



DRA

*Division of Ratepayer Advocates
California Public Utilities Commission*

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CPUC, Energy Division
Attention: Tariff Files, Room 4005
505 Van Ness, Avenue
San Francisco, CA 94102

Subject: **DIVISION OF RATEPAYER ADVOCATES COMMENTS ON
DRAFT RESOLUTION E-4405**

The Division of Ratepayer Advocates (“DRA”) submits the following comments to Draft Resolution E-4405, which rejects Pacific Gas and Electric Company’s (“PG&E”) advice letter (AL) 3759-E.

DRA applauds the Commission’s proposed rejection of the Power Purchase Agreement (PPA) between PG&E and North Star Solar, LLC. The proposed contract would be a 20-year agreement with a 60 megawatt solar photovoltaic (PV) facility in Fresno providing an estimated 119 gigawatt-hours annually. The proposed commercial operation date of the project is June 30, 2013.

DRA agrees with the Draft Resolution that the project is “not price competitive” and “unreasonably high compared to other comparable renewable RPS-eligible projects recently offered to PG&E.”¹ DRA also agrees that many highly viable projects with more competitive pricing currently exist in the marketplace based on results from recent solicitations.² In addition, PG&E’s outstanding RPS need from 2013 on – the time frame in which the contracted facility is expected to commence operations – is not so pressing that PG&E cannot choose more cost competitive and higher value RPS procurement options. PG&E recently launched its 2011 Request for Offers (RFO) and will soon receive numerous bids that should better reflect current market conditions. Installed costs

¹ Draft Redacted Resolution 4405-E, pp. 2, 6.

² Draft Redacted Resolution 4405-E, p. 2.

of solar PV have been falling significantly over the last two years and upcoming bids will likely reflect that.

The Energy Division has completed a very thorough analysis that assesses the prices, net market values, and project viability scores of comparable offers currently available to PG&E.³ Energy Division correctly concludes that the North Star facility is not price competitive. Now that the utilities are much closer to their RPS goals, they can be more discerning and compose higher value and lower price RPS portfolios. Therefore, DRA fully supports the Draft Resolution's rejection of Advice Letter 3759-E.

Please contact Yuliya Shmidt at (415) 703-2719 if you have any questions about these comments.

/s/ Cynthia Walker

Cynthia Walker, Program Manager
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cc: President M. Peevey; Commissioner T. Simon; Commissioner K. Sandoval; Commissioner M. Florio; Commissioner M. Ferron; J. Simon; P. Douglas; Director of the Energy Division J. Fitch; General Counsel F. Lindh; Chief Administrative Law Judge K. Clopton; Service List R.11-05-005.

³ Draft Redacted Resolution 4405-E, Confidential Appendix A.