

Subject: Energy Division data request for additional information for Advice Letter (AL) 3525-E and 3525-E-A, which concerns PG&E’s request for approval of a power purchase agreement (PPA) with Vantage Wind Energy, LLC (Vantage) and a firming/shaping agreement with Powerex.

Please provide a detailed response by COB on **Tuesday, February 23, 2010**. Once you have prepared a response, please contact Cheryl Lee at 415-703-2167; cnl@cpuc.ca.gov to schedule a call to discuss your response. Also, any questions related to the data request should be directed to Cheryl Lee.

Least-Cost Best Fit

1. The following matrix was provided in Appendix D of AL 3525-E (p. D-16).

RPS Criteria**	Vantage Project Score and Details
Net Value (\$/MWh)	-\$42.33/MWh
• Market Value of energy	-\$75.37/MWh
• Capacity	\$33.03/MWh
• Transmission Adder	\$14.25
• Portfolio Fit	Moderate
• Credit & Finance	Strong
• Status of Project	Strong
• Technology Viability & Participant Experience	Strong
• Integration Cost	N/A
• Consistency w/RPS Goals	Moderate

- a. Clarify what “**” refers to in the header row.
- b. Provide an updated matrix reflecting the current net value of the project given the contract’s actual price, transmission costs, firming/shaping costs, and any other appropriate costs.
- c. Explain any differences between the matrix provided in AL 3525-E and the one provided in response to this data request.

Transmission

2. Pursuant to the PPA, transmission charges between \$8.01/MWh and \$16.00 per MWh are to be split between PG&E and Vantage (with PG&E responsible for any charges less than \$8.01/MWh). PG&E estimates its portion of transmission costs at up to \$14.25/MWh. If charges exceed \$16.00/MWh, then PG&E has the option to pay for the incremental costs, and if PG&E declines, then Vantage has the option to pay for the incremental costs. If neither party agrees to pay for the incremental costs, then either PG&E or Vantage may terminate the PPA.

- a. Section 3.4(iii) of the PPA lists a few costs that could be included under transmission charges. Provide a detailed list of all charges that may be included as a transmission charge pursuant to the PPA.
- b. How will PG&E decide if it will pay for any incremental charges above \$16.00/MWh?
- c. Explain how PG&E has incorporated any incremental charges above \$16.00/MWh into the estimated maximum levelized price of \$146.24/MWh?

Contract Price

3. PG&E states in Appendix D (p. D-17) that the Project’s ranking changed after negotiations. The answer provided varies from the IE’s description of changes to contract price. (See IE report pages A-5, A-8, A-9 for examples of price changes.) Please describe how and why the bid price increased \$29.15/MWh from a levelized price of \$83.19/MWh to a levelized contract price of \$112.74/MWh (without shaping costs).
4. Use the table¹ below to answer a) and b) below:
 - a. Provide the minimum levelized price of the contract. That is, if transmission costs were zero, shaping and firming costs at the floor, etc.
 - b. Appendix A states that the average shaping and firming cost is expected to be \$29.50/MWh (p. 2). Provide the *expected* total PPA price with shaping and firming?

(\$/MWh)	Expected Case	Best Case	Worst Case	Importing into California
PPA PRICE				
Maximum Price				
FIRMING/SHAPING				
Transmission Losses:				
Transmission Service (wheeling):				
Imbalance Energy Charges:				
Ancillary Service Charges:				
Integration Charges:				
Other (name)				
Total Firming/Shaping:				
OTHER COSTS				
Other (name)				
ALL-IN TOTAL				
Maximum Price + Total Firming/Shaping:				

¹ The left most column may be modified as relevant for the Vantage and Powerex Agreements.

Other Contract Terms

5. Appendix A of 3525-E-A states that “Powerex has the option under the Agreement to provide wind integration services or pay for such wind integration service.” (p. 3). Explain if Powerex chooses the above described option what the increased cost to PG&E will be.
6. Appendix A of 3525-E-A also describes that PG&E shall pay for an increase in operating reserves and other transmission costs above 2 percent. (p.3) Explain how PG&E has incorporated any increased costs above 2 percent into the estimated maximum levelized price of \$146.24/MWh for the contract?