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April 20, 2010

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**DOCKET**  
**07-AFC-3**

DATE APR 20 2010

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File No. 030137-0012

**VIA FEDEX**

CALIFORNIA ENERGY COMMISSION  
Attn: Docket No. 07-AFC-3  
1516 Ninth Street, MS-4  
Sacramento, California 95814-5512

Re: CPV Sentinel Energy Project: Docket No. 07-AFC-3

Dear Sir/Madam:

Pursuant to California Code of Regulations, title 20, sections 1209, 1209.5, and 1210, enclosed herewith for filing please find a copy of the California Public Utilities Commission's Opinion Granting Application of Southern California Edison Company for Approval of Contract with CPV Ocotillo, LLC (CPUC Decision 08-04-011).

Please note that the enclosed submittal was filed today via electronic mail to your attention and to all parties on the attached proof of service list.

Very truly yours,



Paul E. Kihm  
Senior Paralegal

Enclosure

cc: CEC 07-AFC-3 Proof of Service List (w/encl., via e-mail and U.S. Mail)  
Michael J. Carroll, Esq. (w/ encl.)

Decision 08-04-011 April 10, 2008

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

In the Matter of the Application of  
SOUTHERN CALIFORNIA EDISON  
COMPANY (U 338-E) for Approval of  
Results of Fast Track of Its New  
Generation Request for Offers and for  
Cost Recovery.

Application 07-02-026  
(Filed February 28, 2007)

**OPINION GRANTING APPLICATION OF SOUTHERN CALIFORNIA EDISON  
COMPANY FOR APPROVAL OF CONTRACT WITH CPV OCOTILLO, LLC**

**1. Summary**

This decision grants the application by Southern California Edison Company (SCE) for approval of a contract that was selected from SCE's fast-track request for offers (RFOs) for new generation that could be on-line by August 2010. In its application, SCE seeks approval of two contracts, an offer from Blythe Energy, LLC (Blythe) for up to 490 megawatts (MW) of expected capacity and energy, and an offer from CPV Ocotillo, LLC (CPV)<sup>1</sup> for up to 455 MW of capacity and energy. Due to intervening circumstances regarding the timing on the completion of a study on the delivery of the power from Blythe, this decision only approves the 10-year power purchase agreement (PPA) with CPV and defers consideration of the Blythe PPA to a subsequent decision. SCE

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<sup>1</sup> The CPV Ocotillo, LLC has since been renamed CPV Sentinel LLC; however, to avoid confusion and to remain consistent with the name provided in SCE's application, the project is referred to as CPV Ocotillo in this document.

requests, and we grant, the authority to allocate the benefits and costs of the CPV PPA to all benefiting customers in accordance with Decision (D.) 06-07-029 and D.07-09-044.

## **2. Background**

On February 16, 2006, the Commission opened Rulemaking (R.) 06-02-013 to continue its efforts to ensure a reliable and cost-effective electricity supply in California through the integration of a comprehensive set of procurement policies and review of the long-term procurement plans (LTTPs) of the three investor-owned utilities (IOUs). In Phase 1 of the proceeding, the Commission examined the need for additional policies to support new generation and long-term contracts in California. This effort resulted in D.06-07-029, where the Commission adopted a cost-allocation mechanism that allows the advantages and costs of new generation to be shared by all benefiting customers in an IOU's service territory.

Due to an amalgamation of regulatory and economic factors, private investment in California generation was not keeping up with the state's growing resource needs, especially when that growth is coupled with the expected retirements of many aging power plants. The investment community indicated that it needed the certainty of long-term contracts to get financing for new generation projects, but both the IOUs and the other load serving entities (LSEs) were reluctant to sign long-term contracts.

In D.06-07-029, the Commission established a cost-sharing mechanism designed to spur development of new electric resources by designating the IOUs as the procurers of new generation for the benefit of their entire service territory. The IOUs were directed to solicit long-term contracts for electricity from new generation facilities and the cost and benefits of the capacity and energy from the

contracts would be shared with all benefiting customers in the IOUs' service territories, including bundled service customers, direct access customers and community choice aggregation customers.<sup>2</sup>

The decision further advised SCE to issue an RFO seeking up to 1,500 MW of new generation resources.<sup>3</sup> In response to that order, SCE issued an RFO on August 14, 2006. In the RFO, SCE solicited two types of proposals: (1) Fast-track projects that could come on-line on or before August 1, 2010; and (2) Standard-track projects that could be available on or before August 1, 2013. The Blythe and CPV contracts are the choices SCE made from the fast-track proposals.<sup>4</sup>

### **2.1. Fast-Track RFO**

As SCE set forth in its testimony supporting its application, the RFO asked for offers for the sale of electrical capacity, energy, ancillary services and resource adequacy benefits from new resources that could be on-line by August 1, 2010. SCE received offers from 18 projects that could potentially meet the on-line date. Based on the final bid prices received, SCE accepted the Blythe and CPV offers.

