

Application No.: A.13-05-

Exhibit No.: _____

Witness: Sally Chen

Date: May 31, 2013

SAN DIEGO GAS & ELECTRIC COMPANY

PREPARED DIRECT TESTIMONY OF

SALLY CHEN

****PUBLIC VERSION****

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

May 31, 2013



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1 **PREPARED DIRECT TESTIMONY OF**
2 **SALLY CHEN**
3 **ON BEHALF OF SDG&E**

4 **I. INTRODUCTION**

5 The purpose of my testimony is to describe the expenses that are recorded in San Diego Gas
6 & Electric Company’s (“SDG&E’s”) Energy Resource Recovery Account (“ERRA”) and Transition
7 Cost Balancing Account (“TCBA”) for the record period of January 1, 2012 through
8 December 31, 2012. In addition, my testimony will explain SDG&E’s contract administration
9 activities during the record period associated with SDG&E’s Power Purchase Agreements (“PPAs”).

10 **II. DESCRIPTION OF EXPENSES**

11 The expenses recorded in ERRA and TCBA for the record period are summarized in
12 Attachment A and Attachment B of the Direct Testimony of SDG&E witness Norma Jasso. These
13 expenses are recorded in compliance with California Public Utilities Commission (“CPUC” or
14 “Commission”) Decision (“D.”) 02-12-074.

15 **A. Load ISO Charges**

16 This category included the California Independent System Operator (“CAISO”) payments
17 and charges to SDG&E as the Scheduling Coordinator (“SC”) for load. Included in this category are
18 expenses or revenues associated with Congestion Revenue Rights (“CRR”); charges associated with
19 SDG&E’s load Grid Management Charges (“GMC”); charges related to the Day-Ahead Market; and
20 relevant Real-Time Market load imbalance energy charges and payments.

21 **B. Supply ISO Revenues**

22 This category included the CAISO payments and charges to SDG&E as the SC for supply
23 resources, including inter-SC trading. Included in this category are CAISO Day-Ahead and
24 Real-Time Market expenses and revenues; and relevant CAISO imbalance energy charges and
25 payments associated with SDG&E supply resources.

1 **C. Contract Costs (non-Competition Transition Charge [“CTC”])**

2 This category captured the expenses for renewable PPAs, SDG&E tolling agreements with
3 Otay Mesa Energy Center, LLC (“OMEC”); El Cajon Energy, LLC (“ECEC”); and Orange Grove
4 Energy, LP (“OGE”), and Olivenhain-Hodges Pump Storage Facility (“Hodges”); and a bilateral
5 contract with EnerNoc (formally Celerity 1). The contracts include capacity, energy, fuel, and
6 transportation costs. Also included in this category are revenues and expenses for Real-Time
7 bilateral purchases and sales, contract-related CAISO revenue or payment adjustments (as revised
8 from time-to-time), any revenues for contract damages or awards, broker fees, and other
9 miscellaneous service fees.

10 **D. Contract Costs (CTC up to market)**

11 In accordance with D.02-12-074, this category captured expenses recorded in ERRA up to
12 the market benchmark value of the Portland General Electric Boardman (“PGE Boardman”) and the
13 Qualifying Facility (“QF”) PPAs. In D.11-12-018, the responsibility of calculating the benchmark
14 changed from the Energy Division to SDG&E. SDG&E calculated a benchmark of 4.271 ¢/kWh in
15 2012. The market value expenses for PGE Boardman and the QFs were calculated by multiplying
16 the purchased kWh by the effective market benchmark. Any expenses above the benchmark were
17 recorded in the TCBA pursuant to Assembly Bill (“AB”) 1890. The 2012 activity in SDG&E’s
18 TCBA is described in more detail in Attachment B of the testimony of SDG&E witness Jasso.

19 **E. Generation Fuel**

20 In accordance with Commission Resolutions E-3953 and E-3988, D.09-01-008, and
21 D.07-11-046, the monthly recorded fuel and transportation expenses for the following facilities were
22 recorded in ERRA: Miramar Energy Facility I (“MEF I”), Miramar Energy Facility II (“MEF II”)
23 (collectively, MEF I and II are known as “Miramar”), Palomar Energy Center (“Palomar”),
24 Cuyamaca Peak Energy Center (“Cuyamaca”), Desert Star Energy Center (“Desert Star”) and the
25 J&D Labs Fuel Cell (“Vista”).

26 This category also captures the monthly expenses recorded for the nuclear fuel expenses for
27 Units 2 and 3 for San Onofre Nuclear Generating Station (“SONGS”). These expenses consisted of
28 the amortization of nuclear fuel based on power generated, the Department of Energy spent-fuel

1 disposal fee based on power generated, and nuclear fuel carrying costs for nuclear fuel in inventory
2 and in the reactor.¹

3 **F. Other ISO Related Costs**

4 Included in this category are: revenues and charges associated with transmission losses,
5 ancillary services, and real-time energy in SDG&E's role as a SC for the California Department of
6 Water Resources ("CDWR") allocated contracts with Sunrise Power Plant, Whitewater Hill Wind,
7 and Whitewater Cabazon Wind, according to a March 13, 2009 Assigned Commissioner's Ruling²,
8 adopting changes to the Investor-Owned Utilities' ("IOUs") operation and administration of
9 allocated CDWR contracts.

10 **G. Hedging Costs & Financial Transactions**

11 This expense category captured the monthly expenses for hedging generation fuel and QF
12 energy expenses.

13 **H. Rebalancing Costs related to OMEC/Calpine**

14 SDG&E recorded the monthly rebalancing costs associated with the Revised OMEC power
15 purchase agreement in compliance with D.06-09-021.³

16 **I. Greenhouse Gas ("GHG") Costs**

17 SDG&E recorded the costs of the first GHG allowance auction in this record period. Please
18 refer to Mr. Miller's testimony for more information.

19 **III. CONTRACT ADMINISTRATION**

20 The Settlements and Administration ("SA") section within SDG&E's Electric and
21 Fuel Procurement department is responsible for administering all of the active PPAs.

¹ Please refer to Andy Scates' testimony in I.12-10-013, regarding SDG&E's estimate of market-related costs associated with SONGS Unit 2 & 3 outages that occurred in 2012.

² In preparation for MRTU, on February 13, 2009, in Rulemaking ("R.")06-07-010, the IOUs filed a joint motion describing operation and administrative changes under MRTU agreed to with CDWR. On March 13, 2009 an Assigned Commissioner's Ruling was issued agreeing to these changes. This included inclusion of expenses in ERRAs that previously had been included in CDWR's annual revenue requirement.

³ See also, D.11-07-041, Ordering Paragraph ("OP") 2.

1 During the record period, SDG&E's electricity portfolio consisted of Utility Electric
2 Generation ("UEG"), bilateral contracts with conventional and renewable power plants, and various
3 resources under contract with CDWR. The UEG portion of the portfolio is comprised of SDG&E's
4 20% ownership of SONGS, 100% ownership of Miramar (92 MW), 100% ownership of Palomar
5 (565 MW), and 100% ownership of Desert Star (480 MW). SDG&E's bilateral agreements included
6 the QFs (201 MW), PGE Boardman (88 MW), OMEC (600 MW), ECEC (47 MW) and OGE
7 (99 MW) and several renewable projects of wind, biogas, biomass, geothermal and solar
8 (1626 MW). Beginning January 1, 2003, SDG&E administered various CDWR contracts allocated
9 to SDG&E pursuant to D.01-10-024. SDG&E's administrative activities are performed in
10 accordance with the Operating Agreement between SDG&E and CDWR, executed in February
11 2003. During the record period, the SA section provided limited administrative support to CDWR
12 for the allocated contracts.

13 **A. Contract Administration Routine Tasks**

14 Below are the tasks SA performs on a routine basis to ensure compliance with contract terms
15 and regulatory requirements.

