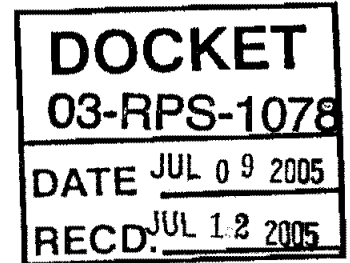


**SUPPLEMENT TO APPLICATION FOR CONFIDENTIAL DESIGNATION
(20 CCR SECTION 2025)**

**RENEWABLES PORTFOLIO STANDARD
Docket Number 03-RPS-1078**



Applicant: San Diego Gas & Electric Company ("SDG&E")

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I. INTRODUCTION

On June 2, 2005, San Diego Gas & Electric Company ("SDG&E") submitted information in response to the California Energy Commission's ("CEC") Short List Data Request ("SLDR"). SDG&E filed an Application for Confidential Designation addressing certain of this information. In response, CEC Staff requested additional information in order to evaluate SDG&E's application. SDG&E provides responses to the questions posed by CEC Staff herein.

As discussed in greater detail in SDG&E's application, the public interest in not disclosing this information far outweighs any interest in disclosing this information to the market. SDG&E is very concerned that the only entities that will be benefited by the disclosure of this information are market participants, who will use this information to the detriment of SDG&E's customers. Accordingly, SDG&E respectfully requests that the CEC grant SDG&E's application.

II. RESPONSES TO QUESTIONS

A. BIDS BELOW THE MPR

Question 2 – Estimated aggregate annual generation for all bids on SDG&E's short list below the MPR

1. Will this aggregated annual generation data be discernable publicly once the executed contracts from SDG&E's RFO are filed with the California Public Utilities Commission ("CPUC") for approval?

No. SDG&E will only disclose the overall size of the project in MW in its filing with the CPUC. In its filing, SDG&E will request that the annual generation data for the project remain confidential. This information will also be confidential pursuant to the contract with the developer.

2. Is there any point in time when this data will become stale and lose its potential value?

No. SDG&E is concerned that if the market has knowledge of the annual generation data of the projects with which SDG&E has contracted, the market will be able to use that information to calculate SDG&E's renewable net short by subtracting it from SDG&E's Annual Procurement Target and also the 20% goal. This information, therefore, will not become stale. For example, if the market knows SDG&E's expected contracted for purchases in 2013, it will be able to estimate the amount SDG&E needs to procure for that year.

3. Please explain how this data could be used to calculate SDG&E's annual renewable net short in future years?

As set forth above, SDG&E is concerned that if the market has knowledge of the annual generation data of the projects with which SDG&E has contracted, the market will be able to use that information to calculate SDG&E's renewable net short by subtracting that amount from SDG&E's Annual Procurement Target and also the 20% goal.

The market will not be able to determine this information from either SDG&E's annual procurement plan or SDG&E's annual RPS compliance filings. SDG&E's recent procurement plan filing did not publicly disclose SDG&E's procurement data or needs on an annual basis. SDG&E requested that this information be protected from public disclosure until the current year's data is disclosed in its annual compliance filing. The Administrative Law Judge granted SDG&E's request.¹ SDG&E's annual RPS compliance filing only provides procurement data information for the current year and does not include data for future years. The information provided in either the plan or compliance filing, therefore, cannot be used to estimate SDG&E's needs in a future year.

4. Aren't the utility's demands and procurement strategies identified in SDG&E's annual procurement plan and annual RPS compliance filings with the CPUC?

SDG&E's demand and procurement strategies are not publicly disclosed in either SDG&E's annual procurement plan or annual RPS compliance filing. As set forth above, SDG&E's annual needs in its plan were protected from public disclosure by the CPUC and SDG&E's compliance filing only includes current year data.

5. Please explain how SDG&E will be disadvantaged by the disclosure of this data?

¹ See Administrative Law Judge's Ruling Administrative Law Judge's Ruling on Motions for Leave to File under Seal and for Protective Orders dated June 9, 2005 in R.04-04-026.

The utilities' net short is very sensitive information that if provided to the market would disadvantage SDG&E and its customers. If buyers know when SDG&E has to buy and the amount SDG&E needs to purchase, SDG&E's customers may be subjected to less desirable contract terms than if the market did not know these exact details and assumed SDG&E had discretion over how much and when it needed to purchase. SDG&E's procurement plan also contains a resource stack that delineates in detail an ideal mix of technology types as a percentage of its total renewable portfolio. Armed with this information and the ability to deduce SDG&E's net short, market participants for all technology types, particularly those technologies that appear higher in the stack, may control how much they produce and when they generate in order to maximize contract prices. Furthermore, the CPUC has consistently protected the utilities' residual net short. SDG&E, therefore, requests that the CEC do so as well in the RPS, particularly given that SDG&E is faced with an aggressive goal of 20% by 2010.

Question 3 – Total number of short listed bids below the MPR

1. Status of filing for approval with CPUC

SDG&E anticipates that it will have filed each of its contracts with the CPUC by September 30. SDG&E, however, notes that the exact timing of its filing will depend on the duration of contract negotiations and whether developers must receive SEP prior to SDG&E's filing with the CPUC. SDG&E has not set a deadline for concluding negotiations. If negotiations fail to result in contracts with certain bidders, the total number of projects below the MPR on SDG&E's short-list can still be disclosed when SDG&E has filed each of its contracts for approval.

2. Please explain how SDG&E or its customers would be disadvantaged by disclosure of this data?

SDG&E and its customers would be disadvantaged by the disclosure of information pertaining to SDG&E's short list during contract negotiations. Given the aggressive goal SDG&E is striving to achieve, if bidders have information such as the total number of bids, they could use that information to their advantage. For example, if SDG&E only had two bidders on its short list below the MPR, this information could be useful to the short listed bidders, who might have otherwise thought that SDG&E had several short listed bidders below the MPR. Bidders for this 2004 RFO and future RFOs might then be less likely to lower contract price armed with the knowledge that only a few projects were below the MPR and only a small amount of generation results from lower-than-MPR prices. Furthermore, SDG&E is only seeking confidential treatment of this information for a very short period of time. The public interest in keeping this information confidential during

this short period, therefore, strongly outweighs any perceived interest in disclosure.

Question 5 – Percentage of generation in short listed bids below the MPR that represent projects that require transmission development beyond installing gen-ties

1. What if pending negotiations fail to result in final contracts with some of the short listed bidders?

If negotiations fail to result in contracts with certain bidders, the percentage of generation in short listed bids below the MPR that represent projects that require transmission development beyond installing gen-ties can still be disclosed when SDG&E has filed each of its contracts for approval.

2. Please explain how SDG&E or its customers would be disadvantaged by disclosure of this data?

SDG&E and its customers would be disadvantaged by the disclosure of information pertaining to SDG&E's short list during contract negotiations. Given the aggressive goal SDG&E is striving to achieve, if bidders have information concerning the bids on SDG&E's short list, they could use that information to their advantage. For example, if a short listed bidder knew that 90% of the generation on SDG&E's short list required transmission upgrades and this particular bidder did not, it may pursue terms disadvantageous to SDG&E's customers because the bidder perceives its project as having advantages over the other short listed projects. If this information is not known a seller may be more willing to negotiate acceptable terms for SDG&E's customers. Furthermore, SDG&E is only seeking confidential treatment of this information for a very short period of time. The public interest in keeping this information confidential during this short period, therefore, strongly outweighs any perceived interest in disclosure.

Question 6 – Single, aggregate weighted-average price for all short-listed bids

1. Will this data be discernable publicly once the executed contracts from SDG&E's RFO are filed with the CPUC for approval?

No. SDG&E intends to request that pricing information be protected from public disclosure in its filing with the CPUC. Pricing information will also be confidential pursuant to the contract with the seller.

2. Is there a point in time when this data will become stale and lose its potential value?

SDG&E had originally requested that this information be kept confidential indefinitely. SDG&E has reconsidered this length of time and now requests that this information be kept confidential for a period of five years. Disclosing this information during this period would harm SDG&E's customers in this RFO and later procurement efforts because it would provide the market with information concerning the price bid by other suppliers and the price SDG&E could pay for renewable energy. For example, bidders could use this information to determine where they are in comparison to the average of other bidders' prices on the short list and then use this information to their advantage. In addition, if SDG&E entered into contracts with such bidders, this information would provide the market with information concerning the price SDG&E is willing to pay for renewable energy. SDG&E is very concerned that if this information is released, the bids in response to its next RFO will consider this average a floor or tend to cluster around these prices. SDG&E does not anticipate any change in this information over the next five years and therefore it could be used by the market to harm SDG&E's customers within that period of time. Furthermore, protecting this information from disclosure for a five-year period would ensure that this sensitive information is not revealed to the market during the period of time in which SDG&E is faced with trying to achieve the aggressive goal of 20% by 2010.

