreements with its RAM obligation to procure 81 MW of renewable generation.

1.3 SDG&E RAM Forum

The RAM Decision requires SDG&E and the other IOUs to hold a RAM Forum once a year. The primary purpose of the RAM Forum is to provide stakeholders an opportunity to provide feedback to utilities as well as ask specific questions. The RAM Resolution includes several specific items to be included in the agenda and a few additional agenda items were identified in Resolution E-4489. SDG&E held its first RAM Forum on June 22, 2012. Further details on SDG&E's RAM Forum are provided in Sections 2.2.7 and 3.3.

1.4 SDG&E RAM Process

SDG&E's first RAM solicitation, held in November 2011, resulted in the procurement of 15 MW of solar capacity. SDG&E's total target procurement capacity for the May 2012 RAM RFO was 45 MW, with a balance of 95 MW to be procured in the last two RAM RFOs, as summarized in Table 1.

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[1] Resolution E-4489 issued on April 19, 2012 approved proposed changes to the RAM for PG&E, SCE, and SDG&E. Specifically,
**** * ********** * ******** ***** ************* * ***** ************** * ********* * ********* * *** * ******* * ** ther bids *** * **
with energy-only or full capacity deliverability status; Decision 12-02- * * * * ******** * *** * * * * * merge its Solar Energy
******* * * * *** * * ********** * ** * ******** * * * * *** ************************** * ** * ***** * ******** * ********* * * **** * ***
RAM obligation to procure 81 MWs of renewable generation. As a result, SDG&E filed Advice Letter 2232-E-D which officially
******** * *** * * * * * ***** * *** * ********** * **** * * * * ***** * ** * ************** *** * *** * ******** * **** * *** * *** * ******* *

[2] SDG&E Advice Letter 2349-E, April 26, 2012.

Table 1: SDG&E RAM Procurement Capacity Obligation (MW)

Product	Nov 2011	May 2012	Nov 2012 and May 2013	Total RAM Obligation
Baseload	0	5	15	20
Peaking As-Available	15	35	65	115
Non-Peaking As-Available	0	5	15	20
Total	15	45	95	155

SDG&E established the schedule for its May 2012 RAM program as summarized in Table 2.

Table 2: SDG&E May 2012 RAM Schedule

Month	Activity	Date
May	RFO issued	May 1, 2012
	Bidders conference	May 7, 2012
	SDG&E began accepting bids	May 15, 2012
	Deadline for questions	May 18, 2012
	Deadline for registration	May 25, 2012
	Deadline for submitting offers	May 31, 2012, 12pm
August	Notification for winning bidders	August 16, 2012
	Deadline for bidders acceptance/withdrawal	August 27, 2012
September	Appreciation letters sent to unsuccessful bidders	September 27, 2012
	PPA execution	September 27, 2012
November	SDG&E Submits Tier 2 Advice letter with PPAs to CPUC for approval	November 9, 2012
December	Anticipated CPUC approval (prior to any appeal and/or suspension)	December 10, 2012

SDG&E identified several resource requirements in its RAM program to be compliant with the CPUC's RAM Decision and RAM Resolution. In addition to a maximum size of 20 MW, resources must meet these primary resource eligibility requirements:

- California Energy Commission (CEC) certifiable as an eligible renewable resource
- Utilize a commercially-proven technology (at least 1 installation worldwide)
- New or existing facility
- Sell entire output to SDG&E; sale of partial output from a large system shall not be permitted

Other requirements regarding project capacity, location, and site control, interconnection status, developer experience, project start date, and other factors were included in SDG&E's RAM RFO, as well as a non-negotiable RAM PPA for selected projects to sign.

SDG&E designed a RAM bid assessment methodology and process to ensure that the bid selection process is transparent, does not favor any technology or counterparty, and is aligned with the RAM requirements. In this process, SDG&E would receive the bids up to the deadline and provide PA access to these bids in a timely manner, similar to procedures for previous renewable RFOs. Once the bids were received, SDG&E would produce a shortlist of the lowest preliminary bid ranking price[3] to determine if the overall auction results were in a competitive market range. The shortlist would then be screened for conformance with RAM eligibility requirements.

For each of the conforming shortlisted bids, SDG&E would determine the network upgrade cost adder based on the interconnection study provided by the bidder.[4] The network cost adder would be added to the preliminary bid ranking price to determine the Bid Ranking Price used to evaluate the bids. For FCDS bids, the deliverability cost adder would also be determined based on the interconnection study provided by the bidder.[5]

The two step evaluation process used in SD&E's first RAM solicitation process was simplified for this RAM RFO. The least expensive bids for each product category would be selected first based on the lowest Bid Ranking prices. SDG&E would examine the remaining bids to determine if any additional bids should be selected so the total selected would be within 20 MW of the target capacity. To the extent that the selection process resulted in either more or less than the targeted level of capacity in each product category, SDG&E would adjust the target levels accordingly in the next RAM RFO processes.

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[3] Levelized contract cost adjusted for time-of-day as defined in SDG&E's RAM RFO adjusted for resource adequacy value.

[4] Bidders must have completed a System Impact Study, a Phase I interconnection study, or have passed WDAT Fast Track screens. Evidence of the most recent completed study or equivalent results from the Fast Track process must be included in the offer.