16 **1. Kick-Off Meetings**

17 Before a new project reaches its Commercial Operating Date ("COD"), SA conducts a
18 kick-off meeting with the new counterparty to introduce staff, review the scheduling communication
19 protocols, and discuss the invoicing procedures. The purpose of the meeting is to ensure a smooth
20 transition from construction phase to operation.

21 **2. Invoice Verification**

22 For all non-QF contracts, the Sellers issue monthly invoices to SDG&E. Based on contract
23 terms, and the daily communication records, the SA staff verifies the details of the invoices,
24 including, but not limited to: prices and quantity of energy delivered or scheduled, verification of
25 excused outages, prices of capacity, time of delivery factors, index prices, number of startups, and
26 validity of any adjustments in the invoice. The SA staff follows the complete payment process to
27 verify it is done in a timely manner according to the contract.

1 If there are any disputes over the historical settlements, the SA staff is responsible for
2 coordinating, investigating, and making corrections if necessary in a timely manner in accordance
3 with terms and conditions of the contract and applicable utility and CAISO tariffs.

4 **3. Western Renewable Energy Generation Information (“WREGIS”)**
5 **Administration**

6 Starting in 2007, as part of the Renewable Portfolio Standard (“RPS”) compliance effort, the
7 California Energy Commission (“CEC”), Western Governors’ Association and Western Electricity
8 Coordinating Council (“WECC”) jointly launched implementation of WREGIS, which tracks
9 renewable energy generation from units that register in the system using verifiable data and creates
10 renewable energy certificates (“RECs”) for this generation. In 2008, SDG&E became an account
11 holder and qualified reporting entity within WREGIS, and worked with the renewable counterparties
12 to register each facility into the system. SDG&E began reporting renewable generation from these
13 facilities through WREGIS starting on May 1, 2008. During the record period, SA staff diligently
14 monitored and administrated the accounts, and worked closely with WREGIS and CEC staff.

15 **4. Active Monitoring**

16 Most of the PPAs require Contract Administrators to monitor and track generation to ensure
17 Sellers’ compliance with the contract terms through the life of the contracts. It includes, but is not
18 limited to: generation, insurance, credit requirements and status, and compliance with regulatory and
19 reporting requirements. The Contract Administrators work closely with the Sellers when any
20 contractual issues arise to immediately address any needs they may have from SDG&E regarding the
21 PPAs.

22 Particularly for the renewable contracts, D.10-06-004 mandated SDG&E to actively monitor
23 the Sellers’ compliance with Standard Terms and Conditions 6 (“STC 6”), as defined in the
24

1 California Public Utilities Code (“P.U. Code”).⁴ SDG&E implements the following method of
2 active monitoring:

- 3 (i) request Sellers’ copies of CEC certification;
- 4 (ii) request Sellers to register the contracted facility with WREGIS;
- 5 (iii) verify the Seller-provided CEC RPS ID through the WREGIS
6 certificates and upload periodically; and
- 7 (iv) request Sellers to certify the product SDG&E received during the record
8 period was indeed in compliance with STC 6.

9 As a result of its active monitoring, SDG&E found all RPS Sellers’ projects compliant to
10 STC 6 based on above activities (i), (ii) and (iii). All Sellers responded to SDG&E’s questionnaire
11 at year end according to (iv) above, confirming their compliance to STC 6.

12 **5. Contract System Administration**

13 During the record period, SDG&E used Allegro, as its electronic contract management
14 trading and tracking system, used in the front, mid and back office of SDG&E’s Electric & Fuel
15 Procurement Department. Allegro offers repository features for SA contract administration, with
16 flexibility to research the contract information. It also creates an audit trail when changes are made
17 to contracts in the system.

18 **B. Renewable Resources**

19 SDG&E’s renewable portfolio is comprised of resources from PPAs stemming from
20 competitive solicitations, bilateral agreements and standard agreements.

21 A description of renewable resource projects that delivered to SDG&E during the record
22 period, arranged by technology type, is provided below along with discussions of activities unique to
23 each project agreement. Unless stated otherwise, the PPAs include (i) the purchase of as-available
24 capacity and energy, (ii) all green attributes (renewable energy credits “RECs”) and (iii) resource
25 adequacy (“RA”) benefits.

⁴ STC 6 requires the Sellers warrant throughout the term of the PPA that (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource (“ERR”) as such term is defined in the P.U. Code Section 399.12 or Section 399.16; and (ii) the Project’s output delivered to Buyer qualifies under the requirements of the California RPS. To the extent a change in Law occurs after execution of this agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in Law.

1 **1. BIO-MAS**

2 SDG&E has three projects supplying **60 MW** of generation from biomass projects in
3 addition to a REC agreement. The agreements are with:

- 4 • Covanta Delano: This ten-year PPA was executed on January 1, 2008 and terminates on
5 December 31, 2017. The guaranteed minimum annual delivery is 300,468 MWh.
6 The contract price was \$40.20/MWh in 2008 and escalates to approximately
7 \$60.13/MWh in 2017. The plant size is 49 MW and is located in Delano, California.
8 The Public Goods Charge (“PGC”) funding award from CEC’s Existing Renewable
9 Facilities Program (“ERFP”) ended on December 31, 2011. The PPA requires SDG&E
10 to reimburse Covanta Delano up to \$6.05/MW if the PGC subsidy was cancelled. The
11 PGC subsidy reimbursement started on January 1, 2012. The annual capacity price in
12 2008 was \$268.00/kW-yr and reduces to \$146.00/kW-yr in 2017. During the record
13 period, SDG&E and Covanta executed an amendment on December 1, 2012 that was
14 approved and effective by Commission on May 9, 2013. [REDACTED]

15 [REDACTED]

16 [REDACTED]

17 [REDACTED].

- 18 • Blue Lake Power: This fifteen-year PPA was executed on June 9, 2008 and started
19 operating on April 30, 2010. The contract price is \$100.00/MWh. The plant size is
20 11 MW and is located in the City of Blue Lake, California. [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED].

- 26 • Sierra Pacific Industries: This REC agreement was executed on March 30, 2012.
27 The agreement contracted for a one-time transfer of RECs based on [REDACTED] MWh at a
28 price of [REDACTED].
29
30

2. BIO-GAS

SDG&E has agreements with eleven projects supplying approximately 32.6 MW of generation from bio-gas projects during the record period. Nine of the eleven projects are located in San Diego County. The agreements are with:

- Gas Recovery Systems, Inc (“GRS”) – Coyote Canyon: The ten-year PPA was executed on October 31, 2002. The project began deliveries in January 2003. The contract price is \$53.70/MWh. In 2012, the annual guaranteed energy production was 35,758 MWh. SDG&E and GRS have been transacting Inter-Scheduling Coordinator trades (“ISTs”) since April 2009, post-MRTU. This agreement ended on December 31, 2012, according to the PPA’s term. The project size was 5.4 MW and is located in Irvine, California.
- GRS – Sycamore: The ten-year PPA was executed on October 31, 2002. The project began deliveries in April 2004. The contract price is \$53.70/MWh. The Guaranteed Annual Energy Production is 16,425 MWh. The project size is 2.5 MW and is located in Santee, California.
- Minnesota Methane San Diego LLC (“MM San Diego”): The two MM San Diego projects, Miramar and North City Landfills, converted their QF PPAs into renewable agreements which became effective in May 2003. The initial price was \$48.39/MWh and escalates based on the change in the Consumer Price Index (“CPI”). The annual escalation is capped at 1.5% per year. During the record period, the price from January 1 through April 30 was \$54.50/MWh; and the price from May 1 through December 31 was \$55.32/MWh.
 - Miramar Landfill: The term of the agreement is ten years, beginning May 20, 2003. The project guarantees to deliver to SDG&E 20,000 MWh each year. The project size is 3 MW and is located in San Diego, California.
 - North City Landfill (“North City”): The term of the agreement is ten years from May 21, 2003. North City guarantees to deliver to SDG&E 5,000 MWh each year. The project size is 1 MW and is located in San Diego, California.
- Minnesota Methane Prima Deshecha Energy LLC (“Prima”): As of October 1, 2007, this facility is under a new agreement replacing a prior PPA. The PPA term is fifteen years. Throughout the term of the PPA, the capacity increases from 6.1 MW to 15.25 MW, and

1 the PPA price increases from \$48.50/MWh to \$68.53/MWh. The guaranteed annual
2 delivery to SDG&E was 34,554 MWh. In the record period, the price from January 1
3 through October 31 was \$52.23/MWh; and the price from November 1 to December 31
4 was \$53.53/MWh. The project size was 6.1 MW during the record period and is located
5 in Orange County, California.

