

From: Simon, Sean A.
Sent: 7/7/2011 5:03:55 PM
To: [Redacted] Allen,
Meredith (/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAe)
Cc: Simon, Jason (jason.simon@cpuc.ca.gov); Douglas, Paul
(paul.douglas@cpuc.ca.gov); Johnson, Aaron
(/O=PG&E/OU=Corporate/cn=Recipients/cn=AJJ9); [Redacted]
[Redacted]
[Redacted]
Bcc:
Subject: RE: Confidential -- follow up_RE: Quarterly RPS Meeting with PG&E

David, et al,

Please see my responses below. I propose that we reschedule tomorrow morning's call until after you have had an opportunity to respond completely to C and D below.

Regards,

Sean

Sean A. Simon | Energy Division - Analyst | CA Public Utilities Commission | Tel (415) 703-3791

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From: [Redacted]
Sent: Thursday, July 07, 2011 11:51 AM
To: Simon, Sean A.; Allen, Meredith
Cc: [Redacted] Simon, Jason
Subject: RE: Confidential -- follow up_RE: Quarterly RPS Meeting with PG&E

CONFIDENTIAL

Sean -- here are the updates on the PG&E action items. Please let us know if you have additional questions.

-David

A. Abengoa: Next steps and timing:

PG&E and Abengoa continue to make progress on final documentation of the transaction. Abengoa will then request final PPA review from the DOE. PG&E expects to file the advice letter by July 19, but this date is contingent on timely completion of the DOE review and final transaction documentation. We have notified Abengoa that the filing is time-sensitive and we are targeting submission of the advice letter in mid-July. A mid-July filing with a request for an October CPUC meeting date would allow 120 days for final and non-appealable CPUC action. The amended PPA allows 240 days from filing for CPUC approval and is not the constraint. The issue is the need for final CPUC action by 12/1 for the cash grant.

How confident are you that the AL will be filed on July 19 given that (1) the contract amendments aren't final yet, and (2) and the DOE process hasn't started yet. This seems very optimistic. I am concerned with how long it is taking PG&E and Abengoa to finalize an amendment and the fact that PG&E appears to have no control over DOE approval which appears to be the critical path for filing the AL. What process is involved for Abengoa to "request final PPA review from the DOE" and "timely completion of the DOE review and final transaction documentation?" If the time constraint is CPUC approval no later than the 12/1 commission meeting then the AL should be submitted by August 3, 2011 to allow 120 days for staff review, correct.

B. Solar Reserve: Next steps and timing:

PG&E and Rice/Solar Reserve continue to work towards commercial agreement on the amendment to the PPA. Counterparties continue to exchange draft language associated with obligations for assuring PG&E's customers are protected for resource adequacy risk beyond the amounts that are covered by Solar Reserve in the amendment. The protections will require specific findings from the CPUC and ISO

as condition precedents to the PPA. We have provided information to the CPUC and ISO on these findings. Any PPA language revisions once finalized will need DOE review. We will provide an update as soon as we have more information on timing.

Please specify (1) by what date PG&E will determine whether there will be a contract amendment, and (2) assuming there will be a contract amendment, what specific findings from the CPUC and ISO are necessary.

C. Pending Shell and PowerEx PPAs: What is PG&E's strategy given the contracts' value, PG&E's need, as well as Legal Division's concerns, in light contract terms and conditions:

We will provide an update on these transactions next week given we are still evaluating the issues that we discussed at the meeting.

Please specify by what date PG&E will provide this information.

D. Quick and dirty analysis of 2011 bids to assess bilateral offers. I can't recall from our meeting whether this analysis is already done or whether it will be done this week. Note, that staff would also like to see a comparison of this data to the pending contracts:

The RFO numbers in the attached chart are preliminary and subject to change. We are still evaluating the viability of the RFO offers.

Regarding the relative value of the bilaterals to the preliminary 2011 bids, what is PG&E's plan for the three bilateral offers?

By what date can PG&E assess the value of the pending contracts relative to the pending contracts?

From: Simon, Sean A. [mailto:sean.simon@cpuc.ca.gov]
Sent: Tuesday, July 05, 2011 4:28 PM
To: Allen, Meredith [Redacted]
Cc: [Redacted] Simon, Jason
Subject: RE: Confidential -- follow up_RE: Quarterly RPS Meeting with PG&E

Meredith and David,

It doesn't seem like a meeting this week is going to work for PG&E, based on a conversation that I had with Meredith. In lieu of a meeting, please provide detailed responses on the PG&E action items below, as known and available. It would be most

helpful to have the information by noon on Thursday, July 7. Please let me know if that is doable.

With regards to the Energy Division action items, we are meeting internally to discuss PG&E's pending contracts on Thursday afternoon. Staff would be glad to provide feedback anytime after Thursday in person or on a conference call. At any time, feel free to send ideas and proposals for future advice letters concerning contract amendments or bilateral contracts.

Regards,

Sean

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From: Simon, Sean A.

Sent: Tuesday, July 05, 2011 12:20 PM

To: 'Allen, Meredith'; [Redacted]

Cc: [Redacted] Simon, Jason

Subject: Confidential -- follow up_RE: Quarterly RPS Meeting with PG&E

Meredith and David,

I am following up on last week's RPS meeting where we focused on PG&E's past procurement activities, including pending advice letters, and opportunities going forward. First, I want to thank everyone for the open dialogue and constructive discussion. It is clear from the meeting that effectively managing the contracts that are pending approval is important for staff and for PG&E. To that end, I would like to have a follow up meeting to discuss the PG&E and Energy Division action items from last week's meeting. Are Gary, Sandy, Aaron, David and yourself available on Thursday afternoon (July 7)? Paul, Jason and I would be glad to meet at PG&E.

Proposed Agenda (please let me know if I missed anything)

1. PG&E action items
 - a. Abengoa: Next steps and timing
 - b. SolarReserve: Next steps and timing
 - c. Pending Shell and PowerEx PPAs: What is PG&E's strategy given the contracts' value, PG&E's need, as well as Legal Division's concerns, in light contract terms and conditions
 - d. Quick and dirty analysis of 2011 bids to assess bilateral offers. I can't recall from our meeting whether this analysis is already done or whether it will be done this week. Note, that staff would also like to see a comparison of this data to the pending contracts.
2. Energy Division action items
 - a. Provide feedback on specific pending advice letters
 - b. Provide feedback on any analysis proposed for future advice letters concerning contract amendments or bilateral contracts, as needed and/or requested

Regards,

Sean

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703-3791

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