

From: [Redacted]
Sent: 7/27/2011 2:54:19 PM
To: 'Simon, Sean A.' (sean.simon@cpuc.ca.gov)
Cc: Allen, Meredith (/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAc); [Redact,]
[Redacted]
Bcc:
Subject: RE: landfill gas in 2011 RFO

Sean -- the levelized TOD-adjusted price is correct. The reason for the large spread is because their offer states that they intend to store the gas during the day so they can deliver on-peak. For your second question, DTE proposed the 2008 MPR. DTE likely proposed that price based on prior negotiations with Woodland & POSDEF PPAs. In those cases, DTE had proposed higher pricing and PG&E was able to get them to lower to the MPR. In this case, DTE proposed the MPR and PG&E compared it against bids it was currently negotiating at the time of the negotiations and at execution (and it remained competitive). We believe DTE understood that MPR is one measure of reasonableness the commission uses but they also were warned through negotiations that their offer must be competitive on terms and conditions as well as price for us to continue negotiating and to execute. During negotiation, for these two landfill PPAs DTE did not lower its price. However, when PG&E requested that DTE address and price the possibility of earlier deliveries we believe they looked at both their potential costs as well as viewing MPR pricing as a metric of reasonableness to offer the lower earlier pricing, if interconnection, permitting and other obstacles went quicker than anticipated.

At execution, PG&E was aware that the CPUC's MPR had changed, but the negotiation was for a price which when offered and for the majority of the negotiation was at the MPR, the negotiation was not for offers that moved with MPR, rather execution was based on comparison to market.

--David

From: Simon, Sean A. [mailto:sean.simon@cpuc.ca.gov]
Sent: Wednesday, July 27, 2011 1:48 PM
To: [Redacted]
Cc: Allen, Meredith; [Redacted]
Subject: RE: landfill gas in 2011 RFO

Thanks for pulling this information together. Can you please verify that the levelized TOD-adjusted price for the Fresno project is correct – it looks high. If it is correct, please explain why there is such a big spread between the contract price and TOD-adjusted price. I appreciate your pointing out the 2012 COD, although I'll note that PG&E on numerous occasions has executed contracts that allow for deliveries prior to receiving CPUC Approval.

At last week's meeting, Meredith was going to find out whether PG&E or DTE proposed and advocated for the 2008 MPR during the contract negotiations. Any

insight on this question?

Regards,

Sean

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

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From: [Redacted]
Sent: Wednesday, July 27, 2011 12:53 PM
To: Simon, Sean A.
Cc: Allen, Meredith; [Redacted]
Subject: RE: landfill gas in 2011 RFO

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Sean -- attached is an overview of the three landfill gas offers we received in the 2011 RFO. I should point out that we do not have a determination of project viability for any of these projects yet. In particular, Altamont Renewable Energy Facility lists 1/1/2012 as its COD date, but this will obviously not even allow it to get CPUC approval in time. Please feel free to call with any questions.

David

From: Simon, Sean A. [mailto:sean.simon@cpuc.ca.gov]
Sent: Friday, July 22, 2011 2:22 PM
To: Allen, Meredith; [Redacted]
Cc: [Redacted]
Subject: landfill gas in 2011 RFO

Meredith,

Can you please provide some details about the landfill gas offers received in the 2011 RFO? It would be good to know for each landfill gas offer: capacity (MW), generation amount (GWh), location, COD (date), TOD-adjusted price and net market value.

Thanks, Sean

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