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Mark Toney, Ph.D., Executive Director

June 11, 2014

Edward Randolph
Director, Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: TURN Response to Informal Comments on SDG&E's Conventional
Resource Procurement Plan

Dear Mr. Randolph:

On June 6, 2014 the California Environmental Justice Alliance, the Sierra Club, the Natural Resources Defense Council, the Environmental Defense Fund and Vote Solar (hereinafter the "Joint Parties") provided informal comments concerning the Conventional Procurement Plan submitted by SDG&E to Energy Division pursuant to Ordering Paragraph 7 of D.14-03-004 (the 2012 LTPP Track 4 decision). TURN agrees with the Joint Parties that SDG&E's conventional procurement plan violates the directives of D.14-03-004 and urges Energy Division to require SDG&E to submit a revised plan.

D.14-03-004 authorized a procurement need of 500-800 MW for SDG&E, and explicitly required that SDG&E procure at least 200 MW of preferred resources. Additionally, Ordering Paragraph 6 directed SDG&E to hold an "all-source Request for Offers" ("RFO") for some or all of the authorized capacity.¹ Ordering Paragraph 6 explicitly directed that the RFO comply with the requirements previously established in Ordering Paragraph 4 of D. 13-02-015. That decision in turn specified that an all-source RFO should not exclude "any resource from the bidding process" and should be designed to "pursue all cost-effective preferred resources."² Pursuant to that direction SCE held an all-source RFO for all resources, including preferred resources. Indeed, the whole point of an all-source RFO is to provide an opportunity for clean preferred

¹ D.14-03-004, Ordering Paragraph 6, p. 144.

² D.13-02-015, Ordering Paragraph 4(e) and (g), p. 132.

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resources to displace dirty fossil generation, if the preferred resources can fulfill the requisite capacity need.

Instead of planning for an all-source RFO to procure 300-600 MW of capacity, SDG&E proposed one bilateral contract with NRG's Carlsbad Energy Center, a gas-fired combustion turbine plant containing six 100 MW turbines. SDG&E has made a mockery of the Commission's order by proposing to conduct an RFO just for preferred resources, while fully contracting the remaining capacity with one gas-fired generator. This approach is inconsistent with the Commission's directives and the whole purpose of an all-source RFO.

TURN strongly supports the recommendation by the Joint Parties that Energy Division order SDG&E to submit a new conventional procurement plan that complies with the directives of D.14-02-004.

Sincerely,

/s/

Marcel Hawiger
Staff Attorney

Cc: Commission President Michael Peevey
Commissioner Michel Florio
Commissioner Carla Peterman
Commissioner Michael Picker
Commissioner Catherine Sandoval
Service List for R.12-03-014