

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**ID #9806
RESOLUTION E-4366
October 28, 2010**

REDACTED

R E S O L U T I O N

Resolution E-4366. Pacific Gas and Electric Company requests approval of a renewable power purchase agreement with Coram California Development, L.P..

PROPOSED OUTCOME: This Resolution approves cost recovery for a Pacific Gas and Electric Company renewable energy power purchase agreement with Coram California Development, L.P.. The power purchase agreement is approved without modifications.

ESTIMATED COST: Costs of the power purchase agreement are confidential at this time.

By Advice Letter 3687-E filed on July 2, 2010.

SUMMARY

Pacific Gas and Electric Company's renewable energy power purchase agreement with Coram California Development, L.P. complies with the Renewables Portfolio Standard procurement guidelines and is approved without modification

Pacific Gas and Electric Company (PG&E) filed Advice Letter (AL) 3687-E on July 2, 2010, requesting California Public Utilities Commission (Commission) review and approval of a power purchase agreement (PPA) between PG&E and Coram California Development, L.P. (Coram), a limited partnership that is 50 percent owned by Coram Energy Group, Ltd. and 50 percent owned by Brookfield Renewable Power Inc.. Under the proposed PPA, PG&E would procure an estimated average of 286 gigawatt hours per year (GWh/yr) of renewable energy from the planned 102 megawatt (MW) Coram wind facility located in Tehachapi, California. PG&E's PPA with Coram has a guaranteed delivery term of 20 years.

This resolution approves the PPA between PG&E and Coram without modification. The Coram PPA resulted from PG&E’s 2009 RPS solicitation. The project is consistent with PG&E’s 2009 RPS Procurement Plan, including its resource need, which the Commission conditionally approved in Decision 09-06-018. The costs of the Coram PPA are reasonable compared to bids received in response to PG&E’s 2009 solicitation for renewable resources. Deliveries under the Coram PPA are reasonably priced and fully recoverable in rates over the life of the contract, subject to Commission review of PG&E’s administration of the PPA.

The following table provides a summary of the Coram PPA:

Generating Facility	Technology Type	Term (Years)	Capacity (MW)	Energy (GWh/yr)	Online Date	Location
Coram	Wind	20	102	286	10/1/2011	Tehachapi, CA

BACKGROUND

Overview of the Renewables Portfolio Standard (RPS) Program

The California RPS Program was established by Senate Bill (SB) 1078, and has been subsequently modified by SB 107 and SB 1036.¹ The RPS program is codified in Public Utilities Code Sections 399.11-399.20.² The RPS program administered by the Commission requires each utility to increase its total procurement of eligible renewable energy resources by at least one percent of retail sales per year so that 20 percent of the utility’s retail sales are procured from eligible renewable energy resources no later than December 31, 2010.³

Additional background information about the Commission’s RPS Program, including links to relevant laws and Commission decisions, is available at <http://www.cpuc.ca.gov/PUC/energy/Renewables/overview.htm> and <http://www.cpuc.ca.gov/PUC/energy/Renewables/decisions.htm>.

¹ SB 1078 (Sher, Chapter 516, Statutes of 2002); SB 107 (Simitian, Chapter 464, Statutes of 2006); SB 1036 (Perata, Chapter 685, Statutes of 2007).

² All further references to sections refer to Public Utilities (Pub. Util.) Code unless otherwise specified.

³ See, Pub. Util. Code § 399.15(b)(1).

NOTICE

Notice of Advice Letter 3687-E was made by publication in the Commission's Daily Calendar. PG&E states that copies of the Advice Letter were mailed and distributed in accordance with Section IV of General Order 96-B.

PROTESTS

Advice Letter 3687-E was not protested.

DISCUSSION

Pacific Gas and Electric Company requests approval of a power purchase agreement with Coram California Development, L.P.

On July 2, 2010, Pacific Gas and Electric Company (PG&E) filed Advice Letter (AL) 3687-E requesting California Public Utilities Commission (Commission) approval of a 20-year power purchase agreement (PPA) with Coram California Development, L.P. (Coram), a limited partnership. Coram Energy Group, Ltd. and Brookfield Renewable Power Inc. (Brookfield) each have a 50 percent ownership interest in Coram. The PPA is the result of PG&E's 2009 Renewable Portfolio Standard (RPS) Solicitation. Under the agreement, Coram will develop a new wind project on private land in the Tehachapi Pass wind resource area in Southern California. The project will interconnect to the California Independent System Operator (CAISO) controlled grid on Southern California Edison Company's (SCE's) transmission system at the Windhub substation.

