



Ron van der Leeden
Rates, Revenues & Tariffs
8330 Century Park Court
San Diego, CA 92123-1548

Tel: 213-244-2009
Fax: 858.654.1788
RvanderLeeden@semprautilities.com

July 15, 2009

ADVICE LETTER 2096-E
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: Second and Third Amendment to the EEI Master Power Purchase and Sale Agreement and related Cover Sheet and Confirmation Letter for Procurement of Eligible Renewable Energy Resources Between MMR Power Solutions, LLC and SDG&E

I. PURPOSE

San Diego Gas and Electric Company (“SDG&E”) seeks California Public Utilities Commission (“Commission” or “CPUC”) approval of the second (“Second Amendment”) and third amendments (“Third Amendment”) to a CPUC-approved Renewable Portfolio Standard (“RPS”) Power Purchase and Sale Agreement and related Cover Sheet and Confirmation Letter (“PPA”) between MMR Power Solutions, LLC (“MMR”) and SDG&E (collectively, the “Parties”).

II. BACKGROUND

The PPA resulted from SDG&E’s 2005 RPS Solicitation and was originally between SDG&E and Bethel Energy, LLC (“Bethel”). SDG&E filed the PPA for Commission approval on November 20, 2006 in Advice Letter 1845-E. The Commission approved the PPA on March 15, 2007 in Resolution E-4073. On October 1, 2007, Bethel, MMR and SDG&E executed an Assignment, Assumption and Consent Agreement (“Assignment Agreement”) whereby Bethel assigned all rights, title and interest in the PPA to MMR.

On March 14, 2008, SDG&E and MMR executed the first amendment to the PPA (“First Amendment”) that updated the facility description to recognize the addition of supplemental generation from the combustion of solid biofuel, changed the facility name to ‘Mount Signal Solar’, and included an increase in estimated energy output as well as a pricing adjustment. On March 25, 2008 in Advice Letter 1975-E, SDG&E submitted the First Amendment for Commission approval, which was subsequently granted on September 18, 2008 in Resolution E-4176.

The First Amendment provided that the obligations of MMR were expressly conditioned on the receipt of legally binding commitments from a financial institution (or institutions) to finance the development construction and ownership of the facility by a certain date. The timeline assumptions upon which the First Amendment was based have been updated resulting in an extension of the Commercial Operation Deadline (“COD”) to December 31, 2011 as reflected in the Third Amendment (the original COD was December 31, 2009 and was modified in the First

Amendment to June 5, 2010¹). The principal terms of the Second and Third Amendments are described below.

III. Description of Second and Third Amendments

The Second Amendment extends the date by which MMR must receive legally binding commitments from a financial institution (or institutions) to finance the development construction and ownership of the facility. All other terms and conditions of the PPA remain in full force and are unchanged. At the time of execution, SDG&E and MMR recognized that the Second Amendment would serve as a temporary bridging agreement to allow discussions to be finalized regarding a longer term arrangement.

The Third Amendment is contingent on receiving Commission approval by March 31, 2010 and extends the date by which MMR must receive legally binding commitments from a financial institution (or institutions) to finance the development, construction and ownership of the facility. The Third Amendment also extends the COD to December 31, 2011 to reflect new timing assumptions. Additionally, the Third Amendment required a significant increase to the security provided by MMR to SDG&E (and that security has been delivered to SDG&E), included an expanded facility milestone schedule, and other miscellaneous items that required updating.² All other terms and conditions of the PPA remain in full force and are unchanged.

IV. REQUEST FOR CONFIDENTIAL TREATMENT

In support of this Advice Letter, SDG&E submits the following confidential information in the manner directed by the Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with Decision 06-06-066, issued August 22, 2006 in Rulemaking 05-06-040, to demonstrate the confidentiality of the material and to invoke the protection of confidential utility information provided by section 583 of the Public Utilities Code under either the terms of the IOU Matrix, Appendix 1 of D.06-06-066, or General Order 66-C. A separate Declaration Seeking Confidential Treatment is being filed concurrently with this Advice Letter.

Confidential Attachments:

Appendix A – Second Amendment to the PPA

Appendix B – Third Amendment to the PPA

EFFECTIVE DATE

SDG&E believes that this Advice Letter is subject to Energy Division disposition and should be classified as Tier 3 (effective after Commission approval) pursuant to GO 96-B. SDG&E respectfully

¹ The First Amendment included provisions that modified the original COD of 12/31/2009 based on a day-for-day period beginning May 1, 2008 based on the extension of the investment and production tax credits ("ITCs / PTCs"). This day-for-day relief ended 155 days later on 10/3/2008 when new ITCs / PTCs were signed into law resulting in a new COD of 6/5/2010.

² The additional items that were updated in the Third Amendment include elimination of a reference to potential price adjustments based on potential changes to tax code that have been rendered obsolete, an update to include the most recent Commission approved definition of Green Attributes and Green Attribute conveyance language and updates to the FIN 46 provisions and the letter of credit exhibit to the agreement.

requests that the Commission issue a resolution approving this advice letter on or before December 31, 2009.

