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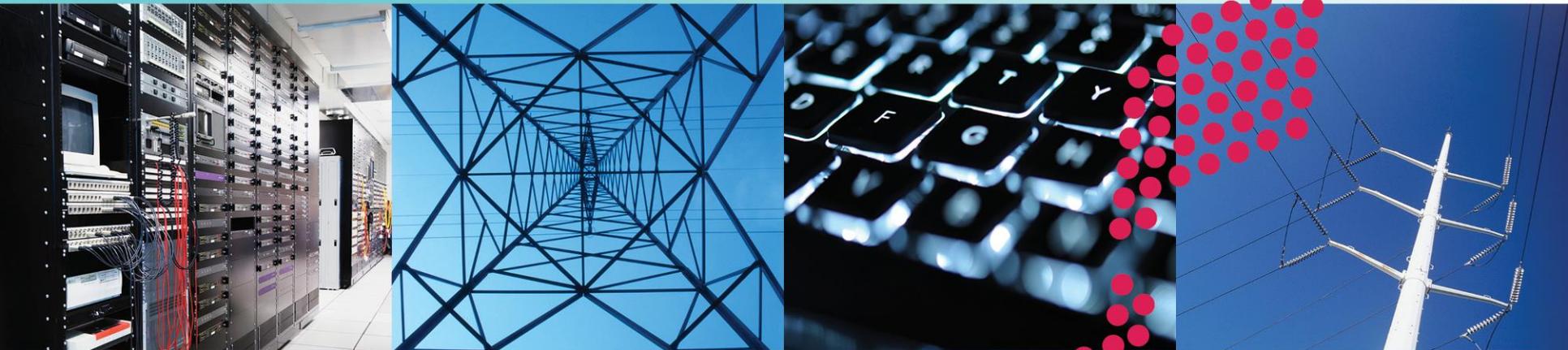
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SDG&E's Interstate Transmission Expansion Studies & RPS Compliance

