

From: [Redacted]
Sent: 11/18/2010 10:37:01 AM
To: 'Bawa, Niki' (niki.bawa@cpuc.ca.gov)
Cc: Allen, Meredith (/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAe); 'Simon, Sean A.' (sean.simon@cpuc.ca.gov)
Bcc:
Subject: RE: BottleRock PPA

Niki:

See answers below. I am still tracking down an answer to your latest question that you sent me yesterday afternoon.

Thanks
[Redacted]

From: Bawa, Niki [mailto:niki.bawa@cpuc.ca.gov]
Sent: Monday, November 15, 2010 5:25 PM
To: [Redacted]
Cc: Allen, Meredith; Simon, Sean A.
Subject: BottleRock PPA

Hi [Redacted]

I had a few more questions regarding the BottleRock PPA (AL 3668-E) I wanted to run by you.

1) When discussing the various provisions in the amended contract relating to price, staff would like to use the MWh energy delivery numbers in the confidential section of the contract rather than the capacity. For example, when discussing the threshold level when the contract price changes from the original PPA to the amended PPA we would like to state in the body of the resolution that this change occurs when energy deliveries reach 133 MWh/yr rather than a capacity of 16 MW as this would be much more clear to the Commission. However, energy delivery amounts are in the confidential section and are not in the public advice letter.

We are ok with you using MWh rather than MW capacity.

2) Also, could you explain the reason why the Project Viability analysis in Confidential Appendix A does not encompass the facility's expansion. The score for the project is 100 because the original PPA is already connected to the CAISO grid. However, there are still permitting issues, technical feasibility concerns, resource quality, project financing and COD reasonableness factors that seem to require a new PV analysis.

The fuel is what they are drilling for and not a facility expansion of generating units, etc. so we did not think of it as a facility expansion when we did the viability analysis, but more towards a fuel price adjustment. I am happy to chat about this in more detail, if needed.

3) Why are there 2 different MPRs for 27 MW and 50.5 MW in the workpapers (see sample graph below and the attached workpapers) and in Confidential Appendix D (p. 18, also attached). Furthermore, was there a 50.5 MW assumption with a 2011 COD and a 27 MW assumption with a 2013 COD? It would seem that a 2011 COD would be more likely for the lower 27 MW of capacity for the facility.

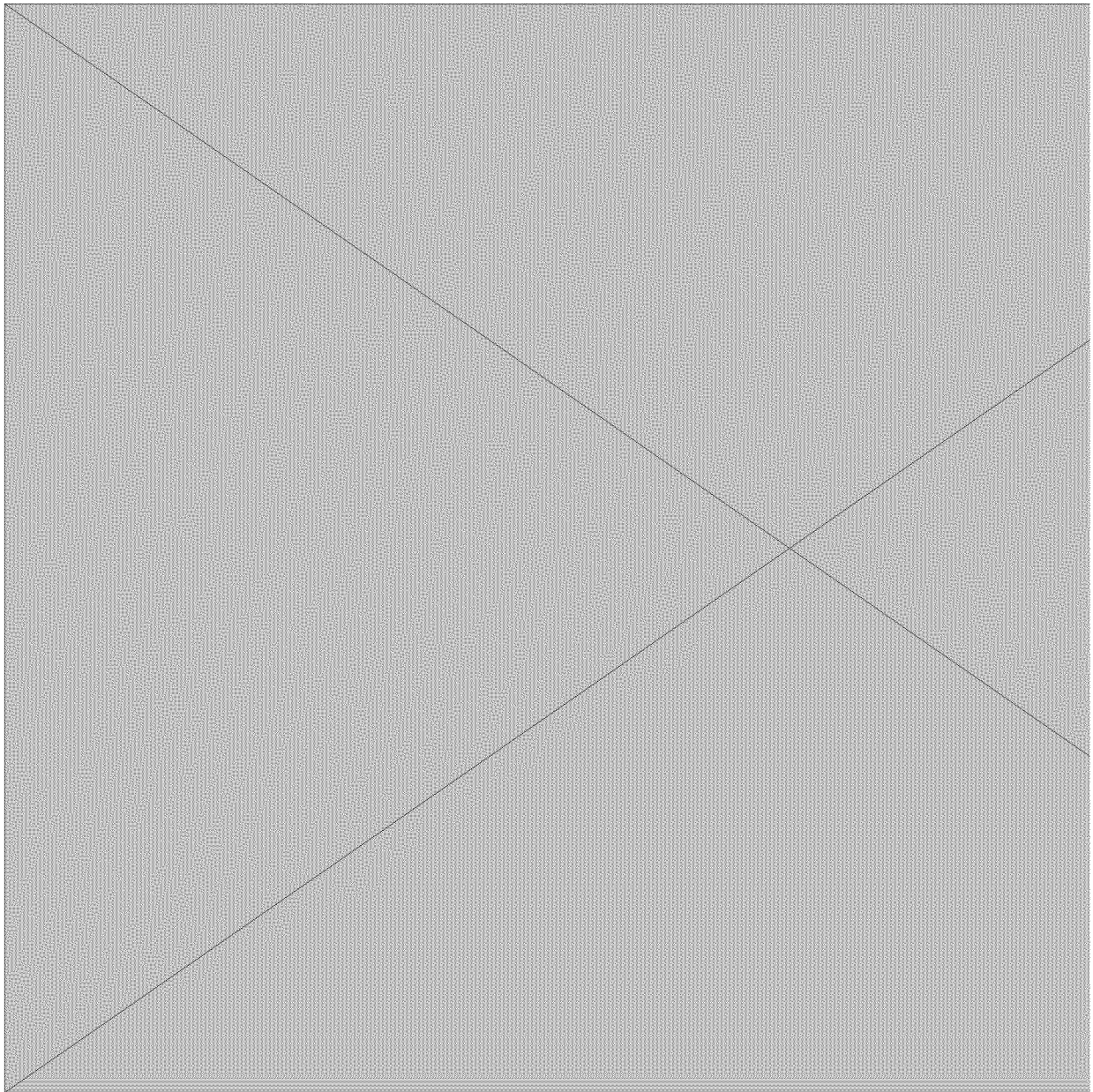
The reason for using two MPRs is that we were analyzing two alternative scenarios based on when the amended contract could come into play. The two alternative scenarios were provided to PG&E by Bottle Rock and represent the most conservative and optimistic scenarios.

As Bottle Rock has had production issues in the past, we didn't think we could fully count on the 50.5MW delivery, but wanted to include that scenario to represent the highest production Bottle Rock could achieve. The 2011 COD date was used to represent most optimistic scenario in case the maximums were met in the minimum amount of time. The 27 MW scenario is based upon Bottle Rock's most likely delivery, and we used the latest date the new production could come on-line to be the most conservative, based on past production issues.

Please ring if you have any questions and would like to discuss further. Thanks.

Niki

RPS Solicitation Bid Supply Curve: 2009 All Bids vs. 2009 Short List





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