

San Diegans for the Quail Brush Generation Project



December 18, 2012

To: California Public Utilities Commission

CC: California Energy Commission
San Diego County State Legislative Delegation
San Diego County Congressional Delegation

California Energy Commission

DOCKETED

11-AFC-3

TN # 68924

DEC. 19 2012

RE: Support for On-Demand Infrastructure Supporting Renewable Energy

We are writing to you as representatives of San Diego's business community, and as strong proponents of renewable power, to express our support for the proposed Quail Brush Generation Project (Quail Brush). Infrastructure like this facility is critical to ensuring a flexible, reliable system that meets the region's aggregate power needs as more intermittent resources such as wind and solar come online. While a combination of energy efficiency efforts and the greater adoption of ever-improving renewable power technologies can and will significantly reduce the region's need for fossil fuel-generated power, the fact is that for the foreseeable future the variable nature of renewable electricity production will require on-demand systems to equalize power supply at peak periods. For this reason, we urge you to approve the Power Purchase Tolling Agreement for Quail Brush so that it can begin generating much-needed energy as soon as possible.

As you know, San Diego Gas & Electric (SDG&E) has signed contracts for more than 1,000 megawatts (MW) of renewable power, which will be connected to the grid within the next three years. We applaud and encourage this shift toward a cleaner energy future but also recognize that we must ensure that maximizing our region's potential for developing sustainable power projects does not sacrifice reliability for our community. Stable, reliable energy is absolutely critical to ensuring our region's economic prosperity and overall quality of life. Renewable resources, specifically solar and wind, only produce power 22 to 36 percent of the time and can drop off suddenly depending on weather conditions. It is imperative to our region's continued growth and development that adequate electricity is available when needed.

According to a recent article in The Los Angeles Times, California could lose the equivalent of a nuclear reactor within 30 minutes due to renewable energy's variability. The California Independent System Operator (CAISO) also predicts a 3,100 MW deficit of flexible back-up generation by 2017. These alarming facts demonstrate the need to build facilities such as Quail Brush now in order to ensure grid reliability as we make our way toward meeting California's 33 percent renewable energy mandate with a diverse mix of energy sources.

In the near term, San Diego County faces considerable uncertainty due to the potential loss of two existing generation facilities. The San Onofre Nuclear Generating Station (SONGS) has been offline since January 2012 with no clear timeline for reenergizing the plant, representing a loss of electrical power for more than 1.4 million homes in Southern California. Additionally, a recent California Water Quality Control Board decision to phase out once-through cooling technology could result in the closure of the nearly 60-year-old Encina Power Station (Encina) in Carlsbad. CAISO estimates that, without Encina, SDG&E will need an additional 650 to 950 MW of electricity to serve its customers.

On-demand infrastructure like Quail Brush will help address these issues by generating back-up power quickly and efficiently when renewable energy suddenly becomes unavailable. With its highly efficient quick-start technology, the proposed Quail Brush facility can come online within 10 minutes. That flexible response time is an increasingly important consideration, and natural gas remains one of the cleanest ways to fill in the gaps. Quail Brush will fill that critical role in the long term, providing up to 100 MW of electricity when consumption peaks with one of the most advanced and fuel-efficient peaking engine technologies available.

In examining the status of renewable energy in San Diego County, it is clear that stable, reliable electricity remains absolutely critical. We respectfully request that you approve the Power Purchase Tolling Agreement for Quail Brush and thoroughly examine the need for the timely approval and construction of on-demand infrastructure in support of renewable power resources.

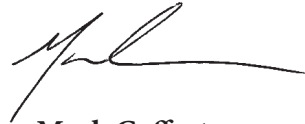
Sincerely,



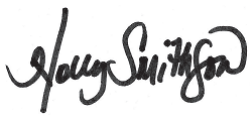
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