

From: Cherry, Brian K  
Sent: 10/6/2010 9:48:09 AM  
To: [Redacted] 'Fitch, Julie A.'  
(julie.fitch@cpuc.ca.gov)  
Cc: Bottorff, Thomas E (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TEB3);  
Allen, Meredith (/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAE); Kuga, Roy  
M (/O=PG&E/OU=Corporate/cn=Recipients/cn=RMK4); Jeung, Gary P  
(/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=GPJ1); Wan, Fong  
(/O=PG&E/OU=Corporate/cn=Recipients/cn=FXW1)  
Bcc:  
Subject: RE: Bio-Digesters

Thanks Julie. We'd be happy to set something up and go through the project dynamics.

I did leave out an important point. Under Boccadero's proposal, he wants to generate electricity on-site with the bio-gas and sell it to us - but the project economics are frightful. We've suggested we could take the gas into our pipeline system (like we did with Microgy), but he doesn't want to take that approach because it isn't lucrative enough.

**From:** Fitch, Julie A. [mailto:julie.fitch@cpuc.ca.gov]  
**Sent:** Wednesday, October 06, 2010 9:21 AM  
**To:** Cherry, Brian K; [Redacted]  
**Cc:** Kuga, Roy M; Allen, Meredith; Jeung, Gary P; Bottorff, Thomas E; Wan, Fong  
**Subject:** RE: Bio-Digesters

I understand where you are coming from. My purpose was not to suggest doing something ridiculously expensive. But ultimately, this is a constituency we're going to have to deal with one way or another. We are under pressure from the Governor's office and the President's office (he met with these folks a while back) to create some kind of special program, maybe a "pilot" or something like that. My thought was that if there's something reasonable that your folks could negotiate that is more in the "demonstration" mode, where it makes sense, gets something positive going, etc. it might relieve some of the pressure to do something broader that creates more costs or expectations. Also, we're not necessarily pushing for Mr. Boccadero's project in particular at all. It's more a question of whether one or a couple of projects could be done that are reasonable (if probably on the high end cost-wise) to help show positive progress and also relieve pressure (at least temporarily). We're happy to talk further. One of the problems I have is that we don't have anybody in Energy Division with particular knowledge of this area, but I am realizing we're going to need to hire somebody or assign somebody, because this pressure has been mounting for at least a year and it's not going away...

Julie

**From:** Cherry, Brian K [mailto:BKC7@pge.com]

**Sent:** Wednesday, October 06, 2010 8:10 AM

**To:** Fitch, Julie A.; [Redacted]

**Cc:** Kuga, Roy M; Allen, Meredith; Jeung, Gary P; Bottorff, Thomas E; Wan, Fong

**Subject:** Bio-Digesters

Julie - our point person here on the Bio-Digester issues would be Garry Jeung (Procurement) and [Redact] [Redact] (my shop). From a public policy perspective, everyone loves the idea of bio-digesters. They are green, they capture methane emissions that would otherwise go to the atmosphere, prevent groundwater contamination, et al. On the other hand, they are very expensive - one of the most expensive green sources of energy. We've done some small deals in the area in the past and quite frankly, we've have plenty of operational and contract issues associated with them. As I understand it, Michael Boccadero (at least I recall it is Michael), is pushing a very expensive digester project around the state. He approach PG&E several months ago and quite frankly, his project wasn't competitive and we took a pass. I'm not sure there is much the Commission or ED can do to resolve this fundamental issue, but I'm open to suggestion. He has gone to the Governors office and your own OGA to seek an advantage and I wouldn't encourage him. That said, we are always willing to talk.