

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**ID #10059
RESOLUTION E-4384
January 27, 2011**

REDACTED

R E S O L U T I O N

Resolution E-4384. Pacific Gas and Electric Company requests approval of the amended and restated Bottle Rock Power, LLC renewable power purchase agreement.

PROPOSED OUTCOME: This Resolution approves an amended and restated long-term renewable energy power purchase agreement between Pacific Gas and Electric Company and Bottle Rock Power, LLC. The amended and restated power purchase agreement is approved without modification.

ESTIMATED COST: Costs of the power purchase agreement are confidential at this time.

By Advice Letter 3668-E filed on May 20, 2010.

SUMMARY

Pacific Gas and Electric Company's amended and restated renewable energy power purchase agreement with Bottle Rock Power, LLC complies with the Renewables Portfolio Standard procurement guidelines and is approved without modification

On May 20, 2010 Pacific Gas and Electric (PG&E) filed Advice Letter (AL) 3668-E requesting California Public Utilities Commission (Commission) review and approval of an amended and restated power purchase agreement (PPA) with Bottle Rock Power, LLC (BottleRock). The PPA was originally approved by the Commission on October 5, 2006 by Resolution E-4021. PG&E asserted that amending and restating the PPA is necessary in order to increase the energy deliveries and drill additional steam wells. As a result, PG&E and BottleRock negotiated an amended and restated PPA in order to exploit geothermal resources adjacent to the BottleRock facility and meet the facility's energy delivery potential of 420 gigawatt-hours per year (GWh/yr). Changes under the amended and restated PPA include: an increase in the contract price for energy

deliveries above 133 GWh/yr; an extension of the contract delivery term from 10 years to 15 years; increase in project development security and delivery term security; and a lower minimum contract capacity. The amended and restated PPA will become effective once it is approved by the Commission and when the project meets minimum energy deliveries by a set deadline. PG&E expects the amended and restated PPA to become effective no later than June 2013. The original PPA will remain in effect to both PG&E and BottleRock until the amended and restated PPA becomes effective.

This resolution approves the amended and restated BottleRock PPA without modification. The PPA is consistent with the Commission’s RPS procurement guidelines and PG&E’s RPS resource need. Deliveries under the amended and restated BottleRock PPA are reasonably priced and fully recoverable in rates over the life of the contract, subject to Commission review of PG&E’s administration of the amended and restated PPA.

The following table provides a summary of the amended and restated BottleRock PPA and the original PPA:

Generating Facility	Technology Type	Term (Years)	Capacity (MW)	Energy (GWh/yr)	Online Date	Location
BottleRock (original)	Geothermal	10	17 to 55	120 to 385	July, 2007	Lake County, CA
BottleRock (amended and restated)	Geothermal	15	16 to 55	125 to 420 ¹	June, 2013 ²	Lake County, CA

BACKGROUND

Overview of the Renewables Portfolio Standard (RPS) Program

The California RPS Program was established by Senate Bill (SB) 1078, and has been subsequently modified by SB 107 and SB 1036.³ The RPS program is

¹ Differences in maximum energy levels between the original and the amended BottleRock PPA are due a change in the capacity factor to account for the facility’s parasitic load.

² PG&E has an anticipated date for the amended BottleRock PPA to become effective no later than June 2013. The amended and restated PPA can become effective if BottleRock meets minimum energy deliveries prior to June 2013.

³ SB 1078 (Sher, Chapter 516, Statutes of 2002); SB 107 (Simitian, Chapter 464, Statutes of 2006); SB 1036 (Perata, Chapter 685, Statutes of 2007).

codified in Public Utilities Code Sections 399.11-399.20.⁴ The RPS program administered by the Commission requires each utility to increase its total procurement of eligible renewable energy resources by at least one percent of retail sales per year so that 20 percent of the utility's retail sales are procured from eligible renewable energy resources no later than December 31, 2010.⁵

Additional background information about the Commission's RPS Program, including links to relevant laws and Commission decisions, is available at <http://www.cpuc.ca.gov/PUC/energy/Renewables/overview.htm> and <http://www.cpuc.ca.gov/PUC/energy/Renewables/decisions.htm>.

