

From: Brown, Carol A.
Sent: 2/7/2011 1:13:53 PM
To: Cherry, Brian K (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=BKC7)
Cc:
Bcc:
Subject: RE: CalBio

thanks - I will check (at some point) with the boss and see if he has any comments!

From: Cherry, Brian K [mailto:BKC7@pge.com]
Sent: Monday, February 07, 2011 9:48 AM
To: Brown, Carol A.
Subject: RE: CalBio

Carol. FYI. This is what I received internally. These guys at CalBio are making it hard for me to work with them. Not sure what messages Peevey is giving them but they are putting me in less of a mood to cooperate.

Brian:

- 1. We are continuing to exchange term sheets and contract mark ups with CalBio. They owe us mark ups now.**
2. At this point, we are not discussing price, more general contract terms and obligations. They keep pushing back on our standard form, in fact wanting on top of a super high price, the terms and conditions of the E-SRG contract (almost no performance requirements or collateral). **They clearly have a sense of entitlement.** They continue to talk to us as if this is not a negotiation but rather "the Commission will approve this, so what's our issue."

3. Meredith, correct me if I am wrong, but both advisors that we met with a couple of weeks ago did not give us the impression that a bilat made sense particularly with RAM, so **we are also waiting for more Commission feedback.**

4. **Assuming we do file a PFM, we need to know how to craft it.** It's not clear. We heard at yesterday's meeting from SCE that the Commission is not using "deals under negotiation as an exception". We need a story that is not carved out for one special company. Unique technology is an argument given that similar technology is being used by others in and out of CA.

5. If Tom or others still want us to proceed, we will figure out a way. But before we agree to anything specific with CalBio, I want to make sure that **Tom has cleared the path with Peter and Chris** because they really pushed back on us at RPC when we discussed even a 2 MW pilot for Republic Cloverleaf Solar.

Brian, picture this a super expensive contract for multiple sites up to 25 MW with flexible on line commitments, prices close to double what other biogas developers are getting under E-SRG. Minimal or no performance requirements or collateral..... a filed PFM granting this flexibility explicitly for them when they clearly fit the characteristics of RAM..... interesting Advice Letter.

From: Brown, Carol A.
[mailto:carol.brown@cpuc.ca.gov]
Sent: Saturday, February 05, 2011
10:17 AM
To: Cherry, Brian K
Subject:
CalBio

what are you guys doing about CalBio and the RAM decision? We chatted about you guys filing a PFM to "grandfather" CalBio????