

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



Advice Letter: 2554-E

February 5, 2014

San Diego Gas and Electric
Attention: Megan Caulson
Regulatory Tariff Manager
8330 Century Park Court, Room 32C
San Diego, CA 92123-1548

**SUBJECT: UPDATED GREENHOUSE GAS FORECAST AND PURCHASE LIMITS
IN SDG&E'S BUNDLED PROCUREMENT PLAN**

Dear Ms. Caulson:

Advice Letter 2554-E is effective as of January 1, 2014.

Sincerely,

A handwritten signature in black ink that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division



Clay Faber - Director
Regulatory Affairs
8330 Century Park Court
San Diego, CA 92123-1548

Tel: 858.654.3563
Fax: 858.654.1788
cfaber@semprautilities.com

December 4, 2013

ADVICE LETTER 2554-E
(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: UPDATED GREENHOUSE GAS ("GHG") FORECAST AND PURCHASE LIMITS IN SAN DIEGO GAS & ELECTRIC COMPANY'S BUNDLED PROCUREMENT PLAN

INTRODUCTION

Pursuant to Ordering Paragraph ("OP") 9 of Decision ("D.") 12-04-046, San Diego Gas and Electric Company ("SDG&E") hereby submits to the California Public Utilities Commission ("Commission" or "CPUC") this advice letter filing to update SDG&E's GHG Forecast and its Direct Compliance Obligation Purchase Limit (the "GHG Limit") applicable to year 2014. SDG&E's GHG Forecast and GHG Limits are established in Appendix F of SDG&E's Long Term Procurement Plan ("SDG&E's Plan").

BACKGROUND

On April 19, 2012, the Commission issued D.12-04-046, authorizing SDG&E to procure certain compliance instruments to comply with its GHG compliance obligation under the California Air Resources Board's ("CARB") Cap-and-Trade Program.¹ D.12-04-046 also specified that SDG&E's procurement of such GHG compliance instruments is subject to maximum purchase limits, including a Direct Compliance Obligation Purchase Limit.² D.12-04-046 required SDG&E to update its Plan to incorporate the modifications made in that decision.

On July 25, 2012, SDG&E submitted supplemental Advice Letter 2362-E-A to incorporate modifications required by D.12-04-046 into its Plan. On October 15, 2012, the Commission issued Resolution E-4543 which approved SDG&E's Plan, including the GHG Procurement Plan included as Appendix F.

The GHG Procurement Plan detailed the GHG Limits applicable to years 2012 and 2013. As described above, D.12-04-046, Ordering Paragraph No. 9 allows SDG&E to "update its greenhouse gas compliance forecasts (and corresponding purchase limits) as necessary via a Tier 2 advice letter." Resolution E-4543 also approved the portion of SDG&E's Plan

¹ See D. 12-04-046 at Conclusion of Law ("COL") 8.

² Id. at Ordering Paragraphs 8 and 9.

incorporating this authority to update SDG&E's GHG Limits.³ Accordingly, SDG&E submits this advice filing to update its GHG forecast and GHG Limit for the year 2014. The updated forecast and limits tables discussed herein will therefore replace those in SDG&E's GHG Procurement Plan.

DESCRIPTION OF CHANGES TO SDG&E'S GHG PROCUREMENT PLAN

The table on SDG&E's Plan Sheet No. F-11 details SDG&E's forecast of the amount of GHG compliance instruments required for SDG&E to meet CARB's Cap-and-Trade compliance requirement associated with SDG&E's own facilities and imports, as well as SDG&E's GHG contractual obligations associated with Power Purchase Agreements with third parties. For the purposes of calculating the GHG Limits, this advice letter updates SDG&E's compliance forecast through year 2017.

