



**Clay Faber**  
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April 23, 2013

**ADVICE LETTER 2475-E**  
(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: SAN DIEGO GAS & ELECTRIC COMPANY'S UPDATE TO CONFORMED  
LONG TERM PROCUREMENT PLAN COMPLIANCE FILING**

San Diego Gas & Electric Company ("SDG&E") hereby requests California Public Utilities Commission ("Commission") approval of the following revisions to its bundled long-term procurement plan ("LTPP"), to incorporate revisions to its Capacity Procurement Limit table and add language describing the ongoing update process, as shown in enclosed Attachments B-E.

**BACKGROUND**

On May 18, 2012, SDG&E filed Advice Letter ("AL") 2362-E submitting its 2012 LTPP, which consisted of its LTPP proposed on March 25, 2011 with modifications to components of the plan made in compliance with Decision ("D") 11-05-005, D.12-01-033 and D.12-04-046. SDG&E incorporated Capacity Procurement Limits, or "ratable rates" into its 2012 LTPP, in Appendix I, in compliance with Ordering Paragraph 2 of D.12-01-033. On July 25, 2012, at the direction of Energy Division, SDG&E filed a supplemental (AL 2362-E-A) to update (i) correction of formatting / typographical errors, (ii) minor changes to appendices and (iii) changes to correct GHG Forecast tables.

**DISCUSSION**

SDG&E submits this AL to update the Capacity Procurement Limits in its LTPP and to add language describing the process to update these limits on an annual basis as adopted in the approved plans of the other utilities. This language was inadvertently omitted from SDG&E's previously filed LTPP.

**Capacity Procurement Limits and Ratable Rates**

The updated Capacity Procurement Limits for 2015 through 2017 are lower, and the limits in 2018 onward are higher, mainly due to the change in the load forecast after accounting for uncommitted energy efficiency. Based on the Commission-adopted planning assumptions for the 2012 LTPP, this updated load forecast is lower in the early years but higher in the outer years as compared to the previous forecast used in the previous capacity limit table. The update is provided in Table I-1 on sheet I-3 of Appendix I.

**Updated Appendix I**

The language that describes how SDG&E intends to update its Capacity Procurement Limits annually, similar to that of the other utilities' approved LTPPs, is inserted on Sheet 48 and page I-2 of Appendix I of the LTPP. The added language is shown below:

- SDG&E will file an annual (or more frequent, if necessary) update to its electrical capacity procurement limits and ratable rates in a Tier 1 advice letter during years in which SDG&E does not file an updated conformed bundled procurement plan.

Consistent with past practice, SDG&E provides clean and redlined versions of the replacement sheets for both confidential and public versions of sheets 48, I-2 and I-3 to the Bundled LTPP in the attachments to this advice filing as follows:

- Attachment A – Confidentiality Declaration
- Attachment B – Redlined confidential version of sheets 48, I-2 and I-3
- Attachment C – Clean confidential version of sheets 48, I-2 and I-3
- Attachment D – Redlined Public version of sheets 48, I-2 and I-3
- Attachment E – Clean Public version of sheets 48, I-2 and I-3

**CONFIDENTIALITY**

SDG&E requests confidential treatment of Confidential Attachments B and C to this advice letter. The Confidentiality Declaration attached as Attachment A identifies the information for which SDG&E seeks confidential treatment.

**EFFECTIVE DATE**

SDG&E believes that this advice letter filing is properly subject to a Commission Resolution and should be classified as a Tier 2. SDG&E respectfully request that this filing be approved no later than May 23, 2013 which is 30 days from the date of this filing.

**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 must be received by May 13, 2013, twenty days from the date filed. There is no restriction on who may file a protest. The address for mailing or delivering a protest of the commission is:

CPUC Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov). A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

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

**NOTICE**

A copy of this filing has been served on the utilities and interested parties shown on the attached list including parties in R.12-03-014 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 at SDG&ETariffs@semprautilities.com.

