

From: Allen, Meredith
Sent: 10/19/2010 10:42:01 AM
To: 'Bawa, Niki' (niki.bawa@cpuc.ca.gov)
Cc: Simon, Sean A. (sean.simon@cpuc.ca.gov)
Bcc:
Subject: RE: SunPower HPR III

Niki,

We confirmed with our transactional attorney that the ITC references were not removed from the document. The definition was changed to "Energy Tax Credit" (Section 1.64) and the code references updated to reflect the ARRA related changes.

In addition, Section 11.1(a) and the defined terms referenced in that section were deleted, as they typically are, because the project's GCOD is prior to the expiration of the ITCs in 2016. Section 11.1(a) is only applicable in our form PPA if the GCOD will occur after the expiration of the ITC benefit. The normal practice is to remove the PTC/ITC termination provision if it is not applicable in order to decrease the length of the PPA. The DeltaView of the PG&E pro forma contains notes instructing bidders to delete the PTC/ITC termination provision if Section 11.1(a) is not applicable. (See Sections 1.121 - 1.125 and Section 11.1(a)).

Sunpower did state their intention to use the ITC.

Please let me know if you need additional information.

Thanks,
Meredith

From: Bawa, Niki [mailto:niki.bawa@cpuc.ca.gov]
Sent: Monday, October 18, 2010 4:28 PM
To: Allen, Meredith
Cc: Simon, Sean A.
Subject: SunPower HPR III

Hi Meredith,

In regards to our conversation earlier today regarding parties' assumption of receiving an ITC in the HPR III contract, I went through the amended pro forma HPR III contract and saw that reference to the Investment Tax Credit had been specifically deleted when coming to a final contract. Articles 1.64, 1.121, 1.17, 1.167, and 11.1 exclude the term Investment Tax Credit (see attached). This is in contrast to the HPR II AL (AL 3318-E) and Resolution E-4229 which included references to the HPR II project obtaining an ITC. Therefore, it seems that the HPR III contract price assumed there would not be an ITC or ARRA funding as neither was referenced during negotiations or within the contract. Please call if you would like to discuss further.

Niki

Niki S. Bawa

Renewable Procurement and Resource Planning

California Public Utilities Commission

505 Van Ness Ave

San Francisco, CA 94102

415.703.2197

niki.bawa@cpuc.ca.gov

<http://www.cpuc.ca.gov/renewables>