- 6 • City of San Diego Metropolitan Wastewater Department (“Point Loma”): Point Loma
7 executed an amendment with SDG&E on December 22, 2006. It became effective on
8 January 1, 2008. The PPA has a termination date of December 31, 2012, with the
9 Seller’s option to extend the delivery period beyond December 31, 2012 for consecutive
10 one year periods up to five times. In the record period, parties extended the agreement by
11 one year to make the new termination date as of December 31, 2013. The guaranteed
12 delivery is 10,000 MWh each year at a contract price of \$75.60/MWh for the duration of
13 the agreement. The plant size is 4.8 MW and is located in San Diego, California.
- 14 • Covanta Otay 3: This PPA was executed on August 31, 2005. The term of the
15 agreement is ten years from March 8, 2007. Covanta Otay 3 is guaranteed to deliver to
16 SDG&E 20,000 MWh each year at a price of \$57.00/MWh. The project size is 3.8 MW
17 and is located in Chula Vista, California.
- 18 • Otay I and Otay II Landfills:
 - 19 ○ Otay 1 Landfill: As authorized by D.08-09-033, Otay Landfill I executed a
20 Customer Renewable Energy (“CRE”) Agreement with SDG&E in the record
21 period, and was effective on May 1, 2009. The ten-year PPA has a fixed price of
22 \$100.43/MWh and annual expected delivery of 13,140 MWh. The plant size is
23 1.5 MW and is located in Chula Vista, California.
 - 24 ○ Otay II Landfill: As authorized by D.08-09-033, Otay Landfill II executed a CRE
25 Agreement with SDG&E in the record period, and was effective on July 1, 2011.
26 The twenty-year PPA has a fixed price of \$100.98/MWh and annual expected
27 delivery of 13,140 MWh. The plant size is 1.5 MW and is located in Chula Vista,
28 California.

- 1 • San Marcos and Sycamore Energy 1 Landfills:
 - 2 ○ San Marcos Energy, LLC: San Marcos Energy executed a CRE Agreement with
3 SDG&E on November 20, 2009 and began operating on May 18, 2011. The PPA
4 has a 20-year fixed price of \$117.30/MWh and annual expected delivery of
5 11,784 MWh. The plant size is 1.5 MW and is located in San Marcos, California.
 - 6 ○ Sycamore Energy 1, LLC: Sycamore Energy 1 executed a CRE Agreement with
7 SDG&E on November 20, 2009, and it began operating on May 16, 2011. The
8 20-year PPA has a fixed price of \$117.30/MWh and annual expected delivery of
9 11,784 MWh. The plant size is 1.5 MW and is located in Santee, California.

10 3. WIND

11 SDG&E had fifteen wind agreements that it administered during the record period. The
12 projects provided regular or test energy during the record period and provided a total combined
13 nameplate capacity up to 1,195.2 MW. Descriptions of the projects, the associated agreements, and
14 administration activities are provided below:

- 15 • Cabazon Wind Partners, LLC: This Green Attribute Purchase and Sale Agreement
16 executed on July 3, 2012. SDG&E purchased the Green Attributes associated with
17 energy delivered for a delivery term of 2 years effective January 1, 2012 until
18 December 31, 2013. The contract price for the Green Attributes is [REDACTED].
19 The plant size is 40.9 MW and is located in the San Gorgonio Pass west of Palm Springs,
20 California.
- 21 • Whitewater Hill Partners, LLC: This Green Attribute Purchase and Sale Agreement was
22 executed on July 3, 2012. SDG&E purchased the Green Attributes associated with
23 energy delivered for a delivery term of 2 years effective January 1, 2012 until
24 December 31, 2013. The contract price is [REDACTED]. The plant size is 61.5 MW and
25 is located in the San Gorgonio Pass area of California.
- 26 • Coram Energy, LLC: This is a fifteen-year PPA executed on July 12, 2010. The PPA
27 has [REDACTED].
28 The project began deliveries on February 19, 2011. The project size is 7.5 MW and is
29 located in the Tehachapi area of California.

- 1 • NEXtera (also known as WTE Acquisitions, LLC) (“WTE”), and FPL Energy
2 (“FPLE”): This agreement is a fifteen year PPA. The original agreement was executed
3 on October 31, 2002. The contract price is \$52.60/MWh. Deliveries under the
4 agreement commenced on June 29, 2004. The contract price is \$52.60/MWh.
5 SDG&E and NEXtera have been transacting ISTs since April 2009, post-MRTU.
6 The project size is 16.5 MW and is located in the Gorgonio Pass area of Riverside
7 County, California and delivers to SP-15.
- 8 • Iberdrola Renewables, Inc. (also known as Iberdrola Renewables, Inc., PPM Energy, Inc.,
9 and PacifiCorp Power Marketing): Effective April 2, 2012, Iberdrola Renewables, Inc.
10 converted into a limited liability company. There are three projects under agreement with
11 SDG&E.
- 12 ○ Mountain Wind: This agreement is a fifteen-year PPA executed on
13 October 31, 2002. The project began deliveries in December 2003. The contract
14 price is \$49.15/MWh. SDG&E and Iberdrola Renewables, LLC have been
15 transacting ISTs under their MRTU Agreement since April 2009, post-MRTU
16 implementation. This project size is 22.8 MW and is located in the Palm Springs
17 area of California.
 - 18 ○ Phoenix Wind: This fifteen-year PPA was executed on November 7, 2003.
19 The project began deliveries on December 2003. The contract price is
20 \$49.15/MWh. SDG&E and Iberdrola Renewables have been transacting ISTs
21 under their MRTU Agreement since April 2009, post-MRTU implementation.
22 This project size is 2.1 MW and is located in the Palm Springs area of California.
 - 23 ○ Manzana Wind: This is a twenty-year PPA executed on February 14, 2012.
24 The project began deliveries on December 31, 2012. The contract price is
25 [REDACTED].
26 This project size is 100 MW and is located in Rosamond, California.
- 27 • Oasis Power Partners, LLC. (“Oasis”): This agreement is a fifteen-year PPA executed on
28 October 30, 2002. The project began deliveries in December 2004. The contract price is
29 \$49.20/MWh. SDG&E and Oasis have been transacting ISTs under their MRTU
30 Agreement since April 2009, post-MRTU implementation. The project size is 60 MW
31 and is located in the Tehachapi area of California.

