

Decision No. 91181

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's)
own motion into the electric)
resource plan and alternatives)
of Pacific Gas and Electric)
Company and the ratemaking)
implications and options)
relating to the various plans.)

O.I.I. No. 26
(Filed September 6, 1978)

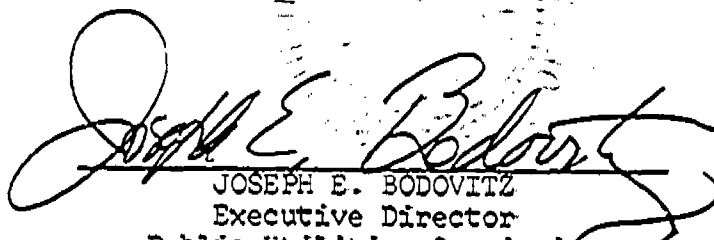
ORDER CORRECTING DECISION NO. 91109

The page 20a included in the copy of Decision No. 91109 that was recently mailed to you was in error.

Attached is the corrected page 20a and a new page 20b for inclusion in Decision No. 91109.

The effective date of this order is the date hereof.

Dated DEC 27 1979, at San Francisco, California.


JOSEPH E. BODOVITZ
Executive Director
Public Utilities Commission
of the State of California

Where the utility's filed rates are less than the price that will be paid to the cogenerator or small power producer, a provision for simultaneous purchase from the utility and sale of all of the facilities output will further encourage development of these alternate resources. This provision will also make available more uniform treatment to cogenerators and small power producers in that their output^{c/} will be priced on the same basis irrespective of their own electrical requirements. To the extent that the utility's filed rates are less than the price that will be paid to the cogenerator or small power producer, this will more nearly reflect the results of a competitive market and further encourage development of these alternate resources.

From the viewpoint of the utility and the ratepayer, the providing of energy, firm as well as nonfirm, to the electric system relieves the utility of the need to provide that energy (i.e., the utility does not have to burn oil or, in the case of firm energy, can defer the raising of capital and construction of other facilities to provide utility service).

^{c/} Output will be designated as that portion of cogenerated power which the cogenerator contractually commits to the utility, regardless of its internal electrical requirements.

While the provision of simultaneous purchase and sale has been considered primarily when the cogenerator commits both energy and capacity, it is consistent with the principle of avoided cost pricing and the development of options for the potential cogenerator consistent with the ratepayer interest, to extend the provision to energy only. The payment for this nonfirm energy reflects the cost of the marginal fuel component. As it does not include a payment for capacity, the value of this energy to the ratepayer is reflected correctly.

To the extent that a number of cogenerators decide to provide energy only, an indirect benefit to the system may be capacity. While individually the cogenerators commit energy, as an aggregate they may provide capacity for the utility system.

While the provision for simultaneous purchase and sale is available in the case where the cogenerator offers to sell energy only, as well as when it sells both energy and capacity, the same filed tariff rates (reflecting both capacity and energy) will be applicable to both.

e. PG and E's Proposed Limitations

i. Introduction

PG and E (Exhibit 43) offers, on an experimental basis, to pay marginal cost for surplus electricity produced from cogenera-