Pursuant to D.06-07-029, SCE was required to use an Independent Evaluator (IE) to oversee any solicitation leading to the procurement of resources

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<sup>2</sup> D.06-07-029 at pp. 7, 25-27. Benefiting customers are defined as all bundled service customers, DA customers, and CCA customers. Benefiting customers are also other customers who are located within a utility distribution service territory, but take service from a local publicly-owned utility (POU) subsequent to the date new generation goes into service.

<sup>3</sup> *Id.* at pp. 47, 62-63.

<sup>4</sup> We note that energy auction implementation details are currently being addressed in Phase II, Track I, of R.06-02-013.

where the benefits and costs would be shared with all benefiting customers. SCE testified that it engaged Sedway Consulting, Inc. as the IE. SCE provided Sedway Consulting with all the data and materials it needed to perform an independent evaluation of the offers from the RFO.<sup>5</sup> In a separate report, the IE concluded that “SCE conducted a fair and effective evaluation of the offers that it received in response to its fast-track solicitation and made appropriate selection decisions.”<sup>6</sup>

On February 15, 2007, SCE signed a 10-year PPA with CPV Ocotillo, with a commencement date of August 1, 2010 and an end date of July 31, 2020. The CPV PPA provides for up to 455 MW (91 MW/unit) of quick-start peaking capacity, energy, and ancillary services from five LMS 100 combustion turbine generators. The power plant site encompasses 37 acres of land situated within unincorporated Riverside County, California, near the Devers substation. The proposed CPV project would be built on a Greenfield site.

### **3. Application for CPV**

SCE filed an application on February 28, 2007, seeking the following findings:

- That SCE’s conduct in respect to the fast-track RFO was reasonable; and
- That the CPV PPA is needed to preserve system reliability; that the contract is reasonable and prudent; that the CPV payments are recoverable in full through rates or other Commission authorized cost recovery mechanism, subject only to SCE’s prudent administration of the contract; and that

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<sup>5</sup> The IE prepared an Independent Evaluation Report, Exhibit 7.

<sup>6</sup> Exhibit 7, p. 1.

SCE is to allocate the costs and benefits of the CPV contract to all benefiting customers in accordance with D.06-07-029.

A prehearing conference (PHC) was held on March 27, 2007. On April 2, 2007, the Division of Ratepayer Advocates (DRA) was the only party that filed a protest. Based on the limited issues raised in the protest, one day of evidentiary hearing was scheduled for May 30, 2007.

DRA served intervenor testimony, as did Californians for Renewable Energy (CARE). CARE, DRA and SCE participated in the evidentiary hearings; CARE, DRA and SCE filed post-hearing opening briefs; and DRA and SCE filed reply briefs.

### **3.1. Intervenors**

#### **DRA**

DRA, from the filing of its protest forward, has argued that the energy from the CPV PPA is not needed until 2011. Therefore, the Commission should not approve the contract with an on-line date of August 1, 2010. DRA alleges that if the start date of the resource can be postponed until 2011, ratepayers will save millions of dollars. In summary, DRA does not address whether or not the CPV PPA was an appropriate choice from the RFO, but only whether the resource is needed in 2010 when it is scheduled to come on-line.

