

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



February 12, 2020

Miguel Romero  
Vice President – Energy Supply  
San Diego Gas & Electric  
8330 Century Park Court, Room 32C  
San Diego, CA 92123-1548

Dear Mr. Romero,

On October 31, 2018, San Diego Gas & Electric Company (SDG&E) filed a waiver request for its 2019 year-ahead local Resource Adequacy (RA) requirement in the San Diego-Imperial Valley (San Diego-IV) local area. SDG&E seeks relief from its remaining 2019 year-ahead local RA obligation and any potential Commission-imposed penalties for deficiencies. On November 2, 2018 and March 1, 2019, SDG&E filed a revised waiver request to correct errors and to include additional information. SDG&E's waiver request demonstrates that it pursued all commercially reasonable efforts in procuring local capacity to meet its local RA obligations. The Energy Division of the California Public Utilities Commission (Commission) approves SDG&E's request for a penalty waiver.

Commission Decision (D.) 06-06-064 established waiver provisions for local Resource Adequacy (RA) procurement. D.18-06-030 established 2019 compliance year obligations for all Load Serving Entities (LSEs). On October 31, 2018, SDG&E submitted its year-ahead local RA compliance filing, showing a deficiency in the San Diego-Imperial Valley local area. SDG&E also submitted a request for penalty waiver for this deficiency pursuant to D.06-06-064. On November 2, 2018, SDG&E filed a revised local waiver request to correct errors. On March 1, 2019, SDG&E filed a revised local waiver request to include additional information on its effort to procure local capacity.

Section 3.3.12 of D.06-06-064 describes a standard that an LSE may use to demonstrate that it could not reasonably achieve its LCR obligations:

*(1) a demonstration that the LSE reasonably and in good faith solicited bids for its RAR capacity needs along with accompanying information about the terms and conditions of the Request for Offer or other form of solicitation, and*

*(2) a demonstration that despite having actively pursued all commercially reasonable efforts to acquire the resources needed to meet the LSE's local procurement obligation, it either*

*(a) received no bids, or*

- (b) received no bids for an unbundled RA capacity contract of under \$40 per kW-year or for a bundled capacity and energy product of under \$73 per kW-year, or
- (c) received bids below these thresholds but such bids included what the LSE believes are unreasonable terms and/or conditions, in which case the waiver request must demonstrate why such terms and/or conditions are unreasonable.

*An LSE's waiver request that meets these requirements is a necessary but not a sufficient condition for the grant of such waiver. The Commission will also consider other information brought to its attention regarding the reasonableness of the waiver request.*

Energy Division has reviewed SDG&E's actions and finds them reasonable considering the capacity available to meet SDG&E's local RA obligation. In this case, Energy Division finds that SDG&E held solicitations and pursued all commercially reasonable efforts to acquire the resources needed to meet the LSE's local procurement obligation. SDG&E's waiver request includes confidential market-sensitive information supporting this finding. Thus, Energy Division grants SDG&E's request for a waiver of Commission penalties related to its year-ahead 2019 local RA procurement.

Sincerely,



Edward Randolph  
Deputy Executive Director for Energy and Climate Policy /  
Director, Energy Division

Cc: [EDComplianceReports@cpuc.ca.gov](mailto:EDComplianceReports@cpuc.ca.gov)