

From: Allen, Meredith
Sent: 11/29/2010 4:23:10 PM
To: 'Simon, Sean A.' (sean.simon@cpuc.ca.gov)
Cc:
Bcc:
Subject: RE: PG&E comments on RA issue in solar pv draft resolution

Sean,

In response to your question, consistent with the existing PPA language requiring commercially reasonable efforts to qualify as an RA resource, PG&E proposes to expressly require sellers to pay commercially reasonable costs to obtain that finding in the PPA. We believe that this approach is in the best interests of customers by ensuring that the developer takes commercially reasonable steps to seek RA qualification. Moreover, no party proposed a cap for these costs in response to PG&E's comments below.

We do not believe that the requirement to qualify for RA will adversely impact a seller's ability to meet the form PPA's online date given that the small project PPA allows for an additional 6 months and the large project PPA allows for an additional 12 months for transmission. In addition, the PPA language provides the flexibility to work with the seller to allow them to interconnect prior to the finding of full RA deliverability depending on the circumstances.

In regard to bid prices, while this requirement could cause an increase in prices, it would be outweighed by the value customers receive from the RA. We do anticipate a competitive RFO.

We do not expect the RA requirement to adversely impact project viability given the delay provisions in the PPA. In addition, if concerns are raised regarding the costs, we will provide information regarding PG&E's expectation of commercially reasonable to shortlisted bidders.

After the first RFO, if we receive feedback that another approach, such as a cost cap, would be better, we will consider in the lessons learned process.

Please let me know if you need additional information or would like to discuss.

Thanks,

Meredith

From: Simon, Sean A. [mailto:sean.simon@cpuc.ca.gov]
Sent: Monday, November 22, 2010 1:12 PM
To: Allen, Meredith
Subject: PG&E comments on RA issue in solar pv draft resolution

Meredith,

How does PG&E envision implementing its proposal (see below) regarding RA in light of the

program's requirement that projects must achieve commercial operation within 18 month of CPUC Approval? Also, if adopted, how does PG&E envision this would impact (1) seller's project development timeline; (2) bid prices; and (3) project viability?

PG&E's Comments at 5.

In order to ensure that all Sellers seek qualification as an RA resource, PG&E proposes to: (1) modify its Solicitation Protocol to require Sellers to seek qualification as an RA resource in order to maintain eligibility to participate in the solicitation; and (2) modify its form PPAs to clarify that the Seller is obligated to seek a finding of full capacity deliverability to qualify for RA and to pay any costs associated with obtaining that finding, including, but not limited to, paying CAISO and related study costs, metering and equipment costs, and any network upgrade costs.

Regards,
Sean

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