DRA argues that the Commission's directive in D.06-07-029 to SCE to solicit up to 1,500 MW of new generation was not a pre-approval of SCE's need for more resources. SCE still has to justify its need numbers going forward, and DRA claims SCE did not meet that burden. DRA argues that SCE presented "no fewer than four (4) sets of projected need numbers between the time of the filing

of the Application [February 28, 2007] and the time of this brief [June 20, 2007].”<sup>7</sup> From DRA’s perspective, the use of different forecast numbers by SCE makes it difficult for anyone to do a thoughtful analysis of what SCE’s need actually is at any particular point in time. DRA argues that the different need tables are not easily comparable because they use varying inputs for planning and operating reserves, and present need numbers assuming a “worst-case scenario.” In some tables, the projected retirement numbers are different, and in other tables SCE cuts its forecast for demand response programs. DRA cross-examined SCE’s witness Minick on the differing forecast numbers, and Minick suggested “split the difference.”<sup>8</sup>

DRA recommends that SCE use the more substantiated California Energy Commission (CEC) forecast for demand beyond 2007 that indicates a demand of 28,511 MW total for South of Path 15, instead of SCE’s own forecast that shows a need of 29,062 MW. DRA argues that SCE should not rely on its own forecast when that forecast is so significantly different from the CEC forecast, and SCE failed to present adequate justification for the difference. When DRA develops its own forecast for South of Path 15, using the CEC forecast, DRA finds that “SCE posts a robust 2,073 MW of excess capacity in 2010.”<sup>9</sup>

Therefore, based on this forecast, DRA urges the Commission to deny the application for the CPV resource because ratepayers will save many millions of dollars if the PPA is delayed until SCE actually has a need for the resource.

## **CARE**

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<sup>7</sup> DRA Opening Brief, June 20, 2007, p. 5.

<sup>8</sup> *Id.*, p. 6, citing RT, p. 53.

<sup>9</sup> *Id.*, p. 10.

CARE also questions whether the CPV resource is needed. From CARE's analysis of SCE's data, SCE fails to present any empirical basis for its assumptions about plant retirements. Therefore, CARE argues that SCE has no evidentiary record to support building new facilities. CARE's primary concern, however, is with the Blythe facility and we are deferring any discussion of that facility at this time.

#### **4. Discussion**

##### **4.1. Need for CPV PPA**

D.06-07-029 stated that California needs new capacity on-line as soon as 2009, especially in Southern California. The primary stated purpose of Phase I of R.06-02-013 was to incentivize new generation in the state and break the stalemate wherein neither the utilities nor the merchant generators had been willing to invest in the construction of new capacity.

To that result, D.06-07-029 directed SCE to solicit bids for up to 1,500 MW of new generation resources. SCE followed that instruction, and conducted an RFO seeking new generation that could be on-line by 2010. The CPV resource, 455 MW of new generation that could be on-line by August 1, 2010, was selected as an appropriate resource by SCE and confirmed by the IE.

Based on the testimony submitted by SCE in support of its application, and the Independent Report by the IE, SCE has conducted its RFO in a fair and reasonable manner and the selection of CPV is an appropriate selection.

However, as DRA discusses in its briefs, SCE still has an affirmative obligation to justify its need for these resources. We also are cognizant of DRA's argument that using multiple need tables - all of which use different assumptions and produce different need numbers - makes it difficult to conduct a thoughtful and thorough analysis of the data.

However, as argued by SCE, forecasting is not an exact science. As SCE's forecast witness Minick stated, his load forecasts change with time and due to changes in other assumptions and circumstances.<sup>10</sup> Minick testified that SCE modified the numbers included in its February 28, 2007 application, before the date of the evidentiary hearings on May 30, 2007. For example, Minick made assumptions for San Diego Gas & Electric Company's peakers, but that assumption was reduced by 120 MW.<sup>11</sup> Minick also lowered SCE's demand-management program projections by 275 MW.<sup>12</sup> Minick also explained that SCE used different assumptions, and therefore reached different need forecasts, between its best-estimate plan and its required plan. In that regard, SCE's best-estimate plan had a lower implementation of the California Solar Initiative (CSI) than did the required plan, based on the CSI target SCE actually thought it would achieve.<sup>13</sup>

Minick also modified SCE's estimates of potential generic retirements. Minick, as well as other SCE witnesses, indicated that it was difficult to predict with certainty when the owner of an aging plant would decide that it was no longer economic to keep the plant on-line, and retire the facility.

In addition to the fact that the data in any one forecast is constantly updated as SCE receives new information, SCE also produced different "need" scenarios from high need to base case. When Minick was asked what was

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<sup>10</sup> "The forecast in the amount of resources in future years changes with time. Sometimes it goes up, sometimes it goes down." Tr., 31:6-8.

<sup>11</sup> Tr., 38:19-20.