The Coram PPA will contribute towards PG&E's renewable procurement goals.⁴ Specifically, generation procured under PG&E's PPA with Coram is expected to average 286 gigawatt-hours per year (GWh/yr) beginning in October 2011. The project will contribute to PG&E's 20 percent by 2010 RPS goal through flexible compliance provisions, comprising approximately 1.84 percent of the RPS annual procurement target for 2010.⁵

PG&E requests that the Commission issue a resolution containing the following findings:

⁴ The California Energy Commission is responsible for determining the RPS-eligibility of a renewable generator. See, Pub. Util. Code § 399.12 and CPUC Decision (D.) 04-06-014.

⁵ See, D.06-10-050, Attachment A and D.08-02-008, Appendix D.

1. Approves the PPA in its entirety, including payments to be made by PG&E pursuant to the PPA, subject to the Commission's review of PG&E's administration of the PPA.
2. Finds that any procurement pursuant to the PPA is procurement from an eligible renewable energy resource for purposes of determining PG&E's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.) ("RPS"), Decision ("D.") 03-06-071 and D.06-10-050, or other applicable law.
3. Finds that all procurement and administrative costs, as provided by Public Utilities Code section 399.14(g), associated with the PPA shall be recovered in rates.
4. Adopts the following finding of fact and conclusion of law in support of CPUC Approval:
 - a. The PPA is consistent with PG&E's 2009 RPS procurement plan.
 - b. The terms of the PPA, including the price of delivered energy, are reasonable.
5. Adopts the following finding of fact and conclusion of law in support of cost recovery for the PPA:
 - a. The utility's costs under the PPA shall be recovered through PG&E's Energy Resource Recovery Account.
 - b. Any stranded costs that may arise from the PPA are subject to the provisions of D.04-12-048 that authorize recovery of stranded renewables procurement costs over the life of the contract. The implementation of the D.04-12-048 stranded cost recovery mechanism is addressed in D.08-09-012.
6. Adopts the following findings with respect to resource compliance with the Emissions Performance Standard ("EPS") adopted in R.06-04-009:
 - a. The PPA is not a covered procurement subject to the EPS because the generating facilities have a forecast capacity factor of less than 60 percent each and, therefore, are not baseload generation under paragraphs 1(a)(ii) and 3(2)(a) of the Adopted Interim EPS Rules.

Energy Division evaluated the proposed Coram PPA using the following criteria:

- Consistency with PG&E's 2009 RPS Procurement Plan

- Consistency with PG&E's Least-Cost, Best-Fit requirements and Independent Evaluator review
- Cost reasonableness
- Cost containment
- Project viability assessment and development status
- Consistency with RPS standard terms and conditions
- Compliance with the Interim Greenhouse Gas Emissions Performance Standard
- Procurement Review Group participation
- Contribution to minimum quantity requirement for long-term/new facility contracts

Consistency with PG&E's 2009 RPS Procurement Plan

In D.09-06-018, the Commission conditionally approved PG&E's Procurement Plan (Plan) and bid solicitation materials for PG&E's 2009 RPS solicitation. Pursuant to statute, PG&E's Plan included an assessment of supply and demand to determine the optimal mix of renewable generation resources, consideration of compliance flexibility mechanisms established by the Commission, and a bid solicitation setting forth the need for renewable generation of various operational characteristics.⁶ Specifically, PG&E's Plan identified a renewable resource need of 800 to 1,600 GWh per year, which reflects approximately one to two percent of PG&E's annual retail sales volume.

PG&E asserts that the Coram PPA conforms to PG&E's approved 2009 Plan as it meets the eligibility requirements for the procurement of renewables contained in the Plan and it was solicited, negotiated and executed according to PG&E's solicitation protocols. The PPA fits with identified renewable resource needs by meeting the criteria for the procurement of renewables contained in the 2009 Plan subject to flexible compliance provisions. The PPA is expected to deliver approximately 286 GWh/yr of RPS-eligible energy starting in October 2011. In addition to meeting short term RPS goals, the project will also contribute to PG&E's long term 2020 RPS obligations.⁷

⁶ Pub. Util. Code § 399.14(a)(3).