SDG&E's calculation of its 2014 GHG Limit is consistent with the Direct Compliance Obligation Purchase Limit formula approved by the Commission in Appendix 1 to D. 12-04-046. The table on SDG&E's Plan Sheet No. F-15 provides the results of the calculations used to determine the 2014 GHG Limits consistent with SDG&E's Commission approved Direct Compliance Obligation Purchase Limit methodology.⁴

SDG&E's calculation of its 2014 GHG Financial Limits is consistent with the Financial Exposure Purchase Limit formula approved by the Commission in Appendix 1 to D. 12-04-046. The table on SDG&E's Plan Sheet No. F-19 provides the results of the calculations used to determine the 2014 GHG Financial Limit consistent with SDG&E's Commission approved Financial Exposure Purchase Limit methodology.

KEY DRIVERS OF DIFFERENCES

Consistent with the requirements specified by the GHG Procurement Plan, SDG&E explains the key drivers of changes to its GHG Limits and provides work papers detailing SDG&E's calculation of the applicable limits as Confidential Appendix B.⁵ Differences between SDG&E's 2014 GHG Limits compared to the limits applicable to 2013 are driven by (1) updates to SDG&E's forecast of its direct and indirect compliance obligations; and (2) SDG&E's net remaining compliance obligation to date.

Specifically, the calculation of SDG&E's GHG Limits considers updated information concerning SDG&E's forecast of its direct and indirect compliance obligations through 2017. SDG&E's GHG compliance forecast is different relative to that estimated at the time of SDG&E's GHG Procurement Plan filing in 2012 due to changes in its portfolio, changes in market conditions, and updated modeling assumptions concerning the dispatch of fossil resources. SDG&E's new GHG Limits also differ from the 2013 limit since the prior limit did not include component "A" of the Direct Compliance Obligation Purchase Limit formula which account for "the utility's net remaining compliance obligation to date" or the component "B" of the Financial

³ See SDG&E's Plan, Sheet F-15 (specifying that SDG&E will update its GHG compliance forecasts and corresponding purchase limits as necessary via a Tier 2 Advice Letter).

⁴ See D. 12-04-046 at COL 8 and Appendix 1; See also SDG&E's Plan, Sheet No F-15 (providing the calculation for SDG&E's Direct Compliance Purchase Limit).

⁵ SDG&E's Plan, Sheet F-11.

Exposure Purchase Limit formula which accounts for “utility’s net purchases of GHG compliance instruments to date for hedging purposes.”

The accompanying confidential work papers further detail SDG&E’s calculation of the GHG Limits

CONFIDENTIALITY

In support of this Advice Letter, SDG&E submits Confidential Appendices A, B, C and D in the manner directed by D.08-04-023 and the August 22, 2006, Administrative Law Judge’s Ruling Clarifying Interim Procedures for Complying with D.06-06-066 to demonstrate the confidentiality of the material and to invoke the protection of confidential utility information provided under General Order 66-C and Public Utilities Code Section 454.5(g). A separate Declaration Seeking Confidential Treatment is being filed concurrently with this Advice Letter.

CONFIDENTIAL APPENDICES

Confidential Appendix A	GHG Forecast Work Papers
Confidential Appendix B	GHG Limit Work Papers
Confidential Appendix C	SDG&E’s Plan Sheets F-11, F-15 and F-19 (Redlined)
Confidential Appendix D	SDG&E’s Plan Sheets F-11, F-15 and F-19 (Clean)

EFFECTIVE DATE

SDG&E believes this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective pending disposition) pursuant to GO 96-B. SDG&E respectfully requests that this filing become effective on January 3, 2014, which is 30 days after the date filed.

PROTEST

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically any of which must be received no later than December 24, 2013, which is twenty days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

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

Copies of the protest should be sent via e-mail to the attention of the Energy Division at 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

EFFECTIVE DATE

NOTICE

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties in R.12-03-014, by providing them a copy hereof either electronically or via the U.S. mail, 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.

CLAY FABER
Director – Regulatory Affairs

cc: President Michael R. Peevey
Commissioner Mark J. Ferron
Commissioner Catherine J.K. Sandoval
Commissioner Mike Florio
Commissioner Carla Peterman
Frank Lindh, General Counsel
Chief ALJ Karen Clopton
Edward Randolph, Director, Energy Division
Energy Division Tariff Unit, Energy Division
Service List for R.12-03-014

Limited Access to Confidential Material:

The portions of this Advice Letter marked Confidential Protected Material are submitted under the confidentiality protection of Section 454.5(g) of the Public Utilities Code and General Order 66-C. A separate Declaration seeking confidential treatment regarding the confidential information is filed concurrently herewith.