- 1 • Mesa Wind Power Corporation: This agreement is a two-year PPA executed on
2 March 30, 2012. The project began deliveries on April 19, 2012 and ends on
3 December 31, 2013. The contract price is [REDACTED]. The project estimated annual
4 output is 55,270 MWh. The project size is 29.9 MW and is located at the Coachella
5 Valley in Whitewater Riverside County, California.
- 6 • Pacific Wind Lessee, LLC: This amended and restated agreement is a twenty-year PPA
7 executed on April 20, 2010 and began deliveries on August 16, 2012. The contract price
8 is [REDACTED]. The estimated annual output is 392,448 MWh. The project size is
9 140 MW and is located at Rosamond, California.
- 10 • Kumeyaay Wind LLC (“Kumeyaay”): This agreement is a twenty-year PPA with an
11 estimated annual output of 167,900 MWh. The PPA has a tiered pricing structure starting
12 at \$49.00/MWh and escalating to \$51.75/MWh. SDG&E began taking deliveries of the
13 energy on March 21, 2006. SDG&E and Kumeyaay have been transacting ISTs under
14 their MRTU Agreement since April 2009, post-MRTU implementation. The project size
15 is 50 MW and is located on the Campo Indian Reservation in eastern San Diego County,
16 California. [REDACTED]
17 [REDACTED]
18 [REDACTED].
- 19 • Naturener Glacier I: This bilateral agreement was executed on May 16, 2008. This is a
20 fifteen-year PPA and started on December 29, 2008. The annual estimated output is
21 325,000 MWh. The transaction is a combination of two products. First, SDG&E buys
22 the output, including green attributes. Second, Glacier I buys back the output, excluding
23 green attributes, at the same delivery point. The contract prices for the products are
24 \$89.00/MWh and \$68.00/MWh, respectively. The project size 106.5 MW and is located
25 in Ethridge, Montana.
- 26 • Naturener Glacier II: This bilateral agreement was executed on May 23, 2008. This is a
27 fifteen-year PPA started on October 16, 2009. The annual estimated output is
28 310,000 MWh. The transaction is a combination of two products. First, SDG&E buys
29 the output, including green attributes. Second, Glacier 2 buys back the output, excluding
30 green attributes, at the same delivery point. On May 5, 2009, this PPA was amended, and

1 the prices for the products are \$98.00/MWh and \$68.00/MWh, respectively. The project
2 size is 103.5 MW is located in Ethridge, Montana.

- 3 • Naturener Rim Rock: This bilateral agreement was executed on May 5, 2009. This is a
4 twenty-year PPA with an annual estimated output is 678,812 MWh. [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]. The project size is 189 MW and is
10 located in Toole and Glacier County, Montana.

- 11 • Ocotillo Express: This bilateral agreement is a twenty-year PPA executed in
12 February 1, 2011. The contract price is [REDACTED]. The project began deliveries on
13 December 4, 2012. The annual estimated output is 789,276 MWh. The project size is
14 265 MW and is located in Imperial Valley, California.

15 4. HYDRO

16 SDG&E had one 4.5 MW non-QF hydro-conduit PPA that delivered energy during the
17 record period, which is described as follows:

- 18 • San Diego County Water Authority (“SDCWA”) – Rancho Penasquitos: This PPA was
19 executed on November 20, 2003 for a term of ten years starting on January 23, 2007.
20 The contract price is \$53.70/MWh. The plant size is 4.5 MW and is located in
21 San Diego, California.

22 5. GEOTHERMAL

23 SDG&E had two agreements for a total of 65 MW that delivered energy during the record
24 period. The agreements are as follows:

- 25 • Silicon Valley Power - WSPP: This one-year bilateral agreement was executed on
26 June 30, 2011 with energy delivered from July 1, 2011 through June 30, 2012.
27 The contract price is [REDACTED]. This project is a purchase of bundle
28 renewable power for 40 MW of firm geothermal energy from existing facilities in
29 Lake & Sonoma Counties, California.

- Calpine Geysers: This agreement is a five-year geothermal PPA executed on February 26, 2010. The annual estimated output is 212,430/MWh. The project began operating on March 2, 2010. The PPA provided firm capacity and energy at a contract price of [REDACTED]. The project consists of 25 MW from fifteen separate geothermal power plants in Calpine's portfolio located in Sonoma and Lake Counties, California.

6. HYBRID COMBINATION

SDG&E had two agreements for a total of **132 MW** that delivered energy from wind, solar, and geothermal resources during the record period. The agreements are as follows:

- Southern California Edison Company – WSPP: This is a 2.25-year bilateral PPA. It was executed on September 26, 2011. The contract price is [REDACTED]. SDG&E takes delivery of bundled renewable energy that began delivery on October 1, 2011. The PPA firm capacity is 29 MW for years 2012-2013 from existing California facilities.
- Southern California Edison Company 2 – WSPP: This 4-month short-term PPA was executed on March 20, 2012. The contract price was based on the [REDACTED]. SDG&E took delivery of bundle renewable energy (wind, solar, and geothermal) from September 1, 2012 through December 2012. The PPA firm capacity was 103 MW from existing California facilities.

7. SOLAR

SDG&E had one solar agreement for a total of **110 MW** that delivered energy during the record period. The agreement is as follows:

- Catalina Solar: This bilateral agreement is a twenty-five year PPA executed on June 3, 2011. The project began test deliveries on December 14, 2012. The contract price is [REDACTED]. The average annual estimated output is 204,732 MWh. The project size is 110 MW and is located in Mojave Desert in Kern County, California.

1 **C. QF Resources**

2 During the record period, SDG&E purchased **1,019 GWhs** from fifteen (15) QF projects.
3 Total nameplate rating from these QF projects that delivered energy to SDG&E during the record
4 period was 255 MW. These QF projects consisted of the following: two Non-standard Agreements;
5 four Standard Offer 4 (“SO4”) Agreements; two Standard Offer 2 (“SO2”) Agreements; and seven
6 Uniform Standard Offer 1 (“USO1”)/Standard Offer 1 (“SO1”) Agreements. The following four
7 SO1 PPAs were terminated or expired during 2012.

- 8 • Rady Children’s Hospital
- 9 • Kyocera International, Inc.
- 10 • Northrop Grumman
- 11 • Jamacha Landfill

12 All the above terminated QF projects, other than Jamacha Landfill, signed non-export agreements
13 with SDG&E after their SO1s were terminated. Jamacha ceased operation of the facility instead.

14 All QF projects that have agreements with SDG&E are located within SDG&E’s electric
15 service territory with the exception of the Yuma Cogeneration Association (“YCA”), which is
16 located in Yuma, Arizona.

17 Pursuant to D.07-09-040, the Combined Heat and Power (“CHP”) Settlement became
18 effective on November 23, 2011 (“Settlement Effective Date”). SDG&E’s SA staff sent letters to
19 the impacted QF counterparties notifying them of the Settlement Effective Date. In addition,
20 Amendments to Legacy PPAs were provided for execution within 180 days from the Settlement
21 Effective Date. The Amendment allowed the counterparties to select different energy pricing
22 options which will impact their payments beyond the 2012 record period. The following QFs signed
23 Amendments to the Legacy PPAs:

- 24 • Goal Line, Inc.
- 25 • Naval Station
- 26 • North Island
- 27 • NTC/MCRD
- 28 • YCA
- 29 • Kelco (Transition PPA, details below)

1 **1. PAYMENTS TO QFS**

2 In the record period, with the exception of CP Kelco, SDG&E’s Major Markets Billing
3 (“Billing”) department was responsible for invoicing and paying the energy and capacity payments
4 to firm capacity (SO2 and SO4) and as-available QFs. The SA section was responsible for invoicing
5 and paying CP Kelco.

6 On a monthly basis, Billing calculated the payments due to the firm capacity QFs by using:
7 (1) the PPA payment provisions provided by the SA staff; (2) energy production data for QFs
8 aggregated by Time-of-Use (this data is provided by SDG&E’s Metering Services Department);
9 (3) Short Run Avoided Costs (“SRAC”) published monthly by the SA staff; and (4) scheduled
10 maintenance outage reports for firm capacity QFs.

11 After the QFs’ monthly account total was calculated for SO2 and SO4 agreements, Billing
12 prepared the QFs’ Power Purchase Statements. Additionally, throughout the term of the agreements,
13 the SA staff ensures that QFs are properly paid by reviewing each SO2 and SO4 Power Purchase
14 Statement for compliance with the payment provisions of their respective agreements before sending
15 the statements to the QFs. Along with preparing the monthly billing statement for the firm capacity
16 QFs, Billing initiated the preparation and mailing of the checks to the QFs.

17 Billing was also responsible for the preparation of the monthly billing statements for the
18 other QF PPAs. Statements for the other QFs are calculated using basically the same information as
19 outlined above. As with the firm capacity QFs, if the other QF’s account has a credit rather than a
20 debit balance from the purchase of QF energy, Billing initiated the preparation and mailing of checks
21 to the QFs.