<sup>12</sup> Tr., 38:22-28, 39:1.

<sup>13</sup> Tr., 41:4-14.

common among all the different need tables, he responded that “[T]he need grows rather dramatically between, let’s say, 2009 and ’10, ’11 and ’12. It is based on a lot of factors, but in most cases it grows so quickly that it will absorb quite a few megawatts from year to year . . . .”<sup>14</sup> Continuing on, Minick indicated that SCE finds a need in its base case in 2011, and in the high need scenario as early as 2007 and 2008.

Factors in the economic, political and regulatory world are also always in flux. Just recently, the Arizona Corporation Commission rejected SCE’s application for approval of the Devers-Palo Verde 2 transmission line from California to Arizona, which SCE had expected to provide approximately 900 MW of new capacity to California starting in 2009.<sup>15</sup> SCE is continuing to pursue this transmission line, but even if it is ultimately approved, there will be a delay.

Therefore, no party today can accurately predict with certainty whether or not the energy from the CPV facility will be needed as early as August 1, 2010 when it is slated to come on-line. However, it appears reasonably certain that SCE will need additional resources by 2011, and under some assumptions, much sooner. Furthermore, when DRA asked SCE’s witness Cini whether the start date of CPV could be postponed from 2010 to 2011, his response was “that would effectively kill the contract.”<sup>16</sup> Therefore, Commission’s option is to either approve the CPV contract with the start date of August 1, 2010, or deny SCE’s application.

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<sup>14</sup> Tr., 91:15-19.

<sup>15</sup> SCE’s Opening Brief, June 20, 2007, pp. 2-3.

<sup>16</sup> Tr., 181:10-11.

While we strive to keep electric rates just and reasonable, and procuring excess power could increase the cost to ratepayers, having SCE caught in 2010 with insufficient electricity in its portfolio will definitely increase the cost to ratepayers. When a utility is “short” on its resources, the cost of covering that short fall has historically exceeded the cost of power from resources under ownership or contract. Emergency resource planning is expensive and often the utility does not get the best resources. Reasonable resource planning allows for better prices and better resources.<sup>17</sup>

Therefore, after reviewing the different need tables presented by SCE,<sup>18</sup> weighing the difficulty SCE has in predicting future plant retirements with a specific degree of certainty, and factoring in the unknowns currently associated with the Devers-Palo Verde 2 transmission line, we find that it is reasonable to approve SCE’s application for approval of the CPV PPA with the start date of August 1, 2010.

We find that the RFO conducted by SCE pursuant to our directive in D.06-07-029 was fair and reasonable and that the choice of this resource was also reasonable. Since this resource was selected to meet the system needs south of path 15, the costs and benefits of the CPV PPA should be spread among all benefiting customers pursuant to the cost allocation mechanism established in D.06-07-029.

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<sup>17</sup> We also note that when this new generation resource comes on-line, it will replace older, less efficient peaking resources and reduce greenhouse gas emissions.

<sup>18</sup> As stated above, SCE’s base case scenario indicates a need for additional resources by 2011, and the high need scenario indicates a need as early as 2007 and 2008.

#### **4.2. Applicability of Senate Bill 1368 and the Commission's Greenhouse Gas Emissions Performance Standards**

Section 2 of Senate Bill (SB) 1368 adds Section 8341(a) to the Public Utilities Code. Section 8341(a) provides that “No load-serving entity or local publicly owned electric utility may enter into a long-term financial commitment unless any baseload generation supplied under the long-term financial commitment complies with the greenhouse gases emission performance standard established by the commission, pursuant to subdivision (d).”

R.06-04-009 was opened to implement the provisions of SB 1368, and D.07-01-039 established a greenhouse gas (GHG) emissions performance standard (EPS). D.07-01-039 states that, “SB 1368 establishes a minimum performance requirement for any long-term financial commitment for baseload generation that will be supplying power to California ratepayers. The new law establishes that the GHG emissions rates for these facilities must be no higher than the GHG emissions rate of a combined-cycle gas turbine (CCGT) powerplant.” The CCGT-equivalent emissions limit adopted by the Commission is 1,100 pounds of carbon dioxide (CO<sub>2</sub>)/MWh.