Attachments:

Confidential Appendix A	GHG Forecast Work Papers
Confidential Appendix B	GHG Limit Work Papers
Confidential Appendix C	SDG&E's Plan Sheets F-11, F-15 and F-19 (Redlined)
Confidential Appendix D	SDG&E's Plan Sheets F-11, F-15 and F-19 (Clean)
Public Appendix E	Public SDG&E Plan Sheets F-11, F-15 and F-19 (Redlined)
Public Appendix F	Public SDG&E Plan Sheets F-11, F-15 and F-19 (Clean)

See SDG&E's Plan, Sheets F-15 and F-19 (specifying that SG&E will update its GHG compliance forecast, corresponding purchase limit and financial exposure purchase limit as necessary via a Tier 2 Advice Letter).

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) #: 2554-E

Subject of AL: Updated Greenhouse Gas ("GHG") Forecast and Purchase Limits in SDG&E Bundled Procurement Plan

Keywords (choose from CPUC listing): Procurement

AL filing type: Monthly Quarterly Annual One-Time Other _____

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

D.12-04-046

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 AL¹: N/A

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

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 1/3/2014

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 proposed¹: 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

¹ 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 2554-E
December 4, 2013

CONFIDENTIAL DECLARATION

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

**DECLARATION
OF ANA GARZA-BEUTZ**

I, Ana Garza-Beutz, declare as follows:

1. I am a Senior Energy Administrator for San Diego Gas & Electric Company (“SDG&E”). I included Confidential Appendices A-D as support for Advice Letter 25XX-E that requests approval of updated Greenhouse Gas (“GHG”) Forecasts and Purchase Limits. Additionally, as the Senior Energy Administrator, I am thoroughly 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 personal knowledge.

2. I am providing this Declaration to demonstrate that the confidential information (“Protected Information”) in support of the referenced Application falls within the scope of data provided confidential treatment in the IOU Matrix (“Matrix”) attached to the Commission’s Decision (“D.”) 06-06-066 (the Phase I Confidentiality decision). Pursuant to the procedure adopted in D.08-04-023, I am addressing each of the following five features of Ordering Paragraph 2 of D.06-06-066:

- that the material constitutes a particular type of data listed in the Matrix;
- the category or categories in the Matrix the data correspond to;
- that SDG&E is complying with the limitations on confidentiality specified in the Matrix for that type of data;
- that the information is not already public; and
- that the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure.

3. The Protected Information contained in Confidential Appendices A-D constitutes material, market sensitive, electric procurement-related information that is within the scope of

Section 454.5(g) of the Public Utilities Code.¹ As such, the Protected Information is allowed confidential treatment in accordance with the Matrix, as follows:

Confidential Information	Matrix Reference	Reason for Confidentiality and Timing
Appendix A; LTPP Forecast Table Tab (SDG&E GWh and GHG Forecast)	IV A, B, F, J	Resource Planning Information – Electric; confidential for three years
Appendix A; LTPP Forecast Table Tab (SDG&E Fuel Forecast)	I.A.3	Natural Gas Information: Forecasts (gas): Utility gas demand forecasts – consumption; confidential for three years
Appendix A; GHG Tab (SDG&E Fuel Forecast)	I.A.3	Natural Gas Information: Forecasts (gas): Utility gas demand forecasts – consumption; confidential for three years
Appendix A; GHG Tab (SDG&E GWh and GHG Forecast)	IV A, B, F, J	Resource Planning Information – Electric; confidential for three years
Appendix A; Fuel Used Tab (SDG&E Fuel Used Forecast)	I.A.3	Natural Gas Information: Forecasts (gas): Utility gas demand forecasts – consumption; confidential for three years
Appendix A; Generation Tab (SDG&E Generation Forecast)	IV A, B, F, J	Resource Planning Information – Electric; confidential for three years
Appendix B; LTPP Limit Tables Tab (SDG&E’s Fuel Forecast)	I.A.3	Natural Gas Information: Forecasts (gas): Utility gas demand forecasts – consumption; confidential for three years
Appendix B; LTPP Limit Tables Tab (SDG&E GWh, GHG Forecast and 2013 actual/forecast blend)	IV A, B, F, J	Resource Planning Information – Electric; confidential for three years
Appendix B; LTPP Limit Tables Tab (GHG Compliance Instrument purchases: actuals and expected)	I.A.4	Natural Gas Information: Forecasts (gas): Long-term fuel (gas) buying and hedging plans; confidential for three years
Appendix B; LTPP Limit Tables Tab – Key Drivers (GHG Compliance Instrument purchases: actuals and expected)	I.A.4	Natural Gas Information: Forecasts (gas): Long-term fuel (gas) buying and hedging plans; confidential for three years
Appendix B; GHG 2013 Tab (SDG&E GHG historical emissions)	XI I.A.3	Monthly Procurement Costs (ERRA) Natural Gas Information: Forecasts (gas): Utility gas demand forecasts – consumption; confidential for three years
Appendix B; GHG 2013 Tab (SDG&E GHG forecast - balance of 2013)	IV A, B, F, J	Resource Planning Information – Electric; confidential for three years

¹ In addition to the details addressed herein, SDG&E believes that the information being furnished in Appendices A-D is governed by Public Utilities Code Section 583 and General Order 66-C. Accordingly, SDG&E seeks confidential treatment of this data under those provisions, as applicable.

Appendix B; GHG 2014-2017 Tab (SDG&E Fuel Forecast)	I.A.3	Natural Gas Information: Forecasts (gas): Utility gas demand forecasts – consumption; confidential for three years
Appendix B; GHG 2014-2017 Tab (SDG&E GWh and GHG Forecast)	IV A, B, F, J	Resource Planning Information – Electric; confidential for three years
Appendix B; Fuel Used 2014-2017 Tab (SDG&E Fuel Used Forecast)	I.A.3	Natural Gas Information: Forecasts (gas): Utility gas demand forecasts – consumption; confidential for three years
Appendix B; Generation 2014-2017 Tab (SDG&E Generation Forecast)	IV A, B, F, J	Resource Planning Information – Electric; confidential for three years
Appendix C&D; F-11; SDG&E GHG Direct Compliance Forecast Table (SDG&E Fuel Forecast)	I.A.3	Natural Gas Information: Forecasts (gas): Utility gas demand forecasts – consumption; confidential for three years
Appendix C&D; F-11; SDG&E GHG Direct Compliance Forecast Table (SDG&E GWh and GHG Forecast)	IV A, B, F, J	Resource Planning Information – Electric; confidential for three years
Appendix C&D; F-15; SDG&E GHG Direct Compliance Limit Forecast Table (SDG&E Fuel Forecast)	I.A.3	Natural Gas Information: Forecasts (gas): Utility gas demand forecasts – consumption; confidential for three years
Appendix C&D; F-15; SDG&E GHG Direct Compliance Limit Forecast Table (SDG&E GWh, GHG Forecast and 2013 actual/forecast blend)	IV A, B, F, J	Resource Planning Information – Electric; confidential for three years
Appendix C&D; F-15; SDG&E GHG Direct Compliance Limit Forecast Table (GHG Compliance Instrument purchases)	I.A.4	Natural Gas Information: Forecasts (gas): Long-term fuel (gas) buying and hedging plans; confidential for three years
Appendix C&D; F-19; SDG&E GHG Financial Exposure Limit Forecast Table (SDG&E GWh and GHG Forecast)	IV A, B, F, J I.A.4	Resource Planning Information – Electric; confidential for three years Natural Gas Information: Forecasts (gas): Long-term fuel (gas) buying and hedging plans; confidential for three years

4. The information in the table above is also required to be kept confidential pursuant to the rules of the Air Resources Board as promulgated in Article 5, the Cap-and-Trade Regulation, section 95914 (c). The Regulation requires Bidding Strategies to be confidential. SDG&E is thus required to keep its pricing forecasts and emission forecasts confidential since

they are part of its future bidding strategy. SDG&E's historical auction awards reveal SDG&E's prior bidding strategies and thus prior auction results are also be required to be kept confidential.