[5] Ibid.

2 **** * ** * *** * *********** * *********

This section provides a description of the role of the IE throughout the solicitation and bid selection process, including PA's specific activities for SDG&E's May 2012 RAM RFO and the RAM Forum.

2.1 The IE role

Per CPUC (D.) 04-12-084, the CPUC requires an IE for IOU long-term resource procurement RFOs. The role of the IE is to provide advice to the utility on the design, administration, and evaluation aspects of the RFO. The CPUC clarified that the role of the IE is not to conduct or administer the solicitation, but to "separately evaluate and report on the IOU's entire solicitation, evaluation, and selection process."[6]

Additionally, the IE is to ensure that SDG&E treats all bidders fairly and equitably and that no technology or counterparty is favored. In particular, the IE is expected to assure that affiliate bids are not favored. The IE also ensures that the bid selection process is transparent and is aligned with the procurement requirements. *** * * * *** * **** * **** * ** * *** ** * * * ****** * ** * ** * ********* * ********* that may arise during the RFO process.

D. 09-06-050, which was primarily concerned with the definition of a * **-****** * * ********* * *** * ********* * and approving short-term renewable contracts, also clarified the procedure for approving bilateral ********* * * * ** * *********-term bilateral contracts should be reviewed according to the same processes and standards as contracts that come through a solicitation. This includes review by the ******* * * * *********** * ****** * ****** *** * *********** * ****[6A] This section of the decision does not specify that a bilateral contract should be reviewed in the context of an RFO, although the IE report template, distributed by the Energy Division, only applies to RFOs.

Furthermore, D. 09-06- * * * * ****** * * *** * ************** ** ******* **** * *** * ****** ******** * calculated for the same solicitation year in which the contract is signed as a price reasonableness ********* *[6B] That would imply the reasonableness of a contract should be judged against the contemporary market price referent (MPR), and similarly against the shortlist of the contemporary RFO. In this specific case PA has used the results of the May 2012 RAM RFO.

2.2 PA's role as IE

PA performed the role of IE for SDG&E's first RAM process as well as for this second RAM process. For both solicitations, PA was involved from SDG&E's development of the process and submittal of advice letter through to the selection of the bids. PA ensured that the procedure that SDG&E followed aligned with the process SDG&E established in its RFO and provided fair and equitable treatment of all bids. PA was in regular contact with SDG&E staff throughout the process, raising and providing recommendations where there were potential issues.

[6] CPUC D.06-05-039, p. 46.

[6A] California Public Utilities Commission, Decision (D.) 09-06-050, June 19, 2009, p. 28f.

[6B] D. 09-06-050, Ordering Paragraph 7, p. 42.

2.2.1 SDG&E process advice letter and RFO

PA reviewed drafts of SDG&E's Advice Letter for the May 2012 RAM RFO implementation as well as associated documents (RFO, bid forms, PPA). PA concentrated in particular on language describing the bid evaluation and the detailed information to be provided by bidders.

SDG&E and PA reviewed the steps that SDG&E identified would be taken in the RFO evaluation process prior to the bid deadline to ensure that there would be a smooth, clear and jointly understood process in place to efficiently and effectively review the bids.

2.2.2 Pre-bid Conference

PA participated in the pre-bid conference held on May 7, 2012 and presented a description of the IE role as well as responded to questions. SDG&E presented the overall RAM RFO process and procedures, including a discussion of the distribution and transmission interconnection processes. SDG&E also provided a detailed review of the way in which the FCDS bids and energy only bids would be evaluated as well as a review of the appropriate way for the bidders to fill out the bid forms for FCDS and energy only bids. As part of this, SDG&E provided a detailed review of the way in which it would consider the value of resource adequacy in evaluation of both FCDS and energy only bids as well as the locational value of the resource (either inside or outside of SDG&E's local area). SDG&E provided several examples and walked through them on a step-by-step basis to ensure that bidders understood the definitions and evaluation methodology.

After the pre-bid conference, SDG&E received questions on the RAM RFO process. PA reviewed SDG&E's responses to these questions and provided comments to ensure that the responses were clear and accurate.

2.2.3 Bid submittal process

SDG&E began accepting bids on May 15, 2012 with a deadline at noon on May 31, 2012. PA arranged for access to the bids as they were received by SDG&E based on the procedures PA and SDG&E used for previous RFOs. During the bidding process, SDG&E's computer server encountered problems loading the bids, and SDG&E received the bids via e-mail. SDG&E provided a copy of all of the bids to PA.[7]

SDG&E received a total of 79 bids, as summarized in Table 3 below.

Table 3: SDG&E May 2012 RAM RFO Bids Received

	Baseload	Peaking As-Available	Non-Peaking As-Available	Total
Number of bids	7	68	4	79

2.2.4 Initial bid review and conformance check

Once the bids were received, SDG&E compiled an initial list of the key components for each of the 79 bids and provided a copy of the file to PA to compare and review. PA independently reviewed each bid and verified SDG&E's summary.

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[7] For future RAM solicitations, SDG&E will accept bids via e-mail to avoid any computer issues.