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CLAY FABER  
Director - Regulatory Affairs

(cc list enclosed)

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC     GAS  
 PLC     HEAT     WATER

Contact Person: Joff Morales

Phone #: (858) 650-4098

E-mail: jmorales@semprautilities.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric    GAS = Gas  
PLC = Pipeline    HEAT = Heat    WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2475-E

Subject of AL: San Diego Gas & Electric Company's Update to Conformed Long Term Procurement Plan Compliance Filing

Keywords (choose from CPUC listing): Procurement, Compliance

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: None

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: N/A

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

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 5/23/2013

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: None

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: None

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

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

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

<sup>1</sup> Discuss in AL if more space is needed.

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

cc: (w/enclosures)

Public Utilities Commission

DRA

Y. Schmidt  
W. Scott

Energy Division

P. Clanon  
S. Gallagher  
H. Gatchalian  
D. Lafrenz  
M. Salinas

CA. Energy Commission

F. DeLeon  
R. Tavares

Alcantar & Kahl LLP

K. Harteloo

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell  
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

CCSE

S. Freedman  
J. Porter

Children's Hospital & Health Center

T. Jacoby

City of Chula Vista

M. Meacham  
E. Hull

City of Poway

R. Willcox

City of San Diego

J. Cervantes  
G. Lonergan  
M. Valerio

Commerce Energy Group

V. Gan

Constellation New Energy

W. Chen

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill  
J. Pau

Dept. of General Services

H. Nanjo  
M. Clark

Douglass & Liddell

D. Douglass  
D. Liddell  
G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell  
M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg  
J. Heather Patrick

J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard  
R. Keen

Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

OnGrid Solar

Andy Black

Pacific Gas & Electric Co.

J. Clark  
M. Huffman  
S. Lawrie  
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

School Project for Utility Rate  
Reduction

M. Rochman  
Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Sutherland Asbill & Brennan LLP

K. McCrea

Southern California Edison Co.

M. Alexander

K. Cini

K. Gansecki

H. Romero

TransCanada

R. Hunter

D. White

TURN

M. Florio  
M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi

N. Furuta

L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing  
Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties

R.12-03-014

San Diego Gas & Electric Advice Letter 2475-E  
April 23, 2013

## ATTACHMENT A

### CONFIDENTIAL DECLARATION

**DECLARATION OF ROBERT B. ANDERSON  
REGARDING CONFIDENTIALITY OF CERTAIN DATA**

I, Robert Anderson, do declare as follows:

1. I am Director of Resource Planning for San Diego Gas & Electric Company (“SDG&E”). I have reviewed the revised Appendix I - Table I-1 submitted concurrently herewith (the “Table”). In addition, 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.08-04-023, to demonstrate that the confidential information (“Protected Information”) set forth in the Table and described below is non-public, material, market sensitive, electric procurement-related information protected under Public Utilities Code §§ 454.5(g) and 583, Govt. Code § 6254(k) and Commission General Order (“G.O.”) 66-C.

3. In D.06-06-066, the Commission adopted rules governing confidentiality of certain categories of electric procurement data submitted to the Commission by investor owned utilities (“IOUs”) and energy service providers (“ESPs”). The Commission established two matrices – one applicable to IOUs, the other to ESPs – setting forth categories and sub-categories of procurement data and providing a confidentiality designation for each.<sup>1/</sup>

4. To the extent information matches a Matrix category, it is entitled to the protection the Matrix provides for that category of information.

5. To the extent the Matrix does not address specific procurement information, a party requesting confidential treatment may rely on statutory provisions concerning confidentiality and Commission G.O. 66-C in order to request confidential treatment of such information.<sup>2/</sup>

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<sup>1/</sup> See, D.06-06-066, as amended by D.07-05-032, *mimeo*, Appendices 1 and 2.

<sup>2/</sup> D.06-06-066, as amended by D.07-05-032, *mimeo*, Ordering Paragraphs 3-4; *see also id.* at pp. 19-20 (noting that the Decision considers most, but not all, categories of procurement data).

