

From: Redacted
Sent: 11/10/2010 8:42:05 AM
To: Bawa, Niki (niki.bawa@cpuc.ca.gov)
Cc: Allen, Meredith (/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAc); 'Simon, Sean A.' (sean.simon@cpuc.ca.gov)
Bcc:
Subject: RE: Borttlerock AL 3668-E

Niki:

See answers to questions 1 & 3 below. As we discussed yesterday, I will provide you with the cash flow models on Friday. Please let me know if you have any additional questions.

Thanks,
David

From: Bawa, Niki [mailto:niki.bawa@cpuc.ca.gov]
Sent: Monday, November 08, 2010 9:05 AM
To: Poster, David
Cc: Allen, Meredith; Simon, Sean A.
Subject: Borttlerock AL 3668-E

Hi David,

Hope you had a good weekend. I had a few more questions regarding Bottle Rock (AL 3669-E) that I have listed below. Give me a call if you would like to discuss.

1) It is not clear how the amended contract interacts with the existing contract that is presently in force, could you clarify?

Bottle Rock must deliver 10,944 MWh (equivalent to 16 MWs) over a consecutive thirty-day period within thirty months after Commission approval in order for the Amended and Restated PPA to become effective. Until 10,944 MWh is delivered over a consecutive thirty-day period, the Existing PPA remains in effect. Once the 10,944 MWh is delivered, the Amended and Restated PPA becomes effective. Per the Amended and Restated PPA, Bottle Rock will continue to receive the old contract prices for deliveries below 16 MW, and for energy deliveries above 16 MW and up to 27 MW, a pricing formula will be used resulting in price ranges between \$110 MWh and \$134 MWh. If facility exceeds 27 MW, all above 16 MW energy will be priced at \$134 MWh.

2) Could you provide the original cash flow model and the latest cash flow model for the amended Bottle Rock PPA (AL 3669-E) as required under E-4199?

Will provide you these on Friday.

3) The maximum contract quantity of energy deliveries for the facility is 420 GWh/yr (AL 3668, p.2). This is related to a maximum capacity of 55 MW (AL 3668, p.2). However, in the previous Advice Letters for Bottle Rock (i.e. AL 2827-E for the original Bottle Rock PPA and AL 3131-E for the first

Amendment) the maximum capacity is stated as 55 MW but the maximum delivery of energy is 385 GWh (AL 3131-E, p. 2). Could you please reconcile this discrepancy?

The amended deal was calculated as follows: $420 \text{ GWh/yr} = 50.5\text{MW} * 0.95 \text{ (capacity factor)} * (8760 \text{ hours/yr})$. In the amended PPA Bottle Rock told us they expect 4.5MW of parasitic load (55MW-4.5 MW = 50.5 MW). They also agreed to a capacity factor of 95%.

In the original contract, the delivered quantity was calculated slightly different (see pages 21 and 22 of the contract): $385 \text{ GWh/yr} = (80\%) * 55\text{MW (Net Rated Output Capacity)} * (8760 \text{ hours/yr})$. In the original filing Bottle Rock did not account for parasitic load in its maximum capacity value, but instead felt that an 80% capacity factor was an accurate way to account for parasitic load and to describe its maximum delivery profile.

Thank you.

Kind Regards,

Niki

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