2.2.5 Bid selection

SDG&E identified a shortlist of bids to review for conformance. PA and SDG&E discussed the findings on a bid-by-bid basis. To the extent differences were identified, additional review and investigation was done by both SDG&E and PA to resolve any inconsistencies. Eight bids were found to be non-conforming and one bid was questionable.[8]

SDG&E initially selected three baseload bids, two peaking as-available bids, and one non-peaking as-available bid for a total of 60.1 MW, which is within the total 65 MW limit (i.e., 45 MW plus 20 MW) for this RAM RFO.

Table 4: SDG&E May 2012 RAM RFO Selected bids

	Baseload	Peaking As-Available	Non-Peaking As-Available	Total
Contract MW	11.6	38.5	10	60.1

SDG&E sent acceptance letters to the six selected bids on August 16, 2012. SDG&E received acceptance e-mails from five projects and one project (a 2.14 MW baseload project) did not accept because it had been selected in another utility's RFO process.

On October 3, 2012, one of the selected bidders provided notice to SDG&E (with final confirmation on October 5, 2012) that it was withdrawing its bid. The main reason cited was that it had relied upon a minimum amount of PV modules and plant equipment being accepted for safe harbor status under the Section 1603 Treasury program guidelines. The developer was unable to meet the September 30, 2012 deadline for the safe harbor application, and without the incentive could not honor its bid price.

Because the total of the remaining selected bids was within plus or minus 20 MW of the target capacity and the notice for withdrawal was provided so late in the process, SDG&E decided not to select a replacement bid and to roll the capacity to the next RAM RFO solicitation. PA supported SDG&E's decision.

The table below provides a summary of the revised selected bids including the remaining two baseload bids, one peaking as-available bid, and one non-peaking as-available bid for a total of 38 MW which is within the total 45 MW target (i.e., 45 MW less 20 MW) for this RAM RFO.

Table 5: SDG&E May 2012 RAM RFO Revised Selected bids

	Baseload	Peaking As-Available	Non-Peaking As-Available	Total
Contract MW	9.5	18.5	10.0	38.0

During the contracting process for the selected bids, SDG&E encountered some issues (e.g., the extension of an existing interconnection agreement, definition of the delivery point for distribution level interconnections, and the treatment of imbalance charges). SDG&E was able to appropriately address each of these issues as they applied to the selected bids. However, this experience did provide some lessons learned and SDG&E plans to propose some modifications to the next RAM documents to address these. Further discussion of these suggested changes for the next RAM process is provided in Section 10.

[8] There was some question as to whether the interconnection study was valid for this bid since the interconnection study was based on a wind project while the proposed project was a solar project.

2.2.6 SDG&E's Procurement Review Group meetings

PA reviewed the RAM RFO related information presented by SDG&E at the PRG meetings from May 2012 through October 2012, and participated in these meetings as appropriate. The PRG meetings alternated monthly between conference calls and meetings held in-person in San Francisco. Several of SDG&E's overall procurement activities are discussed at these meetings and only activities related to SDG&E's RAM RFO process are addressed in this report.

The following provides a summary of the key highlights, for each of the meetings, related to SDG&E's RAM RFO.

May 18, 2012

SDG&E reviewed the RAM RFO schedule and provided a summary of the pre-bid conference held on May 7, 2012. There were a total of 23 participants representing 21 counterparties at the pre-bid conference. SDG&E surveyed the participants as to the quality of the workshop and if it provided the necessary information. Over 50% of the participants scored SDG&E very strong or strong in all categories surveyed and there were no weak or very weak scores.

June 15, 2012

SDG&E provided a summary of the results of the bidding process in terms of the number of bids received as well as the results of the initial review of conforming bids.

July 20, 2012

SDG&E presented the initial shortlist of bids. The shortlist included three baseload bids, two peaking as-available bids, and one non-peaking as-available bid for a total of 60.1 MW which is within the total 65 MW limit (i.e., 45 MW plus 20 MW).

August 17, 2011

SDG&E reported that acceptance letters to selected bids went out on August 16, 2012 and that bidders would have until August 27, 2012 to accept.

September 21, 2012

An update on the RAM process was provided: five of the six shortlisted bids had accepted and SDG&E was working through contracting of these projects.

October 19, 2012

SDG&E provided an update indicating that one of the bidders withdrew their project. SDG&E also discussed some of the difficulties that they have encountered in the contract execution process. It was noted that additional education regarding the optionality provided in the contract forms regarding interconnection costs, FDCS obligations, scheduling, and other factors needs to be provided as part of the next RAM RFO solicitation.

SDG&E introduced and provided a status update of the negotiation process for the bilateral renewable power purchase agreements ("PPA's") for the Calipatria Solar Project with 70SM1 8me, LLC and the Seville Solar Project with Tallbear Seville, LLC (the "Calipatria Agreement" and "Seville Agreement", or ************ * * * *** * ********** * * ** *. The information included the details of the counterparties, pricing terms, delivery terms, contract type, and the Diverse Business Enterprises ("DBE") status of the agreements. The seller of the Seville Agreement is a DBE and the developer of the Calipatria

Agreement has agreed to spend at least 50% of project capital costs with qualified DBE contractors and subcontractors.

November 16, 2012

SDG&E provided a status update of the negotiation process for the Calipatria Agreement and the Seville Agreement. SDG&E indicated that they are planning to use the RAM PPA as the draft contract template with appropriate modifications for these agreements. The projects will also be tied through a pseudo-tie, into the California ISO which increases resource adequacy ("RA") value.

December 14, 2012

SDG&E provided a status update of the negotiation process for the Calipatria Agreement and the Seville Agreement and indicated that the contracts may be executed soon. The DBE benefit and the locational benefit with ***** * ******** * ***** * **************** * ********** * *IID** Balancing Authority Area * * *** were discussed.

2.2.7 SDG&E's RAM Forum

PA participated in SDG&E's RAM Forum held on June 22, 2012 at SDG&E's Energy Innovation Center in San Diego. Adam Schultz from the CPUC also participated in the forum. PA provided a description of the IE role in the RAM process. PA also provided a discussion of some of the recommended changes from the November 2011 RAM including expanding the outreach to increase the number of responses, as well as refinements to the project description form and the pricing form to provide additional information and clarification.

3 ******** * ** * ******** * *** * ********** * ** * ************

This section addresses the adequacy of SDG&E's outreach as well as the solicitation materials.

3.1 Adequacy of outreach

SDG&E expanded its outreach for the May 2012 RAM RFO to include trade groups. Additionally, SDG&E sent an e-mail announcing the May 2012 RAM RFO to its list serve (which includes the e-mail addresses of all of the entities that have responded to SDG&E's previous RFOs). SDG&E also posted a notice in Megawatt Daily.

The total number of bids received for this RFO was more than double that of the first RAM RFO. The increased response can be attributed to stronger outreach, more time allowed for companies to complete interconnection studies, and more options for owners to bid (bidders could now offer FCDS or energy only bids).

PA believes that SDG&E extended appropriate outreach for this RAM RFO.

3.2 Solicitation materials

As part of its review of drafts of the Implementation Advice Letter, PA reviewed SDG&E's RFO, model PPA and supporting forms. The bid forms used in this solicitation were similar to those SDG&E used in the first RAM process, but included separate bid forms for FCDS bids and energy-only bids.

SDG&E held a pre-bid conference in San Diego and posted all materials on its website including the answers to questions submitted by the bidders.

In PA's opinion, SDG&E provided appropriate RFO solicitation materials and provided prompt response to any questions received by potential bidders.

3.3 RAM Forum

As required by the RAM Decision, SDG&E held a RAM Forum on June 22, 2012. There were a total of 23 participants representing 21 counterparties at the pre-bid conference. SDG&E surveyed the participants as to the quality of the workshop and if it provided the necessary information. Over 50% of the participants scored SDG&E very strong or strong in all categories surveyed and there were no weak or very weak scores.

4 ******** * ** * ******* * *** * ********** * *******

This section reviews the fairness of SDG&E's bidding and selection process. This auction based RFO process is different from SDG&E's other renewable RFO processes, so some of the review parameters used for other RFOs are not relevant for this one.

4.1 Principles used to determine fairness of process

PA used principles originally codified in PA's ****** * ** * *** * * * * * * * * * *, adjusted appropriately for the RAM RFO Process:[9]

* Were affiliate bids treated the same as non-affiliate ones?
* Were bidder questions answered fairly and consistently and the answers made available to all?
* *** * *** * ******* * *** * *** * * ************* any one bidder an advantage over others?
* Were bids given equal credibility in the economic evaluation?
* Was there a reasonable justification for any fixed parameters that enter into the methodology (e.g., resource adequacy value; debt equivalence parameters)?
* Were qualitative factors used only to distinguish among substantially equal bids?

4.2 Administration and bid processing

SDG&E addressed the administrative related activities appropriately:

* There were no affiliate bids included in this RFO.
* Bidder questions were answered fairly and consistently.
* SDG&E did not ask for clarifications in such a way as to advantage any bidder.

4.3 Conformance check

SDG&E and PA first independently reviewed the bids for conformance. Following that review, SDG&E and PA reviewed the bids together, on a bid-by-bid basis, and discussed the findings. To the extent differences were identified, additional review and investigation was prepared by both SDG&E and PA to resolve any inconsistencies. Non-conforming bids were not evaluated further.

** * ******** * **** * *** * * * * * ********-conforming bids was fair and reasonable.

4.4 S** * * * * * ********

Quantitative bid analysis was conducted by SDG&E. PA prepared an independent analysis of the bids, and, through this process PA confirmed and verified SDG&E's findings.

[9] Jacobs, op. cit., p. 3-1.

SDG&E addressed the analytic requirements appropriately:

* The bids were give equal credibility in the economic evaluation.
* There were no fixed parameters that entered into the economic evaluation.
* There were no qualitative factors used to distinguish among substantially equal bids.

4.5 Transmission analysis

*** * * * * * **** * incorporated the costs of required transmission network upgrades or additions, using the information provided from the interconnection study (or equivalent) provided by the bidder. For FCDS bids, SDG&E included the cost for deliverability upgrades.

5 ********* * ** * ********* * ****

There were no affiliate bids or bids that would result in utility asset ownership submitted as part of this RFO.

6 **** * ******* * ****** * ********

Through the bid evaluation and selection process, PA believes that SDG&E selected the best offers submitted for SDG&E's May 2012 RAM RFO. The final selected bids provided a total of 38 MW of contracted capacity which is within 20 MW of the 45 MW target capacity.

7 *********** * *** * ********

There were no alternative bid products offered as part of this RFO.

8 ************* * ** * ********* * *** * *** * **********

PA believes that the final selected bids provide SDG&E economic renewable power. These final selected bids provide a total of 38 MW, which is within acceptable range of the target capacity required for this RFO.

9 ******** * ** * ***_********* * ************

PA first became aware of bilateral proposals for the Projects when SDG&E reported on these contracts in the October 19, 2012 PRG meeting. Each of these proposals includes a 20 MW solar photovoltaic project located in the IID BAA.[10] Although the two projects are very similar in size and characteristics to the projects that were bid into *** * * * *RAM RFO process, they are not eligible to participate in the RAM RFO primarily because they are not located within the service territories of SDG&E, SCE, or PG&E. Because of the similarities to the RAM projects, SDG&E used the RAM PPA as a template for these bilateral transactions. SDG&E contract negotiators began work on the contracts around September 25, 2012.

9.1 Principles of evaluation

The key questions are whether SDG&E showed favoritism to this or any other bidder, and whether SDG&E negotiated harder or less hard with them than with any other bidder. Note that in the context of negotiations, favoritism toward a bidder is not the same as favoritism toward a technology.

9.2 Project-specific negotiations

In general PA does not directly observe most contract negotiations, except for those with SDG&E affiliates. PA follows negotiations through discussions with SDG&E, summaries of current proposals and *** * * * * * ******* * ** * *** * *** ** * ****** ***** * **** * ********** ***** * ** * ** * * * **** * ** * ** * * ***** * was developed when PA and SDG&E negotiated their initial contract (with the participation of the PRG).

PA did not participate in or observe negotiations with either bidder. PA was provided contract details shortly before the execution date, and has based this report on that information including a comparison of the subject contracts with the RAM RFO PPA template.

SDG&E used the May 2012 RAM RFO PPA as the template for the negotiations and modified them as negotiated with the counterparties. PA compared the Agreements to the May 2012 RAM RFO PPA and found the following types of changes to the agreements:

1. [redacted]

[redacted]

---

[10] The Calipatria Solar Project is 19.99 MW.

3. [redacted]

[redacted]

[redacted]

[redacted]

7. Many of the changes that SDG&E included in the November 2012 RAM PPA relative to the May 2012 RAM PPA ([redacted]

As noted above in 8.1 fairness is defined as the absence of favoritism toward a bidder. Favoritism should be taken to imply undue preference not reasonably associated with particular value provided by the bidder. The two Agreements are very similar and the changes to the original document are consistent.

** * ** * ** * * * ,*based*on the information available, that these two contracts reflect fair negotiations.

9.3 Terms and Conditions

The Agreements are conditional on CPUC approval. In addition each contract has a DBE related condition. The Calipatria Agreement includes the condition that the Developer must spend 50% of project capital costs on DBE, subject to liquidated damages for non-achievement. The Seville Agreement includes the condition that on the execution date of the contract the seller will be certified as DBE under CPUC General Order 156.

9.4 Relation to other negotiations

The RAM RFO process does not allow for negotiations related to the specific terms and conditions of the PPA. Most of the modifications to the Agreements were necessary to reflect the characteristics of interconnection through pseudo-ties, as well as the DBE requirements.

It is PA's opinion, based on the information available, that these modifications appear to be reasonable and fair.

10 *** * ********* * *** * *_*********** ** * **************

PA believes the final selected bids provide SDG&E economic renewable power and successfully accomplish the RAM RFO goals. PA recommends that the CPUC approve these contracts.

PA was involved throughout SDG&E's RAM RFO process, starting with the design, implementation, and selection of the bids as described in Section 2 of this report. PA believes that SDG&E's RAM bid assessment methodology and process provided a reasonable means to attain the RAM goals. The final selected bids provide a total of 38 MW which is within 20 MW of the target capacity of 45 MW of capacity required.

PA based its project-specific recommendation for each of these two Agreements on an evaluation that included consideration of an economic evaluation, compliance with the Project/Eligibility requirements, negotiations as provided in Section 8 of this report, and other factors as described below. Because of the similarities to the RAM projects, PA evaluated t** * ********** * ******** * ** * *** * * * * * *** * * * * * *** * *** * The RAM process by design has a more streamlined and less detailed process for review and selection of **** * ** * ******** * ** * *** ********** *** * ******* * * ******************* * * * *** * ** * participation/eligibility requirements and a non-negotiable PPA. PA reviewed the economics of the ********** * ** * **** * ** * ***************** * *** * * * * * *** * ********** *********** * ************ *

As described below, the Calipatria Agreement is cost competitive with the May 2012 RAM RFO results and provides DBE benefits to SDG&E. It is PA's opinion that the CPUC should approve the contract. The Seville Agreement is [redacted], close to a * ****. If the CPUC believes that the value to SDG&E of the DBE status and the addition of the Seville Project in the IID BAA (described further below) is worth this increase, then the CPUC should approve the Seville Agreement.