6. The Commission is obligated to act in a manner consistent with applicable law.<sup>3/</sup> 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, the Matrix cannot be applied to require its disclosure.

7. SDG&E seeks confidential treatment of the following confidential information (“Protected Information”):

<p><b>Location of Data:</b> Appendix I, Table I-1, Sheet I-1 Electrical Capacity Position Limit and 1x Ratable Rate (RR) in Megawatts (MW)</p>	<p><b>Description of Data:</b> Position limits for the hedging of energy and/or capacity.</p>
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8. The Protected Information is analogous to long-term fuel (gas) buying and hedging plans, which are protected from disclosure under Matrix Category I.A.4.

9. The Matrix does not specifically address the Protected Information.

10. Public Utilities Code §§ 454.5(g) and 583, Govt. Code § 6254(k) and G.O. 66-C require that the Protected Information be protected from disclosure.

11. Public Utilities Code § 583 establishes a right to confidential treatment of information otherwise protected by law.<sup>4/</sup>

12. 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 . . . (Empahsis added)

13. The Commission has declared that information is “market sensitive” if it has “the potential to materially affect an electricity buyer’s market price for electricity.”<sup>5/</sup>

14. Under the Public Records Act, Govt. Code § 6254(k), records subject to the privileges established in the Evidence Code are not required to be disclosed.<sup>6/</sup> Evidence Code § 1060 provides a privilege for trade secrets, which Civil Code § 3426.1 defines, in

<sup>3/</sup> See *Southern California Edison Co. v. Public Utilities Comm.* 2000 Cal. App. LEXIS 995, \*38-39.

<sup>4/</sup> See D.06-06-066, *mimeo*, pp. 26-28.

<sup>5/</sup> See *id.* at pp. 2-3, 41-42, 46-47.

<sup>6/</sup> See also Govt. Code § 6254.7(d).



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.

15. Commission 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.”

16. If disclosed, the Protected Information could provide market participants with insight into SDG&E’s long-term procurement needs, which could potentially materially affect SDG&E’s market price for electricity. Accordingly, the Protected Information is “market sensitive information” that must be protected from disclosure under Public Utilities Code §§ 583 and 454.5(g).

17. The Protected Information confers independent economic value (in the form of avoided procurement costs) from not being generally known to market participants, who could obtain value from its disclosure. Thus, this information is properly characterized as trade secret information and must be protected under Govt. Code § 6254(k).

18. Disclosure of the Protected Information would provide market participants with an unfair advantage through knowledge of SDG&E procurement needs. This would unfairly undermine SDG&E’s negotiation position and could ultimately result in increased cost to ratepayers. Accordingly, the Protected Information must be protected under G.O. 66-C.

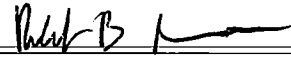
19. The Protected Information cannot be provided in a form that is further aggregated, redacted, or summarized and still provide the level of detail required by the Commission in SDG&E’s approved LTPP.

20. In accordance with the statutory provisions described herein, SDG&E hereby requests that the above-referenced information set forth in the LTPP Appendix I Table I-1 be protected from public disclosure.

21. Since position limits for the hedging of energy and/or capacity is analogous to long-term fuel (gas) buying and hedging plans, which are protected under Matrix Category I.A.4, SDG&E requests that the Protected Information be afforded the same three year period of protection.

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 15 day of April, 2013, at San Diego, California.



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Robert B. Anderson  
Director – Resource Planning

San Diego Gas & Electric Advice Letter 2475-E  
April 23, 2013

## ATTACHMENT B

REDLINE CONFIDENTIAL VERSION

San Diego Gas & Electric Advice Letter 2475-E  
April 23, 2013

## ATTACHMENT C

CLEAN CONFIDENTIAL VERSION

San Diego Gas & Electric Advice Letter 2475-E  
April 23, 2013

## ATTACHMENT D

### REDLINE PUBLIC VERSION



2012 LONG TERM PROCUREMENT PLAN

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- procurement complies with a procurement limit methodology (which various parties refer to as a ratable rate, laddering or layering methodology) developed by the IOU and approved by a Commission resolution or decision.
- In calculating contract duration, calendar days are used, not days of obligation, days of service under the contract or days of need for the resource.

