

**ENERGY DIVISION QUESTIONS**  
**Eurus Contracts**

**Transmission**

**1) Is there an update on ISO's completion of the necessary facilities studies? Appendix D states they were due earlier this year. (Sandy's note: The Appendix states that the Facilities studies for Sun City and Avenal are expected in March and Avenal in April)**

PG&E conducted the studies for all three projects. The Sun City and Sand Drag projects were completed March 19, 2010 and the SGIAs were executed on April 30, 2010. The Avenal Park facilities studies are currently in process and expected to be completed in August.

**2) What transmission upgrades are needed in 12/2010? Table in Appendix D, pp. D5-D6 is somewhat confusing. Is the only upgraded needed a reconductoring for Avenal Park? Please note latest timeline for any needed transmission upgrades.**

The Interconnection kick-off meeting between PG&E transmission and Eurus occurred on June 2, 2010. The implementation schedule was agreed upon at the meeting. The Sun City and Sand Drag interconnection facilities and network upgrades will be completed by December 31, 2010 to meet the target on-line date of each project. The Avenal Park interconnection will be completed January 31, 2010.

The start of the interconnection construction for the Sun City and Sand Drag projects will begin September 2010. The start of construction for the Avenal Park reconductoring of the 0.6 miles of the Gates-Tulare Lake 70 kV line between the Avenal Tap and Kettleman Junction will begin October 2010.

There will be three separate points of interconnection. Each project will have its own substation and will interconnect by means of gen-tie line directly onto the Avenal 70 kV line. PG&E will install a direct transfer trip (DTT) at each point of interconnection to provide protection to their system in case of fault conditions. In addition, DTT's will be installed at the Gates and Tulare Lake substations.

**3) Is it OK to say in the public version of the resolution what transmission upgrades are needed?** This may be more a question for PG&E than for Eurus, but would be interested in your thoughts.

We think this will be more appropriate for the confidential section.

**Project Viability**

4) What exactly are the viability scores for each of the projects? I could find only points on graphs indicating approximately 80, but no actual listed viability scores.

Each project has a viability score of 79.5

**Price**

**5. Why is PPA price so high given that PV panel prices are low? Please relay any**

**information from the developer in defense of why their prices are so high compared to some other PV projects.**

The following information was provided by the developer:

Rationale for Avenal PPAs Pricing

- Agreement on pricing was reached in 2009 in the context of advanced stage of development of three highly viable, shovel ready in-state California projects with guaranteed construction schedules and strong Seller commitments under the PPA for fixed price, date certain, guaranteed performance for the Buyer, capable of meeting 2010 in service dates;
- While current panel prices for late 2011/2012 deliveries have fallen, panels from reliable suppliers for delivery prior to year end 2010 are not available at all; comparable projects to Avenal, if there are any, would have to have the same near term completion schedule, as well as the same locational characteristics (insolation in central California, using California labor including union labor for a portion of the work, etc.)
- The Avenal projects have been conservatively designed, taking into full consideration all of the requirements of PG&E, CAISO (PIRP, AVR, Power Factor, etc.) as the Sellers are long term owners who build high quality projects with utility type standards – we have committed to use a top quality EPC contractor who has proven track record in PV in California and world class Sharp thin film technology from a highly trusted and creditworthy manufacturer who can stand behind its technology for 25 years;
- Technological diversity and diversity of supply – ensuring that for the long term there are financially solid world class suppliers of PV modules which will deliver expected performance over the long term is in the best interest of California’s long term renewable energy goals; Sharp’s a-si thin film panels provide both longevity and no environmental concerns associated with toxic materials;
- The price is one feature of the Avenal PPAs – another important feature is the risk allocation – the PPAs contain no price re-openers, no escalation, and guaranteed energy production with uncapped LDs over 20 years – high certainty of fixed price, date The Avenal projects have been conservatively designed, taking into full consideration all of the requirements of PG&E, CAISO (PIRP, AVR, Power Factor, etc.) as the Sellers are long term owners who build high quality projects with utility type standards – we have committed to use a top quality EPC contractor who has proven track record in PV in California and world class Sharp thin film technology from a highly trusted and creditworthy manufacturer who can stand behind its technology for 25 years;
- The Avenal projects have committed 2010 start dates and date certain CODs in the PPAs and the pricing reflects the value of near term, highly certain projects which will produce RPS power within 9 months of CPUC approval; panel delivery and construction schedules have been committed to ensure ARRA grant funds are obtained and construction is only waiting for final CPUC approval to commence full site construction;
- Both the Buyer and the Seller have committed to maximizing the number of MW which can be put into production in 2010 – the Seller has secured equipment slots, obtained permits for 39 MW, executed Interconnection Agreements for 39 MW and is on track to commence full construction as soon as the CPUC acts on the AL; the Buyer has

committed its transmission group resources to the 2010 completion schedule for its interconnection facilities for the first 39 MW;

- The Avenal projects have a very strong deliverability profile and though the RA credit was not included in the valuation due to the regulatory uncertainty, each PPA contains Seller obligations to pursue RA credits which the Seller has been undertaking since execution in December 2009 so that the full value of the project's production and delivery characteristics will be realized;
- The projects as a world class caliber project will successfully attract project financing to a large scale PV project and pave the way for capital to flow to other California PV projects;