From: Kamins, Sara M.
Sent: 4/20/2010 6:49:58 PM
To: Allen, Meredith (/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAe)
Cc:
Bcc:
Subject: Pricing proposal Qs

Here are the questions i jotted down while reading the comments...maybe I could chat with someone tomorrow or Thurs to get clarity. Thanks!

Could you please expand on PG&E's pre-workshop comments pasted below? If this is a buy/sell back at the busbar of the project, how would the IOU calculate the cost of the energy and capacity delivered to the intertie point? Is PG&E saying that the IOU should estimate how much it would cost to buy energy/capacity at the intertie point (e.g. a forward index) or estimate other costs for actually delivering energy from the busbar to the intertie? Also, how would the IOU choose which intertie point to use for the calculation?

"The same methodology can be applied to a transaction that involves the purchase of both RECs and energy, with an immediate resale of the energy and capacity less the REC. In this case, the market value of the transaction is the market value (A+B) of the energy and capacity delivered at a CAISO intertie point (*e.g.*, COB). The cost (C+D) of the transaction is the cost of the energy and capacity delivered to COB, plus the net cost of the PPA (purchase price less sellback). Assuming the market value of the energy and capacity and the cost of the energy and capacity delivered to COB are equal, the resulting REC premium is the net PPA cost (purchase price less sellback)."

~~~~~~~~~

Sara Kamins

Renewables Portfolio Standard (RPS)

California Public Utilities Commission

(415) 703-1388

http://www.cpuc.ca.gov/renewables
~~~~~~~~~