

CONFIDENTIAL VERSION

November 9, 2010

Honesto Gatchalian
California Public Utilities Commission
Energy Division
Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, CA 94102

Re: PG&E's Comments on Draft Resolution E-4377

Pacific Gas and Electric Company ("PG&E") supports Draft Resolution E-4377 ("Draft Resolution"), which approves the renewable energy power purchase agreements ("PPAs") between PG&E and Solar Projects Solutions, LLC ("SPS") to procure power from five solar photovoltaic ("PV") facilities. The Draft Resolution approves the PPA with Alpaugh 50, LLC without modifications. The SPS Alpaugh North, LLC, SPS Atwell Island, LLC, SPS Corcoran, LLC, and SPS White River, LLC PPAs are approved with modifications.

The Draft Resolution expresses concern that while the five PPAs are similarly priced, the four 20 MW projects will not provide resource adequacy ("RA") to PG&E under the proposed PPAs. Under the current Small Generator Interconnection Procedures ("SGIP"), projects are not allowed to participate in a deliverability study as is required under the Large Generator Interconnection Procedures ("LGIP"). As a result, projects interconnecting under SGIP cannot currently qualify as a RA resource. The California Independent System Operator ("CAISO") has proposed reforming the SGIP to combine SGIP and LGIP, which would allow small renewable generators to qualify as RA resources.¹

The Draft Resolution conditions its approval of the SPS Alpaugh North, SPS Atwell Island, SPS Corcoran, and SPS White River PPAs on PG&E and SPS modifying the PPAs to require that the projects obtain certification as RA

¹ See e.g. *California Independent System Operator*, FERC Docket No. ER11-1830-000 filed October 19, 2010 (CAISO proposal to combine LGIP and SGIP).

resources once the SGIP is revised to allow small generators to obtain such certification.²

PG&E agrees that if SGIP is revised to allow small generators to obtain RA certification, it is reasonable to require SPS to pursue such a certification as long as any such revision occurs within 10 years of the execution date of the PPA and the potential costs of obtaining RA are reasonable. Network upgrade costs related to any required deliverability upgrades are ultimately borne by CAISO transmission customers, which include PG&E's bundled service customers. Because network upgrade costs are ultimately paid by customers, it is reasonable to cap the cost for network upgrades that SPS is required to incur, and which will ultimately be borne by CAISO transmission customers. A reasonable and appropriate customer cost cap is the RA value from the projects. [Redacted]

[Redacted]

[Redacted]

PG&E requests that the Draft Resolution be modified as follows:

- Modification of Finding 10, to include a customer cost cap for potential costs associated with obtaining RA, which reads: [Redacted]

[Redacted]

² Draft Resolution, Findings and Conclusions #10.

Redacted

With this modification, PG&E fully supports the Draft Resolution.

PG&E has discussed the conditions in the Draft Resolution with SPS. SPS expressed a willingness to pursue RA certification for the four 20 MW projects if the costs and risks of obtaining such certification are reasonably bounded. Following discussion, SPS has informed PG&E that it supports the Draft Resolution as PG&E has requested it be modified above.

Sincerely,

Handwritten signature of Jane Yura in cursive script.

Vice President, Regulation and Rates

cc: Commissioner Michael Peevey, President
Commissioner Nancy Ryan
Commissioner Dian Grueneich
Commissioner John Bohn
Commissioner Timothy Simon
Julie Fitch, Energy Division
Paul Douglas and Sean Simon, Energy Division
Maria Salinas, Energy Division
Frank Lindh, Legal Division
Karen Clopton, ALJ Division

APPENDIX

Modifications To Draft Resolution Findings and Conclusions:

10. The Alpaugh North, Atwell, Corcoran, and White River PPAs shall be modified to require the Seller to pursue resource adequacy (RA) resource qualification for the projects if the Small Generator Interconnection Procedures are revised such that they may qualify as RA resources. The PPAs shall be modified to require the Seller to