⁷ Under California law, PG&E is required to maintain a 20 percent renewable portfolio mix of procured energy beyond 2010. Furthermore, on November 17, 2008, Governor Schwarzenegger signed Executive Order S-14-08 directing all state agencies to work toward a 33% RPS by 2020. In D.08-10-037, the Commission recommended that 33% of California's electricity be generated by renewables by 2020.

The proposed Coram PPA is consistent with PG&E's 2009 RPS Procurement Plan approved by D.09-06-018.

Consistency with PG&E's Least-Cost, Best-Fit (LCBF) requirements and Independent Evaluator review

The Commission's LCBF decision directs the utilities to use certain criteria to rank offers bid into an RPS solicitation.⁸ The decision provides guidance on this bid evaluation process that is used to evaluate which projects are "least-cost best-fit." PG&E's bid evaluation includes a quantitative and qualitative analysis, which focuses on four primary areas: 1) determination of a bid's market value; 2) calculation of transmission adders and integration costs; 3) evaluation of portfolio fit; and 4) consideration of non-price factors. The LCBF evaluation is generally used to establish a shortlist of proposals from PG&E's solicitation so that PG&E can proceed to engage in contract negotiations with counterparties representing bids on the shortlist. PG&E's 2009 RPS solicitation protocol included an explanation of its LCBF methodology. Based on PG&E's evaluation of Coram's LCBF rank, PG&E asserts that the Coram PPA is competitive when compared to other offers PG&E received in its 2009 RPS solicitation.

PG&E retained Independent Evaluator (IE) Lewis Hashimoto of Arroyo Seco Consulting to oversee its 2009 RPS bid solicitation, as required by the Commission.⁹ AL 3687-E includes an IE report that concluded that PG&E followed its LCBF protocols and was fair and inclusive in developing its 2009 RPS shortlist, which included the Coram project. In addition, the IE concluded that the 2009 bid solicitation was robust and that PG&E's evaluation of the bids received was reasonable.

The IE also oversaw PG&E's negotiations of the proposed Coram PPA and made an independent evaluation of the project's value and LCBF factors.¹⁰ AL 3687-E includes an IE report concerning the negotiation of the Coram PPA and

⁸ See D.04-07-029.

⁹ See D.06-05-039.

¹⁰Under D.04-07-029, LCBF factors include: 1) market valuation, an evaluation encompassing the project's bid price and indirect costs such as costs associated with capacity, transmission, and financing; 2) transmission adder ranking, an evaluation of the project's potential transmission congestion, network upgrade requirements, and capital costs; 3) non-price factors such as benefits to low income or minority communities and resource diversity; and 4) portfolio fit, an evaluation of the project's match with PG&E's portfolio needs.

the value of the contract based on a price comparison with alternative sources of energy, portfolio fit, project viability, and compliance with PG&E's RPS goals. The IE concluded that the negotiations between PG&E and Coram were conducted appropriately and that PG&E and Coram negotiated contract terms that were fair and similar to terms PG&E had previously negotiated with other counterparties. In addition, the IE assessed the Coram PPA as high in project viability, moderate in market valuation and contract price and low in portfolio fit when compared to PG&E's 2009 RPS bid solicitation and recent bilateral contracts. Although the IE concluded that the portfolio fit is low due to the poor correlation between expected output and PG&E's supply needs, this was not considered a fatal flaw in the attractiveness of the Coram PPA. Therefore, the IE concurred with PG&E's decision to execute the agreement and stated that the proposed Coram PPA merits Commission approval.

The selection of the Coram PPA is consistent with PG&E's 2009 RPS solicitation least-cost, best-fit cost protocols.

Consistent with D.06-05-039, an independent evaluator oversaw PG&E's negotiations with Coram and concurs with PG&E's decision to execute the agreement and that the proposed Coram PPA merits Commission approval.

Cost Reasonableness

In AL 3687-E, PG&E determined that the Coram PPA compared favorably to proposals received in response to PG&E's 2009 solicitation because the PPA was reasonably priced relative to other bids. The Commission's reasonableness review of RPS PPA prices includes a comparison of the proposed PPA contract price to other proposed RPS projects from recent RPS solicitations and Commission approved projects. Using this analysis, and the confidential analysis provided by PG&E in AL 3687-E, we determine that the Coram PPA price is reasonable. Confidential Appendix A includes a detailed discussion of the contractual pricing terms.