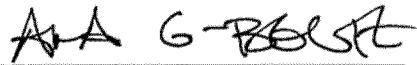
5. I am aware of one instance where the confidential information from historical auction purchases, a component of "Vintage 2013 Allowances Purchased" in the SDG&E GHG Direct Compliance Limit Forecast Table Appendices B, C and D, was inadvertently disclosed to the public. I am not aware of any instances where the confidential information described in these Appendices was intentionally disclosed to the public.

6. SDG&E will comply with the limitations on confidentiality specified in the Matrix for the Protected Information.

7. The Protected Information cannot be provided in a form that is aggregated, partially redacted, or summarized, masked or otherwise protected in a manner that would allow further disclosure of the data while still protecting confidential information.

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

Executed this 4th day of December, 2013, at San Diego, California.



Ana Garza-Beutz
Senior Energy Administrator
San Diego Gas & Electric Company

San Diego Gas & Electric Advice Letter 2554-E
December 4, 2013

APPENDIX A
(CONFIDENTIAL)

San Diego Gas & Electric Advice Letter 2554-E
December 4, 2013

APPENDIX B
(CONFIDENTIAL)

San Diego Gas & Electric Advice Letter 2554-E
December 4, 2013

APPENDIX C
(CONFIDENTIAL)

San Diego Gas & Electric Advice Letter 2554-E
December 4, 2013

APPENDIX D
(CONFIDENTIAL)

San Diego Gas & Electric Advice Letter 2554-E
December 4, 2013

APPENDIX E

(PUBLIC)



2012 LONG TERM PROCUREMENT PLAN

SDG&E GHG Forecast								
Resource	Fuel (000 MMBtu)				GHG (000 Metric Tons)			
	2013	2014	2015	2016	2013	2014	2015	2016
Palomar	-	-	-	-	-	-	-	-
Otay Mesa	-	-	-	-	-	-	-	-
Desert Star	-	-	-	-	-	-	-	-
Miramar*	-	-	-	-	-	-	-	-
Orange Grove*	-	-	-	-	-	-	-	-
Pio Pico	-	-	-	-	-	-	-	-
QuailBrush	-	-	-	-	-	-	-	-
Boardman	-	-	-	-	-	-	-	-
Fuel-Based Total	-	-	-	-	-	-	-	-
-	GWh				GHG (000 Metric Tons)			
Imports (GWh)	-	-	-	-	-	-	-	-
RPS Adjustment	-	-	-	-	-	-	-	-
Forecasted Demand	-	-	-	-	-	-	-	-

* Although the Miramar and Orange Grove forecasts are below the 25,000 Metric Ton threshold, SDG&E believes that the 2012 actuals will exceed the threshold, putting those generators in compliance for at least the first compliance period.



2012 LONG TERM PROCUREMENT PLAN

SDG&E GHG Direct Compliance Forecast								
Specified Resources	Fuel (000 MMBtu)				GHG (000 Metric Tons)			
	2014	2015	2016	2017	2014	2015	2016	2017
Palomar- UOG								
Otay Mesa- PPA								
Desert Star- Out of State								
Cuyamaca-UOG *								
Miramar- UOG								
Pio Pico-PPA								
Orange Grove- PPA								
Escondido Energy Center-PPA**								
Jasmin-PPA								
Yuma- Out of State								
Specified Resource Total								
	GWh				GHG (000 Metric Tons)			
Unspecified Imports (GWh)								
RPS Adjustment	(871)	(871)	(871)	(871)	(373)	(373)	(373)	(373)
Forecasted Demand								
* Although Cuyamaca forecasts are below the 25,000 Metric Ton threshold, their 2012 actuals exceeded the threshold, putting it in compliance for at least the first compliance period. ** Escondido Energy Center is below the 25,000 MT Threshold, thus 0MT was used for its covered emissions.								

