

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3225
APRIL 10, 1991

R E S O L U T I O N

RESOLUTION E-3225. PACIFIC GAS AND ELECTRIC COMPANY'S REQUEST TO REVISE ITS GEOTHERMAL ADDER FOR ENERGY PRICES PAID TO QUALIFYING FACILITIES, IN COMPLIANCE WITH DECISION 86-12-091.

BY ADVICE LETTER 1336-E, FILED ON FEBRUARY 1, 1991.

SUMMARY

1. Pacific Gas and Electric Company (PG&E) requests authority to revise its Geothermal Adder, or component added to the energy price paid to those Qualifying Facilities (QF's) who are paid variable energy prices. This filing is made annually in compliance with Decision (D.) 86-12-091 in Application 86-04-012 dated December 22, 1986.
2. This Resolution grants the request.

BACKGROUND

1. Ordering Paragraph 20, of D.86-12-091, states that PG&E shall update annually the Geothermal Adder based on avoided geothermal costs payable to QF producers. This Advice Letter (1336-E) is the fourth annual update. The current Geothermal Adder as filed by Supplemental Advice Letter 1282-E-A, on April 10, 1990, was approved by Commission Resolution E-3181 effective June 20, 1990.
2. The energy prices paid to QF producers is determined by the purchasing utility's avoided costs. Utility energy costs are established by determining the savings in its system operation because of the use of QF energy. PG&E does not have to use geothermal energy which would be more expensive than QF.
3. The contractual geothermal steam prices are determined by a formula established by PG&E in compliance with D.86-12-091, Ordering Paragraph 18 [Advice Letter 1138-E, of January 30, 1987 effective February 1, 1987]. This formula was derived from the provisions of D.86-08-083 and D.86-12-091 and reflects the amount of conventional thermal and nuclear generation costs PG&E incurs. The geothermal steam prices are recalculated annually using PG&E's results of operations for the past year as the basis for the new steam price for the coming year. The steam price is thus

calculated with a one-year time lag. Because the use of QF energy reduces the cost of PG&E's thermal generation, QF energy indirectly reduces the geothermal steam price.

NOTICE

1. Public notice of this filing has been made by publication in the Commission's Calendar on February 6, 1991, and by mailing copies of the Advice Letter (without the attachment) to other utilities and government agencies. To reduce expenses, copies of the workpapers attached to the Advice Letter were not mailed to the distribution but were available upon request.

PROTESTS

1. No protests to this Advice Letter have been received by Commission Advisory and Compliance Division.

DISCUSSION

1. For the twelve months ending November 30, 1990 the recorded available QF production was 7,603,619,635 kWh. Using the formula derived from D.86-12-083 and D.86-12-091, the geothermal rate calculated without using the relevant QFs energy in the same period would increase the geothermal costs by \$0.0001213/kWh (kWh) from \$0.0004519/kWh to \$0.0005732/kWh.

2. D.86-12-091 specifies that, following Commission approval, the Geothermal Adder may be revised only at the beginning of each quarter, and designated February 1 as the effective date of the first Geothermal Adder component in order for it to coincide with the start of the next available quarterly price.

FINDINGS

1. PG&E's request to revise its Geothermal Adder from \$0.0004519 per kWh to \$0.0005732/kWh is calculated with the formulae contained in D.86-12-091.

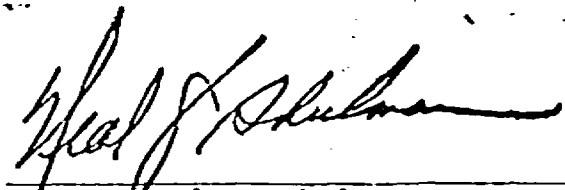
2. PG&E's request to make the revised Geothermal Adder effective for all payments made to QF's on and after May 1, 1991, is consistent with the provisions of Commission Resolution E-3139.

3. The revised Geothermal Adder has been reviewed by CACD conformance with D.85-08-042, D.86-08-083 and D.86-08-083.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized under the provisions of Decisions 85-08-042 and 86-12-091 to revise the Geothermal Adder paid to varying price Qualifying Facilities from \$0.0004519/kwh to \$0.0005732/kwh.
2. Such revision to the Geothermal Adder shall apply to all payments made to Qualifying Facilities on and after May 1, 1991, in accordance with the provisions of Resolution E-3139.
3. Advice Letter 1336-E, and the accompanying tariff sheets shall be marked to show that they were approved for filing by Commission Resolution E-3225.
4. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on April 10, 1991. The following Commissioners approved it:



Neal J. Shulman
Executive Director

PATRICIA M. ECKERT
President
G. MITCHELL WILK
JOHN B. CHANIAN
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners