

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

---

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

---

**REPLY COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY  
(U 902 E) ON SECOND ASSIGNED COMMISSIONER'S RULING  
ISSUING PROCUREMENT REFORM PROPOSALS AND  
ESTABLISHING A SCHEDULE FOR COMMENTS ON PROPOSALS**

AIMEE M. SMITH  
101 Ash Street, HQ-12  
San Diego, California 92101  
Telephone: (619) 699-5042  
Facsimile: (619) 699-5027  
Email: [amsmith@semprautilities.com](mailto:amsmith@semprautilities.com)

Attorney for  
SAN DIEGO GAS & ELECTRIC COMPANY

December 12, 2012

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

---

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

---

**REPLY COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY  
(U 902 E) ON SECOND ASSIGNED COMMISSIONER’S RULING  
ISSUING PROCUREMENT REFORM PROPOSALS AND  
ESTABLISHING A SCHEDULE FOR COMMENTS ON PROPOSALS**

Pursuant to the Rules of Practice and Procedure of the California Public Utilities Commission (the “Commission”) and the *Second Assigned Commissioner’s Ruling Issuing Procurement Reform Proposals and Establishing a Schedule for Comments on Proposals* (the “ACR”), San Diego Gas & Electric Company (“SDG&E”) submits these reply comments in response to comments filed by parties regarding the proposals set forth in the ACR.

The proposals contained in the ACR are intended to refine the Renewables Portfolio Program (“RPS”) procurement process by streamlining the contract review process, increasing the transparency of the Commission’s review of RPS procurement, establishing clear standards for this review process, issuing Commission determinations on contract reasonableness on a defined timeline and supporting market certainty in RPS procurement.<sup>1/</sup> In its opening comments, SDG&E addressed the ACR proposals, presenting evidence and arguments relevant to each proposal. While the positions articulated by SDG&E diverge, in some cases significantly, from those set forth in

---

<sup>1/</sup> ACR, p. 2.

comments filed by certain other parties, SDG&E does not perceive that reiterating its arguments here would assist the Commission’s deliberative process. Accordingly, SDG&E limits the discussion below to aspects of parties’ comments that are not addressed in its opening comments. Specifically, SDG&E notes that certain arguments presented by the Division of Ratepayer Advocates (“DRA”) and Clean Coalition are currently being addressed in a separate Commission proceeding or have been previously considered and rejected by the Commission.

In its comments, DRA proposes that the selection process for Independent Evaluators (“IEs”) be modified to require the Energy Division (“ED”) to determine each investor-owned utility’s (“IOU’s”) IE pool rather than allowing the IOU (with input from ED and its Procurement Review Group [“PRG”]) to select its IEs.<sup>2/</sup> However, the Commission is already considering this proposal in the context of the long-term procurement plan (“LTPP”) proceeding (R.12-03-014), as DRA acknowledges.<sup>3/</sup> It is plainly inconsistent with the goal of administrative efficiency and regulatory clarity to have the same issue presented for Commission resolution in two separate proceedings. To the extent the Commission is currently considering DRA’s proposal in R.12-03-014, it should not do so simultaneously here.

Clean Coalition’s comments include a proposal very similar to the “locational benefits” adder proposal the Commission considered and declined to adopt in D.12-05-035.<sup>4/</sup> The Commission concluded in D.12-05-035 that it would not adopt “the location adder or a transmission adder because we find these components either inconsistent with

---

<sup>2/</sup> DRA Comments, p. 10.

<sup>3/</sup> *Id.*

<sup>4/</sup> Clean Coalition Comments, pp. 6-13; D.12-05-035, *mimeo*, pp. 37-38.

existing law or require more development.”<sup>5/</sup> Clean Coalition’s proposed locational adder should be rejected on similar grounds here; the proposal is ill-conceived and unworkable.

For example, in arguing that the least-cost, best fit (“LCBF”) process should be modified to include a locational adder, Clean Coalition ignores the fact that SDG&E’s current LCBF process already accounts for Local Capacity Requirements (“LCR”) by assigning greater value to projects that provide local Resource Adequacy (“RA”) value. In addition, the current LCBF process takes into account the higher upgrade costs required for projects that are located far from load by including a transmission upgrade cost adder. This adder already results in a benefit for projects that are located near load. Including an additional "locational adder" would be double counting the same benefit.

Finally, in discussing its proposed “Transmission Access Charge”, Clean Coalition incorrectly assumes that location of a project close to load will result in avoided or deferred transmission costs.<sup>6/</sup> However, generation projects that are located near load may or may not result in avoided transmission development costs. SDG&E designs its transmission system accounting for reasonably-likely-to-occur distribution generation (“DG”) additions and with information indicating how such DG will be distributed across SDG&E’s distribution system. Depending on the amount of expected DG additions, the anticipated location of those additions, the amount of load on the affected distribution circuits, the impact of these variables on transmission system flows, and assumptions as to what SDG&E’s transmission plan would have looked like absent

---

<sup>5/</sup> D.12-05-035, *mimeo*, pp. 37-38.

<sup>6/</sup> Clean Coalition Comments, p. 11.

such DG additions, there may be no avoided transmission development costs. In fact, it is possible that sufficiently concentrated DG additions may require transmission development that would otherwise not be necessary. Thus, the assumption underlying Clean Coalition's proposed "Transmission Access Charge" is flawed. In short, Clean Coalition's proposed "locational benefit" adder is poorly designed, ignoring existing LCBF process and basic elements of transmission planning, and should therefore be rejected by the Commission.

Respectfully submitted this 12<sup>th</sup> day of December, 2012.

*/s/ Aimee M. Smith*

---

AIMEE M. SMITH  
101 Ash Street, HQ-12  
San Diego, CA 92101  
Phone: (619) 699-5042  
Fax: (619) 699-5027  
E-mail: [amsmith@semprautilites.com](mailto:amsmith@semprautilites.com)

Attorney for  
SAN DIEGO GAS & ELECTRIC COMPANY

**AFFIDAVIT**

I am an employee of the respondent corporation herein, and am authorized to make this verification on its behalf. The matters stated in the foregoing **REPLY COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E) ON SECOND ASSIGNED COMMISSIONER'S RULING ISSUING PROCUREMENT REFORM PROPOSALS AND ESTABLISHING A SCHEDULE FOR COMMENTS ON PROPOSALS** are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

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

Executed this 12th day of December, 2012, at San Diego, California

/s/ Hillary Hebert

Hillary Hebert  
Partnerships and Programs Manager  
Origination and Portfolio Design Department