NOTICE

Notice of Advice Letter 3668-E was made by publication in the Commission's Daily Calendar. PG&E states that copies of the Advice Letter were mailed and distributed in accordance with Section IV of General Order 96-B.

PROTESTS

Advice Letter 3668-E was not protested.

⁴ All further references to sections refer to Public Utilities (Pub. Util.) Code unless otherwise specified.

⁵ See Pub. Util. Code § 399.15(b)(1).

DISCUSSION

Pacific Gas and Electric Company requests approval of an amended and restated renewable contract with Bottle Rock Power, LLC

The Bottle Rock facility originally began operation in February 1985 until the California Department of Water Resources (DWR) suspended plant operations November 1990 due to lower than expected generation. DWR sold the facility to Bottle Rock Power Corporation in 2001, and in October 2005, US Renewable Group (USRG) bought the facility with the intention of repowering it.⁶ In August 2006, Riverstone Holdings and the Carlyle Group acquired a significant stake in the facility from USRG. On October 5, 2006, the California Public Utilities Commission (Commission) approved the original power purchase agreement (original PPA) between Pacific Gas and Electric Company (PG&E) and Bottle Rock Power, LLC (BottleRock) for renewable energy from the repowered BottleRock geothermal facility.⁷ On September 21, 2007, PG&E amended the contract to change the guaranteed project online date; reduce the initial minimum capacity; and modify production milestones.⁸

On May 20, 2010 PG&E filed AL 3668-E requesting approval of an amended and restated PPA with BottleRock. PG&E asserted in AL 3668-E that amending and restating the PPA, as amended on September 21, 2007, was necessary to increase the energy deliveries and drill additional steam wells. Presently, the facility is in operation but delivering energy at amounts substantially below the minimum amount of required by the PPA, as amended on September 21, 2007. PG&E states that BottleRock sought an amendment to the PPA, as amended on September 21, 2007, in order to exploit the geothermal resources in a parcel of land adjacent to the present facility. Additionally, PG&E states that BottleRock is not seeking a capacity expansion of the facility but is seeking to exploit adjacent geothermal fuel supplies to overcome insufficient resources at the BottleRock project site.

The amended and restated BottleRock PPA will become effective once Commission approval is obtained and the BottleRock facility meets specific

⁶ See the California Energy Commission's Bottle Rock Siting Case website: <http://www.energy.ca.gov/sitingcases/bottlerock/index.html> and the Bottle Rock Power website: http://www.bottlerockpower.com/about_brp.html

⁷ See Resolution E-4021.

⁸ PG&E filed the amendment in AL 3131-E on October 9, 2007, and it was approved by letter on December 18, 2007.

energy delivery milestones. PG&E anticipates these milestones to be met no later than June 2013. Under the amended and restated PPA, PG&E will pay a higher price for energy deliveries above the PPA's, as amended on September 21, 2007, minimum energy production threshold of 133 gigawatt-hours per year (GWh/yr). Any energy delivered below the minimum threshold will be subject to the contract price in the PPA, as amended on September 21, 2007.

In AL 3668-E, PG&E explains that the price increase in the amended and restated PPA is necessary in order to expand the original facility and utilize geothermal energy resources adjacent to the existing BottleRock power plant. PG&E states that such an expansion of the BottleRock facility is necessary to meet the energy output levels (120 GWh/yr) envisioned in the original PPA, as amended on September 21, 2007, and without such an expansion the facility may have to shut down. Pursuant to the amended and restated PPA, BottleRock is expected to increase energy deliveries from the current production level of approximately 100 GWh/yr to a minimum of 125 GWh/yr and a maximum of 420 GWh/yr. Also, the amended and restated PPA will decrease the minimum contract capacity from 17 megawatts (MW) to 16 MW.