The Decision further explains:

SB 1368 describes what types of generation and financial commitments will be subject to the EPS (“covered procurements”). Under SB 1368, the EPS applies to “baseload generation,” but the requirement to comply with it is triggered only if there is a “long-term financial commitment” by an LSE. The statute defines baseload generation as “electricity generation from a powerplant that is designed and intended to provide electricity at an annualized plant capacity factor of at least 60%. ... For baseload generation procured under contract, there is a long-term commitment when the LSE enters into “a new or renewed contract with a term of five or more years.”

The CPV facility will be operated as a peaking resource well below the threshold baseload capacity factor of 60%. Therefore, the EPS does not apply here.

#### **4.3. Transmission Upgrade Uncertainties**

A number of transmission upgrades associated with the Devers-Palo Verde #2 Transmission Project (DPV2) were assumed in conjunction with the transmission studies conducted for these projects. It is uncertain at this time when and if DPV2 will be constructed. Consequently, the California Independent System Operator (CAISO) performed a new Deliverability Study for the project without the DPV2 upgrades. The results of the study indicate that CPV is deliverable under the study's conditions. A copy of this "2007 Q3 Generation Deliverability Study Results – SCE and San Diego Areas" is provided in Attachment A (CPV's specific results can be found by looking at CAISO/SCE WDAT Queue Position No. 3).

#### **4.4. Compliance with EAP Loading Order**

D.04-12-048 and D.07-12-052<sup>19</sup> require IOUs to utilize the Energy Action Plan (EAP) loading order when conducting procurement. To that end, one of the primary goals of the Commission's ongoing LTPP proceeding is to serve as the Commission's forum to integrate all procurement policies and related programs and serve as the check-in point on the EAP loading order. The focus of the

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<sup>19</sup> At the time SCE filed its application for approval of both Blythe and CPV, only the decision on the 2004 LTPP, D.04-12-048 was extant. In December 2007, the Commission issued D.07-12-052 on the 2006 LTPP. For any Commission direction on procurement protocols applicable to the Blythe and CPV PPAs, reference to either LTPP decision is appropriate since there is no difference in the 2007 decision that would affect our consideration of these projects.

Commission's review of the IOU's LTPPs is to ensure that the near-term policies and practices of IOU procurement can be made consistent with a set of Commission approved upfront standards and to ensure that the long-term resource plans demonstrate the appropriate portfolio management approaches. The Commission examines the LTPPs to verify that the IOUs are taking appropriate steps to procure resources that prioritize the loading order from the EAP; are consistent with the state's energy policy; and maximize preferred resources, while also optimizing least cost/best fit and maintaining reliability. The Commission will not approve plans that lack realistic and implementable provisions for meeting the EAP targets.

Among other things, each LTPP planning cycle includes expectations of the supply of various procurement resources, including energy efficiency, demand response, renewables, distributed generation and non-renewable generation over the *long-term* time horizon. Some of the other procurement dockets have established targets, goals, and policies that affect the supply of certain procurement resources in the short or longer terms. In each LTPP, and subsequent request for new generation, the utility must demonstrate that the choices it makes are consistent with a Commission-approved 10-year resource plan designed to exist within any and all policy constraints and that will enable the IOU to adequately meet its bundled customer load needs.

There is no explicit discussion in the fast-track application addressing the EAP loading order. However, SCE's 2006 LTPP provided information on how it complied with Commission directives on the loading order, and the SP-26 resource need tables provided in this proceeding were developed consistent with SCE's standard planning methods and its LTPP. SCE's 2006 LTPP states that the utility "...strives to ensure that the State's Energy Action Plan (EAP) and

Loading Order are followed through its efforts to plan, implement and administer cost-effective and reliably achievable demand-side management (DSM) programs and its continued national leadership in procurement from renewable resources.” (Section III.A.4 of Volume 1A of SCE's 2006 LTPP, entitled "How SCE Follows the Loading Order When Making Procurement Decisions.") SCE goes on to describe three specific actions it takes to ensure its procurement decisions are consistent with the EAP:

- First, prior to every competitive procurement for conventional resources (*e.g.*, fossil fuel sources) SCE updates its procurement needs by first refreshing the latest forecasts for DSM programs, any renewable procurement, and any QF procurement to ensure conventional procurement is last in filling its procurement needs. That is, conventional resources are used for “residual” procurement.
- Second, SCE does not “close out” its energy needs via conventional procurement multiple years forward. Instead, it layers in procurement needs over time (“ratably”), which ensures that conventional resources do not “crowd out” preferred resources.
- Finally, SCE applies a greenhouse gas adder to all contracts greater than five years in duration.

#### **4.5. Least-Cost, Best-Fit Evaluation**

D.04-12-048 requires the IOUs to utilize a least-cost, best-fit (LCBF) methodology when evaluating RFO bids.<sup>20</sup> While SCE does not explicitly describe an LCBF methodology in its application, the process employed in evaluating bids and selecting RFO winners was described in significant detail. In

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<sup>20</sup> D.04-12-048, Finding of Fact 86 and Ordering Paragraph 26d.

response to an ED data request, SCE provided additional details on the confidential specifics of their LCBF methodology. Based on this supporting documentation, ED has confirmed that SCE satisfied its LCBF methodology requirement.

## **5. Conclusion**

We evaluated SCE's application for approval of the CPV PPA in light of the following factors: conduct of the RFO; need for new capacity in SCE's service territory; need for new capacity by August 1, 2010; applicability of SB 1368 and GHG emissions; whether the CPV project could be considered since it was on a Greenfield site, not a Brownfield site; transmission delivery; compliance with the EAP loading order; and LCBF evaluation. In summary, we make the following findings:

1. SCE's conduct in respect to the fast-track RFO and the selection of CPV was reasonable;
2. The CPV PPA is needed to preserve system reliability, and there is no precise certainty as to whether the need for power from CPV will be significantly greater in 2011 than in August 2010 when CPV is scheduled to come on-line;
3. The CPV facility will be a peaking, not a baseload resource, so the greenhouse gas EPS does not apply here;
4. The most recent CAISO's Deliverability Study indicates that the power from the CPV facility will be fully deliverable under the study's conditions;
5. SCE's 2006 LTPP indicated that SCE complied with the EAP loading order in assessing what resources were needed to meet the needs of its service territory; and

6. SCE utilized a LCBF methodology in evaluating the CPV bid against other bids in the fast-track RFO.

We therefore approve SCE's application for approval of the CPV PPA. Consistent with the PPA, payments to CPV will begin when the project comes on-line. In addition, we find that the CPV payments are recoverable in full through rates, subject only to SCE's prudent administration of the contract, and that the costs and benefits of the CPV PPA are to be allocated to all benefitting customers in accordance with D.06-07-029.

## **6. Comments on Proposed Decision**

The proposed decision of the Administrative Law Judge (ALJ) in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed by SCE and were supportive.

## **7. Assignment of Proceeding**

President Michael R. Peevey is the assigned Commissioner and Carol A. Brown is the assigned ALJ in this proceeding.

### **Findings of Fact**

1. SCE's conduct in respect to the fast-track RFO was reasonable.
2. SCE's choice of the CPV PPA from the other offers in the fast-track RFO is reasonable.
3. The CPV PPA is needed to preserve system reliability when the facility is scheduled to come on-line in August 2010.
4. There is no precise certainty as to whether the need for the power from CPV will be significantly greater in 2011 than in August 2010 when CPV is

scheduled to come on-line, so it is reasonable to approve the contract for 2010 delivery.

5. Because the CPV facility will be a peaking, not a baseload resource, the greenhouse gas EPS does not apply here.

6. The CAISO's most recent Deliverability Study indicates that the power from the CPV facility will be fully deliverable under the Study's conditions.

7. SCE's 2006 LTPP indicated that SCE complied with the EAP loading order in assessing what resources were needed to meet the needs of its service territory.

8. SCE utilized an LCBF methodology in evaluating the CPV bid against other bids in the fast-track RFO.

### **Conclusions of Law**

1. The 10-year CPV PPA for up to 455 MW of capacity and energy deliverable from August 1, 2010 through July 31, 2020 is reasonable and should be approved.

2. The CPV payments should be recoverable in full through rates consistent with the terms of the PPA, subject only to SCE's prudent administration of the contract.

3. The costs and benefits of the CPV PPA should be allocated to all benefitting customers in SCE's service territory in accordance with the cost allocation methodology adopted in D.06-07-029 and the energy auction adopted in D.07-09-044.