(ii) GHG Allowance Tracking System

SDG&E will implement a GHG allowance tracking system, not only to track its expected need for allowances, but also to track the allowances and offsets SDG&E has procured and the resulting remaining open position. As with any other open position related to energy procurement, SDG&E will monitor the forward GHG allowance prices and the impact to overall procurement costs.

SDG&E is currently pursuing adding a new module to its current Energy Trading and Risk Management system that will both track SDG&E's compliance positions and aid with settlement functions.



SDGE's Limits Forecast **		Fuel (000 MMBtu) based on IMHR plus 2-Stdv				GHG (000 Metric Tons)			
Resource	2013	2014	2015	2016	FD ₂₀₁₃	FD ₂₀₁₄	FD ₂₀₁₅	FD ₂₀₁₆	
Palomar	-	-	-	-	-	-	-	-	-
Otay Mesa	-	-	-	-	-	-	-	-	-
Desert Star	-	-	-	-	-	-	-	-	-
Miramar	-	-	-	-	-	-	-	-	-
Orange Grove	-	-	-	-	-	-	-	-	-
Pio Pico	-	-	-	-	-	-	-	-	-
Qualibush	-	-	-	-	-	-	-	-	-
Beardman	-	-	-	-	-	-	-	-	-
Fuel-Based Total	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
Imports (GWh)	-	-	-	-	-	-	-	-	-
RPS Adjustment	-	-	-	-	-	-	-	-	-
Forecasted Demand	-	-	-	-	-	-	-	-	-
SDGE Limit for 2013 ("L ₂₀₁₃ ")	-	-	-	-	-	-	-	-	-

** As per Appendix 1 of D. 12-01-016, SDGE used an implied market heat rate plus 2-Standard Deviations to produce the forecast in this table. Specifically to derive the GHG limit, SDGE employed a method consistent with the capacity limits methodology used in the TRP Track-2 compliance filing. SDGE calculated historical implied market heat rates, (IMHR), using SoCal Border gas price and SP-15 on and off peak forward curves from January 2009 – March 2011. The standard deviation of the IMHR was calculated, and two standard deviations was then calculated by multiplying 1.645 times the standard deviation for a single-tail calculation. The result was added to the maximum IMHR value in the data set to derive the upper limit. The ratio of the upper limit to the IMHR was then applied to the current SP-15 forward curves to derive new forward price curves, used as input to the production cost model to generate a new dispatch and the GHG associated with the IMHR upper limit. The resulting limit was calculated based on the decision's formula with "A" = 0 since at the beginning of the program, there is no existing compliance obligation.

$$L_{2013} = A + 100\% * (FD_{2013}) + 60\% * (FD_{2014}) + 40\% * (FD_{2015}) + 20\% * (FD_{2016})$$



2012 LONG TERM PROCUREMENT PLAN

SDG&E GHG Direct Compliance Limit Forecast *									
Specified Resources	Fuel (000 MMBtu) based on IMHR plus 2-Sdev				GHG (000 Metric Tons)				
	2014	2015	2016	2017	2013 Actuals **	Forecasted Compliance Obligations "FDyyyy"			
						FD ₂₀₁₄	FD ₂₀₁₅	FD ₂₀₁₆	FD ₂₀₁₇
Palomar- UOG									
Otay Mesa- PPA									
Desert Star- Out of State									
Cuyamaca-UOG									
Miramar- UOG									
Pio Pico-PPA									
Orange Grove- PPA									
Escondido Energy Center-PPA***									
Jasmin-PPA									
Yuma- Out of State ****									
Boardman- Out of State									
Specified Resource Total									
	GWh				GHG (000 Metric Tons)				
Imports (GWh)									
RPS Adjustment	(871)	(871)	(871)	(871)	(387)	(373)	(373)	(373)	(373)
2013 Actuals & 2014- 2017 Forecasted Compliance Obligations "FDyyyy"									
Vintage 2013 Allowances Purchased									
Vintage 2013 Offsets Expected Purchases by Dec 2013									
"A" Net Remaining Compliance Obligation to date									
SDG&E Limit for 2014 ("L₂₀₁₄")									