Finally, the amended and restated PPA changes the delivery length of the BottleRock PPA to 15 years. The original PPA, as amended on September 21, 2007, was for a delivery term of 10 years with PG&E having the option to extend if for an additional 5 years.

PG&E requests that the Commission issue a resolution containing the following findings:

1. Approves the Amended and Restated PPA in its entirety, including payments to be made by PG&E pursuant to the Amended and Restated PPA, subject to the Commission's review of PG&E's administration of the Amended and Restated PPA.
2. Finds that any procurement pursuant to the Amended and Restated PPA is procurement from an eligible renewable energy resource for purposes of determining PG&E's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.) ("RPS"), D.03-06-071 and D.06-10-050, or other applicable law.
3. Finds that all procurement and administrative costs, as provided by Public Utilities Code section 399.14(g), associated with the Amended and Restated PPA shall be recovered in rates.
4. Adopts the following finding of fact and conclusion of law in support of CPUC Approval:

- a. The Amended and Restated PPA is consistent with PG&E's 2009 RPS procurement plan.
 - b. The terms of the Amended and Restated PPA, including price of delivered energy, are reasonable.
5. Adopts the following finding of fact and conclusion of law in support of cost recovery for the Amended and Restated PPA:
- a. The utility's costs under the Amended and Restated PPA shall be recovered through PG&E's Energy Resource Recovery Account.
 - b. Any stranded costs that may arise from the Amended and Restated PPA are subject to the provisions of D.04-12-048 that authorize recovery of stranded renewables procurement costs over the life of the contract. The implementation of the D.04-12-048 stranded cost recovery mechanism is addressed in D.08-09-012.
6. Adopts the following findings with respect to resource compliance with the Emissions Performance Standard ("EPS") adopted in R.06-04-009:
- a. The Amended and Restated PPA is pre-approved as meeting the EPS because it is for an existing geothermal facility covered by Conclusion of Law 35(c) of D.07-01-039.

Energy Division evaluated the Bottle Rock Power, LLC PPA using the following criteria:

- Consistency with PG&E's 2009 RPS Procurement Plan
- Consistency with the Resolution E-4199 requirements for above-MPR contract price amendments
- Independent Evaluator oversight of the BottleRock PPA
- Cost reasonableness
- Cost containment
- Project viability assessment and development status
- Consistency with RPS standard terms and conditions
- Procurement Review Group participation

Consistency with PG&E's 2009 RPS Procurement Plan

In D.09-06-018, the Commission conditionally approved PG&E's Procurement Plan (Plan) and bid solicitation materials for PG&E's 2009 RPS solicitation. Pursuant to statute, PG&E's Plan included an assessment of supply and demand to determine the optimal mix of renewable generation resources, consideration of

compliance flexibility mechanisms established by the Commission, and a bid solicitation setting forth the need for renewable generation of various operational characteristics.⁹ Specifically, PG&E's Plan identified a renewable resource need of 800 to 1,600 GWh per year, which reflects approximately one to two percent of PG&E's annual retail sales volume.

PG&E asserts that the amended and restated BottleRock PPA conforms to PG&E's approved 2009 Plan. The amended and restated PPA fits with identified renewable resource needs by meeting the criteria for the procurement of renewables contained in the 2009 Plan. The facility is already producing energy under the original PPA, as amended on September 21, 2007. The amended and restated PPA is expected to expand deliveries to between 125 GWh/yr and 420 GWh/yr of RPS-eligible energy starting no later than 2013. Therefore, in addition to meeting short term RPS obligations of achieving 20 percent of renewable generation by 2010, the project will also contribute to PG&E's long term 2020 RPS goals.¹⁰

The amended and restated BottleRock PPA is consistent with PG&E's 2009 RPS Procurement Plan approved by D.09-06-018.