10.1 Economic evaluation

PA reviewed the Agreements and applied the same evaluation methodology used in the May 2012 RAM RFO. For the May 2012 RAM RFO, bidders submitted their bids via a pricing form provided by SDG&E. This form includes the key parameters used to evaluate the bids. Because these bilateral proposals did not provide the RAM RFO pricing form, PA created a pricing form based on the information provided in the Agreements and hourly profiles provided by SDG&E. For evaluation purposes, PA assumed that these bids would provide the same RA value as system FCDS bids.

The assumptions for the key parameters are summarized in Table 6.

Table 6. Assumptions used in evaluating the Projects

Parameter	Calipatria Project	Seville Projects
Capacity	19.99 MW	20 MW
First-year production	48,427 MWh	59,000 MWh
Annual generation degradation	[redacted]	[redacted]
Online date[1]	6/13/2015	1/1/2015
Contract term	20 years	20 years
First year price	[redacted]	[redacted]
Delivery profile	[redacted]	[redacted]
Price escalation	[redacted]	[redacted]
In SDG&E's local area	No	No
Interconnection cost	Included in bid price	Included in bid price
Type of bid (EO or FCDS)[2]	[redacted]	[redacted]

[1] Per the Agreements, the online date for the Seville Project is 1/1/2015 and the online date for the Calipatria Project is listed as 24 months after CPUC approval.

[2] Although the Projects will not technically be FCDS projects, PA treated them as providing full system RA and evaluated them similar to FCDS projects.

A total of four projects were selected in the May 2012 RAM RFO, including two baseload projects, one non-peaking project and one peaking project. Table 7 provides a summary of the Levelized Contract Cost and the Bid Ranking Price (BRP), as well as other characteristics, for these Agreements and the contracts selected in the May 2012 RAM RFO. For comparison purposes, PA examined one additional solar project from the May 2012 RAM RFO that was the next most economic choice for a peaking bid, reflecting the price to beat if SDG&E were to select additional Peaking As-Available product.

Table 7. Comparison of the Agreements with May 2012 RAM RFO Selected Bids

Bids	Offer Type	Facility (MW)	Technology	In SDG&E's Local Area	EO or FCDS	Levelized Contract Cost ($/MWh)	Bid Ranking Price ($/MWh)
Calipatria Project	Peaking	19.99	Solar PV	No	System RA	[redacted]	[redacted]
Seville Project	Peaking	20	Solar PV	No	System RA	[redacted]	[redacted]
Selected Bids							
[redacted]	Peaking	18.5	Solar PV	No	EO	[redacted]	[redacted]
[redacted]	Non-Peaking	10	Wind	No	EO	[redacted]	[redacted]
[redacted]	Baseload	5	Small Hydro	No	EO	[redacted]	[redacted]
[redacted]	Baseload	7.3	Biogas	Yes	FCDS	[redacted]	[redacted]
Other shortlisted bid							
[redacted]	Peaking	20	Solar PV	No	EO	[redacted]	[redacted]

[1] [redacted]

As illustrated in the table, the Calipatria Agreement is lower than the selected May 2012 RAM RFO solar project on both a Levelized Contract Cost basis and BRP basis.

The Seville Agreement is higher than the selected May 2012 RAM RFO solar project on Levelized Contract Cost basis [redacted] and on a BRP basis [redacted] and as compared to the [redacted] Project it is higher on Levelized Contract Cost basis [redacted] and on a BRP basis [redacted]

10.2 Project eligibility requirements

The review of bids in SDG&E's RAM RFO's are more streamlined than the review and evaluation of SDG&E's other renewable RFO's. Section 3.0 of the May 2012 RAM RFO includes specific participation and eligibility requirements for bidders participating in the RFO. Bids are checked for compliance based on these requirements and then evaluated based on their BRP.

Since the Agreements are being compared to the May 2012 RAM RFO results, PA reviewed how the contracts compare to the eligibility requirements in addition to the price evaluation provided in the previous section. The May 2012 RAM RFO includes the following seven categories of requirements:

- Resource
- Project Capacity
- Location/Site Control
- Interconnection
- Developer Experience
- Project Start Date
- Other Incentives not permitted.

The specific requirements for each category and PA's evaluation of the Agreements for compliance with each of these categories are provided below.

Resource:

1. Resources must be CEC-certifiable as an eligible renewable resource;
2. Resources must utilize a commercially proven technology;
3. Resources must be new or existing facilities;
4. Resources must sell its entire output to SDG&E (full buy/sell) or all output in excess of onsite load to SDG&E (excess sales).
5. The project must be the only project being developed by the Respondent on any single or contiguous piece of property (selling partial output from a system sized above 20 MWs will not be permitted).

Based on the information available and discussions with SDG&E, PA understands that the Projects meet each of these resource criteria.

Project Capacity:

1. All capacity ratings specified in this RFO must be nameplate capacities for alternating current * * ** * * * ********** * ************** **** * ***** * ************************ * ****** * * ****** * **** * ******* * ****** * ******* *************** * ** * ******** *******rmance.
2. Resources must provide a minimum contract size of 1 MW installed capacity
3. Resources may provide a minimum project size of 500 kW to aggregate to meet the minimum contract size of 1 MW. Below are the specific criteria for aggregated projects: a. Each aggregated facility has a capacity of no less than 500kw; b. The project comprised of the aggregated facilities interconnects within a single P-Node; c. All aggregated facilities comprising a project are owned by a single participant; d. Each aggregated facility has its own individual CAISO meter; e. No more than ten facilities are aggregated into one project; f. Total contract capacity of no more than 5 MW
4. Project maximum size is 20 MW installed capacity

Based on the information available, PA understands that the contracts meet each of these project capacity criteria.

