

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric
Company (U 902 E) for Approval of the
SDG&E Solar Energy Project.

A.08-07-017
Filed July 11, 2008

PROTEST OF THE DIVISION OF RATEPAYER ADVOCATES

MITCHELL SHAPSON
Attorney for the Division of Ratepayer
Advocates
California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-2727
Email: SHA@cpuc.ca.gov
Fax: (415) 703-4432

August 18, 2008

DAVE PECK
DON SMITH
RAHMON MOMOH
Analysts for Division of
Ratepayer Advocates
California Public Utilities
Commission
505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-1213
Email: dbp@cpuc.ca.gov;
dsh@cpuc.ca.gov),
rmm@cpuc.ca.gov
Fax: (415) 703-4432

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I. INTRODUCTION

Pursuant to Rule 2.6 of the Commission's Rules of Practice and Procedure, the Division of Ratepayer Advocates ("DRA") hereby files its protest to the application of San Diego Gas & Electric Company (SDG&E) for authority to implement and recover in rates the cost of its proposed solar photovoltaic (PV) program (the Program), Application (A.) 08-07-017. SDG&E filed A. 08-07-017 on July 11, 2008 and shows on Commission's calendar on July 17, 2008, hence this protest is timely.

SDG&E proposes to build, own and operate up to 52 megawatts direct current ("MW_{dc}") of distribution-connected solar PV generating facilities in SDG&E's load basin with a spending cap of \$250 million over a five year period. SDG&E proposes that its portion of the SDG&E Solar Energy Project consist of multiple individual installations of solar PV generating facilities each in the 1-2 MW_{ac} size range. For each individual installation, SDG&E proposes to file a Tier 3 Advice Letter containing the details of the installation and seeking approval for cost recovery associated with that installation.

DRA submits this protest to preserve its rights to review the application and ensure that the projected costs are consistent with the utilities' obligations to ratepayers. DRA's mission is to ensure the least cost/best fit renewable resource for California ratepayers. DRA supports cost-effective renewable resources; however, the application sets forth insufficient evidence that the proposed solar program will meet these criteria.

II. POTENTIAL ISSUES

This application presents novel issues including large scale utility-owned renewable generation, utility-owned distributed generation (DG), and complexity in cost containment of capital and expenses. Consequently, DRA requests ample opportunity to review, evaluate and conduct discovery regarding SDG&E's Application.

DRA has concerns about the cost-effectiveness of the program, about how this procurement is being taken into account in the need determination identified in the 2006 LTPP, about SDG&E's proposed cost recovery, and about potential impacts on the CSI program. These issues are not adequately addressed by SDG&E's application. To review these issues in a more comprehensive and detailed manner DRA requires time to conduct discovery and analysis.

DRA protests the application on the basis of numerous issues including the following:

- What are the benefits of the proposed Program to ratepayers?
- Should the Commission promote development of PV projects sized between 1 and 2 MWs and, if so, is the proposed Program the best means to promote such projects? Alternatives include, but are not limited to, increasing the CSI limits to 2 MW (under a legislative change), pay for excess energy generation (under SB1714) and feed-in-tariff alternatives (for example Phase 2 feed-in-tariff expansion of D.07-07-027).
- Is distributed solar energy the most cost-effective investment of SDG&E's ratepayer funds for utility-owned renewable generation?
- Specific measures, mechanisms and penalties must be established to ensure and verify system performance.
- How would adoption of a feed-in tariff impact this proposed Program and would adoption of such a tariff compel termination of the proposed SDG&E Program? A feed-in-tariff would, for example, reduce ratepayer risk in pursuing the projects proposed in this application (a feed-in-tariff represents a superior pay-for-performance design).
- Can the Commission authorize SDG&E to pursue individual Solar PV projects as presented in this application without committing \$250 Million to the initiative?

- Does the record support the scale of the Program proposed given several uncertainties regarding, for example, the availability of sites, lease terms, and the cost of solar equipments?
- Are the proposed costs competitive with other Solar PV initiatives including the California Solar Initiative?
- Does the proposed program meet the requirements of Public Utilities Code Section 2775.5?
- How does the elimination or extension of the federal production tax credits (FTC) and investment tax credits (ITC) and/or passage of H.R. 5351 impact this proposed Program?
- Is the initial administrative cost of \$244,000 for year 2008 reasonable given that the proposed Program has not been approved?

III. CATEGORIZATION

DRA agrees with SDG&E’s proposal that this proceeding be categorized as “ratesetting.”

IV. RECOMMENDED SCHEDULE

DRA recommends the following schedule in this proceeding based on witness availability:

- | | |
|---|--------------------------------------|
| 1. Prehearing Conference | November 06, 2008 |
| 2. DRA and Intervenor
Testimony | January 16, 2009 |
| 3. Hearings | February 16-20, 2009 |
| 4. Briefing and all
subsequent scheduling. | To be determined following hearings. |

DRA will be prepared to discuss alternative hearing schedules at the Prehearing Conference. DRA appreciates the opportunity to perform the review, discovery and analyses necessary to fairly evaluate this application.

V. CONCLUSION

For the reasons stated above, DRA requests that the Commission allow the parties substantial time to conduct discovery, analyze the application, and address the concerns and issues raised herein.

Respectfully submitted,

/s/ MITCHELL SHAPSON

Mitchell Shapson
Staff Counsel

Attorney for the Division of Ratepayer
Advocates

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 703-2727
Fax: (415) 703-2262
Email: sha@cpuc.ca.gov

August 18, 2008

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document
“**PROTEST OF THE DIVISION OF RATEPAYER ADVOCATES** in **A.08-07-017**,
by using the following service

E-MAIL SERVICE: sending the entire document as an attachment to all
known parties of record who provided electronic mail addresses.

U.S.MAIL SERVICE: mailing by first-class mail with postage prepaid to all
known parties of record who did not provide electronic mail addresses, if any.

Executed on **August 18, 2008** at San Francisco, California.

/s/ IMELDA EUSEBIO

Imelda Eusebio

NOTICE

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to insure that they continue to receive documents. You must
indicate the proceeding number on the service list on which your
name appears.

Service List
A.08-07-017

rprince@semprautilities.com
mshames@ucan.org
samuelk@greenlining.org
HYao@SempraUtilities.com
rcavalleri@semprautilities.com
spatrick@sempra.com
fortlieb@sandiego.gov
mcalabrese@sandiego.gov
liddell@energyattorney.com
tblair@sandiego.gov
cem@newsdata.com
cem@newsdata.com
mrw@mrwassoc.com