Consistency with the Resolution E-4199 requirements for above-MPR contract price amendments

Resolution E-4199 set forth eligibility criteria and guidelines for IOUs requesting approval of contract amendments for renewable energy contracts with above-market costs. The amended and restated BottleRock contract price is above the 2009 market price referent (MPR); thus, certain criteria outlined in E-4199 apply.¹¹

⁹ Public Utilities Code § 399.14(a)(3).

¹⁰ Under California law, PG&E is required to maintain a 20 percent renewable portfolio mix of procured energy beyond 2010. Furthermore, on November 17, 2008, Governor Schwarzenegger signed Executive Order S-14-08 directing all state agencies to work toward a 33% RPS by 2020. On September 23, 2010, the California Air Resources Board adopted regulations for a 33 percent Renewable Electricity Standard for the state by 2020 that will come into effect following review and approval by the Office of Administrative Law.

¹¹ Under E-4199, the criteria include: re-evaluate competitiveness and justify reasonable compared to current market; explain why change is necessary and justify the change; and the independent evaluator must review the new price, cash flow models, and changes in model inputs.

As required, PG&E made a showing in advice letter 3668-E that the amended and restated contract is competitive compared to PG&E's 2009 RPS shortlist and recent bilateral contracts offered to and executed by PG&E. (See "Cost Reasonableness" section for a discussion of how the amended and restated PPA compares to PG&E's 2009 RPS solicitation; and Confidential Appendix B for PG&E's LCBF evaluation of the amended and restated PPA.)

Additionally, PG&E explained in AL 3688-E why the PPA changes are needed and provided a showing, which included relevant data and information to justify the change in PPA price and reasonableness of the amended price. Confidential Appendix B attached to this Resolution includes a detailed discussion comparing the contract cost between the original and amended and restated PPA.

Also, consistent with Resolution E-4199, BottleRock provided cash flow models which PG&E and independent evaluator (IE) Alan Taylor of Sedway Consulting, Inc. reviewed to determine that the price modifications were reasonable in relation to the current market. The IE's project-specific evaluation of the amended and restated PPA includes his assessment of the project's cash flow model and inputs (See Confidential Appendix D to this resolution for the IE Report).

The proposed amended and restated PPA complies with the Resolution E-4199 requirements for above-MPR price amendments.

Independent Evaluator Oversight of the Amended and Restated BottleRock PPA

PG&E retained IE Sedway Consulting, Inc. to oversee its 2005 RPS bid solicitation for the original BottleRock PPA. The IE supplemented materials from the 2005 RPS solicitation with information from PG&E's 2009 bid solicitation to evaluate the amended and restated BottleRock PPA.

The IE participated in the final stage negotiation discussions and communications concerning the amended and restated PPA, evaluated the amended and restated PPA, and concluded that the amended and restated PPA merits Commission approval. In addition, the IE assessed the project's portfolio fit, net market value, contract price, and project viability as high when compared to PG&E's 2009 RPS bid solicitation and similar bilateral offers received by PG&E. Overall, the IE concurs with PG&E's decision to execute the amended and restated agreement and states that the amended and restated BottleRock PPA merits Commission approval.

Consistent with D.06-05-039, an independent evaluator reviewed PG&E's power purchase agreement with BottleRock. The independent evaluator concurs with

PG&E's decision to execute the agreement based on an evaluation of the amended and restated PPA and agrees with PG&E that the amended and restated BottleRock PPA merits Commission approval.

Cost Reasonableness

In AL 3668-E, PG&E asserted that the amended and restated BottleRock PPA compared favorably to proposals received in response to PG&E's 2009 RPS solicitation and recent bilateral RPS contracts because the amended and restated PPA was reasonably priced relative to other bids. Using a similar analysis, and the confidential analysis provided by PG&E in AL 3668-E, we determine that the amended and restated BottleRock PPA price is reasonable. Confidential Appendices A and B include a detailed discussion of the contractual pricing terms.