The PPA compares favorably to the results of PG&E's 2009 solicitation. The total all-in costs of the PPA are reasonable based on their relation to bids received in response to PG&E's 2009 solicitation and other comparable PPAs.

Payments made by PG&E under the PPA are fully recoverable in rates over the life of the PPA, subject to Commission review of PG&E's administration of the PPA.

Cost Containment

Pursuant to statute, the Commission calculates a market price referent (MPR) to assess whether a proposed PPA has above-market costs.¹¹ Based on a 2011 commercial online date, the 20-year PPA exceeds the 2009 MPR.¹² Contracts that meet certain criteria are eligible for above-MPR funds (AMFs).¹³ PG&E's PPA with Coram meets these criteria. On May 28, 2009, the Director of the Energy Division notified PG&E that it had exhausted its AMFs, meaning PG&E is no longer required to sign contracts for renewable power priced above the MPR, but may voluntarily choose to do so.¹⁴

PG&E will voluntarily procure energy pursuant to the Coram PPA at an above-MPR price.

Project Viability Assessment and Development Status

PG&E asserts that the Coram project is highly viable and will be developed according to the terms and conditions in the PPA. PG&E evaluated the viability of the Coram project using the Commission-approved project viability calculator, which uses standardized criteria to quantify a project's strengths and weaknesses in key areas of renewable project development. The confidential work papers for AL 3687-E include a comparison of Coram's project viability score relative to all bids PG&E received in its 2009 RPS solicitation and all shortlisted projects. Based on this analysis, the viability of the proposed Coram PPA is high compared to projects offered to PG&E in its 2009 RPS bid solicitation.

PG&E provided the following information about the project's developer and development status:

Developer experience and creditworthiness

¹¹ See Pub. Util. Code § 399.15(c).

¹² See Resolution E-4298.

¹³ Under Resolution E-4199, a PPA between a utility and a developer must meet the following requirements for the utility to achieve AMFs eligibility: (1) the PPA must have Commission approval and be selected through a competitive solicitation, (2) it must cover a duration of at least 10 years; (3) it must develop a new or repowered facility commencing operations on or after January 1, 2005; (4) it must not be a purchase of renewable energy credits; and (5) it must not include any indirect expenses as set forth in the statute.

¹⁴ See Pub. Util. Code § 399.15(d).

Brookfield and Coram Energy Group, Ltd., both of whom are 50 percent joint owners of Coram limited partnership, have developed, financed, constructed and owned wind farms. Currently, Coram Energy Group, Ltd. has 1,456 MW of wind energy projects in its pipeline while Brookfield has acquired more than 2,900 MW of renewable generating capacity over the last ten years.¹⁵ Furthermore, Coram has a project team consisting of engineers with prior experience developing wind generation facilities in the Tehachapi Pass wind resource area.

Technology and resource quality

PG&E asserts the project site in Southern California at the Tehachapi Pass wind resource area is an attractive wind resource with a 25 year history of successfully generating wind energy for commercial use. Furthermore, PG&E asserts that the project will use commercialized wind turbine technology from an experienced supplier that has been in commercial operation for a significant length of time.

Site control and permitting status

Coram has full site control. The project is located on private land either fully owned or leased by Coram. All necessary permits have been filed and Coram expects to obtain all permits necessary for the construction and operation of the generation facility by the end of the 2010 calendar year.

Interconnection and transmission

Pursuant to the PPA, the Coram project will interconnect at the Windhub substation in SCE's service territory. The IE verified that significant progress has been made by SCE to upgrade the grid to interconnect Coram in time for an October 2011 commercial online date.

Consistency with RPS Standard Terms and Conditions

The Commission adopted a set of standard terms and conditions (STCs) required in RPS contracts, four of which are considered "non-modifiable." The STCs were compiled in D.08-04-009 and subsequently amended in D.08-08-028. The Coram PPA also includes the non-modifiable terms related to tradable renewable energy credits included in stayed decision D.10-03-021 and a proposed decision concerning tradable renewable energy credits.¹⁶

¹⁵ See Coram Energy Group, Ltd. webpage, available at: <http://coramenergy.com/experience.html>; and Brookfield Renewable Energy Inc. webpage, available at: http://brookfieldpower.com/content/corporate_overview/business_strategy-482.html

¹⁶ See August 25, 2010 proposed decision in R. 06-02-012. "Decision Modifying Decision 10-03-021 Authorizing Use Of Renewable Energy Credits for Compliance

The Coram PPA includes the Commission adopted RPS “non-modifiable” standard terms and conditions, as set forth in D.08-04-009 and amended by D.08-08-028.