B. BIDS ABOVE THE MPR

Question 2 – Type of products bid by individual bidders above the MPR on SDG&E's short list

1. Status of filing for approval with CPUC

SDG&E anticipates that it will have filed each of its contracts with the CPUC by September 30. SDG&E, however, notes that the exact timing of its filing will depend on the duration of contract negotiations and whether developers must receive SEP funding prior to SDG&E's filing with the CPUC. SDG&E has not set a deadline for concluding negotiations. If negotiations fail to result in contracts with certain bidders, the information related to these projects should still not be disclosed when SDG&E has filed each of its contracts for approval. Absolutely no public interest will be served by releasing this information because it has neither resulted in a signed contract nor are SEPs needed.

2. Please explain how SDG&E or its customers would be disadvantaged by disclosure of this data?

SDG&E and its customers would be disadvantaged by the disclosure of information pertaining to SDG&E's short list during contract negotiations. There are two scenarios that could occur. If a short-list is relatively small, disclosing the information could give bidders an advantage if they believe

they represent a large portion of that short-list. If, on the other hand, the short-list is long, bidders may not believe SDG&E will pursue that much and may lose interest in expending the time and effort necessary to pursue earnest negotiations with SDG&E. Either way, releasing this data prior to when negotiations are concluded and contracts are finalized could likely hurt the utility efforts. Furthermore, for bids that result in contracts, SDG&E is only seeking confidential treatment of this information for a very short period of time. The public interest in keeping this information confidential during this short period, therefore, strongly outweighs any perceived interest in disclosure.

Question 3 – Number of years of energy delivery for individual projects above the MPR on SDG&E’s short list

1. What if pending negotiations fail to result in final contracts with some of the short listed bidders?

If negotiations fail to result in contracts with certain bidders, the information related to these projects should still not be disclosed when SDG&E has filed each of its contracts for approval. Absolutely no public interest will be served by releasing this information because it has neither resulted in a signed contract nor are SEPs needed.

2. Please explain how SDG&E or its customers would be disadvantaged by disclosure of this data?

SDG&E and its customers would be disadvantaged by the disclosure of information pertaining to SDG&E’s short list during contract negotiations. Given the aggressive goal SDG&E is striving to achieve, if bidders have information concerning the bids on SDG&E’s short list, they could use that information to their advantage. If this information is not known a seller may be more willing to negotiate acceptable terms for SDG&E’s customers. Furthermore, for bids that result in contracts, SDG&E is only seeking confidential treatment of this information for a very short period of time. The public interest in keeping this information confidential during this short period, therefore, strongly outweighs any perceived interest in disclosure.

Question 4 – Contract price for individual projects above the MPR on SDG&E’s short list levelized over the contract term

1. Will this data be publicly discernable if a project receives SEPs, the award and payment of which will be public?

No. SDG&E believes that the CEC should only release the lump sum amount of the award of SEPs in order to protect the confidentiality of the price above the MPR. SDG&E is concerned that if pricing information is released it will

cause the SEPs funds to be drained, because bidders may be motivated not to bid below this amount.

2. Is there a point in time when this data will become stale and lose its potential value?

Pricing information specific to a particular project above the MPR does not become stale because it informs the market of the exact amount of SEPs that the CEC is willing to allocate, which could result in future projects not bidding below that amount. SDG&E is concerned that this pricing information will then become a floor causing SEP funds to be drained, which could create a problem for the utilities achieving the 20% goal.

Question 5 – Year energy deliveries are expected to begin for each project above the MPR on SDG&E’s short list

1. Will this data be discernable publicly once the executed contracts from SDG&E’s RFO are filed with the CPUC for approval?

No. SDG&E intends to request that the online date be protected from public disclosure in its filing with the CPUC.

2. Is it possible that this data may be publicly disclosed by SDG&E and/or bidders prior to a project coming on-line?

It is possible that this information could become publicly available prior to a project’s online date. In this case, the information would become available at the discretion of the bidder and most likely at a time when the disclosure of such information would not jeopardize a bidder in negotiations with other parties. This possibility, however, should not result in the premature disclosure of this information when it could harm the bidder.

