

SDG&E Transmission Project Review Process CPUC Comments on TPR Process (July 2024 Cycle) and Stakeholder Meeting November 26, 2024

The CPUC Energy Division Staff (CPUC Staff) provide these Comments to San Diego Gas & Electric Company (SDG&E) on its July 2024 Transmission Project Review (TPR) Process submittal including the multiple revisions to SDG&E's TPR Process Project Spreadsheet (TPR PS or PS), supporting information, the September 30, 2024 TPR Process Stakeholder Meeting, and information provided to Stakeholders in response to data requests.

A. Background

On July 1, 2024, SDG&E provided the CPUC and Stakeholders with a PS of transmission projects and programs under the TPR Process. SDG&E issued two subsequent Project Spreadsheets containing corrected and additional data on July 18, 2024 and September 6, 2024.

The PS includes individual projects and programs with FERC-jurisdictional transmission program spending at or above \$1 million. SDG&E included approximately 311 projects and programs and provided 63 additional documents, including a confidentiality declaration and project and work authorization documents related to the projects and programs in the PS.

Data Quality

In the January 2024 TPR Cycle, SDG&E's PS information fell short of the expectations of Resolution E-5252. To address further errors in the July 2024 Cycle SDG&E provided additional corrections to the PS and data responses. CPUC Staff appreciate the corrections but notes that multiple updates of data again hampered Stakeholders' ability to meaningfully review the project information and to provide any findings on the transmission projects included in the PS. CPUC Staff will continue to carefully monitor the TPR Process data in the January 2025 Cycle.

Data Request Responses

In this cycle, CPUC Staff submitted three sets of data requests (including one confidential set), comprising 66 individual questions to SDG&E. All responses were received by their corresponding due dates and were mostly complete, with a majority of follow-up questions seeking greater detail rather than seeking a response that was not

received initially. In cases where CPUC Staff identified responses with truncated or incomplete answers, SDG&E issued corrections in a timely manner.

Stakeholder Meeting

SDG&E held a Stakeholder Meeting on September 30, 2024, to respond to questions and agenda items provided by the CPUC and Stakeholders on the Project Spreadsheet. During this meeting there were brief discussions over the presentation of several overarching topics and of specific programs and projects listed below.

Procedural Topics:

- TPR Project Spreadsheet Process & Improvements
- Projects Not Included in TPR Spreadsheet
- Capital Expenditures
- Blanket Budgets
- Hardware/Software Projects
- Fire-Related Costs
- Cost-Benefit Analysis
- Work Order Authorizations

Project- or Program-Specific Inquiries:

- Jamacha Substation Rebuild
- Penasquitos-Mira Sorrento
- Insulator Shanks
- Circuit Breaker Monitoring
- San Mateo Substation
- Remediation CMP Issues
- ET Line Easements

SDG&E prepared a presentation slide deck for this meeting but did not distribute it to the CPUC and Stakeholders in advance. In addition, the meeting moved much more quickly than SDG&E indicated it would in the agenda. This impeded the ability for Stakeholders to follow the flow of information and to join the meeting at the specific times SDG&E indicated for particular topic areas.

As stated above, and unlike the level of engagement and transparency demonstrated by the two other Utilities participating in the TPR Process, Stakeholders did not receive the presentation slide deck in advance of the meeting. It was not until CPUC Staff

requested it during the meeting that SDG&E posted the slide deck during the meeting's lunch break. It remained challenging for Stakeholders to process the information provided during the meeting itself and react with follow up questions. The lack of pre-provided slides and the fast-moving meeting limited the effectiveness of the Stakeholder Meeting as an opportunity for open dialogue and Stakeholder engagement. CPUC Staff expect improvement in these areas in future TPR cycles.

B. Concerns with SDG&E Projects and Processes

Based on the review of the project information submitted by SDG&E, Stakeholder Meeting presentation, and in response to CPUC Staff data requests, CPUC Staff have several concerns and observations with individual initiatives, described below.

