

Decision S4 12 027

DEC 5 1984

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Second Application of PACIFIC GAS)
 AND ELECTRIC COMPANY for Approval)
 of Certain Standard Offers Pursuant)
 to Decision No. 82-01-103 in Order)
 Instituting Rulemaking No. 2.)

Application 82-04-44
 (Filed April 21, 1982;
 amended April 28, 1982,
 July 19, 1982, July 11, 1983,
 and August 2, 1983)

And Related Matters.

Application 82-04-46
 (Filed April 21, 1982;
 amended May 12, 1982,
 July 11, 1983, and
 August 10, 1983)

Application 82-04-47
 (Filed April 21, 1982;
 amended July 11, 1983
 and August 2, 1983)

ORDER EXTENDING SUSPENSION

On October 17, 1984, the Commission issued Decision (D.) 84-10-098 in this proceeding. This order suspended all terms and conditions of Payment Option #3 of Pacific Gas and Electric Company's (PG&E) interim Standard Offer 4 for qualifying facility (QF) projects over 50 MW. The suspension was to remain in effect until December 5, 1984.

By D.84-10-098, we also directed PG&E to file certain information regarding the circumstances underlying the suspension of Payment Option #3. Further, a public hearing was scheduled for November 5, 1984 in San Francisco before the Commission en banc. During this hearing, the Commission heard comments from PG&E, the Public Staff, and other interested parties regarding the suspension of Payment Option #3. These parties were also permitted to discuss a motion of the Public Staff to expand the suspension to include Standard Offer 2 and the remainder of Standard Offer 4 for certain QFs.

Because new appearances in this proceeding were received on November 5 and no notice had been given to the parties that the hearing agenda would include the staff motion, the presiding Administrative Law Judge determined that all parties should be permitted to file written comments. These comments, which could address the staff motion and the statements of other parties made during the hearing, were to be received by November 16, 1984.

The participation in the comment process relating to the Commission's suspension of Payment Option #3 of PG&E's interim Standard Offer 4 has been extensive. The Commission has heard from utilities, the Public Staff, and interested parties alike.

Based on these comments, we conclude that the cornerstone for determining the extent of QF capacity in PG&E's service territory is the adoption of a milestone procedure to mark the progress and commitment of each QF project. It is clear that such steps have not yet been taken by PG&E. Further, without such a procedure it is difficult for this Commission or any other party to verify the exact extent of the impact of QF development on PG&E's resource plan and its ratepayers.

The opportunity for this Commission to implement such a milestone procedure will be presented shortly in an existing, ongoing Commission proceeding--Order Instituting Investigation (I.) 84-04-077. This proceeding is the Commission's investigation into transmission constraints in PG&E's service territory. Among the factors contributing to excess QF capacity in PG&E's service territory, PG&E has cited the rapid subscription of transmission capacity made available pursuant to a settlement reached in I.84-04-077.

We believe that the opportunity to adopt milestones presented in I.84-04-077 should be used to its full advantage. Despite our continuing investigation of QF-related issues, which this year alone has led to the issuance of ten orders in various proceedings, we are concerned about circumstances which have arisen during the year requiring immediate Commission action outside

our normal hearing process. While we have responded to these situations, it is our primary desire that the credibility and viability of our procedures for developing QF contract terms and prices be maintained.

To achieve this goal, we find that it is reasonable to continue the suspension of Payment Option #3 of PG&E's interim Standard Offer 4, but coordinate any further expansion or removal of that suspension with the milestone procedure to be considered in I.84-04-077. We believe that a sufficient basis to maintain the status quo has been presented by PG&E. We find, however, that no further action is warranted until we have had the opportunity to consider the comments and milestone proposals to be presented during the public hearing scheduled for December 17, 1984 in I.84-04-077.

We wish to make clear by this order that the suspension of Payment Option #3 applies only to PG&E's interim Standard Offer 4. We have no basis to extend this suspension to the interim Standard Offer 4 of either Southern California Edison Company or San Diego Gas and Electric Company.

Findings of Fact

1. It is reasonable to continue the suspension of Payment Option #3 of PG&E's interim Standard Offer 4 for QF projects over 50 MW until further order of this Commission.

2. It is reasonable to coordinate any further Commission action regarding suspension of other portions of Standard Offer 4 or Standard Offer 2 with milestone procedures to be developed in I.84-04-077.

Conclusions of Law

1. The suspension of Payment Option #3 of PG&E's interim Standard Offer 4 for QF projects over 50 MW should continue until further order of this Commission.

2. Notice of the following order did not appear in the Commission's public agenda as required by Public Utilities Code § 306(b). This matter is an unforeseen emergency in that the suspension of Payment Option #3 of PG&E's interim Standard Offer 4 would lapse on this date without the further order of this Commission.

3. To avoid a lapse in the suspension of Payment Option #3 of PG&E's interim Standard Offer 4, this order should be effective today.

IT IS ORDERED that:

1. All terms and conditions of Pacific Gas and Electric Company's (PG&E) Payment Option #3 of interim Standard Offer 4 adopted in Decision (D.) 83-09-054 shall be suspended for qualifying facility projects over 50 MW until January 16, 1985.

2. The terms of Ordering Paragraph 1 of this decision and Ordering Paragraph 1 of D.84-10-098 apply only to the interim Standard Offer 4 of PG&E.

This order is effective today.

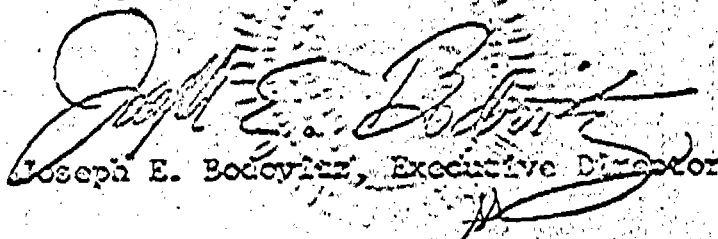
Dated December 5, 1984, at San Francisco, California.

I abstain because of financial interest in potential qualifying facilities.

/s/ PRISCILLA C. GREW
Commissioner

DONALD VIAL
President
VICTOR CALVO
WILLIAM T. BAGLEY
FREDERICK R. DUDA
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovitz, Executive Director

3. To avoid a lapse in the suspension of Payment Option #3 of PG&E's interim Standard Offer 4, this order should be effective today.

O R D E R

IT IS ORDERED that:

1. All terms and conditions of Pacific Gas and Electric Company's (PG&E) Payment Option #3 of interim Standard Offer 4 adopted in Decision (D.) 83-09-054 shall be suspended for qualifying facility projects over 50 MW until further order of this Commission.

2. The terms of Ordering Paragraph 1 of this decision and Ordering Paragraph 1 of D.84-10-098 apply only to the interim Standard Offer 4 of PG&E.

This order is effective today.

Dated DEC 5 1984, at San Francisco, California.

I abstain because of
financial interest in
potential qualifying
facilities.

PRISCILLA C. GREW
Commissioner

DONALD VIAL
President
VICTOR CALVO
WILLIAM T. BAGLEY
FREDERICK R. DUDA
Commissioners