PROTESTS:

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received by August 4, 2009, 20 days from the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Honesto Gatchalian (inj@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to SDG&E at the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Megan Caulson
Regulatory Tariff Manager
8330 Century Park Court, Room 32C
San Diego, CA 92123-1548
Facsimile No. 858-654-1788
E-Mail: MCaulson@semprautilities.com

NOTICE:

In accordance with Section III.G of General Order No. 96-B, a copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties in R.08-08-009, by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1788 or by e-mail to SDG&ETariffs@semprautilities.com.

Ron van der Leeden
Director – Rates, Revenues & Tariffs

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Aurora Carrillo

Phone #: (858) 654-1542

E-mail: acarrillo@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2096-E

Subject of AL: 2nd and 3rd Amendment to the EEI Master Power Purchase and Sale Agreement and related Cover Sheet and Confirmation Letter for Procurement of Eligible Renewable Energy Resources between MMR Power Solutions LLC and SDG&E.

Keywords (choose from CPUC listing): Power Purchase Agreement, Procurement

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: Attachment B & C contains the PPA which is confidential per the IOU matrix attached to D.06-06-066

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 12/31/2009

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

mas@cpuc.ca.gov and jnj@cpuc.ca.gov

San Diego Gas & Electric

Attention: Megan Caulson

8330 Century Park Ct, Room 32C

San Diego, CA 92123

mcaulson@semprautilities.com

¹ Discuss in AL if more space is needed.

General Order No. 96-B
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

D. Appling
S. Cauchois
J. Greig
R. Pocta
W. Scott

Energy Division

P. Clanon
S. Gallagher
H. Gatchalian
D. Lafrenz
M. Salinas

CA. Energy Commission

F. DeLeon
R. Tavares

Alcantar & Kahl LLP

K. Harteloo

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

CCSE

S. Freedman
J. Porter

Children's Hospital & Health Center

T. Jacoby

City of Chula Vista

M. Meacham
E. Hull

City of Poway

R. Willcox

City of San Diego

J. Cervantes
G. Lonergan
M. Valerio

Commerce Energy Group

V. Gan

Constellation New Energy

W. Chen

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill
J. Pau

Dept. of General Services

H. Nanjo
M. Clark

Douglass & Liddell

D. Douglass
D. Liddell
G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell
M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg
J. Heather Patrick
J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard
R. Keen

Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

OnGrid Solar

Andy Black

Pacific Gas & Electric Co.

J. Clark
M. Huffman
S. Lawrie
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

School Project for Utility Rate
Reduction

M. Rochman
Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Sutherland Asbill & Brennan LLP

K. McCrea

Southern California Edison Co.

M. Alexander
K. Cini

K. Gansecki

H. Romero

TransCanada

R. Hunter

D. White

TURN

M. Florio
M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi

N. Furuta

L. DeLaacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties In:

R.08-08-009

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

**DECLARATION
OF PATRICK K. CHARLES**

I, Patrick Charles, do declare as follows:

1. I am an Energy Contracts Originator in the Electric and Gas Procurement Department of San Diego Gas & Electric Company (“SDG&E”). I have reviewed Confidential Appendix A (“Appendix A”) and Confidential Appendix B (“Appendix B”) to Advice Letter 2096-E that consist of the Second Amendment (Appendix A) and Third Amendment (Appendix B) to the Power Purchase Agreement (“PPA”) between MMR Power Solutions, LLC and SDG&E (“Parties”). In addition, I am personally 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 my personal knowledge and/or belief.

2. I hereby provide this Declaration in accordance with D.06-06-066, as modified by D.07-05-032, and D.08-04-023 to demonstrate that the confidential information (“Protected Information”) provided in Appendix A and Appendix B submitted concurrently herewith, falls within the scope of data protected pursuant to the IOU Matrix attached to D.06-06-066 (the “IOU Matrix”).^{1/} I address below each of the following five features of Ordering Paragraph 2 in D.06-06-066:

^{1/} The Matrix is derived from the statutory protections extended to non-public market sensitive and trade secret information. (See D.06-06-066, *mimeo*, note 1, Ordering Paragraph 1). The Commission is obligated to act in a manner consistent with applicable law. The analysis of protection afforded under the 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 Matrix. (See *Southern California Edison Co. v. Public Utilities 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 Public Utilities Code §§ 454.5(g) and 583, Govt. Code § 6254(k) and General Order 66-C.

- That the material constitutes a particular type of data listed in the Matrix,
- Which category or categories in the Matrix the data correspond to,
- That it 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 information contained in Appendix A and Appendix B is confidential pursuant to Matrix Category VII.G. because it details contractual terms between the Parties.

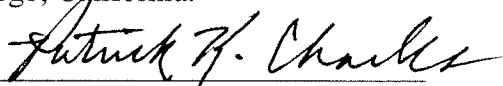
4. I am not aware of any instances where the Protected Information has been disclosed to the public.

5. SDG&E intends to comply with the limitations on confidentiality specified in the Matrix for the type of data that is provided herewith.

6. The Protected Information cannot be provided in a form that is aggregated, partially redacted, or summarized and still provide the level of detail requested and expected by Energy Division.

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 15th day of July, 2009, at San Diego, California.


Patrick K. Charles
Energy Contracts Originator
San Diego Gas & Electric Company