

Company: San Diego Gas & Electric Company (U 902 M)
Proceeding: 2024 General Rate Case
Application: A.22-05-____
Exhibit No: SDG&E-15-WP-S

REDACTED

SUPPLEMENTAL WORKPAPERS TO
PREPARED DIRECT TESTIMONY
OF FERNANDO VALERO
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

MAY 2022



SDG&E’s Initial Report on the Advanced Energy Storage (AES) Project Pursuant to D.19-09-051¹

The AES project will install and integrate a 7.3 megawatt (MW)/14.6 megawatt-hour (MWh) Battery Energy Storage System (BESS) and a 0.25 MW/4 MWh Hydrogen Energy Storage System (HESS) at the Borrego Springs Microgrid location to leverage excess photovoltaic (PV) energy on the system. SDG&E commenced the AES project in 2021 and expects to place the project in service in 2023. The total estimated direct costs at project completion for the AES project are [REDACTED] as of 3/31/2022. However, negotiations for a construction services agreement are still on-going, and project development is on-going, so costs provided herein can change and should only be used as an estimate until the project is in-service and SDG&E updates this report.

Battery Energy Storage System (BESS)

SDG&E sourced the BESS through an equipment supply agreement (ESA) with Tesla in 2021 for [REDACTED]. SDG&E is currently negotiating a construction services agreement estimated at [REDACTED] million. The actual costs incurred project to-date (PTD) for the BESS portion is shown below in Table 1.

Table 1: PTD Costs for AES – BESS Portion

Battery Energy Storage System	[REDACTED]
Battery Equipment	[REDACTED]
All Other Costs ²	[REDACTED]

Hydrogen Energy Storage System (HESS)

¹ D.19-09-051, Ordering Paragraph 29 directs SDG&E to “submit a report in its next General Rate Case detailing actual project costs for the Advanced Energy Storage project. The report shall include the specific costs of procuring the energy storage systems and a summary of the specific benefits realized by ratepayers.” SDG&E’s Initial Report sets forth the estimated actual project costs, as of 3/31/2022, for the AES project but does not yet include a summary of the specific benefits realized by ratepayers as SDG&E will not have that data available until after the AES project is in service and the energy storage units are online. Accordingly, SDG&E intends to supplement this report at a future date upon the completion of the project to provide actual costs and explain benefits obtained from the project for its customers.

² Other costs include, but are not limited to, internal labor costs, utility equipment costs, and service costs incurred during the project.

Information that is highlighted in yellow is confidential per D.06-06-066.

The hydrogen energy storage system was awarded via an Engineering, Procurement, and Construction (EPC) contract to Engineering Procurement & Construction, LLC to deliver a turnkey hydrogen electrolyzer, storage tanks, and fuel cell energy storage solution that meets SDG&E’s specifications. The EPC contract amount is [REDACTED], which includes the cost of procuring the hydrogen energy storage system. The actual incurred costs project to-date for the HESS portion is shown below in Table 2.

Table 2: PTD Costs for AES – HESS Portion

Hydrogen Energy Storage System	[REDACTED]
EPC (includes equipment)	[REDACTED]
All Other Costs ²	[REDACTED]

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

**DECLARATION OF FERNANDO VALERO
REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS
PURSUANT TO D.06-06-066 AND GENERAL ORDER 66-D REVISION 1**

I, Fernando Valero, do declare as follows:

1. I am the Director of Advanced Clean Technology for San Diego Gas & Electric Company (“SDG&E”). I have reviewed the confidential information included within CONFIDENTIAL - SDG&E’s Workpaper on the Advanced Energy Storage Project Pursuant to D.19-09-051, submitted concurrently herewith (the “AES Workpaper”). I am personally familiar with the facts in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or information and belief.