22 **2. EFFICIENCY MONITORING**

23 In 1991, D.91-05-007 authorized the utilities to monitor the compliance of
24 co-generators with operating and efficiency standards of the Federal Energy Regulatory Commission
25 (“FERC”). The program implementing this decision is known as QF Efficiency Monitoring. As a
26 result, SDG&E QFs were required to submit operating data to SDG&E to demonstrate compliance
27 with FERC standards. Based upon the reported energy use and production for a calendar year,
28 SDG&E determines conformity with the FERC performance requirements on an annual basis.

29 SDG&E solicited and reviewed the operating and efficiency data for calendar year 2012 in
30 early 2013. According to the data provided by the generators, all QFs except one are in compliance

1 with the FERC's QF efficiency standards during the record period. The one exception is YCA.
2 On May 17, 2013, YCA filed a petition for a limited waiver of the efficiency standard in section
3 292.205 (a)(2) of the FERC regulations for the calendar years 2010, 2011 and 2012 ("Petition").
4 The FERC publicly noticed the filing of the Petition on May 20, 2013. SDG&E will provide an
5 update in this proceeding as soon as FERC takes action on the Petition.

6 **3. INSURANCE MONITORING**

7 The CPUC-approved standard offer agreements required QFs to obtain and maintain
8 comprehensive general liability insurance during the term of their agreements. SDG&E requires
9 each QF to provide SDG&E with evidence of insurance coverage that will reimburse SDG&E for all
10 costs incurred, and any judgments against or damages suffered by SDG&E, as a result of a QF's
11 actions. In D.82-01-103, the CPUC reaffirmed SDG&E's policy on insurance. In that decision, the
12 Commission ruled that it is appropriate for QFs to provide insurance coverage at a commercially
13 reasonable amount; consistent with utility's actual risk of loss; and to name the utility as an
14 additional insured party under the QF's insurance policy, provided the QF was larger than 100 kW.
15 Besides QFs, there are a few other bilateral PPAs that also have provisions requiring Sellers to
16 maintain proper insurance.

17 An insurance administration procedure has been established by the SA staff, which is
18 designed to ensure that SDG&E's counterparties provide their initial insurance certificates before
19 their projects are first operated in parallel with SDG&E, the insurance policies and insurance carriers
20 meet SDG&E's approval, and SDG&E's counterparties maintain their insurance throughout the term
21 of the relevant agreement.

22 Before interconnecting with a generator, SDG&E conducts an insurance check. The SA staff
23 verifies that the counterparty's insurance is in place and that it meets the requirements of the relevant
24 agreement. Counterparties that provide the required insurance are authorized to interconnect, while
25 those who fail to secure the required insurance are denied interconnection until acceptable evidence
26 of insurance is furnished to SDG&E. This review is completed as part of SDG&E's standard
27 pre-operational review for PPAs.

28 The SA staff tracks the insurance certificates for compliance and ensures current insurance is
29 maintained using TrackCertsNow, an Ebix BPO system. Ebix generates letters to SDG&E's
30 counterparties, on SDG&E's behalf, alerting them of upcoming insurance expiration. SDG&E's SA

1 section is responsible for contacting the counterparties when action is required to ensure contract
2 compliance.

3 D.00-12-037, issued on December 21, 2000, adopted a new set of interconnection standards,
4 including insurance amounts different from those of the original QF standard offers. During the
5 record period, the SA staff enforced the insurance requirements in the same manner as they did for
6 the original standard offers, and there was no non-compliance in terms of insurance tracking by the
7 end of record period.

8 **4. QF PERFORMANCE**

9 During the record period, the firm capacity operational QFs totaled about 200 MW. Firm
10 capacity QFs are required to meet minimum performance provisions during the summer on-peak
11 period, unless the QF is unable to perform due to an uncontrollable force outage. In those instances,
12 SDG&E would continue to make firm capacity payments pursuant to the relevant QF contract
13 provisions.

14 Except for YCA (to be explained later), the SO2 and SO4 agreements require QFs to
15 maintain a minimum 80% capacity factor during the summer on-peak period. QFs that fail to meet
16 this minimum provision may be placed on probation for a period not to exceed fifteen months.
17 Those who can operate above an 85% capacity factor during the same period can earn a capacity
18 bonus.

19 The following describes the largest QF PPAs currently under contract with SDG&E:

- 20 • Applied Energy LLC (“AEI”): SDG&E has five PPAs with AEI: (1) Naval Station SO4,
21 (2) North Island SO1, (3) North Island SO4, (4) Naval Training Center/Marine Corps
22 Recruit Depot SO1 and (5) Naval Training Center/Marine Corps Recruit Depot SO4.
23 On May 1, 2012, SDG&E and AEI executed three Amendments to the SO4 Agreements
24 for the Naval Station, North Island and Naval Training Center/Marine Corps Recruit
25 Depot. These Amendments were executed in compliance with the QF Settlement and
26 D.07-09-040. AEI selected Option A for its energy price which is the published SRAC
27 energy and as-available capacity prices.
 - 28 ○ Naval Station: This QF is located at the Naval Station, San Diego, California.
29 The agreement terminates November 30, 2019. The SO4 is for 46.5 MW of firm
30 capacity and energy. The energy price during the record period was at the SRAC.

1 On August 31, 2012, SDG&E and AEI [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 ○ North Island: This QF is located at the Navy Base, Coronado, California.
5 The SO4 terminates November 30, 2019. It provides 33.5 MW of firm capacity
6 and energy to SDG&E. The energy price during the record period was at the
7 SRAC. The SO1, however, has an indefinite term with a 4 MW nameplate, all
8 output sold to SDG&E at SRAC energy and as-available capacity prices.

9 ○ Naval Training Center/Marine Corps Recruit Depot: The SO4 terminates
10 November 30, 2019. The amount is 21.6 MW of firm capacity and energy.
11 The energy price during the record period was at the SRAC. The term for the
12 2.6 MW nameplate SO1 is indefinite with all output sold to SDG&E at SRAC
13 energy and as-available capacity. On August 31, 2012, SDG&E and AEI

14 [REDACTED]

15 [REDACTED]

- 16 • Yuma Cogeneration Associates (“YCA”): YCA is a cogeneration project located in
17 Yuma, Arizona with an option of being dispatchable to SDG&E. It delivers its energy
18 and capacity through Arizona Public Service Company to SDG&E at the North Gila
19 Substation over SDG&E’s 500 kV Southwest Powerlink between Arizona and
20 San Diego. The SO2 terminates on May 28, 2024. Firm capacity is 50 MW at a price of
21 \$140/kW-yr with energy purchased up to 56.5 MW at SDG&E’s monthly posted SRAC
22 prices. The YCA agreement has economic curtailment provisions where SDG&E may
23 exercise its rights to pay YCA an alternative energy price rather than the SRAC during
24 the curtailment hours. When YCA receives a curtailment notice from SDG&E, YCA
25 may do one of the following: (1) physically curtail generation or (2) continue to generate
26 and receive the alternate energy price, which is the CAISO SP-15 hourly LMP for
27 supplemental energy. YCA’s curtailment provision was exercised when the CAISO LMP
28 was expected to be lower than the SRAC. The plant is dispatchable under the SO2 and
29 requires the plant be available when called upon by SDG&E. The contract has a
30 Minimum Performance Requirement (“MPR”) for the QF to earn a bonus.

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[REDACTED]

On December 20, 2012, SDG&E filed a Tier II Advice Letter 2438-E requesting the Commission approve an amendment to the SO2 that modified the contract language by allowing the scheduled maintenance hours in addition to the 20% minimum allowance for forced outages. The Advice Letter was approved by the commission on January 18, 2013, and became effective January 19, 2013.

- Goal Line LLP: Goal Line provides SDG&E with 49.9 MW of firm capacity and energy. The plant is located in Escondido, California. During the record period, the energy price SDG&E paid Goal Line was at the SRAC, and the firm capacity price at \$172/KW-yr. The agreement provides SDG&E the option to economically curtail deliveries of the project. During the record period, Goal Line elected to shut down for the majority of hours of curtailment. The term of this SO2 agreement expires on February 14, 2025.

