

**ORA DATA REQUEST  
ORA-SDGE-065-SJL  
SDG&E 2019 GRC – A.17-10-007  
SDG&E RESPONSE  
DATE RECEIVED: DECEMBER 21, 2017  
DATE RESPONDED: JANUARY 18, 2018**

**Exhibit Reference:** SDG&E-16  
**SDG&E Witness:** Daniel S. Baerman  
**Subject:** Electric Generation

**Please provide the following:**

1. Referring to Ex. SDG&E-16 testimony, pages DSB-5 and DSB-6, SDG&E indicates that it expects Calpine to exercise its Put option to sell the Otay Mesa Energy Center (OMEC) to SDG&E in 2019. Why does SDG&E forecast the \$280 million acquisition price to occur in the 2018 capital expenditure forecast on page DSB-28 rather than the Test Year 2019 forecast?

**SDG&E Response 1:**

1. SDG&E forecasted the \$280 million acquisition price of OMEC plant to occur in the 2018 capital expenditure forecast so that an annual revenue requirement is available to provide SDG&E with the necessary funds to own and operate the plant when the transfer occurs and for the attrition years beyond. To ensure that ratepayers pay for the plant through revenue requirements only when and if the ownership of the plant shifts to SDG&E, SDG&E is proposing to track the revenue requirement for this asset in a balancing account so customers are indifferent to the timing of the transfer. See D Baerman Testimony – Electric Generation (Exhibit: SDG&E-16, Page DSB-6) for details on the proposed balancing account.

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2. For years 2019, 2020, and 2021, does SDG&E forecast that the OMEC is needed for Resource Adequacy purposes as defined by the CPUC (most recently in Decision 17-06-027)?

**SDG&E Response 2:**

Yes. See response to Question 3 and 5.

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3. Please provide SDG&E's 10-year system generation resource plan for the 2019-2028 period.

**SDG&E Response 3:**

Please see the attached confidential capacity resource table file "ORA-SDGE-065-SJL Q3 S-1-CONFIDENTIAL.xlsx" through 2026 that was provided to the CEC as part of the IEPR process. Line 23 labeled Net Surplus (or Need) shows SDG&E's estimated resource adequacy short position. It should be noted that since this was submitted to the CEC in May 2017, the CPUC reduced the net qualifying capacity (NQC) for solar resources, greatly reducing their capacity contribution. Thus, this underestimates SDG&E's resource adequacy need.

SDG&E will file an updated long-term resource plan which will use the latest NQCs in June in the CPUC's Integrated Resource Plan proceeding (R.16-02-007).

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4. Referring to Ex. SDG&E-16-CWP workpaper page 52, provide a complete copy of the agreement between SDG&E and Calpine approved in Decision 06-09-021. Provide copies of all amendments to the agreement.

**SDG&E Response 4:**

Please see the included files of the agreement between SDG&E and Calpine approved in Decision 06-09-021 and the two related agreements.

- A. Amended and Restated Purchase Power Agreement file “ORA-SDGE-065-SJL Q4 - 2007-05-01 OMEC – Amended & Restated PPA.pdf” is the agreement between SDG&E and OMEC for the capacity and dispatch rights and the payment obligations.
- B. Ground Sublease and Easement Agreement “ORA-SDGE-065-SJL Q4 - 2007-05-01 - Ground Sublease & Easement Agreement-CONFIDENTIAL.pdf” is the agreement between Calpine and OMEC for the sublease of the property. The agreement outlines the terms of the lease between the parties among other things and Put/Call Option with SDG&E. (Confidential terms are highlighted in yellow.)
- C. Recognition Agreement “ORA-SDGE-065-SJL Q4 - 2007-02-14 – Recognition Agreement.pdf” is the agreement between the land owner, OMEC and SDG&E in which the parties agreed to enter into the Put/Call Option.

The final OMEC agreements were signed in May 2007 and the plant started Commercial Operations in October 2009. Amendments to the agreements above are as follows:

- 2011-09-21 OMEC – Assignment of SDG&E to pay GHG Costs, included as file “ORA-SDGE-065-SJL Q4 - 2011-09-21 OMEC – Agreement SDG&E to pay GHG Costs.pdf”
- 2013-03-22 OMEC – Amendment 1 to Restated PPA Changing Definition of Force Majeure, included as file “ORA-SDGE-065-SJL Q4 - 2013-03-22 OMEC – Amendment 1 to Restated PPA Changing Definition of Force Majeure.pdf”

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5. If Calpine does not exercise its Put option and SDG&E does not exercise its Call option, does SDG&E expect that the OMEC will remain operational and provide power and other services to the CAISO grid?

**SDG&E Response 5:**

This is a decision that Calpine, not SDG&E, will make. That said, the CAISO's local capacity studies have identified that all the existing capacity in the SDG&E service territory, including OMEC, is needed to meet local capacity requirements. Thus, it is likely that SDG&E, or other LSEs, will need to contract with this plant to meet their local resource adequacy obligation.