2. I hereby provide this Declaration in accordance with Decision (“D.”) 06-06-066, and General Order (“GO”) 66-D Revision 1¹ to demonstrate that the confidential information (“Protected Information”) provided in AES Workpaper is within the scope of data provided confidential treatment pursuant to the IOU Matrix attached to the Commission’s confidentiality decision (D.06-06-066) and/or under applicable law.²

¹ GO 66-D was modified by D.19-01-028 to create GO 66-D Revision 1 which became effective February 1, 2019.

² The Matrix is derived from the statutory protections extended to non-public market sensitive and trade secret information. (See D.06-06-066). The Commission is obligated to act in a manner consistent with applicable law. The analysis of protection afforded under the IOU Matrix must always produce a result that is consistent with the relevant underlying statutes; if information is eligible for statutory protection, it must be protected under the IOU Matrix. (See *Southern California Edison Co. v. Public Comm.* 2000 Cal. App. LEXIS 995, *38-39). Thus, by claiming applicability of the Matrix, SDG&E relies upon and simultaneously claims the protection of applicable statutory provisions, including, but not limited to, Pub. Util. Code §§ 454.5(g) and 583, Govt. Code § 6254(k) and General Order 66-D as modified by D.19-01-028 to create GO 66-D Revision 1 which became effective February 1, 2019.

3. In D.06-06-066, the Commission adopted rules governing confidentiality of certain categories of electric procurement data submitted to the Commission by IOUs and energy service providers (“ESPs”). The Commission established two matrices – one applicable to IOUs, the other to ESPs – setting forth categories and sub-categories of data and providing a confidentiality designation for each.³

4. To the extent information matches a Matrix category, it is entitled to the protection the Matrix provides for that category of information. In addition, the Commission has made clear that information must be protected where “it matches a Matrix category exactly . . . or consists of information from which that information may be easily derived.”⁴ In order to claim the protection afforded by the relevant Matrix, the party seeking confidential treatment must establish:

- a) That the material it is submitting constitutes a particular type of data listed in the Matrix,
- b) Which category or categories in the Matrix the data correspond to,
- c) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data,
- d) That the information is not already public, and
- e) That the data cannot be aggregated, redacted, summarized, masked, or otherwise protected in a way that allows partial disclosure.⁵

³ See D.06-06-066, as amended by D.07-05-032, Appendices 1 and 2.

⁴ See Administrative Law Judge’s Ruling on San Diego Gas & Electric Company’s April 3, 2007, Motion to File Data Under Seal, issued May 4, 2007, in R.06-05-027, p. 2.

⁵ D.06-06-066, as amended by D.07-05-032, p. 81, Ordering Paragraph 2.

5. The Protected Information contained in AES Workpaper, consisting of the information described below, is protected pursuant to the following IOU Matrix categories:

Location of Protected Information	Matrix Requirements	How Moving Party Meets Requirements
<p>Highlighted cells in the document titled “CONFIDENTIAL - SDG&E’s Workpaper on the Advanced Energy Storage Project Pursuant to D.19-09-051” (“AES Workpaper”)</p>	<p>Demonstrate that the material submitted constitutes a particular type of data listed in the IOU Matrix.</p>	<p>The highlighted cells in the document include non-public contract terms that are protected by the Matrix.</p>
	<p>Identify the Matrix category or categories to which the data corresponds.</p>	<p>Matrix category VII.B., Contracts and power purchase agreements between utilities and nonaffiliated third parties (except RPS).</p>
	<p>Affirm that the IOU is complying with the limitations on confidentiality specified in the Matrix for that type of data.</p>	<p>In accordance with the limitations on confidentiality set forth in the IOU Matrix, category VII.B., SDG&E has made public in AES Workpaper the contract summary, including counterparty, resource type, location, capacity, and online date. SDG&E is requesting that all other terms remain confidential for three years from the date the contract states deliveries are to begin or until one year following expiration, whichever comes first.</p>
	<p>Affirm that the information is not already public.</p>	<p>SDG&E has not publicly disclosed this information and is not aware that it has been disclosed by any other party.</p>
	<p>Affirm that the data cannot be aggregated, redacted, summarized, masked, or otherwise protected in a way that allows partial disclosure.</p>	<p>The contract terms are specific to the unique bargain with the counterparty and cannot be summarized, masked, or otherwise protected in a way that allows that allows only partial disclosure of the protected information.</p>

