

From: Allen, Meredith
Sent: 6/1/2010 6:54:35 PM
To: 'as2@cpuc.ca.gov' (as2@cpuc.ca.gov)
Cc:
Bcc:
Subject: FW: CONFIDENTIAL: Draft Resolution re DTE Stockton

CONFIDENTIAL

Andy,

Attached is the preliminary scoping memo. The GHG products are discussed at p. 16-17. It refers to authorizing GHG compliance products and a risk management strategy. It doesn't specifically reference adoption of the upfront standards, but that is the way it would work. The Commission would approve the products and the upfront standards to determine whether the purchases are reasonable.

The Commission has already determined that it is appropriate for PG&E's customers to be responsible for GHG emissions compliance costs for two conventional facilities with recovery of the costs in ERRA. The Commission has also already determined that customers should bear the GHG compliance costs for small CHP. See document attached below.

In all of these situations, the costs are unknown, but the CPUC has determined that it is appropriate for customers to pay these costs through ERRA. The same approach should apply to this biomass facility.

Thanks,
Meredith

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From: Allen, Meredith
Sent: Tuesday, June 01, 2010 9:18 AM
To: 'as2@cpuc.ca.gov'
Subject: CONFIDENTIAL: Draft Resolution re DTE Stockton

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Andy,

Attached are PG&E's comments and a short document that PG&E prepared on the emissions cost issue in the DTE Stockton draft resolution. The resolution is on Thursday's agenda.

The draft resolution requires PG&E to file an advice letter, if in the future PG&E assumes costs responsibility for GHG emissions associated with the biomass facility. I understand that this possibility is remote but given that the Commission has already decided in other decisions that customers assuming these costs directly is appropriate, we don't believe that the resolution should place inconsistent and additional filing requirements on a biomass facility as compared to a conventional facility.

The draft resolution does require an advice letter for any GHG-related capital costs. We believe that is appropriate given that the Commission has not previously addressed the issue.

Please let me know if you have questions or would like to discuss. I'm out of the office today so cell is the best way to reach me 415-828-5765.

Thanks,
Meredith
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