The price of the amended and restated BottleRock PPA, up to the minimum deliveries (133 GWh/yr) under the original PPA, as amended on September 21, 2007, will remain the same. The price of the amended and restated PPA will increase for energy deliveries that exceed the 133 GWh/yr minimum. Based on a review of: cash flow models, original cost assumptions by BottleRock, changes to the assumptions by BottleRock, and documentation related to costs and timeliness of the project's expansion, PG&E concluded that the price increase in the amended and restated BottleRock PPA is justified and reasonable.

The amended and restated PPA compares favorably to the results of PG&E's 2009 solicitation. The total all-in costs of the amended and restated PPA are reasonable and PG&E has demonstrated that the cost increase is justified based on supporting information and bids received in response to PG&E's 2009 RPS solicitation and other comparable PPAs.

Payments made by PG&E under the amended and restated PPA are fully recoverable in rates over the life of the amended and restated PPA, subject to Commission review of PG&E's administration of the amended and restated PPA.

Cost Containment

RPS contracts with an amendment for a price increase that meet certain criteria are also eligible for above-MPR funds (AMFs).¹² PG&E asserts its amended and

¹² Under Resolution E-4199, a PPA between a utility and a developer must meet the following requirements for the utility to achieve AMFs eligibility: (1) the PPA must have Commission approval and be selected through a competitive solicitation, (2) it must cover a duration of at least 10 years; (3) it must develop a new or repowered facility commencing operations on or after January 1, 2005; (4) it must not be a purchase of

restated PPA with BottleRock meets these criteria. On May 28, 2009, the Director of the Energy Division notified PG&E that it had exhausted its AMFs, meaning PG&E is no longer required to sign contracts for renewable power priced above the MPR, but may voluntarily choose to do so.¹³

PG&E is voluntarily entering into the amended and restated BottleRock PPA at an above-MPR price as permitted by Public Utilities Code §399.15(d).

Project Viability Assessment and Development Status

PG&E asserts that the amended and restated BottleRock PPA is viable and will be developed according to the terms and conditions in the amended and restated PPA. The project has been operating and delivering energy since 2007, albeit not at the full contracted capacity stated in the original PPA, as amended on September 21, 2007. The additional steam wells will be located adjacent to the existing project in the known geothermal area, Geysers Geothermal Field.¹⁴ BottleRock has full site control of the adjacent property to expand the geothermal facility's fuel supply. Also, BottleRock is anticipating a Conditional Use Permit from Lake County for the adjacent property in January 2011.

PG&E evaluated the viability of the BottleRock project using the Commission-approved project viability calculator, which uses standardized criteria to quantify a project's strengths and weaknesses in key areas of renewable project development. PG&E confidentially provided a comparison of BottleRock's project viability score relative to all bids PG&E received in its 2009 RPS solicitation that shows that the Bottle Rock project scores favorably compared to PG&E's other offers.

PG&E asserts that the BottleRock project is viable and will provide renewable energy according to the terms and conditions in the amended and restated PPA.

Consistency with RPS Standard Terms and Conditions

The Commission adopted a set of standard terms and conditions (STCs) required in RPS contracts, four of which are considered "non-modifiable." The STCs were compiled in D.08-04-009 and subsequently amended in D.08-08-028.

renewable energy credits; and (5) it must not include any indirect expenses as set forth in the statute.

¹³ See Pub. Util. Code § 399.15(d).

¹⁴ Specifically, the project is located on the Francisco Leasehold on High Valley Road, Glenbrook Area, Lake County, California, within the Geysers Known Geothermal Resource Area (KGRA).

The amended and restated BottleRock PPA also includes the non-modifiable terms related to tradable renewable energy credits included in stayed decision D.10-03-021 and a proposed decision concerning tradable renewable energy credits.¹⁵

The amended and restated BottleRock PPA includes the Commission adopted RPS “non-modifiable” standard terms and conditions, as set forth in D.08-04-009 and amended by D.08-08-028, and non-modifiable terms related to tradable renewable energy credits in stayed D.10-03-021.

