

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

Order Instituting Rulemaking to Integrate and Refine
Procurement Policies and Consider Long-Term
Procurement Plans.

Rulemaking 12-03-014
(Filed March 22, 2012)

**RESPONSE OF TERRA-GEN POWER, LLC TO JOINT
PETITION FOR MODIFICATION OF DECISION 14-03-004**

Gustavo E. Luna
Vice President of Origination
Terra-Gen Power, LLC
11512 El Camino Real, Suite 370
San Diego, California 92130
Telephone: (858) 764-3730
Email: gluna@terra-genpower.com

Dated: June 23, 2014

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Pursuant to Rule 16.4(f) of the Commission’s Rules of Practice and Procedure, Terra-Gen Power, LLC (Terra-Gen) responds to the “Joint Petition for Modification of Decision 14-03-004 Seeking Notice and Comment of SDG&E’s Proposed Procurement Plans,” filed on June 12, 2014 by California Environmental Justice Alliance, Sierra Club California, and the Vote Solar Initiative.

The Joint Petition notes that the Procurement Plan submitted to Energy Division by San Diego Gas & Electric Company (SDG&E) was inconsistent with the requirements of Decision (D.) 14-03-004 and, in particular, the Procurement Plan did not include an all-source Request for Offers (RFO). The Joint Petition proposes modifications to D.14-03-004 that would require service of the Procurement Plan on all parties and allow 15 days for comment.

Terra-Gen agrees with the Joint Petition that SDG&E should conduct an all-source RFO as contemplated in D.14-03-004. If SDG&E does not conduct the required all-source solicitation, how can SDG&E and the Commission be assured that SDG&E has selected the least-cost/best-fit resources? An all-source solicitation may also reveal that preferred

resources can provide a greater-than-expected portion of SDG&E's resource needs and that consequently SDG&E does not need to procure the authorized maximum of 600 MW of conventional resources to meet the identified need. If SDG&E conducts the all-source RFO expeditiously, viable projects that can come on-line in time to meet SDG&E's needs are likely to participate, and no risk to reliability will result.

Terra-Gen also supports greater transparency in the procurement process, including the Procurement Plan and the conduct of the RFOs. Terra-Gen notes that a similar disconnect between the Commission's procurement decisions and the contents of procurement plans and the conduct of RFOs led it to file a petition for modification of D.13-02-015. In that case, Southern California Edison Company in effect converted evaluation criteria that were to be part of the assessment of value of a proposal into eligibility standards that eliminated further consideration of the value of a project. Both the Joint Petition and Terra-Gen's Petition point out the need for greater transparency in the procurement process in the steps between the decision authorizing procurement and the completion of the RFO and bid evaluation process. In particular, SDG&E should clearly explain how it will use locational effectiveness factors in its evaluation of the bids it receives in the RFO and should affirm that those factors will not change after bids are submitted.

For these reasons, Terra-Gen supports the Joint Petition.

Respectfully submitted June 23, 2014.

Gustavo E. Luna
Vice President of Origination
Terra-Gen Power, LLC
11512 El Camino Real, Suite 370
San Diego, California 92130
Telephone: (858) 764-3730
Email: gluna@terra-genpower.com

By /s/ Gustavo E. Luna

Gustavo E. Luna
Terra-Gen Power, LLC