Redacted

Redacted

DECLARATION OF Redacted
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION
CONTAINED IN PG&E'S COMMENTS ON DRAFT RESOLUTION E-4377
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)

I, Redacted declare:

1. I am presently employed by Pacific Gas and Electric Company ("PG&E"), and have been an employee at PG&E since 2007. My current title is Principal within PG&E's Energy Procurement organization. In this position, my responsibilities include negotiating PG&E's Renewables Portfolio Standard Program ("RPS") Power Purchase Agreements. In carrying out these responsibilities, I have acquired knowledge of PG&E's contracts with numerous counterparties and have also gained knowledge of the operations of electricity sellers in general. Through this experience, I have become familiar with the type of information that would affect the negotiating positions of electricity sellers with respect to price and other terms, as well as with the type of information that such sellers consider confidential and proprietary.

2. Based on my knowledge and experience, and in accordance with Decision ("D.") 08-04-023 and the August 22, 2006 "Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with Decision 06-06-066," I make this declaration seeking confidential treatment of PG&E's Comments on Draft resolution E-4377, submitted on November 9, 2010.

3. Attached to this declaration is a matrix identifying the data and information for which PG&E is seeking confidential treatment. The matrix specifies that the material PG&E is seeking to protect constitutes the particular type of data and information listed in Appendix 1 of D.06-06-066 and Appendix C of D.08-04-023 (the "IOU Matrix"), and/or constitutes information that should be protected under General Order 66-C. The matrix also specifies the category or

categories in the IOU Matrix to which the data and information corresponds, if applicable, and why confidential protection is justified. Finally, the matrix specifies that: (1) PG&E is complying with the limitations specified in the IOU Matrix for that type of data or information, if applicable; (2) the information is not already public; and (3) the data cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure. By this reference, I am incorporating into this declaration all of the explanatory text in the attached matrix that is pertinent to this filing.

I declare under penalty of perjury, under the laws of the State of California, that to the best of my knowledge the foregoing is true and correct. Executed on November 5, 2010 at San Francisco, California.

Redacted

Redacted

PACIFIC GAS AND ELECTRIC COMPANY
 PG&E's Comments on Draft resolution E-4377
 November 9, 2010

IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-08-066 AND DECISION 08-04-023

Redaction Reference	1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-066 and Appendix C to D.08-04-023 (Y/N)	2) Which category or categories in the Matrix the data correspond to:	3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N)	4) That the information is not already public (Y/N)	5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time	
1	Document: PG&E's Comments on Draft Resolution E-4377							
2	PG&E's Comments on Draft Resolution E-4377	Y	Item B) Specific quantitative analysis involved in scoring and evaluation of participating bids. Item VII G) Renewable Resource Contracts under RPS program - Contracts without SEPs. General Order 66-C.	Y	Y	Y	PG&E's Comments include specific project cost, bid evaluation and contract term information. This information would provide market sensitive information to competitors and is therefore considered confidential. Furthermore, offers from the 2005, 2006, 2007, 2008, and 2009 solicitations and offers received outside of those solicitations are still under negotiation, further substantiating why releasing this information would be damaging to the negotiation process. In addition, contract terms of the PPA are confidential according to D.06-06-066.	Remain confidential for three years.

CERTIFICATE OF SERVICE

I certify that I have by mail, e-mail, or hand delivery this day served a true copy of Pacific Gas and Electric Company's **confidential** comments on Draft Resolution E-4377, regarding PG&E's Advice Letter 3613-E on:

- 1) Commissioners Michael Peevey, John Bohn, Dian Grueneich, Nancy Ryan, Timothy Simon
- 2) Julie Fitch – Director, Energy Division
- 3) Karen Clopton – Chief Administrative Law Judge
- 4) Frank Lindh – General Counsel
- 5) Cheryl Lee – Energy Division
- 6) Maria Salinas – Energy Division
- 7) Honesto Gatchalian – Energy Division

Redacted

Redacted

PACIFIC GAS AND ELECTRIC COMPANY

Date: November 9, 2010