Procurement Review Group Participation

The Procurement Review Group (PRG) was initially established in D.02-08-071 as an advisory group to review and assess the details of the IOUs’ overall procurement strategy, solicitations, specific proposed procurement contracts and other procurement processes prior to submitting filings to the Commission.¹⁶ PG&E asserts that the amended and restated BottleRock PPA was discussed at several PRG meetings, including meetings that occurred on August 14, 2009 and April 9, 2010.¹⁷

Pursuant to D.02-08-071, PG&E’s Procurement Review Group participated in the review of the amended and restated PPA.

RPS Eligibility and CPUC Approval

Pursuant to Pub. Util. Code § 399.13, the California Energy Commission (CEC) certifies eligible renewable energy resources. Generation from a resource that is not CEC-certified cannot be used to meet RPS requirements. To ensure that only CEC-certified energy is procured under a Commission-approved RPS contract, the Commission has required standard and non-modifiable “eligibility” language in all RPS contracts. That language requires a seller to warrant that the project qualifies and is certified by the CEC as an “Eligible Renewable Energy Resource,” that the project’s output delivered to the buyer qualifies under

¹⁵ See August 25, 2010 proposed decision in R. 06-02-012. “Decision Modifying Decision 10-03-021 Authorizing Use Of Renewable Energy Credits for Compliance With The California Renewables Portfolio Standard And Lifting Stay And Moratorium Imposed By Decision 10-05-018”

¹⁶ The PRG for PG&E included representatives of the Union of Concerned Scientists, the California Utility Employees, the Utility Reform Network, the California Public Utility Commission’s Energy Division and Division of Ratepayer Advocates, and PG&E ratepayer Jan Reid.

¹⁷ See AL 3668-E, p. 12 for a full list of PRG meetings where BottleRock was discussed.

the requirements of the California RPS, and that the seller uses commercially reasonable efforts to maintain eligibility should there be a change in law affecting eligibility.¹⁸

The Commission requires a standard and non-modifiable clause in all RPS contracts that requires “CPUC Approval” of a PPA to include an explicit finding that “any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (*Public Utilities Code Section 399.11 et seq.*), Decision 03-06-071, or other applicable law.”¹⁹

Notwithstanding this language, the Commission has no jurisdiction to determine whether a project is an eligible renewable energy resource, neither can the Commission determine prior to final CEC certification of a project, that “any procurement” pursuant to a specific contract will be “procurement from an eligible renewable energy resource.”

Therefore, while we include the required finding here, this finding has never been intended, and shall not be read now, to allow the generation from a non-RPS-eligible resource to count towards an RPS compliance obligation. Nor shall such finding absolve the seller of its obligation to obtain CEC certification, or the utility of its obligation to pursue remedies for breach of contract. Such contract enforcement activities shall be reviewed pursuant to the Commission’s authority to review the utilities’ administration of contracts.

Confidential Information

The Commission, in implementing Public Utilities Code § 454.5(g), has determined in D.06-06-066, as modified by D.07-05-032, that certain material submitted to the Commission as confidential should be kept confidential to ensure that market sensitive data does not influence the behavior of bidders in future RPS solicitations. D.06-06-066 adopted a time limit on the confidentiality of specific terms in RPS contracts. Such information, such as price, is confidential for three years from the date the contract states that energy deliveries begin, except contracts between IOUs and their affiliates, which are public.

¹⁸ See, e.g. D. 08-04-009 at Appendix A, STC 6, Eligibility.

¹⁹ See, e.g. D. 08-04-009 at Appendix A, STC 1, CPUC Approval.