Location/Site Control:

1. Project must be located within the service territories of PG&E, SCE or SDG&E;
2. The Respondent must have, at time of bidding, site control for the duration of 10, 15 or 20-year power purchase agreement. A copy of one of the following forms of site control must be provided: a. direct ownership; b. a lease; c. an option to lease or purchase upon PPA approval. The option must be an exclusive option to the Bidder that will last until the completion of the RFO cycle.

The projects do not meet the location criteria as both of the projects are located in the IID BAA. As provided in Exhibit B of the Agreements the Projects have obtained site control.

Interconnection:

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1. Respondents must have completed a System Impact Study, a Phase I interconnection study, or have passed WDAT or CAISO Fast Track screens.
2. A copy of the most recent completed study or equivalent results from the Fast Track process must be included in the offer.

[redacted]

Developer Experience:

1. The Respondent and/or members of the project development team must have experience. Respondents must provide evidence of having completed, or begun construction, of a project using a technology similar to the offered technology, that is at least one MW installed capacity.
2. The Respondent will maintain contractual control of the facilities and be responsible for development, land acquisition, permitting, financing and construction for the facilities. Respondents must provide a description of how operational control will be maintained.

Gestamp Solar and 8minuteenergy are the developers for the Calipatria Agreement and Gestamp is currently constructing the Mount Signal Solar Project for SDG&E. PA does not have any information for any projects developed by Tallbear or Regenerate Power, the developers of the Seville Project.

Project Start Date:

1. Offers must provide an anticipated delivery start date that is within 24 months after the expected CPUC Approval date as indicated in the RFO (December 10, 2012).

The Projects are projected to come online in 2015 which would be outside of the required online period for the May 2012 RAM RFO. However, the Projects are projected to come online within two years of CPUC approval, which is similar to the criteria used in the RAM RFO process [redacted]

Other Incentives Not Permitted:

1. Respondents shall not have sought California Solar Incentives (CSI) for the projects being offered and shall not plan to seek CSI for the entire term of the PPA;
2. Respondents shall not have participated in the Net Energy Metering (NEM) Program for the projects being offered and shall not plan to participate in the Net Energy Metering Program for the entire term of the PPA;
3. Respondents shall not have sought or received any other benefits from the small generator incentive programs offered by the State of California or California utilities.

Based on discussions with SDG&E, PA understands that the Projects are not receiving any of these non-permitted incentives.

10.3 Recommendation

The purpose of this section is to state whether PA agrees with SDG&E and that the Agreements merit CPUC approval. This section provides an explanation of the merits of the contract as compared to the bids for the May 2012 RAM RFO in terms of the economic evaluation, participation eligibility requirements, contract negotiations, and other factors.

10.3.1 Economic

PA evaluated these Agreements using the same methodology as used in SDG&E's RAM RFOs. The Calipatria Project is slightly better on both a Levelized Contract Cost and Bid Ranking Price basis than the [redacted] that was selected in the May 2012 RAM RFO. The Seville Agreement is [redacted] worse (higher-priced) on a Levelized Contract Cost basis [redacted] worse on a Bid Ranking Price basis than the [redacted]. PA compared the Seville Project to the next most economic peaking project from the RFO (i.e., the price to beat if SDG&E were to select additional Peaking As-Available product), and the Seville Agreement is worse [redacted] on Levelized Contract Cost basis and [redacted] on a Bid Ranking Price basis. The metric used in the RAM RFO was the Bid Ranking Price; in fact, the [redacted] had a better (lower) Levelized Contract Cost than [redacted] but its Bid Ranking Price was inferior.

10.3.2 Participation/Eligibility Criteria

The following provides a summary of the compliance of the Agreements relative to the May 2012 RAM RFO Participation/Eligibility Criteria:

Table 8. Summary of Projects Participation/Eligibility Criteria Compliance

Criteria	Calipatria Project	Seville Projects
Project Capacity	Compliant	Compliant
Location/Site Control	Location is Non-Compliant	Location is Non-Compliant
Interconnection	Compliant	Compliant
Developer Experience	Compliant	Insufficient Information
Project Start Date	Partially Compliant (although not within the May RAM RFO schedule it is within 24 months from CPUC approval)	Partially Compliant (although not within the May RAM RFO schedule it is within 24 months from CPUC approval)
Other Incentives Not Permitted	Compliant	Compliant

10.3.3 Negotiations

SDG&E based the Agreements on the May 2012 RAM RFO PPA adjusted for some of the changes SDG&E included in the November 2012 RAM RFO PPA. The majority of the negotiated changes were necessary to accommodate the pseudo-ties into the CAISO for the Projects.

10.3.4 Potentially quantifiable contract terms

There are two contingent aspects of these contracts. They are "contingent" because that they will only affect the value of the contract if certain conditions occur. We have not quantified them but believe their financial impacts to be small.