## **O R D E R**

### **IT IS ORDERED** that:

1. We authorize Southern California Edison Company (SCE) to enter into a 10-year power purchase agreement (PPA) with CPV Ocotillo, LLC (CPV) for up

to 455 megawatts of capacity and energy deliverable from August 1, 2010 through July 31, 2020.

2. We authorize SCE to allocate the costs and benefits of the CPV PPA with all benefitting customers in accordance with the cost allocation methodology adopted in Decision (D.) 06-07-029 and the energy auction adopted in D.07-09-044.

3. This proceeding will remain open to determine the appropriate consideration for the Blythe Energy, LLC. PPA that was also the subject of this application.

This order is effective today.

Dated April 10, 2008, at San Francisco, California.

MICHAEL R. PEEVEY  
President  
DIAN M. GRUENEICH  
JOHN A. BOHN  
RACHELLE B. CHONG  
TIMOTHY ALAN SIMON  
Commissioners

## ATTACHMENT A

### CAISO 2007 Q3 Generation Deliverability Study Results – SCE and San Diego Areas (Excerpt from Page 1 of the SCE Tab)

CAISO / SCE WDAT Queue Position	Baseline Queue Number	PMAX (MW)	Utility	Point of Interconnection	Deliverable under study conditions?
WDT011	1045	9	SCE	Garnet 115 kV	Yes
WDT034	1050	2.1	SCE	Garnet 115 kV	Yes
WDT016	1055	11.57	SCE	Garnet 115 kV	Yes
1	1060	16.5	SCE	Devers-Garnet 115 kV line (Tap)	Yes
WDT028	1065	2.5	SCE	Moreno 12 kV	Yes
TOT023	1075	3.71	SCE	Buckwind 115 kV	Yes
TOT015	1080	45	SCE	Buckwind 115 kV	Yes
3	1150	850	SCE	Devers Substation 230 kV Bus	Yes
7	1170	630	SCE	El Segundo 220 kV Bus	Yes
WDT054	1200	16.9	SCE	Devers 115 kV	Yes
WDT072	1215	10.5	SCE	Goleta 66 kV	Yes
WDT080	1255	28.5	SCE	Colton 66 kV	Yes
WDT086	1260	8	SCE	La Fresa 66 kV	Yes
WDT085	1265	2.4	SCE	Olinda 66 kV	Yes
WDT110	1280	5.6	SCE	Chino 66 kV	Yes
WDT109	1285	4.2	SCE	Etiwanda 66 kV	Yes
WDT111	1290	3.93	SCE	Valley 115 kV	Yes
WDT098	1295	40	SCE	Colton 66 kV	Yes
WDT118	1305	9	SCE	Vestal 66 kV	Yes
WDT112	1310	16.54	SCE	Control 115 kV	No
11	1315	63	SCE	Mountain Pass Substation	No
WDT129	1335	2.56	SCE	Moorpark 66 kV	Yes

(END OF ATTACHMENT A)

**STATE OF CALIFORNIA  
ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT COMMISSION**

In the Matter of: ) Docket No. 07-AFC-3  
)  
Application for Certification, ) **PROOF OF SERVICE**  
for the CPV SENTINEL ENERGY PROJECT )  
) (March 24, 2010)  
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APPLICANT

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CPV SENTINEL ENERGY PROJECT  
CEC Docket No. 07-AFC-3

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**DECLARATION OF SERVICE**

I, Paul Kihm, declare that on April 20, 2010, I served and filed copies of the attached:

**CPUC DECISION 08-04-011**

to all parties identified on the Proof of Service List above in the following manner:

**California Energy Commission Docket Unit**

- Transmission by depositing one original paper copy with FedEx overnight mail delivery service at Costa Mesa, California, with delivery fees thereon fully prepaid and addressed to the following:

**CALIFORNIA ENERGY COMMISSION**

Attn: DOCKET NO. 07-AFC-3

1516 Ninth Street, MS-4

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docket@energy.state.ca.us

**For Service to All Other Parties**

- Transmission via electronic mail to all email addresses on the Proof of Service list; and
- by depositing one paper copy with the United States Postal Service via first-class mail at Costa Mesa, California, with postage fees thereon fully prepaid and addressed as provided on the Proof of Service list to those addresses **NOT** marked "email preferred."

I further declare that transmission via U.S. Mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210.

I declare under penalty of perjury that the foregoing is true and correct. Executed on April 20, 2010, at Costa Mesa, California.



Paul Kihm