The confidential appendices, marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

FINDINGS AND CONCLUSIONS

1. The original power purchase agreement between Pacific Gas and Electric Company and Bottle Rock Power, LLC resulted from Pacific Gas and Electric Company's 2005 RPS solicitation and was approved by the Commission on October 5, 2006 in Resolution E-4021.
2. The original Bottle Rock Power, LLC power purchase agreement, as amended on September 21, 2007, has been amended and restated due to a need to increase the energy deliveries and drill additional steam wells that required a change in the power purchase agreement terms.
3. The amended and restated Bottle Rock Power, LLC power purchase agreement is consistent with Pacific Gas and Electric Company's renewable resource need, as identified in its 2009 Renewables Portfolio Standard Procurement Plan, approved by Decision 09-06-018.
4. The amended and restated Bottle Rock Power, LLC power purchase agreement exceeds the applicable 2009 market price referent.
5. PG&E is voluntarily entering into the amended and restated Bottle Rock Power, LLC power purchase agreement at a price that exceeds the applicable market price referent as permitted by Public Utilities Code § 399.15(d).
6. Advice Letter 3668-E complies with the requirements of Resolution E-4199 for power purchase agreement price amendments with above market price referent prices.

7. Consistent with Decision 06-05-039, an independent evaluator evaluated Pacific Gas and Electric Company's amended and restated power purchase agreement with Bottle Rock Power, LLC and concurs with Pacific Gas and Electric Company's decision to execute the amended and restated agreement.
8. The price of the amended and restated Bottle Rock Power, LLC power purchase agreement will be the same as the original power purchase agreement between Pacific Gas and Electric Company and Bottle Rock Power, LLC up to 133 gigawatt-hours per year. The price of the amended and restated Bottle Rock Power, LLC power purchase agreement will increase for energy deliveries that exceed 133 gigawatt-hours per year.
9. The total all-in costs of the amended and restated Bottle Rock Power, LLC power purchase agreement are reasonable based on their relation to bids received in response to Pacific Gas and Electric Company's 2009 solicitation for renewable resources and similar bilateral contracts received by PG&E.
10. Payments made by Pacific Gas and Electric Company under the approved amended and restated Bottle Rock Power, LLC power purchase agreement are fully recoverable in rates over the life of the agreement, subject to Commission review of Pacific Gas and Electric Company's administration of the agreement.
11. PG&E asserts that the BottleRock project is viable and will provide renewable energy according to the terms and conditions in the amended and restated Bottle Rock Power, LLC power purchase agreement.
12. The amended and restated Bottle Rock Power, LLC power purchase agreement includes the Commission adopted RPS "non-modifiable" standard terms and conditions, as set forth in Decision 08-04-009 and amended by Decision 08-08-028.
13. Pursuant to Decision 02-08-071, Pacific Gas and Electric Company's Procurement Review Group participated in the review of the amended and restated Bottle Rock Power, LLC power purchase agreement.
14. Procurement pursuant to the amended and restated Bottle Rock Power, LLC power purchase agreement is procurement from eligible renewable energy resources for purposes of determining Pacific Gas and Electric Company's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), Decision 03-06-071 and Decision 06-10-050, or other applicable law.
15. The immediately preceding finding shall not be read to allow generation from a non-RPS eligible renewable energy resource under the amended and

restated Bottle Rock Power, LLC power purchase agreement to count towards an RPS compliance obligation. Nor shall that finding absolve Pacific Gas and Electric Company of its obligation to enforce compliance with this agreement.

16. The confidential appendices, marked "[REDACTED]" in the public copy of this Resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.
17. Advice Letter 3668-E should be approved effective today without modifications.

THEREFORE IT IS ORDERED THAT:

1. Pacific Gas and Electric Company's Advice Letter 3668-E, requesting Commission review and approval of an amended and restated power purchase agreement with Bottle Rock Power, LLC is approved without modification.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on January 27, 2011; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

Confidential Appendix A

Evaluation Summary of Amended and Restated Bottle Rock Power, LLC PPA

[Redacted]

Confidential Appendix B

Summary of Amended and Restated Bottle Rock Power, LLC PPA Terms and Conditions

[Redacted]

Confidential Appendix C

Above Market Funds Calculation

[Redacted]

Confidential Appendix D

Independent Evaluator's Contract-Specific Assessment

[Redacted]