(ii) Capacity Contract Procurement Limits

In D.12-01-033, the Commission ordered SDG&E to incorporate capacity procurement limits. Procurement position limits and maximum rates of transaction (referred to as “ratable rates”) apply to electrical capacity transactions for delivery months that occur two or more calendar years beyond the transaction year (e.g., for transactions occurring in 2012, limits shall apply to contract deliveries in 2014 and beyond). SDG&E has no limits on its ability to meet its RA capacity requirements for the current calendar year and prompt calendar year (i.e., the calendar delivery year immediately following the current year). SDG&E will file an annual (or more frequent, if necessary) update to its electrical capacity procurement limits and ratable rates in a Tier 1 advice letter during years in which SDG&E does not file an updated conformed bundled procurement plan.

Delivery years two through ten shall have maximum annual position limits equal to the difference between (1) SDG&E’s forecast electrical capacity requirement to meet its RA requirement (i.e., peak annual hour load using a 1-in-2 year load forecast multiplied by 117%), and (2) the forecast Net Qualifying Capacity (NQC) of SDG&E’s committed resources and planned for preferred resources. SDG&E’s procurement of electrical capacity as measured by the NQC of the resource, exclusive of preferred resources, cannot exceed the applicable annual position limit in years two through ten. For purposes of calculating annual electrical capacity limits and compliance with such limits, preferred resources are EE programs, DR programs, renewable sources, and distributed generation.



2012 LONG TERM PROCUREMENT PLAN

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position limit for Year 4 (*i.e.*, Year 4 annual position limit divided by the annual time difference between Year 4 and Year 1). These ratable rates accumulate year-to-year, producing cumulative ratable rate limits for each delivery year equal to those defined in Table I-1 of Appendix I. Furthermore, the ratable rate methodology allows for procurement of two times the ratable rate for delivery Year 2 through Year 5 (*e.g.*, for transactions occurring in 2012, delivery years 2014-2017 are eligible for two times the ratable rate) when certain market conditions are present, subject to the corresponding delivery year's annual position limit. The operative ratable rate limit for delivery Year 2 through Year 5 shall be set as follows:

1. Two times the ratable rate if the prompt 12-month forward on-peak implied market heat rate is less than the two standard deviation historical high value contained in Table I-2 of Appendix I; and
2. One times the ratable rate if the 12-month forward implied on-peak market heat rate is greater than or equal to the two standard deviation historical high value contained in Table I-2 of Appendix I. The ratable rate limit for delivery Year 6 through Year 10 is one times the ratable rate.

B) Transaction Compliance Accounting and Limit Updates

Transactions will be deemed to be compliant with SDG&E's authorized position limits and ratable rate limits if, at time of purchase or sale, the transaction does not cause SDG&E to exceed its applicable position limit and ratable rate limit. A transition from a two-time ratable rate to one-time ratable rate will not cause any transaction activity that occurred prior to the transition date to be non-compliant with SDG&E's ratable rate limits, provided the subject transactions complied with the then applicable ratable rate limit when executed. SDG&E will file an annual (or more frequent, if necessary) update to its electrical capacity procurement limits and ratable rates in a Tier 1 advice letter during years in which SDG&E does not file an updated conformed bundled procurement plan.