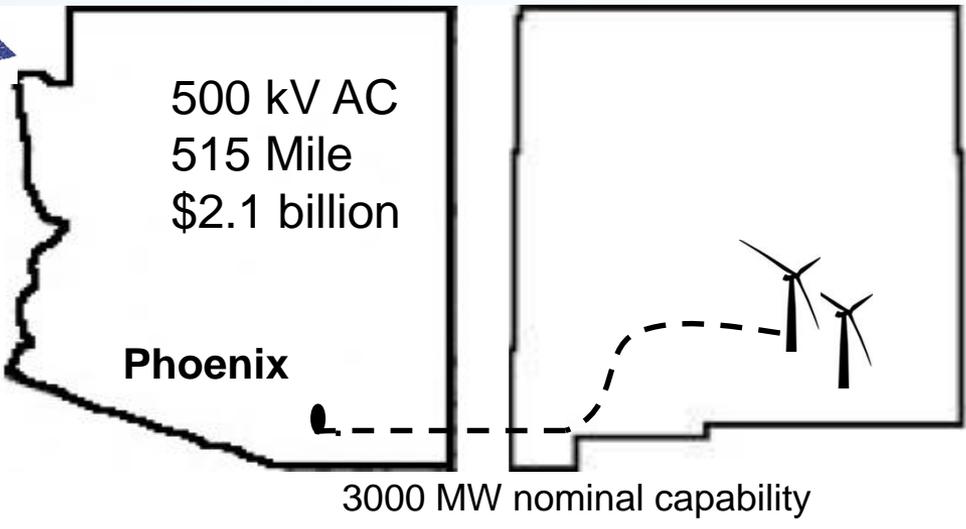
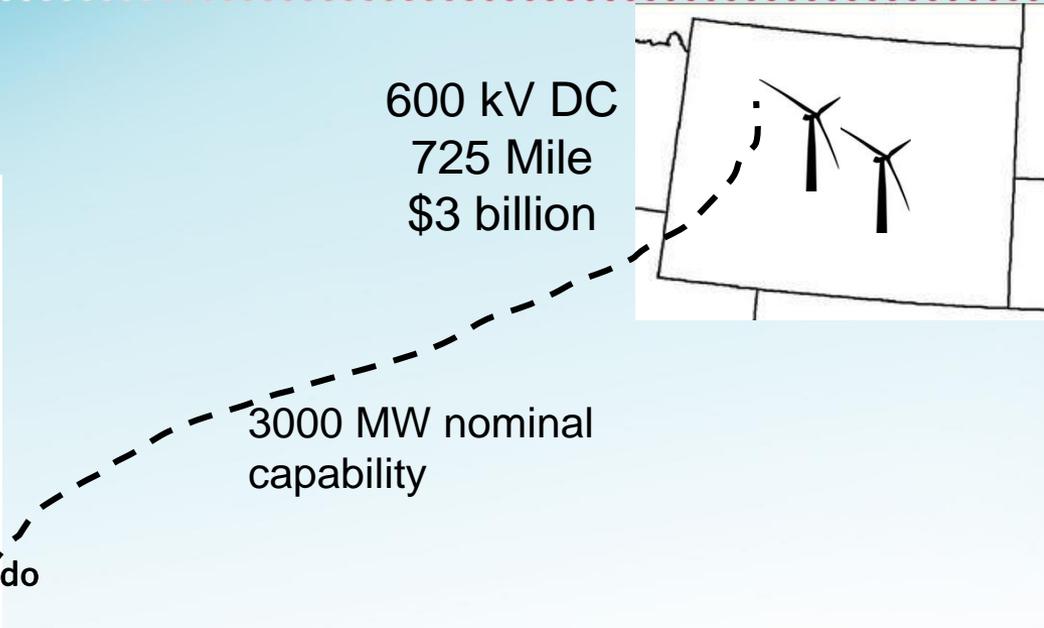
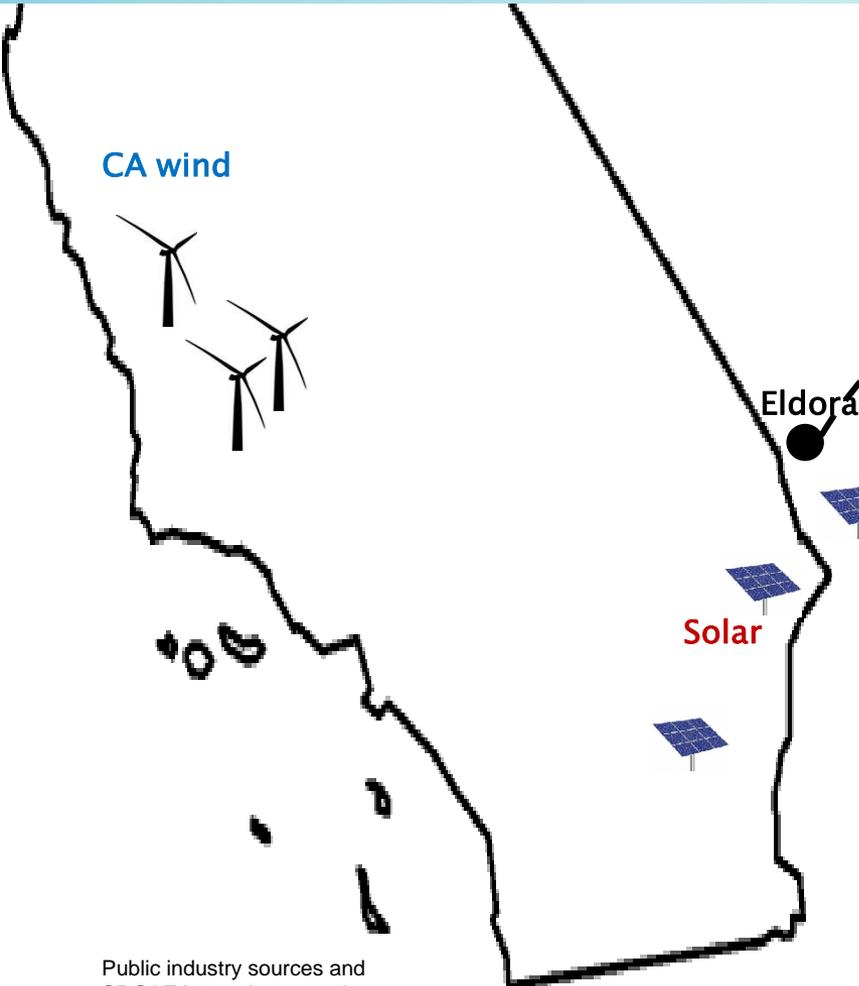
January 22, 2016



