

2/1/10

Cost Allocation:

- 1) ESPs v. IOU allocation
- 2) Above market costs or net capacity costs
- 3) Need to cite decision for above market costs and net capacity costs.

Options C1, C2, C3, Option B

- Submit the agreements w/ Commission?
- Option B – all heat rate as negotiated except for 2010. People paid MIF (50/50) until Commission approval. Then upon approval, they will be paid whatever heat rate that makes the average of the first part and the second part equal to 8700.

Option C1

- PG&E has fleshed out – 2700 hours of flexibility
- Amending contract for legacy does not count towards 3,000 MW count
- PG&E transaction people to coordinate with Dave & Goug to finish by Feb 3<sup>rd</sup>

Options C2 + C3

- Average for 2010 will flow through since C2 and C3 stem from the pricing on Option B.
- RA Impact. Option C3 if operating at 85%, NQC will go down for RA. CPUC has to make this happen.

Line losses

- What about renewables -> line losses that apply are what's in existing arrangements
- #2 tighten up language
- #6 actual vs. day ahead. Who does it apply to
- 1.0 if renewables if continue with fixed price option
- Line losses default is term paper if a renewable is fixed price gets 1.0. C1 line losses are negotiated.

Option A

- Mary will clean up language
- One time termination provisions
- Jerry to think about the “4” options

Legacy Scheduling

- Applies to renewables geothermal and biomass as well.
- Language proposed would be contract along with definitions as part of amendment
- How to adopt legacy scheduling provisions - amendment or part of term sheet?

Contract life vs. Facility life (GHG double benchmark)

- Parties agree that benchmark applies for the life of the contract

- Parties agree that they reserve their rights to advocate at CARB or other forums for the benchmark to apply longer than contract life (i.e. facility life)

GHG effective date

- Parties to read section “ix” and to see if it can replace section D5.
- Parties to make sure that section 3 “(2)” and 4 b “iii” match
- Parties to make sure that section 4 b “v” and “vi” match.

AB 1613 reservation of rights

As resolved in the term sheet