Compliance with the Interim Greenhouse Gas Emissions Performance Standard

California Pub. Util. Code §§ 8340 and 8341 require that the Commission consider emissions costs associated with new long-term (five years or greater) power contracts procured on behalf of California ratepayers. D.07-01-039 adopted an interim Emissions Performance Standard (EPS) that establishes an emission rate quota for obligated facilities to levels no greater than the greenhouse gas (GHG) emissions of a combined-cycle gas turbine power plant.

The EPS applies to all energy contracts for baseload generation that are at least five years in duration. In most cases, generating facilities using renewable resources are deemed compliant with the EPS._

The Coram PPA complies with the EPS established in D.07-01-039 because wind energy is one of the pre-approved renewable energy technologies listed in D.07-01-039.

Procurement Review Group Participation

The Procurement Review Group (PRG) was initially established in D.02-08-071 as an advisory group to review and assess the details of the IOUs’ overall procurement strategy, solicitations, specific proposed procurement contracts and other procurement processes prior to submitting filings to the Commission for approval.¹⁷ PG&E asserts that the proposed Coram PPA was discussed at the PRG meeting on March 12, 2010 prior to filing AL 3687-E.

Pursuant to D.02-08-071, PG&E’s Procurement Review Group participated in the review of the PPA.

With The California Renewables Portfolio Standard And Lifting Stay And Moratorium Imposed By Decision 10-05-018”

¹⁷ The PRG for PG&E includes representatives of the California Department of Water Resources, the Commission’s Energy Division and Division of Ratepayer Advocates, Union of Concerned Scientists, The Utility Reform Network, the California Utility Employees, and Jan Reid, as a PG&E ratepayer.

Contribution to minimum quantity requirement for long-term/new facility contracts

D.07-05-028 established a “minimum quantity” condition on the ability of utilities to count an eligible contract of less than 10 years duration for compliance with the RPS program.¹⁸ In the calendar year that a short-term contract with an existing facility is executed, the utility must also enter into long-term contracts or contracts with new facilities equivalent to at least 0.25% of the utility’s previous year’s retail sales.

As a new facility, delivering pursuant to a long-term contract, the Coram PPA will contribute to PG&E’s minimum quantity requirement established in D.07-05-028.

RPS Eligibility and CPUC Approval

Pursuant to Pub. Util. Code § 399.13, the CEC certifies eligible renewable energy resources. Generation from a resource that is not CEC-certified cannot be used to meet RPS requirements. To ensure that only CEC-certified energy is procured under a Commission-approved RPS contract, the Commission has required standard and non-modifiable “eligibility” language in all RPS contracts. That language requires a seller to warrant that the project qualifies and is certified by the CEC as an “Eligible Renewable Energy Resource,” that the project’s output delivered to the buyer qualifies under the requirements of the California RPS, and that the seller uses commercially reasonable efforts to maintain eligibility should there be a change in law affecting eligibility.¹⁹

The Commission requires a standard and non-modifiable clause in all RPS contracts that requires “CPUC Approval” of a PPA to include an explicit finding that “any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer’s compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (*Public Utilities Code Section 399.11 et seq.*), Decision 03-06-071, or other applicable law.”²⁰

Notwithstanding this language, the Commission has no jurisdiction to determine whether a project is an eligible renewable energy resource, neither can the

¹⁸ For purposes of D.07-05-028, contracts of less than 10 years duration are considered “short-term” contracts and facilities that commenced commercial operations prior to January 1, 2005 are considered “existing.”

¹⁹ See, e.g. D. 08-04-009 at Appendix A, STC 6, Eligibility.

²⁰ See, e.g. D. 08-04-009 at Appendix A, STC 1, CPUC Approval.

Commission determine prior to final CEC certification of a project, that “any procurement” pursuant to a specific contract will be “procurement from an eligible renewable energy resource.”

