

September XX, 2010

**Advice XXXX-E**

(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

**Subject: Supplement to Advice Letter 3691-E Requesting Approval of Implementation and Administration Details for Pacific Gas and Electric's Utility-Owned Generation Solar Photovoltaic Program**

**Purpose:**

Pacific Gas and Electric Company ("PG&E") hereby submits this supplement to Advice Letter 3691-E regarding the implementation and administration details of its Utility-Owned Generation ("UOG") Solar Photovoltaic ("PV") Program. In this supplement, PG&E clarifies its intent to seek Resource Adequacy ("RA") credit for its UOG PV Projects and the role the California Independent System Operator ("CAISO") Local Capacity Requirement ("LCR") need area requirements play in the site selection process.

**Background:**

On June 21, 2010, PG&E filed Advice Letter 3691-E detailing the implementation and administration details of the UOG portion of its PV Program. This was in compliance of California Public Utilities Commission ("CPUC") Decision ("D.") 10-04-052, which approved PG&E's PV Program. On July 12, 2010, DRA protested PG&E's advice letter recommending PG&E be required to agree to the same RA-related requirements that it demands of its counterparties in Power Purchase Agreements<sup>1</sup> and to select project sites located in CAISO LCR need areas assuming all other factors equal.<sup>2</sup> On July 19, 2010, PG&E addressed DRA's concerns in its response to protests. PG&E is supplementing its advice letter to add further clarity to its position on the aforementioned issues raised by DRA.

**Resource Adequacy**

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<sup>1</sup> See DRA Protest at 1-2.

<sup>2</sup> See *id.* at 1.

RA credit is not currently available for projects, like the PV UOG facilities, that interconnect to the grid using the Small Generator Interconnection Program (“SGIP”). However, PG&E fully intends to take reasonable actions necessary to secure RA credit for its PV UOG facilities to the extent the RA program rules change in the future. Thus, PG&E has no opposition to DRA’s general request that PG&E pursue such RA credit if and when it becomes available. PG&E will take all reasonable steps to ensure that PV UOG facilities’ capacity is able to be recognized and counted as RA capacity under any future changes in the RA Program rules.

### **Role of LCR need areas in site selection**

PG&E listed in Advice Letter 3691-E ten location-specific criteria that it has used, and is continuing to use, to select candidate sites for PV UOG facilities. Among these are the cost of interconnection, substation capacity, and local transmission capacity.<sup>3</sup> Each of these factors favors project sites that would reduce or eliminate the need for costly upgrades to the transmission and distribution system. Indeed, the PV Program as a whole was proposed in part because distributed generation may reduce the transmission-related delay and cost related to bringing new sources of renewable power to load centers. Accordingly, PG&E has proposed appropriate siting criteria to optimize the locational value of sites and to reduce potential costs related to transmission upgrades.

DRA’s recommendation stems from its desire to ensure that PV UOG projects optimize the locational value of sites, including the ability to postpone or eliminate transmission system upgrades. Since PG&E and DRA share the general concern of capturing any locational value of PG&E UOG PV projects, PG&E will use the LCR designation as a tie breaker when selecting sites, when and if all other variables of site selection criteria are equal.

### **Effective Date:**

PG&E requests that Advice Letter 3691-E be approved immediately, but no later than September XX, 2010, YY days from this filing.

### **Protests:**

Because this supplement is being filed to clarify PG&E’s advice letter, PG&E requests that the comment period be waived. Parties had the opportunity to protest the original advice filing and this supplement only addresses the protest received.

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<sup>3</sup> See Advice Letter 3691-E at 8.

**Notice:**

In accordance with General Order 96-B, Section IV, a copy of this Advice Letter is being sent electronically and via U.S. mail to parties shown on the service lists for R.08-08-009 and A.09-02-019. Address changes should be directed to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>

Jane K. Yura  
Vice President – Regulation and Rates

cc: Service List for R.08-08-009  
Service List for A.09-02-019  
Sean Simon – Energy Division  
Amy Baker – Energy Division