3. Will this data be publicly discernable if a project receives SEPs, the award and payment of which will be public?

No. SDG&E believes that the CEC should only release the lump sum amount of the award of SEPs in order to protect the confidentiality of the online date for the reasons discussed herein.

4. Please explain how SDG&E or its customers would be disadvantaged by disclosure of this data?

SDG&E and its customers would be disadvantaged by the disclosure of information pertaining to SDG&E’s short list during contract negotiations. Given the aggressive goal SDG&E is striving to achieve, if bidders have

information concerning the bids on SDG&E's short list, they could use that information to their advantage.

5. Please explain how a bidder's negotiations may be impacted by the disclosure of this information?

If a counterparty knows the bidder's online date, the counterparty may use this information to its advantage in negotiations with the bidder. For example, if a counterparty knows that the bidder is coming online in 2006 and its October of that year, the counterparty may use that information to place additional pressure on the bidder in negotiations.

Question 7 – Have negotiations with each bidder above the MPR on SDG&E's short list begun?

1. Please explain how SDG&E or its customers would be disadvantaged by disclosure of this data?

SDG&E and its customers could be disadvantaged by releasing information concerning contract negotiations with particular bidders. For example, if SDG&E has begun negotiations with three of the four bidders on SDG&E's short list above the MPR and this information is released, it may unnecessarily damage the relationship SDG&E has with the fourth bidder. Furthermore, SDG&E is only seeking confidential treatment of this information for a very short period of time. The public interest in keeping this information confidential during this short period, therefore, strongly outweighs any perceived interest in disclosure.

Question 8 – Estimated date to complete negotiations with each bidder above the MPR on SDG&E's short list?

1. Please explain how SDG&E or its customers would be disadvantaged by disclosure of this data?

As a primary issue, SDG&E is opposed to the release of such dates. The timing and expected completion of negotiations is between SDG&E and the seller and the expected date of completion typically changes frequently during the negotiation process. SDG&E must have the control over release of such information if it is to adequately manage the process and outside expectations. Further, even though this date is only an estimate, release of incorrect or outdated dates may unnecessarily damage the relationship SDG&E has with bidders by creating expectations that may not be met. In addition, SDG&E does not want to convey to bidders that SDG&E is close to exceeding or already past perceived internal deadlines. This information could also be misconstrued, because the fact that the expected date is only an estimate may not be recognized. Furthermore, SDG&E is only seeking confidential

treatment of this information for a very short period of time. The public interest in keeping this information confidential during this short period, therefore, strongly outweighs any perceived interest in disclosure.

Question 9 – Is new transmission beyond a gen-tie addition or upgrade needed to connect each project to grid?

1. What if pending negotiations fail to result in final contracts with some of the short listed bidders?

If negotiations fail to result in contracts with certain bidders, the information related to these projects should still not be disclosed when SDG&E has filed each of its contracts for approval. Absolutely no public interest will be served by releasing this information because it has neither resulted in a signed contract nor are SEPs needed.

2. Please explain how SDG&E or its customers would be disadvantaged by disclosure of this data?

SDG&E and its customers would be disadvantaged by the disclosure of information pertaining to SDG&E's short list during contract negotiations. Given the aggressive goal SDG&E is striving to achieve, if bidders have information concerning the bids on SDG&E's short list, they could use that information to their advantage. For example, if a short listed bidder knew that other projects on SDG&E's short list required transmission upgrades and this particular bidder did not, it may pursue terms disadvantageous to SDG&E's customers because the bidder perceives its project as having advantages over the other short listed projects. If this information is not known a seller may be more willing to negotiate acceptable terms for SDG&E's customers. Furthermore, for bids that result in contracts, SDG&E is only seeking confidential treatment of this information for a very short period of time. The public interest in keeping this information confidential during this short period, therefore, strongly outweighs any perceived interest in disclosure.

Question 10 – Weighted-average bid price in nominal c/kWh for each year of a project's expected delivery

1. Will this data be publicly discernable if a project receives SEPs, the award and payment of which will be public?

No. SDG&E believes that the CEC should only release the lump sum amount of the award of SEPs in order to protect the confidentiality of the price above the MPR. SDG&E is concerned that if pricing information is released it will cause the SEPs funds to be drained because bidders may be motivated not to bid below this amount.