Therefore, while we include the required finding here, this finding has never been intended, and shall not be read now, to allow the generation from a non-RPS-eligible resource to count towards an RPS compliance obligation. Nor shall such finding absolve the seller of its obligation to obtain CEC certification, or the utility of its obligation to pursue remedies for breach of contract. Such contract enforcement activities shall be reviewed pursuant to the Commission’s authority to review the utilities’ administration of contracts.

Confidential Information

The Commission, in implementing Pub. Util. Code § 454.5(g), has determined in D.06-06-066, as modified by D.07-05-032, that certain material submitted to the Commission as confidential should be kept confidential to ensure that market sensitive data does not influence the behavior of bidders in future RPS solicitations. D.06-06-066 adopted a time limit on the confidentiality of specific terms in RPS contracts. Such information, such as price, is confidential for three years from the date the contract states that energy deliveries begin, except contracts between IOUs and their affiliates, which are public.

The confidential appendices, marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

FINDINGS AND CONCLUSIONS

1. The Coram California Development, L.P. power purchase agreement is consistent with Pacific Gas and Electric Company's 2009 Renewables Portfolio Standard (RPS) Procurement Plan, approved by Decision 09-06-018.
2. The selection of the Coram California Development, L.P. power purchase agreement is consistent with Pacific Gas and Electric Company's 2009 Renewable Portfolio Standard least-cost, best-fit cost protocols.
3. Consistent with Decision 06-05-039, an independent evaluator oversaw Pacific Gas and Electric Company's 2009 RPS solicitation and concurs with Pacific Gas and Electric Company's decision to shortlist the project and execute the agreement with Coram California Development, L.P..
4. The total all-in costs of the Coram California Development, L.P. power purchase agreement are reasonable based on their relation to bids received in response to Pacific Gas and Electric Company's 2009 solicitation for renewable resources.
5. The Coram California Development, L.P. power purchase agreement exceeds the applicable 2009 market price referent.
6. Pursuant to Public Utilities Code § 399.15(d), Pacific Gas and Electric Company will voluntarily procure energy under the Coram California Development, L.P. power purchase agreement at a price that exceeds the applicable market price referent.
7. The viability of the Coram California Development, L.P. project is high compared to other projects offered to Pacific Gas and Electric Company.
8. The Coram California Development, L.P. power purchase agreement includes the Commission adopted RPS "non-modifiable" standard terms and conditions, as set forth in Decision 08-04-009 and amended by Decision 08-08-028.
9. The Coram California Development, L.P. power purchase agreement complies with the Emissions Performance Standard because it meets the conditions established in Decision 07-01-039.
10. Pursuant to Decision 02-08-071, Pacific Gas and Electric Company's Procurement Review Group participated in the review of the Coram California Development, L.P. power purchase agreement.
11. Procurement pursuant to the Coram California Development, L.P. power purchase agreement is procurement from eligible renewable energy resources for purposes of determining Pacific Gas and Electric Company's

compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), Decision 03-06-071 and Decision 06-10-050, or other applicable law.

12. The immediately preceding finding shall not be read to allow generation from a non-RPS eligible renewable energy resource under the Coram California Development, L.P. power purchase agreement to count towards an RPS compliance obligation. Nor shall that finding absolve Pacific Gas and Electric Company of its obligation to enforce compliance with this agreement.
13. Payments made by Pacific Gas and Electric Company under the approved Coram California Development, L.P. power purchase agreement are fully recoverable in rates over the life of the agreement, subject to Commission review of Pacific Gas and Electric Company's administration of the agreement.
14. The confidential appendices, marked "[REDACTED]" in the public copy of this Resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.
15. Advice Letter 3687-E should be approved effective today without modifications.

THEREFORE IT IS ORDERED THAT:

1. The Coram California Development, L.P. power purchase agreement proposed in Pacific Gas and Electric's Advice Letter 3687-E is approved without modification.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on October 28, 2010; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

Confidential Appendix A

Evaluation Summary of Coram PPA

[REDACTED]

Confidential Appendix B

Summary of PPA Terms and Conditions

[REDACTED]

Confidential Appendix C

Above Market Funds Calculation

[REDACTED]

Confidential Appendix D

Independent Evaluator's Contract-Specific Assessment

[REDACTED]