* As per Appendix 1 of D. 12-04-046, SDG&E used an implied market heat rate plus 2-Standard Deviations to produce the forecast in this table.
Specifically to derive the GHG limit, SDG&E employed a method consistent with the capacity limits methodology used in the LTPP Track 2 compliance filing. SDG&E calculated historical implied market heat rates, (IMHR), using SoCal Border gas price and SP-15 on and off peak forward curves from Nov, 2012- Oct, 2013. The standard deviation of the IMHR was calculated. and Two standard deviations was then calculated by multiplying 1.645 times the standard deviation for a single-tail calculation. The result was added to the maximum IMHR value in the data set to derive the upper limit. The ratio of the upper limit to the IMHR was then applied to the current SP-15 forward curves to derive new forward price curves, used as input to the production cost model to generate a new dispatch and the GHG associated with the IMHR upper limit.
 $L_{2014} = A + 100\%*(FD_{2014}) + 60\%*(FD_{2015}) + 40\%*(FD_{2016}) + 20\%*(FD_{2017})$
** The 2013 Actuals are a blend of estimated actuals and forecasts for the balance of 2013.
*** Escondido Energy Center is below the 25,000 MT Threshold, thus OMT was used for its covered emissions.
**** The 2013 Forecast had listed Yuma as an Indirect GHG obligation.

The calculated limits and emission forecasts will be updated and filed via Tier 2 advice letter as necessary.

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December 4, 2013

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January 3, 2014



SDG&E GHG Exposure in Energy Forecast ***		GWh					GHG (000 Metric Tons)	
Resource	2013	2014	2015	2016	FE ₂₀₁₃	FE ₂₀₁₄	FE ₂₀₁₅	FE ₂₀₁₆
Market Purchases	-	-	-	-	-	-	-	-
Existing GHG Hedges	-	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-	-
SDG&E Limit for 2013 ("FL ₂₀₁₃ ")	-							

*** As per Appendix 1 of D. 12-04-016, the resulting limit was calculated based on the decision's formula with "B" = 0 since at the beginning of the program, there are no existing GHG hedges.
 $FL_{2013} = 20\%*(FE_{2013}) + 10\%*(FE_{2014}) + 5\%*(FE_{2015}) + 2.5\%*(FE_{2016}) - B$

SDG&E GHG Financial Exposure Limit Forecast *		GWh					GHG (000 Metric Tons)		
Market Purchases	2014	2015	2016	2017	"B" Net Purchases to date	FE ₂₀₁₄	FE ₂₀₁₅	FE ₂₀₁₆	FE ₂₀₁₇
Existing GHG Purchased Hedges									
Existing GHG Hedges Sold									
Sub Total									
SDG&E Limit for 2014 ("FL ₂₀₁₄ ")	$FL_{2014} = 20\%*(FE_{2014}) + 10\%*(FE_{2015}) + 5\%*(FE_{2016}) + 2.5\%*(FE_{2017}) - B$								

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December 4, 2013

APPENDIX F

(PUBLIC)



2012 LONG TERM PROCUREMENT PLAN

SDG&E GHG Direct Compliance Forecast								
Specified Resources	Fuel (000 MMBtu)				GHG (000 Metric Tons)			
	2014	2015	2016	2017	2014	2015	2016	2017
Palomar- UOG								
Otay Mesa- PPA								
Desert Star- Out of State								
Cuyamaca-UOG *								
Miramar- UOG								
Pio Pico-PPA								
Orange Grove- PPA								
Escondido Energy Center-PPA**								
Jasmin-PPA								
Yuma- Out of State								
Specified Resource Total								
	GWh				GHG (000 Metric Tons)			
Unspecified Imports (GWh)								
RPS Adjustment	(871)	(871)	(871)	(871)	(373)	(373)	(373)	(373)
Forecasted Demand								
* Although Cuyamaca forecasts are below the 25,000 Metric Ton threshold, their 2012 actuals exceeded the threshold, putting it in compliance for at least the first compliance period. ** Escondido Energy Center is below the 25,000 MT Threshold, thus 0MT was used for its covered emissions.								