On August 8, 2012, SDG&E and GL LLP [REDACTED]

- C.P. Kelco (“Kelco”): This is a facility with an agreement which allows SDG&E to purchase excess power from three gas turbines for a total of 25 MW at SRAC prices for both energy and capacity. The original agreement had a fixed price with a term that ended on December 31, 2009. An amendment was executed to change the price to the SRAC, and extended the term until Kelco signs a CPUC-approved transition agreement pursuant to D.07-09-040. The parties executed a CPUC Standard Transition PPA on December 20, 2012. However, because the PPA was modified [REDACTED] the CPUC Energy Division requested SDG&E file a Tier III advice letter so the language change could be reviewed. The advice letter had not been filed as of the date of this ERRA filing.

1 **D. Bilateral Power Purchase Contracts**

- 2 • PGE Boardman: The PGE Boardman PPA consists of a Long Term Power Sale
3 Agreement (“LTPSA”) and a Long Term Transmission Service Agreement (“LTTSA”)
4 between PGE and SDG&E. The PPAs were executed on November 5, 1985 and will
5 terminate on December 31, 2013. PGE Boardman’s Unit 1 coal-fired plant and
6 associated facilities are located in Boardman, Oregon. PGE is a majority owner and
7 makes all operational decisions. SDG&E has a contractual right to 15% (about 89 MW)
8 of the plant output, but has no ownership rights to make or veto PGE’s operational
9 decisions.

10 This agreement is not unit contingent. If PGE elects to operate the plant, SDG&E
11 may elect to purchase electricity from PGE at a formula price based on the coal costs and
12 a predetermined plant heat rate. At any time, SDG&E may elect to reduce its share of the
13 plant output in any amount between SDG&E’s entitlement and zero, or displace plant
14 output by purchasing power from PGE’s system power, if available, or from a third party.
15 If the plant is not operating, SDG&E may obtain replacement power, if available, at a
16 mutually agreed upon rate from PGE’s system or from third parties using marketing
17 assistance.

18 Under terms of the LTPSA, PGE obtains, on behalf of SDG&E, third party
19 transmission service from Boardman to the John Day substation, where service under the
20 LTTSA begins. Under the terms of the LTTSA, PGE is responsible to transmit the power
21 to the California/Oregon Border. The CAISO is responsible for transmission inside
22 California.

23 For services under the LTPSA, SDG&E pays PGE the following: (1) a base price for
24 entitlement for an annual fixed cost of \$28.8 million annually; (2) a price for capital
25 additions as escalated by an annual escalation rate; (3) plant fixed operating costs;
26 (4) carrying costs; (5) plant variable operating costs; and (6) third party transmission
27 charges.

28 ██
29 ██
30 ██

1 [REDACTED]

2 [REDACTED]

3 • EnerNOC, Inc.: This is a ten-year contract that was executed on February 21, 2005 and
4 became effective on December 31, 2006. The Agreement terminates on
5 December 31, 2016. This agreement permits SDG&E to startup and brings on-line
6 25 MW of customer-owned back up generation. Under the existing contract, these
7 generators can be operated at up to eight hours per day for a maximum of 200 hours per
8 year. This contracted product is dispatchable with a capacity price of \$77.00/kW-year.
9 The cost of energy is based on the index fuel price for the period in which the generators
10 run.

11 • Olivenhain-Hodges Pump Storage Facility: This Hydroelectric Pumped Storage Facility
12 is owned by the San Diego County Water Authority and consists of two 20 MW
13 hydroelectric turbines for a total of 40 MW. The PPA was executed on January 29, 2004
14 and was approved by D.04-08-028. The capacity price is [REDACTED]

15 [REDACTED]

16 [REDACTED].

17 Hodges draws water during off-peak hours using power provided by the grid, and
18 then generates power during on-peak hours by flowing water back. This is to take
19 advantage of the price spread between the on- and off-peak time periods. According to
20 the PPA, SDG&E manages the economics through dispatching the generation and pump
21 load.

22 The project was expected to be online in the year 2008. However, it was delayed due
23 to construction delays and mechanical problems with both units. On December 19, 2008,
24 the parties executed Amendment No. 1 to the PPA and negotiated project delay damages,
25 capacity attributes, resource adequacy and ancillary services. In August 2011, the
26 Hodges completed its repairs and commission testing of Unit 1 and made the unit
27 available for dispatch.

28 In August 2012, the Hodges completed its repairs and commission testing of Unit 2
29 and declared its COD on August 27, 2012. Both units were made fully dispatchable by
30 SDG&E for the remainder of the record period.

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[REDACTED]

E. Tolling Agreements

- Otay Mesa Energy Center, LLC (“OMEC”): On May 1, 2007, SDG&E and OMEC (a subsidiary of Calpine Corporation) entered into an Amended and Restated PPA. The Agreement has a ten-year term after which SDG&E has the option to purchase the plant. OMEC is a combined cycle plant located in Otay Mesa in San Diego County near the United States/Mexico International Border and started operating on October 3, 2009. OMEC’s capacity was 600 MW after conducting its annual performance test in 2012. The plant is comprised of two combustion turbine-generators and one steam turbine. SDG&E is responsible for supply of the fuel. The capacity price is \$117.00/kW-year, and the current O&M cost was \$2.44/MWh during the record period, escalated by 2.5% each calendar year.

[REDACTED]

- El Cajon Energy, LLC (“ECEC”): On May 24, 2010, SDG&E and ECEC (a subsidiary of Wellhead Services, Inc.) entered into a Power Purchase Tolling Agreement. The contract has a term of twenty-five years, and the plant started operating on June 16, 2010. ECEC is a quick-start peaking plant with a contract capacity of 46.9 MW after

⁵ The application number was not available at the time of this filing.

1 performing their annual performance test in the spring 2012. The plant is comprised of
2 one LM-6000 GE gas turbine located in El Cajon, California. [REDACTED]

- 3 [REDACTED]
4 [REDACTED]
- 5 • Orange Grove Energy, LP (“OGE”): On July 14, 2009, SDG&E and OGE (a subsidiary
6 of J-Power USA Development Co., Ltd) entered into a Power Purchase Tolling
7 Agreement. The contract has a term of twenty-five years. Pursuant to D.07-09-010,
8 SDG&E leases its land to J-Power, who constructed the peaker generator on the leased
9 land and provides its output to SDG&E for a period of twenty-five years, after which the
10 lease shall expire and the title to the peaker shall be transferred to SDG&E at no
11 additional cost. The plant started operating on June 17, 2010. OGE is comprised of two
12 gas turbines located in Pala, California. OGE is a quick-start peaking plant and had a
13 contract capacity of 98.9 MW after performing their annual performance test in the spring
14 2012. [REDACTED]
15 [REDACTED]
16 [REDACTED]

17 **F. CDWR Power Purchase Contracts**

18 In D.02-12-069, the Commission approved an operating agreement between SDG&E and
19 CDWR. Exhibit E of the operating agreement specifies that CDWR will retain the majority of
20 contract administration duties, including the following management responsibilities: performance
21 assessment; formal correspondence and notifications with generators; agreement interpretation; and
22 dispute resolution. SDG&E engages in limited duties in support of CDWR’s administrative
23 function. SDG&E, in its role as limited agent for California Energy Resources Scheduling
24 (“CERS”), brings any contract issues that it discovers to the attention of CERS. However, the
25 administration of disputes associated with the CDWR contract remains a CERS function. Any costs
26 associated with these contract disputes, though they may have been identified by SDG&E, are
27 ultimately handled and resolved by CERS. SDG&E’s duties include:

- 28 • Verifying invoices for the allocated agreements: Monthly invoices are sent directly to
29 SDG&E from the generators. SDG&E works with CDWR, the generator and the
30 generator’s scheduling coordinators to ensure consistency between all schedules. If there

1 are discrepancies, SDG&E works with all parties to reconcile the schedules. SDG&E
2 also reviews the CAISO metered data online. After schedules and metered data are
3 confirmed to be correct, SDG&E verifies invoices for payment pursuant to the agreement
4 price.