2. Is there a point in time when this data will become stale and lose its potential value?

Pricing information specific to a particular project above the MPR does not become stale because it informs the market of the exact amount of SEPs that the CEC is willing to allocate, which could result in future projects not bidding below that amount. SDG&E is concerned that this pricing information will then become a floor causing SEP funds to be drained, which could create a problem for the utilities achieving the 20% goal.

Question 10 -- Estimated annual generation for each project above the MPR on SDG&E's short list

1. Will this data be publicly discernable if a project receives SEPs, the award and payment of which will be public?

No. SDG&E believes that the CEC should only release the lump sum amount of the award of SEPs in order to protect the confidentiality of the annual generation for each project.

2. Is there a point in time when this data will become stale and lose its potential value?

No. SDG&E is concerned that if the market has knowledge of the annual generation data of the projects with which SDG&E has contracted, the market will be able to use that information to calculate SDG&E's renewable net short by subtracting it from SDG&E's Annual Procurement Target. This information, therefore, will not become stale. For example, if the market knows SDG&E's expected contracted for purchases in 2013, it will be able to estimate the amount SDG&E needs to procure for that year.

3. Please explain how this data could be used to calculate SDG&E's annual renewable net short in future years?

As set forth above, SDG&E is concerned that if the market has knowledge of the annual generation data of the projects with which SDG&E has contracted, the market will be able to use that information to calculate SDG&E's renewable net short by subtracting that amount from SDG&E's Annual Procurement Target.

The market will not be able to determine this information from either SDG&E's annual procurement plan or SDG&E's annual RPS compliance filings. SDG&E's recent procurement plan filing did not publicly disclose SDG&E's procurement data or needs on an annual basis. SDG&E requested that this information be protected from public disclosure until the current year's data is disclosed in its annual compliance filing. The Administrative

Law Judge granted SDG&E's request.² SDG&E's annual RPS compliance filing only provides procurement data information for the current year and does not include data for future years. The information provided in either the plan or compliance filing, therefore, cannot be used to estimate SDG&E's needs in a future year.

4. Aren't the utility's demands and procurement strategies identified in SDG&E's annual procurement plan and annual RPS compliance filings with the CPUC?

SDG&E's demand and procurement strategies are not publicly disclosed in either SDG&E's annual procurement plan or annual RPS compliance filing. As set forth above, SDG&E's annual needs in its plan were protected from public disclosure by the CPUC and SDG&E's compliance filing only includes current year data.

5. Please explain how SDG&E will be disadvantaged by the disclosure of this data?

The utilities' net short is very sensitive information that if provided to the market would disadvantage SDG&E and its customers. If buyers know when SDG&E has to buy and the amount SDG&E needs to purchase, SDG&E's customers may be subjected to less desirable contract terms than if the market did not know these exact details and assumed SDG&E had discretion over how much and when it needed to purchase. The CPUC has consistently protected the utilities' residual net short. SDG&E requests that the CEC do so as well in the RPS, particularly given that SDG&E is faced with an aggressive goal of 20% by 2010.

C. FOR ALL BIDS

1. Please explain whether SDG&E has entered into confidentiality agreements with each of its short listed bidders that obligate the parties to keep data confidential?

SDG&E's RFO sets forth the parameters of the confidentiality protection offered to bidders. (See Section 10 of SDG&E's RFO attached hereto). SDG&E negotiated releases with bidders in order to provide project specific information in response to the above the MPR questions. This release provides that SDG&E will request confidential treatment of sensitive information.

² See Administrative Law Judge's Ruling Administrative Law Judge's Ruling on Motions for Leave to File under Seal and for Protective Orders dated June 9, 2005 in R.04-04-026.

III. CONCLUSION

For the reasons set forth in SDG&E's Application for Confidential Designation and this Supplement, SDG&E requests that its request for confidential designation of the information set forth in its responses to the Short List Data Request be granted.

I certify under penalty of perjury that the information contained in this supplement to application for confidential designation is true, correct, and complete to the best of my knowledge and that I am authorized to make the application and certification on behalf of the Applicant.

Dated: July 9, 2005

Signed: _____
Name: Meredith E. Allen
Title: Senior Regulatory Counsel