Benefit/Cost of Hypothetical Interstate Transmission Projects : Wyoming-Eldorado and New Mexico-Phoenix



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Public industry sources and SDG&E internal assumptions.

Assumptions

- **Southern California Gas Price year 2024** : \$5.21/MMBTU (2014USD)
- **Capital Cost (2014 USD):**

Wind			Solar	Gas Turbine
Wyoming	New Mexico	California	California Solar	California
\$2,024 /KW	\$2,062/KW	\$2,237/KW	\$3,305/KW	\$1,416/KW

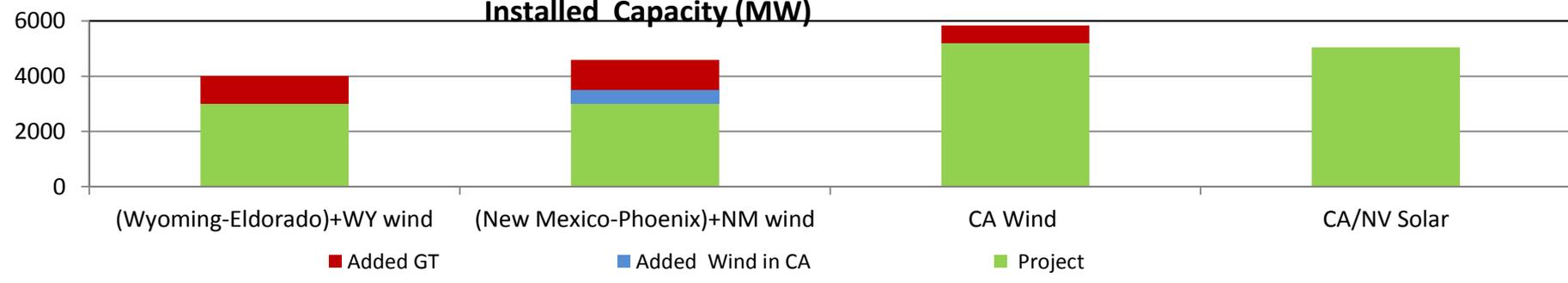
- **Annual Capacity factor:**

Wind			Solar	Gas Turbine
Wyoming	New Mexico	California	California	California
43.9%	40.0%	25.5%	26.1%	Market driven

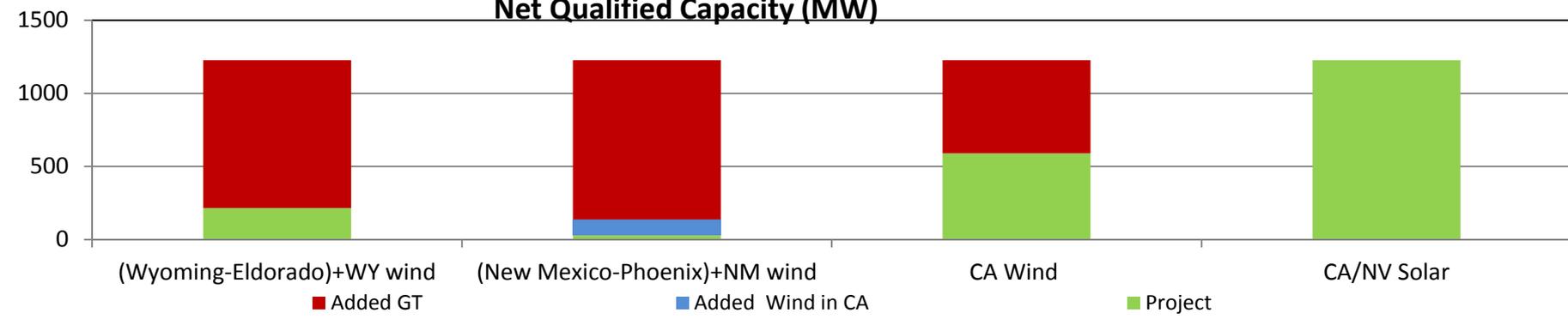
- **Capacity Value (relative to nameplate)**

Wind			Solar	Gas Turbine
Wyoming	New Mexico	California	California	California
7%	1%	11%	24%	100%

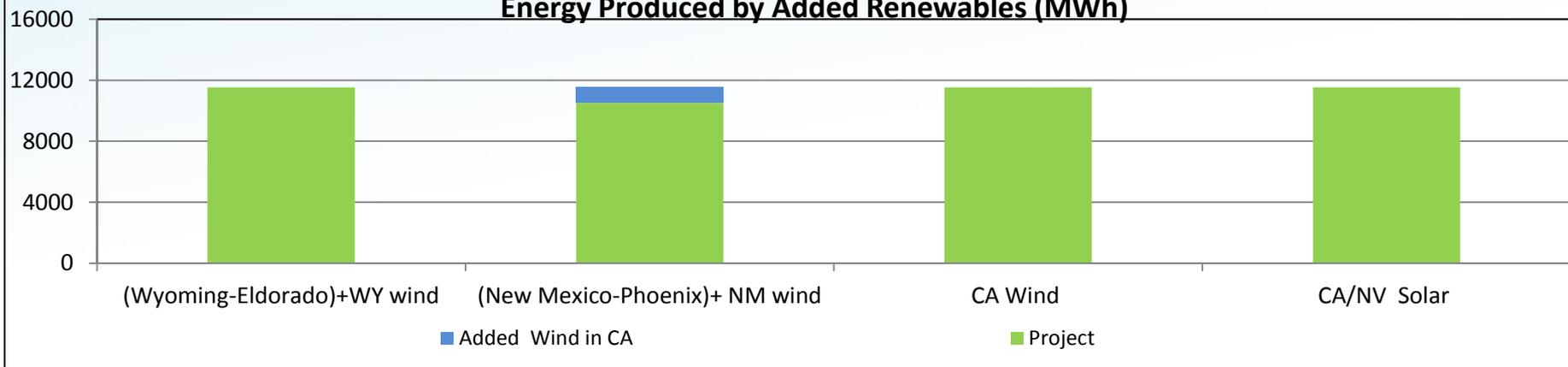
Installed Capacity (MW)



Net Qualified Capacity (MW)



Energy Produced by Added Renewables (MWh)



Source: SDG&E internal study parameters.