- 5 • Conducting bi-weekly meetings with CDWR to discuss administration issues: As part of
6 the coordination efforts between SDG&E and CDWR, the parties hold conference calls
7 as needed to discuss issues related to administration of the agreement. Members from
8 SDG&E’s SA section and scheduling teams participate in the conference calls with
9 CDWR as specific issues arise. These meetings are a forum where a wide range of
10 issues, including least cost dispatch, are discussed and processes are coordinated.
- 11 • Coordination of annual performance tests: All of the existing CDWR contracts require
12 the generators to perform an annual test as demonstration of capacity. During the record
13 period, SDG&E performed as CDWR’s agent to assume responsibility for coordinating
14 the tests, including test procedure approval, witnessing the tests, and issuing the approval
15 of test results. This is consistent with the Operating Agreement between CDWR and
16 SDG&E, approved in D.03-04-029.

17 The following sections briefly describe the agreements allocated to SDG&E:

- 18 ○ Sunrise Power Company (“Sunrise”): On June 21, 2001, CDWR and Sunrise
19 executed a PPA. On December 31, 2002, CDWR and Sunrise executed an
20 Amended and Restated PPA, Amended and Restated Confirmation Agreement
21 and a Settlement Agreement. The agreement is for a 580 MW dispatchable,
22 combined cycle plant located near Bakersfield, California. On March 30, 2009,
23 CDWR and Sunrise Power Company, LLC executed the MRTU Protocol
24 Agreement to address MRTU-related issues. Sunrise performs an annual capacity
25 test to determine the capacity output level for the year. [REDACTED]

26 [REDACTED]
27 [REDACTED]
28 [REDACTED]
29 [REDACTED]

30 [REDACTED] The PPA ended on June 30, 2012.

- Whitewater Cabazon: On April 1, 2002, CDWR and Whitewater Energy Corporation entered into the Amended and Restated PPA for Whitewater Cabazon. The agreement terminates on December 31, 2013. The agreement amount is 42.9 MW of as-available energy only with a price of \$54.00/MWh. The project is in the Palm Springs area of California. On January 24, 2011, SDG&E and Cabazon Wind Partners, LLC executed a Scheduling Coordinator Services Agreement effective March 1, 2011 with a term to last until the termination of the agreement.
- Whitewater Hill: On January 2, 2003, CDWR and Whitewater Energy Corporation entered into the Amended and Restated Master PPA for Whitewater Hill. The agreement terminates on December 31, 2013. The agreement amount is 61.5 MW of as-available energy only with a price of \$51.50/MWh. The project is in the Palm Springs area of California. On January 24, 2011, SDG&E and Whitewater Hill Wind Partners, LLC executed a Scheduling Coordinator Services Agreement effective March 1, 2011 and with a term to last until the termination of the agreement.

G. Historical Purchases

Table 1 summarizes the agreements and delivery amounts for the record period.

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**Table 1:
Historical Purchases**

Contract Class	Contract Name/Counterparty	Technology	Product	Purchased KWH in 2012	Contract MW	Contract Dates		CPUC Authorization
						Start	Stop	
Bilateral	Portland General Electric - Boardman Power Purchase	Coal	Firm	423,299,000	89.0	01/01/89	12/31/13	CPUC Decision D. 91-11-068, Conclusions of Law #5 in A.88-07-003 (ECAC).
Bilateral	Portland General Electric Boardman Transmission Purchase	Transmission	Firm	N/A	89.0	01/01/89	12/31/13	
Bilateral	Olivenhain/Hodges Pumped Storage Facility	Hydro	Dispatchable	(8,360,940)	40.0	TBD	25 Years	CPUC Decision 04-08-028
QF	AEI Naval Station	Natural Gas	Firm	287,120,526	46.5	12/01/89	11/30/19	CPUC Decision D.83-09-054
QF	AEI North Island	Natural Gas	Firm	275,514,309	33.5	12/01/89	11/30/19	CPUC Decision D.83-09-055
QF	AEI NTC/MCRD	Natural Gas	Firm	155,389,070	21.6	12/01/89	11/30/19	CPUC Decision D.83-09-056
QF	Yuma Cogeneration Associates	Natural Gas	Firm	83,320,135	50.0	05/28/94	05/27/24	CPUC Decision D.90-06-028
QF	Goal Line	Natural Gas	Firm	184,446,822	49.9	02/15/95	02/14/25	CPUC Decision D.91-09-071
QF	Rady Children's Hospital	Natural Gas	As-Available	930,732	3.2	10/22/09	06/20/12	CPUC Decision D.07-09-040
QF	Northrop Grumman	Natural Gas	As-Available	426,341	1.3	10/02/07	10/01/12	CPUC Decision
QF	Kyocera	Natural Gas	As-Available	28	3.5	06/30/99	04/27/12	CPUC Decision D.07-09-040
QF	Grossmont	Natural Gas	As-Available	1,612	1.5	08/06/84	Evergreen	CPUC Decision 83-01-103
QF	CP Kelco	Natural Gas	As-Available	12,738,340	25.0	10/07/02	06/20/12	CPUC Decision D.07-09-040
QF	AEI NTC Steam Turbine	Natural Gas	As-Available	17,268,154	2.6	07/31/84	Evergreen	CPUC Decision 83-01-103
Renewable	Covanta Delano (aka AES)	Bio-Mass	As-Available	371,760,770	49.0	01/01/08	12/31/17	CPUC Resolution E-4070
Renewable	GRS - Coyote Canyon	Bio-Gas	As-Available	51,607,329	5.4	01/01/03	12/31/12	CPUC Resolution E-3803
Renewable	GRS - Sycamore 2	Bio-Gas	As-Available	11,968,586	2.5	03/30/04	03/29/14	CPUC Resolution E-3803
Renewable	MM San Diego Miramar	Bio-Gas	As-Available	28,663,977	3.0	05/20/03	06/19/13	CPUC Resolution E-3803
Renewable	MM San Diego - North City	Bio-Gas	As-Available	7,987,574	1.0	05/20/03	06/19/13	CPUC Resolution E-3803
Renewable	MM Prima Deshecha	Bio-Gas	As-Available	43,118,107	6.1	10/01/07	09/30/22	CPUC Resolution E-3965
Renewable	Otay Landfill 3	Bio-Gas	Firm	22,414,127	3.8	03/08/07	03/07/17	CPUC Resolution E-3965
Renewable	City of San Diego - Point Loma	Bio-Gas or Digester Gas?	As-Available	20,402,188	4.8	01/01/08	12/31/13	CPUC Resolution E-4081
Renewable	Kumeyaay	Wind	As-Available	133,690,805	49.5	03/21/06	12/30/25	CPUC Resolution E-3890
Renewable	Nextera Energy (WTE/FPL)	Wind	As-Available	31,806,125	16.5	06/28/04	12/31/18	CPUC Resolution E-3803 & E-3867
Renewable	Iberdrola Renewables LLC (a.k.a. PWest/MWind)	Wind	As-Available	74,680,480	24.9	12/16/03	12/15/18	CPUC Resolution E-3803 & E-3867
Renewable	Manzana Wind	Wind	As-Available	22,560,855	100.0	12/31/12	12/31/32	CPUC Resolution E-4524
Renewable	Mesa Wind	Wind	As-Available	34,198,705	29.9	04/09/12	04/18/14	CPUC Resolution E-4486
Renewable	Oasis Power Partners	Wind	As-Available	131,899,890	60.0	12/25/04	12/30/19	CPUC Resolution E-3803 & E-3883
Renewable	Pacific Wind	Wind	As-Available	109,643,856	140.0	08/16/12	08/15/32	CPUC Resolution E-4358
Renewable	Naturener Glacier 1 Wind Energy	Wind	RECs	288,018,000	106.5	12/29/08	12/28/23	CPUC Resolution E-4192
Renewable	Naturener Glacier 2 Wind Energy	Wind	RECs	289,840,000	103.5	10/16/09	10/15/24	CPUC Resolution E-4192
Renewable	Naturener Rim Rock	Wind	RECs	83,940,000	189.0	06/01/13	05/31/33	CPUC Decision 11-07-002
Renewable	Ocotillo Express	Wind	As-Available	15,167,622	265.0	05/31/13	05/30/33	CPUC Resolution E-4458
Renewable	Sierra Pacific Industries	Wind	RECs	N/A	N/A	03/30/12	N/A	CPUC Resolution E-4536
Renewable	Santa Fe Irrigation District - Badger Filtration Plant	Hydro	As-Available	383,708	1.5	07/01/87	06/30/17	Standard Offer Contracts per CPUC D.82-01-103 on 1/21/82
Renewable	City of Escondido - Bear Valley Hydro	Hydro	As-Available	86,273	1.5	04/13/94	Evergreen	
Renewable	Olivenhain Municipal Water Dist	Hydro	As-Available	1,024,740	0.5	11/01/88	Evergreen	
Renewable	City of Oceanside - San Francisco Peak Hydro Plant	Hydro	As-Available	579,333	0.4	12/15/85	Evergreen	
Renewable	SDCWA - Rancho Penasquitos	Hydro	As-Available	10,500,230	4.5	01/23/07	01/22/17	CPUC Resolution E-3060
Renewable	Southern California Edison (SCE) - WSPP	Geo/Wind/Solar	Firm	254,736,000	164.0	10/01/11	12/31/13	CPUC Resolution E-4448
Renewable	Southern California Edison (SCE) 2 - WSPP	Geo/Wind/Solar	Firm	301,687,000	103.0	09/01/12	01/01/13	CPUC Resolution E-4512
Renewable	Silicon Valley Power (SVP) - WSPP	Geothermal	Firm	174,680,000	40.0	07/01/11	06/30/12	CPUC Resolution E-4429
Renewable	Coram	Wind	As-Available	28,740,107	7.5	02/01/11	01/31/26	CPUC Resolution E-4372
Renewable	REP - Blue Lake Power	Bio-Mass	As-Available	53,098,877	11.0	04/30/10	04/29/25	CPUC Resolution E-4208 & E-4348
Renewable	Calpine - Geyser	Geothermal	As-Available	219,600,000	25.0	03/01/10	12/31/14	CPUC Resolution E-4342
Renewable - FIT	San Marcos Landfill	Bio-gas	Firm	12,342,213	1.5	05/18/11	05/17/31	CRE Feed-In-Tariff CPUC D.07-07-027 & Resolution E-4137
Renewable - FIT	Sycamore Landfill 1	Bio-gas	Firm	2,579,313	1.5	05/16/11	05/15/31	CPUC Resolution E-4137
Renewable - FIT	Otay Landfill 1	Bio-gas	Firm	12,432,119	1.5	05/01/09	04/30/19	CPUC Resolution E-4137
Renewable - FIT	Otay Landfill 2	Bio-gas	Firm	12,601,955	1.5	07/01/11	06/30/31	CPUC Resolution E-4137
CDWR	Sunrise	Natural Gas	Dispatchable	1,196,935,784	581.0	12/31/02	06/30/12	CPUC Decision D.02-09-053, allocated selected Department of Water Resources' contracts to SDG&E
CDWR	Whitewater Cabazon	Wind	As-Available	118,436,967	42.9	10/01/02	12/31/13	
CDWR	Whitewater Hill	Wind	As-Available	202,532,312	61.5	08/31/02	12/31/13	
Use Limited Dispatchable	EnerNoc	Natural Gas	Dispatchable	189,206	25.0	12/31/06	12/30/16	CPUC Resolution E-3926
Tolling	Otay Mesa Energy Center, LLC.	Natural Gas	Dispatchable	3,852,391,677	608.0	10/03/09	10/02/19	CPUC Decision D. 04-06-011
Tolling	Orange Grove Energy (JPower)	Natural Gas	Dispatchable	94,212,356	99.2	06/17/10	06/16/35	CPUC Decision D.07-09-10 & D. 09-03-033
Tolling	El Cajon Energy Center (Wellhead)	Natural Gas	Dispatchable	43,420,505	48.3	06/16/10	06/15/35	CPUC Decision D.07-09-10 & D. 09-12-026