Ongoing Data Quality Issues

After three PS data submittals and identification of numerous errors, CPUC Staff remain concerned about SDG&E's ability to provide meaningful and accurate information. SDG&E's updates of data, in response to others' identifying errors, has hampered the CPUC's and Stakeholders' ability to meaningfully review the project information and to fully understand the transmission projects included in the PS. CPUC Staff identified numerous issues with SDG&E's PS, including inaccuracies from omitting individual projects from the PS.

During the September 30, 2024 Stakeholder Meeting, SDG&E provided an overview of its process for assembling the PS information. Noting obvious "issues" during the July 2024 Cycle process, SDG&E indicated they had incorporated cross-checks and validation processes discussed during the January 2024 Cycle Stakeholder Meeting. SDG&E shared that the January 2025 TPR Cycle information updates will incorporate "[m]inimizing the use of data outside of the TM1 Planning System" and "[e]xcluding Removal Costs from Capital Expenditures."

Additionally, as a result of recent discussions between CPUC Staff and SDG&E to clarify the usage of Unique Utility IDs, changes will be reflected in the January 2025 TPR Cycle.

Processes for Utility Approval

Through the data request process and Stakeholder Meeting, SDG&E maintained that all 311 TPR Projects appropriately listed "Work Order Authorization" as an input for Data Field 32, "Process for Utility Approval." When asked to explain if there are any other

differentiating characteristics of SDG&E's approval process that can be included outside of a blanket "Work Order Authorization" description, SDG&E stated that "The Work Order Authorization process is the only process that exists for capital project approval at SDG&E. The process for determining what projects are submitted for approval through Work Order Authorizations may vary by department, but all projects must receive approval through the Work Order Authorization process to proceed."¹

The CPUC has unresolved questions about the project approval processes at SDG&E. In particular, SDG&E should describe in detail how one project is approved over another and how priority is determined. In the January 2025 Cycle, the CPUC anticipates submitting additional data requests to SDG&E to learn more about project development, approval processes, related forms, and the differences between project approval processes in different departments.

Differences between TM1 & SAP systems

CPUC Staff noted that in the September 6, 2024 PS, FERC rate base additions show as less than the capital expenditures from 2019-2024. SDG&E indicated that this discrepancy is due to methodology differences between the SAP Accounting system and the TM1 planning system, with one system requiring more manual processes than the other. When asked for further explanation, SDG&E was unable to quantify the financial impact of these discrepancies, although they indicated that nearly all projects in the PS were impacted.

SDG&E also indicated that the capital expenditures fields correctly include the cost of removal, but the rate base additions do not. SDG&E indicated that it has updated its process so that all capital expenditures and capital additions data will be sourced from a single system (the TM1 planning system). As part of this change, all capital additions from TM1 will also be reconciled to the capital additions in SAP to verify the amounts accurately reflect what is included in FERC rate base. Therefore, in the January 2025 Cycle, CPUC Staff expects, and will confirm, that the capital expenditures and FERC rate base addition values align for future years.

Interconnection Projects Not Meeting Inclusion Criteria

Following the review of the PS provided on July 1, 2024, CPUC Staff identified the inaccuracies with interconnection projects that were represented at the program level but not at the individual project level. CPUC Staff directed SDG&E to provide a new

¹ SDG&E Data Request Response 03-02 (November 4, 2024)

spreadsheet by July 19, 2024 “with all GIDAP-related projects of \$1 million or more broken out into individual projects.”²

SDG&E responded on July 19, 2024 that the individual projects “fall outside of the parameters of Resolution E-5252,”³ due to project costs falling under the \$1 million threshold but were willing to revise the TPR spreadsheet to include them. CPUC Staff reiterated the need for that revised spreadsheet in the first series of Data Requests and SDG&E responded on September 12, 2024 they had “updated the project spreadsheet per the request.”⁴ However, the (third updated) PS dated September 6, 2024, does not appear to have the individual projects listed yet, likely due to the PS update date preceding the Data Request response. CPUC Staff expect that the PS in the January 2025 Cycle will need to include these individual GIDAP projects, along with any other projects that have been omitted due to falling under the \$1 million E-5252 threshold, if their costs are represented elsewhere in the PS as aggregated into programs at or above \$1 million.