Benefit/ Cost in WECC - Summary Results



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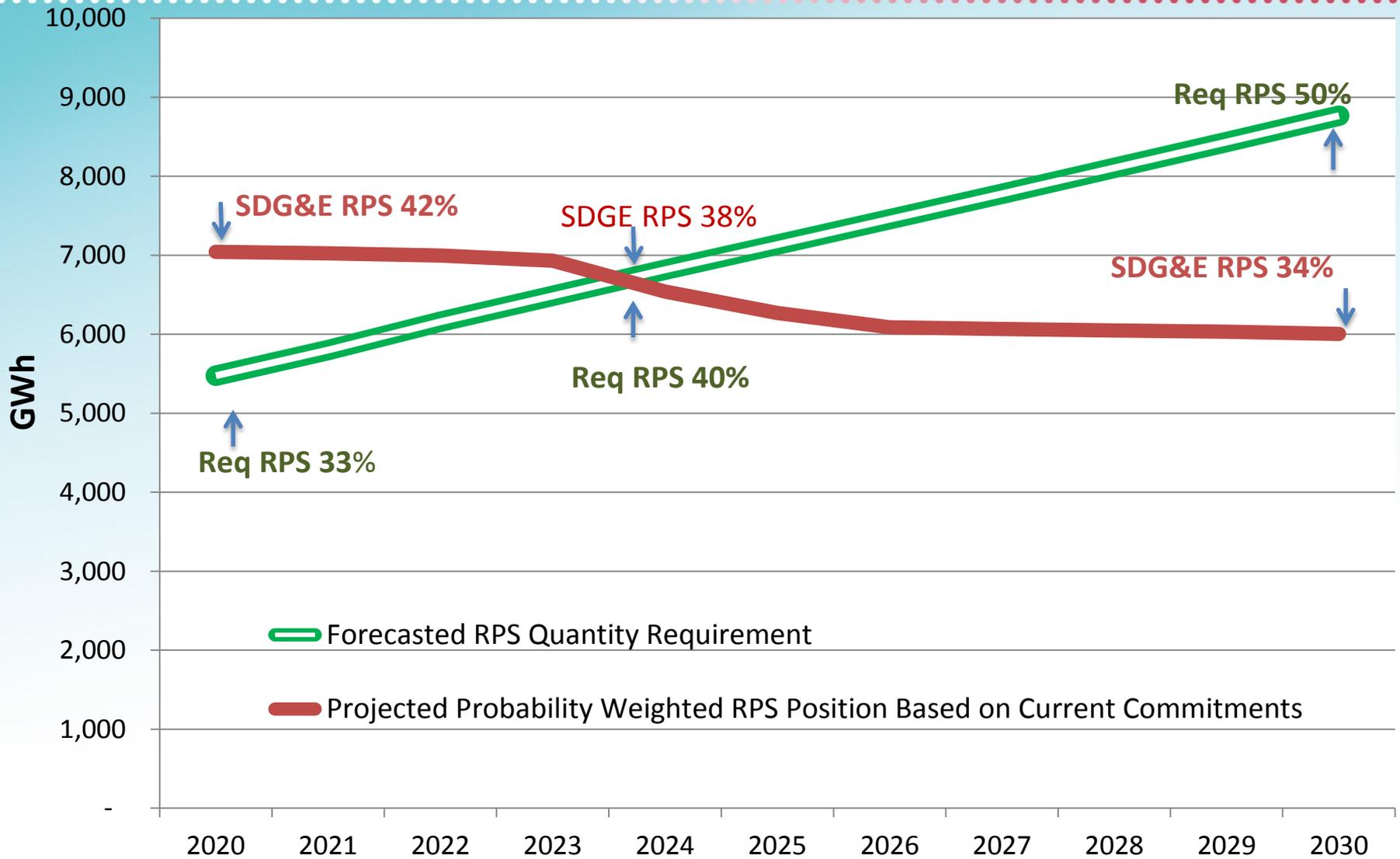
WECC Levelized Benefits (M\$)	Wind Reference Case	Wyoming - Eldorado	Benefits	New Mexico - Phonix	Benefits
Energy Cost	20,646	20,587	59	20,614	32
Fixed Cost of Added Generation	1,566	903	663	1,080	486
Fixed Cost of New Transmission	0	353	(353)	249	(249)
Net Cost	22,212	21,843	369	21,943	269
Benefit/Cost Ratio			2.1		2.1
WECC Levelized Benefits (M\$)	Solar Reference Case	Wyoming- Eldorado	Benefits	New Mexico - Phoenix	Benefits
Energy Cost	20,830	20,587	244	20,614	216
Fixed Cost of Added Generation	1,824	903	920	1,080	743
Fixed Cost of New Transmission	0	353	(353)	249	(249)
Net Cost	22,654	21,843	811	21,943	711
Benefit/Cost Ratio			3.3		3.9

Source: SDG&E internal study results. Results are illustrative, not intended for decision-making, and are subject to the assumed study methodology and assumptions.

SDG&E's Projected Bundled Customer RPS Position*



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*Note, does not reflect SDG&E's ability to bank Renewable Energy Credits.