

From: Cherry, Brian K  
Sent: 7/5/2011 10:31:34 PM  
To: 'michael.peevey@cpuc.ca.gov' (michael.peevey@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: RE: GWF

Mike - here is what I know about Coyote Ugly. The project is facing serious issues with the interconnection. We agreed with the Energy Division that it made sense for ED to wait until Terragen received updated information on the interconnection scheduled for August before the Commission issued a draft resolution. doing it that way the Commission and PG&E avoid an approved PPA that does not work and needs another major amendment. That said, getting this done sooner rather than later still works for us. Just an FYI - Julie won't be happy to move this up.

I will chat with Fong tomorrow about Bottlerock. We got a real deal when we signed in 2006 and the lost some of that when we gave them a break last year for additional revenues. The problem is that the well issue was bigger than they expected and that their workout problem on re-lining existing wells fell short of financial expectations. It will cost more money for customers but will assure a longer life and greater production from the wells which will increase RPS delivers for the benefit of California over the long term.

**From:** Peevey, Michael R. [mailto:michael.peevey@cpuc.ca.gov]  
**Sent:** Tuesday, July 05, 2011 08:06 PM  
**To:** Cherry, Brian K  
**Subject:** RE: GWF

1. Just tell me what I can do to be helpful on TGP Coyote (is this a new coyote ugly?).
  2. I support Bottlerock. Try to make it happen.
- Thanks.

**From:** Cherry, Brian K [mailto:BKC7@pge.com]  
**Sent:** Tue 7/5/2011 5:28 PM  
**To:** Peevey, Michael R.  
**Subject:** RE: GWF

I'm working on getting Northstar finalized. We are close to a deal and they know what the number needs to be. I need to follow up on TGP Coyote but I'm also worried about Bottlerock (another geothermal). They are losing \$7 million a year and need a contract amendment to take them to current pricing if they hope to rework the wells and recapitalize to remain a going concern. They received Commission approved amended pricing in January but they can't hit the deliveries they need to make it work without additional investment and a market PPA price. Susan K is getting involved in

it. I'm happy to pursue it but won't if you aren't interested in seeing it through.

**From:** Peevey, Michael R. [mailto:michael.peevey@cpuc.ca.gov]  
**Sent:** Tuesday, July 05, 2011 5:16 PM  
**To:** Cherry, Brian K  
**Subject:** RE: GWF

Good. On other projects, how about wrapping up the NorthStar contract. I understand they have come down in price. Second, how about speeding up the TGP Coyote Canyon Project? This is a geothermal project in Nevada that connects to the ISO at the Control substation in Inyo County. We should act on this one at our August meeting.

**From:** Cherry, Brian K [mailto:BKC7@pge.com]  
**Sent:** Tue 7/5/2011 5:04 PM  
**To:** Peevey, Michael R.  
**Cc:** Brown, Carol A.  
**Subject:** GWF

Mike - just a heads-up. We inked a deal with GWF on eliminating 5 petroleum coke facilities and extending the contracts on two existing peaker units. The peaker deal is similar in pricing, terms and conditions to a deal we made with Calpine last year. We decided not to pursue a combined cycle retrofit project because the economics weren't there to justify it no matter how we cut the deal. Dan Richard and Bill Kissinger will be visiting your office in the next few weeks to give you more color. I don't think there should be a major problem with this solution, but we can chat at NARUC if you'd like more details (or you can shoot me a note). We plan on filing an application at the end of the month.