2012 LONG TERM PROCUREMENT PLAN

Table I-1

*Electrical Capacity Position Limit and 1 x Ratable Rate (RR) in Megawatts (MW)*

*(Confidential)*

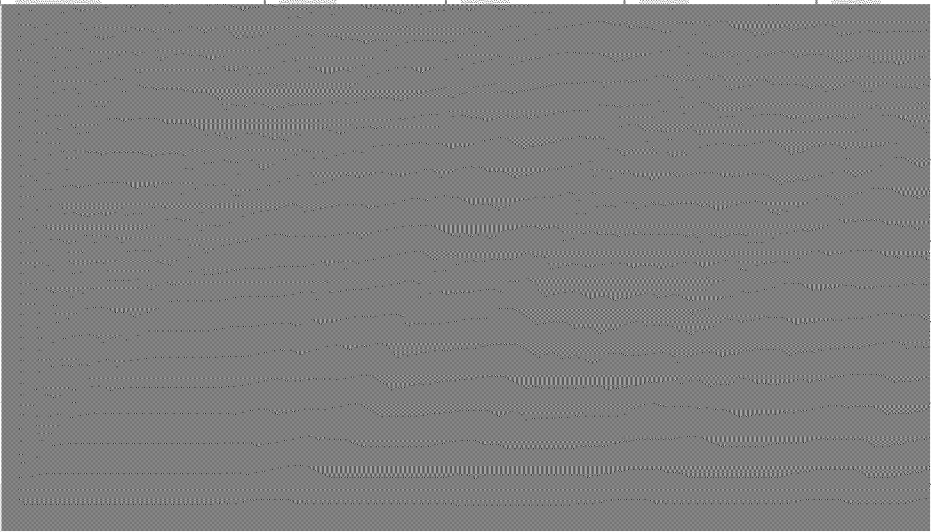
Delivery Year	Position Limit (MW)	Ratable Rates (MW)			
		1 X RR in 2012 (MW)	1 X RR in 2013 (MW)	1 X RR in 2014 (MW)	1 X RR in 2015 (MW)
		2014			
2015					
2016					
2017					
2018					
2019					
2020					
2021					





2012 LONG TERM PROCUREMENT PLAN

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		<u>Ratable Rates &gt;&gt;</u>			
<u>Delivery</u>	<u>Position Limit</u>	<u>1x RR in</u>	<u>1x RR in</u>	<u>1x RR in</u>	<u>1x RR in</u>
<u>Year</u>	<u>(MW)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>2015</u>					
<u>2016</u>					
<u>2017</u>					
<u>2018</u>					
<u>2019</u>					
<u>2020</u>					
<u>2021</u>					

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Advice Ltr. 2475-E2362-E-A / Decision. 12-01-033

Date Filed: April 23  
25, 2013

Effective: May 23  
September 27,  
2013

San Diego Gas & Electric Advice Letter 2475-E  
April 23, 2013

## ATTACHMENT E

CLEAN PUBLIC VERSION



2012 LONG TERM PROCUREMENT PLAN

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- \* procurement complies with a procurement limit methodology (which various parties refer to as a ratable rate, laddering or layering methodology) developed by the IOU and approved by a Commission resolution or decision.
- \* In calculating contract duration, calendar days are used, not days of obligation, days of service under the contract or days of need for the resource.

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2012 LONG TERM PROCUREMENT PLAN

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position limit for Year 4 (*i.e.*, Year 4 annual position limit divided by the annual time difference between Year 4 and Year 1). These ratable rates accumulate year-to-year, producing cumulative ratable rate limits for each delivery year equal to those defined in Table I-1 of Appendix I. Furthermore, the ratable rate methodology allows for procurement of two times the ratable rate for delivery Year 2 through Year 5 (*e.g.*, for transactions occurring in 2012, delivery years 2014-2017 are eligible for two times the ratable rate) when certain market conditions are present, subject to the corresponding delivery year's annual position limit. The operative ratable rate limit for delivery Year 2 through Year 5 shall be set as follows:

1. Two times the ratable rate if the prompt 12-month forward on-peak implied market heat rate is less than the two standard deviation historical high value contained in Table I-2 of Appendix I; and
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B) Transaction Compliance Accounting and Limit Updates

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**Table I-1**

**Electrical Capacity Position Limit and 1 x Ratable Rate (RR) in Megawatts (MW)**

**(Confidential)**

Delivery Year	Position Limit (MW)	Ratable Rates >>			
		1x RR in 2013	1x RR in 2014	1x RR in 2015	1x RR in 2016
2015					
2016					
2017					
2018					
2019					
2020					
2021					