6. SDG&E intends to comply with the limitations on confidentiality specified in the Matrix for the type of data that is provided herewith.
7. I am not aware of any instance of public disclosure of the Protected Information.
8. The Protected Information cannot be provided in a form that is further aggregated, redacted, or summarized and still provide the level of detail requested and expected by the California Public Utilities Commission.
9. As an alternative basis for requesting confidential treatment, SDG&E submits that the project status information provided in AES Workpaper is material, market sensitive, electric procurement-related information protected under Pub. Util. Code §§ 454.5(g) and 583, as well as trade secret information protected under Govt. Code § 6254(k), and that the disclosure of this information would place SDG&E at an unfair business disadvantage, thus triggering the protection of G.O. 66-D, Rev. 1.⁶
10. Public Utilities Code § 583 establishes a right to confidential treatment of information otherwise protected by law.⁷
11. Public Utilities Code § 454.5(g) provides:

The commission shall adopt appropriate procedures to ensure the confidentiality of any market sensitive information submitted in an electrical corporation's proposed procurement plan or resulting from or related to its approved procurement plan, including,

⁶ This argument is offered in the alternative, not as a supplement to the claim that the data is protected under the IOU Matrix. California law supports the offering of arguments in the alternative. *See Brandolino v. Lindsay*, 269 Cal. App. 2d 319, 324 (1969) (concluding that a plaintiff may plead inconsistent, mutually exclusive remedies, such as breach of contract and specific performance, in the same complaint); *Tanforan v. Tanforan*, 173 Cal. 270, 274 (1916) (“Since . . . inconsistent causes of action may be pleaded, it is not proper for the judge to force upon the plaintiff an election between those causes which he has a right to plead.”)

⁷ *See* D.06-06-066, pp. 26-28.

but not limited to, proposed or executed power purchase agreements, data request responses, or consultant reports, or any combination, provided that the Public Advocates Office and other consumer groups that are nonmarket participants shall be provided access to this information under confidentiality procedures authorized by the commission.

12. Under the Public Records Act, Govt. Code § 6254(k), records subject to the privileges established in the Evidence Code are not required to be disclosed. Evidence Code § 1060 provides a privilege for trade secrets, which Civil Code § 3426.1 defines, in pertinent part, as information that derives independent economic value from not being generally known to the public or to other persons who could obtain value from its disclosure.

13. If disclosed, the Protected Information could provide parties with whom SDG&E is currently negotiating insight into SDG&E's procurement needs, which would unfairly undermine SDG&E's negotiation position and could ultimately result in increased cost to ratepayers. In addition, if developers mistakenly perceive that SDG&E is not committed to assisting their projects, disclosure of the Protected Information could act as a disincentive to developers. Accordingly, pursuant to Pub. Util. Code § 583, SDG&E seeks confidential treatment of this data, which falls within the scope of Pub. Util. Code § 454.5(g), Govt. Code § 6254(k) and General Order 66-D.

14. Developers' Protected Information: The project status information provided in the AES Workpaper may also constitute confidential trade secret information of the listed projected developers that SDG&E is obligated to protect. The project status information set forth in AES Workpaper relates directly to viability of the respective projects and identifies barriers to project success. Disclosure of this extremely sensitive

information could harm developers' ability to negotiate necessary contracts and/or could invite interference with project development by competitors.

15. In accordance with the statutory provisions described herein, SDG&E hereby requests that the information set forth in AES Workpaper be protected from public disclosure.

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

Executed this 13th day of May, 2022.

/s/ Fernando Valero
Fernando Valero
Director Advanced Clean Technology