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IV. CONCLUSION

Based on the foregoing, SDG&E's recorded contract expenses to the ERRA are in conformance with the P.U. Code, Commission decisions, and the contract terms for the 2012 record period.

This concludes my prepared direct testimony.

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1 **V. QUALIFICATIONS**

2 My name is Sally Chen. My business address is 8315 Century Park Court, San Diego, CA
3 92123. I am employed by SDG&E as the Settlement and Administration Manager in the Electric
4 and Fuel Procurement Department. My present duties include management and administration of
5 existing agreements, including renewable agreements, QF agreements, allocated CDWR agreements
6 and bilateral agreements. I have been employed by SDG&E since 2001. I have been in my current
7 position since February 2012.

8 I received a MBA, with a Finance concentration, from San Diego State University.

9 I have previously testified before the Commission.

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

**DECLARATION
OF SALLY CHEN**

A.13-05-XXX

Application of San Diego Gas & Electric Company (U 902-E) for Approval of: (i) Contract Administration, Least Cost Dispatch and Power Procurement Activities in 2012, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account and Transition Cost Balancing Account in 2012 and (iii) Costs Recorded in Related Regulatory Accounts in 2012

I, Sally Chen, declare as follows:

1. I am the Settlements and Administration Manager for San Diego Gas & Electric Company (“SDG&E”). I have included my Direct Testimony (“Testimony”) in support of SDG&E’s Application for Approval of: (i) Contract Administration, Least Cost Dispatch and Power Procurement Activities, and (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account, Incurred During the Record Period January 1, 2012 through December 31, 2012, and (iii) the Entries Recorded in Related Regulatory Accounts. Additionally, as the Settlements & Administration Manager, 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 procedures adopted in D.08-04-023, I am addressing each of the following five features of Ordering Paragraph 2 in 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 my Testimony 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 provided by SDG&E is allowed confidential treatment in accordance with Appendix 1 – IOU Matrix in D.06-06-066.

Confidential Information	Matrix Reference	Reason for Confidentiality And Timing
SC-7 line 11-14, 17-22, 24-25 SC-10 lines 11, 16, 19 SC-11 lines 16, 25, 30 SC-12 lines 7-9, 25-30 SC-13 lines 2, 17, 23 SC-14 lines 2-3, 7-8, 16-18	VII.G	Contract terms; confidential for 3 years
SC-18 lines 24-26 SC-19 lines 5-7, 23-26 SC-20 lines 7-8, 15 SC-21 lines 15-19, 30 SC-22 lines 1-2, 17-24 SC-23 lines 6-11, 17-19, 29 SC-24 lines 1-2 SC-25, lines 11-16	VII.E	Contract terms; confidential for 3 years

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

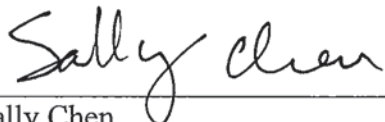
4. I am not aware of any instances where the Protected Information has been disclosed to the public. To my knowledge, no party, including SDG&E, has publicly revealed any of the Protected Information.

5. I will comply with the limitations on confidentiality specified in the Matrix for the Protected Information.

6. The Protected Information cannot be provided in a form that is aggregated, partially redacted, or summarized and continue to provide the level of support to the Application as intended; however SDG&E is certainly willing to work with the Commission regarding possible aggregations if the Commission seeks to make any of the confidential information provided in the Testimony public.

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

Executed this 30th day of May, 2013, at San Diego, California.



Sally Chen
Settlements & Administration Manager
San Diego Gas & Electric Company