(ii) GHG Allowance Tracking System

SDG&E will implement a GHG allowance tracking system, not only to track its expected need for allowances, but also to track the allowances and offsets SDG&E has procured and the resulting remaining open position. As with any other open position related to energy procurement, SDG&E will monitor the forward GHG allowance prices and the impact to overall procurement costs.

SDG&E is currently pursuing adding a new module to its current Energy Trading and Risk Management system that will both track SDG&E's compliance positions and aid with settlement functions.



2012 LONG TERM PROCUREMENT PLAN

SDG&E GHG Direct Compliance Limit Forecast *									
Specified Resources	Fuel (000 MMBtu) based on IMHR plus 2-Sdev				GHG (000 Metric Tons)				
	2014	2015	2016	2017	2013 Actuals **	Forecasted Compliance Obligations "FDyyyy"			
						FD ₂₀₁₄	FD ₂₀₁₅	FD ₂₀₁₆	FD ₂₀₁₇
Palomar- UOG									
Otay Mesa- PPA									
Desert Star- Out of State									
Cuyamaca-UOG									
Miramar- UOG									
Pio Pico-PPA									
Orange Grove- PPA									
Escondido Energy Center-PPA***									
Jasmin-PPA									
Yuma- Out of State ****									
Boardman- Out of State									
Specified Resource Total									
	GWh				GHG (000 Metric Tons)				
Imports (GWh)									
RPS Adjustment	(871)	(871)	(871)	(871)	(387)	(373)	(373)	(373)	(373)
2013 Actuals & 2014- 2017 Forecasted Compliance Obligations "FDyyyy"									
Vintage 2013 Allowances Purchased									
Vintage 2013 Offsets Expected Purchases by Dec 2013									
"A" Net Remaining Compliance Obligation to date									
SDG&E Limit for 2014 ("L₂₀₁₄")									

* As per Appendix 1 of D. 12-04-046, SDG&E used an implied market heat rate plus 2-Standard Deviations to produce the forecast in this table.
Specifically to derive the GHG limit, SDG&E employed a method consistent with the capacity limits methodology used in the LTPP Track 2 compliance filing. SDG&E calculated historical implied market heat rates, (IMHR), using SoCal Border gas price and SP-15 on and off peak forward curves from Nov, 2012- Oct, 2013. The standard deviation of the IMHR was calculated. and Two standard deviations was then calculated by multiplying 1.645 times the standard deviation for a single-tail calculation. The result was added to the maximum IMHR value in the data set to derive the upper limit. The ratio of the upper limit to the IMHR was then applied to the current SP-15 forward curves to derive new forward price curves, used as input to the production cost model to generate a new dispatch and the GHG associated with the IMHR upper limit.
L₂₀₁₄ = A + 100%*(FD₂₀₁₄) + 60%*(FD₂₀₁₅) + 40%*(FD₂₀₁₆) + 20%*(FD₂₀₁₇)
** The 2013 Actuals are a blend of estimated actuals and forecasts for the balance of 2013.
*** Escondido Energy Center is below the 25,000 MT Threshold, thus OMT was used for its covered emissions.
**** The 2013 Forecast had listed Yuma as an Indirect GHG obligation.

The calculated limits and emission forecasts will be updated and filed via Tier 2 advice letter as necessary.

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San Diego Gas & Electric Company
San Diego, California

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2012 LONG TERM PROCUREMENT PLAN

SDG&E GHG Financial Exposure Limit Forecast *									
	GWh				GHG (000 Metric Tons)				
	2014	2015	2016	2017	"B" Net Purchases to date	FE ₂₀₁₄	FE ₂₀₁₅	FE ₂₀₁₆	FE ₂₀₁₇
Market Purchases									
Existing GHG Purchased Hedges									
Existing GHG Hedges Sold									
Sub Total									
SDG&E Limit for 2014 ("FL₂₀₁₄")									
* FL ₂₀₁₄ = 20%*(FE ₂₀₁₄) + 10%*(FE ₂₀₁₅) + 5%*(FE ₂₀₁₆) + 2.5%*(FE ₂₀₁₇) - B									

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