

# *SDG&E Application to Fill Local Capacity Requirement Need Identified in D.13-03-029*



- D.13-03-029 identified a local capacity requirement need of 298 MW for SDG&E beginning in 2018 and provided SDG&E with the option to fill this need by either amending its purchase power tolling agreements (“PPTA”) with Pio Pico and/or Quail Brush or by conducting a new RFO.
- SDG&E has elected to fill the need by amending its PPTA with Pio Pico and recently re-filed for approval. This is the best available option for the following reasons:
  - Complies with D.13-03-029 by pushing back the originally proposed PPTA start date
  - Renegotiated PPTA is a better value to customers than other alternatives and is as commercially attractive or better than prior contract
  - Plant is anticipated to be in service well before the PPTA start date
  - Innovative DBE Commitment on a portion of the EPC and O&M costs
- Cost allocation: SDG&E is seeking Commission authorization to allocate the PPA costs to all customers, consistent with the CPUC finding for the Wellhead Escondido contract
- SDG&E considered other options and resources and concluded they were not in the best interest of customers

6/18/2013