Excess energy pricing

The PPA from the May 2012 RAM RFO allowed projects to receive payment for all energy deliveries above the contract quantity, but once 120% of the annual contract quantity was achieved the payment for further deliveries would be reduced to 75% of the contract price. It is unlikely, but not impossible, that annual deliveries would be 20% above the contract quantity. These contracts have a different approach reflecting changes made in the PPA for the November 2012 RFO. [redacted] Provided that SDG&E is otherwise achieving its RPS target, this approach could reduce *** * * * * * ***** * ******** * ************ *** * *** * * * * * * **** * *** * *

It is our understanding that peak deliveries from photovoltaic plants are often limited not by insolation but by inverter capacity. Without a detailed model of the plant and a probabilistic insolation model we cannot quantify this benefit; however, PA believes it is unlikely, given the constraining role of inverter capacity, that excess deliveries could be very great.

Discount for delivery of less than full RA capacity

Under the May 2012 RAM RFO PPA, a resource that contracted for full capacity deliverability status receives a reduced price in any month in which it has not achieved that status. The price for every MWh is reduced by *** * * ************** * [redacted] *

There are terms in the contracts that make it unlikely to be ei**** * ******* * * * ***** * ** * ** * **full* * ** * ******* * ** ******** * * * **** * **************** * *** * *commercially reasonable actions * to achieve full RA Eligibility *. SDG&E explained that if either of these contracts does not achieve full RA eligibility it would probably be because [redacted]

10.3.5 Other benefits

Two unique features of the Agreements include their DBE components as well as their location in the IID Balancing Authority Area.

DBE procurement

Currently 36% of SDG&E's procurement dollars go to DBEs and SDG&E is proactively encouraging additional DBE procurement.[11] One of the projects is being developed by a DBE and the other has committed to extensive DBE subcontracting. These projects will help SDG&E achieve their DBE procurement goals. In the RAM RFO evaluation, DBE participation is supposed to be a qualitative factor **** * ** * *********** * * **** * * **** *

[11] SDG&E Bidders Conference November 2012 RAM RFO.

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Location in IID

The Projects are located in the IID BAA and will be pseudo-tied into the CAISO.[12] These pseudo-ties will be the first of their kind between CAISO and IID enabling the Projects to qualify for improved deliverability. Based on this, SDG&E and PA have treated these projects, for evaluation purposes, as fully deliverable.

These projects will increase the number of renewable projects located in IID. The State has a goal of increasing the use of the renewable resources of Imperial County. The projects may allow IID to improve parts of its transmission infrastructure, enabling additional renewable exports. The State is also interested in furthering development in Imperial County, one of the poorest counties in California. Finally, these projects may encourage the development of other projects in that area with pseudo-ties to the CAISO.

10.3.6 Recommendations for CPUC approval of Agreements

The Calipatria Agreement is cost competitive with the May 2012 RAM RFO results and provides DBE benefits to SDG&E. It is PA's opinion that the CPUC should approve the contract.

The Seville project is slightly more expensive than its RAM alternatives. Its Bid Ranking Price (BRP) is [redacted] greater than that of the [redacted] project. The BRP is also greater than that of the next unselected project, [redacted], but only [redacted]. This is close to a tie, in which case the DBE and locational factors would support approving the Seville project. If the CPUC does consider those projects to be tied, the societal benefits of DBE contracting and of encouraging development in IID may be enough to justify approving this contract, although PA is not in position to quantify those benefits.

[12] A pseudo-tie is a dynamic transfer (i.e., the transfer of energy or ancillary services from resources in one balancing authority area *** or *** s electric *** system.

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11 *********** * ******* * ** * *** * *******

As noted in the initial RFO documents, SDG&E planned to learn from the first RAM RFO auction and SDG&E identified and incorporated changes in the May 2012 RAM process. Overall, the second RAM process worked well and ran smoothly, but there are some additional modifications that could be incorporated in future RAM solicitations.

Although the RAM is intended to be a simplified and market-based procurement mechanism that includes a non-negotiable PPA to facilitate the contracting process, SDG&E encountered some issues during the contracting portion of the process (e.g., the extension of an existing interconnection agreement, definition of the delivery point for distribution level interconnections, and the treatment of imbalance charges). SDG&E should address these items in the RAM documents for future RAM solicitations.

Additionally, SDG&E should provide specific education in the next pre-bid conference addressing the optionality provided in the contract forms (e.g., interconnection costs, deliverability costs, FDCS obligations, scheduling and other factors).

SDG&E's could also incorporate some changes to the project description form.

Project description form:

* Add a discussion to stress to the bidders the importance of completing the project description form completely and accurately as the form represents a key component of the bid evaluation process.
* Add a "Key Milestone" section that requires the bidder to provide the key milestones for the development of the project, and the timing of any milestones critical to the success of the project (i.e., timing for receipt of incentives would need to be clearly identified).
* Under project summary, *** * ****** * **** * * **** * ** * **** * * ****** * ** * * possibly just ********* * * have EO or FCDS
* Add an item to have the project state the service territory in which it is located (i.e., SDG&E, SCE, or PG&E)
* Include a specific question (yes/no) for bidders to identify if the interconnection studies have been completed
* Add an item to the interconnection section to identify any termination clauses or other potential issues with existing interconnection agreements
* Clarify site control to include easements
* Clarify that net capacity is AC

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