

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



November 25, 2019

Dan Skopec  
Vice President of Regulatory Affairs  
San Diego Gas & Electric Company  
8330 Century Park Court, CP33A  
San Diego, CA 92123

Dear Mr. Skopec,

Based on some press reports on the recent IRP Procurement track decision (D.19-11-016) there appears to be some confusion around language related to prohibitions on procuring new fossil fuel resources on greenfield sites.

Specifically, Ordering Paragraph 7 states that “[n]ew fossil-fuel-only resources, without storage, at sites not previously used for electricity generation, are not eligible...” Some have suggested this Order could be interpreted to indicate that new conventional generation (e.g., a combustion turbine peaker plant) could be procured to meet the required needs provided it were coupled with storage. Ordering Paragraphs, however, are best read to include the context of the discussion that gave rise to that conclusion. When viewed in context of the language from the discussion portion of the Final Decision on which this Ordering Paragraph is based, Energy Division suggests a more reasonable interpretation is that the intent of the CPUC is to allow new storage technologies that utilize some fossil fuels or fuel cells, such as potentially the compressed air storage technology referenced in comments on the Proposed Decision, to count towards the procurement requirements ordered in the decision, not new conventional fossil-fueled generation coupled with storage:

*“However, we will adopt the prohibition on new fossil-fueled resources suggested by CEJA, Sierra Club, and DOW in their comments. Specifically, any new development of fossil-fuel-only resources, at sites without previous electricity generation facilities, will not be considered to count toward any of the procurement obligations outlined in this decision. Another way of saying this is that all new resources should all be from preferred sources, or hybrid technologies, and not fossil-fuel-only sources.” (D. 19-11-016 at p. 43).*

Thus, as San Diego Gas & Electric Company proceeds through its procurement process, please understand that Energy Division staff would likely recommend the denial of any PPA with new conventional generation even if it is coupled with storage, based on the fact that the PPA would be inconsistent with the intent of the directives of the final decision.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward Randolph".

Edward Randolph  
Deputy Executive Director for Energy and Climate Policy/  
Director, Energy Division  
California Public Utilities Commission