Line 245 - San Mateo Substation

As with the previous January 2024 Cycle, in the July 2024 Cycle, several data requests were submitted regarding the status of the San Mateo Substation project. It is currently listed as “on hold” and no capital expenditures are expected in the 2023-28 timeframe. CPUC Staff requested confirmation when this project would be removed from its on hold status or removed from the PS entirely. SDG&E’s response indicated that they are evaluating equipment and capacity at the substation before making that determination and cannot change the status until then. In the November 4, 2024 data request responses, SDG&E indicated that the San Mateo Substation was “configured in a nonstandard way and there is potential risk of a capacity issue if equipment were to fail.”

This raised the question of SDG&E’s substation configurations and what the standard versus nonstandard substation configurations are. In the next January 2025 TPR Cycle, CPUC Staff intend to submit data requests to SDG&E to better understand the substation standards both from a historical perspective and as they relate to projects planned or currently in process.

² Identified CPUC Concerns for SDG&E TPR July 2024 Cycle Project Spreadsheet 070924.pdf

³ SDG&E TPR Process July 2024 CPUC Response.pdf

Transmission

There were no major issues identified in the transmission programs or projects as presented in the July 2024 Cycle PS. Though the PS updates made it challenging for Stakeholders to compare cycle-to-cycle data, some notable cost increases occurred in those projects previously reviewed in the January 2024 Cycle and discussed in the Final Report, as shown in Table 1 below:

Table 1 – Cycle to Cycle Comparison of Selected Transmission Projected or Final Costs

Row #**	Project Name(s)	Unique Utility Identifier	Project Status**	January 2024 Cycle* Projected Cost or Cost Range (\$000)	July 2024 Cycle** Projected Cost or Cost Range (\$000)	Increase
297	Miguel-Sycamore Canyon 230kV Line Loop-in Suncrest	5637915	Planning	244,764	560,105	+129%
128	Transmission CMP Non HFTD	Blanket	Operational	356,026	503,456	+41%
304	Cleveland National Forest Master Special Use Permit	2651572	Operational	191,970	418,777	+118%

* UPDATE 3-18-2024 - SDG&E Public - Resolution E-5252 Atch B TPR Process Data Template

**UPDATE 09-06-2024 - SDGE-Public - Resolution E-5252 TPR Process Data

CPUC Staff acknowledge that project cost increases can occur for a variety of reasons, including factors outside the control of SDG&E. However, when projects, such as those referenced in Table 1, experience such significant increases, a review of cost estimating methods may be warranted. CPUC Staff encourage SDG&E to conduct a deeper

analysis of historical project estimates compared to final actual costs to refine the project scope estimation process in the future.

C. Conclusion

CPUC Staff appreciate SDG&E's efforts and improvements since the January 2024 TPR Cycle. Additional changes discussed by the CPUC and SDG&E will help to further avoid project omissions and inaccuracies moving forward. Staff expect SDG&E to continue to develop and implement these changes in the lead up to the January 2025 TPR Cycle to provide more complete TPR data and documentation.

Some of the changes that CPUC Staff expect from SDG&E in the January 2025 TPR cycle include:

- Reformatting the Unique Utility ID Data Fields to clarify project level, parent work order level, and budget code level IDs;
- Including the projects under a larger programmatic label, even when under \$1 million, if the program itself is at or above \$1 million;
- Reconciling the different data reports from the SAP and TM1 Accounting systems;
- Considering including further details for Utility Approval Process besides a blanket "Work Order Authorization";
- Providing presentation documents and files in advance of the TPR Stakeholder Meeting; and
- Continuing overall data validation/quality checks to avoid missing or inaccurate project information.

Please direct any questions or comments SDG&E may have related to these comments to tpprocess@cpuc.ca.gov. CPUC Staff look forward to continuing to work with SDG&E on the TPR Process in this next year.