

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



August 2, 2011

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Pacific Gas and Electric Company

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Subject: Energy Division Data Request Seeking Additional Information for Pacific Gas and Electric Company Advice Letter 3876-E Concerning the Power Purchase Agreement for Procurement of Renewable Energy Resources Between Mojave Solar, LLC, and Pacific Gas and Electric Company

Energy Division staff requests additional information from Pacific Gas and Electric Company (PG&E) regarding Advice Letter (AL) 3876-E concerning its renewable power purchase agreement with Mojave Solar, LLC (Mojave Solar). **Please respond to this request by Monday, August 15, 2011.** Any questions related to this data request should be directed to Sean Simon at 415-703-3791 / svn@cpuc.ca.gov.

1. Were there any discussions between PG&E and the independent evaluator (IE) about what the appropriate pricing benchmark data should be for the Mojave Solar contract? If so, please describe the rationales expressed for the PG&E and IE preferred approach and the outcome of the discussions.
2. In several places throughout AL 3876-E, PG&E refers to the “original contract” when explaining the reasonableness of the contract.¹ However, the “original contract” was never approved by the Commission and PG&E withdrew AL 3547-E. Please explain how the original contract is relevant to Energy Division staff’s reasonableness assessment of the Mojave Solar contract filed in AL 3876-E.
3. Clearly explain how the Mojave Solar contract is the result of least-cost, best-fit (LCBF) procurement consistent with PG&E’s LCBF methodology and alternative procurement options, as articulated in the Public Utilities Code and Commission decisions that require the utilities procure least-cost, best-fit renewable resources.
4. Explain PG&E’s rationale for using a monthly based discount rate for calculating the levelized TOD-adjusted contract price in the NMV calculation vs. an annual discount rate in the above market funds calculation. What is the impact to the two calculations in using the different discount rates?
5. Provide the work papers associated with “*Table 1 – PG&E’s compliance position under a 60% success planning scenario*” in AL 3876-E, Confidential Appendix A at A5.
6. Provide the work papers associated with the spreadsheet titled “*Project’s Contribution to RPS Goals*” in AL 3876-E, Confidential Appendix G.
7. Provide a copy of the Energy Division project viability calculator and the PG&E modified project viability calculator populated for Mojave Solar.

¹ For example, see AL 3876-E, Confidential Appendix A at A8.

8. Provide PG&E's most recent RPS need assessment and analysis. Include the work papers for the analysis and clearly explain all assumptions encompassed in the analysis.
9. To what extent did the IE evaluate PG&E's approach to valuing the resource adequacy attributed to Mojave Solar?
10. Did the IE evaluate PG&E's analysis of the Mojave Solar contract's reasonableness on a contract price, net market value and project viability basis? If so, please discuss how the IE conducted the evaluation.
11. Has Mojave Solar represented to PG&E what the impact to the project will be if the transmission infrastructure necessary for the project to be deemed fully deliverable by the California Independent System Operator (CAISO) is not constructed? If so, please explain.
12. Under the terms and conditions in the Mojave Solar contract, what is the impact to the project if the transmission infrastructure necessary for the project to be deemed fully deliverable by the CAISO is not constructed?
13. Provide the methodology and inputs used to calculate the \$70.46/MWh transmission adder for Mojave Solar. Please provide work papers, as appropriate.
14. Describe the analysis that PG&E conducted to compare the transmission upgrade costs set forth in Mojave Solar's Large Generator Interconnection Agreement (LGIA) relative to the capacity (resource adequacy or RA) value to justify a contract that requires the project be fully deliverable. Please provide the work papers associated with the analysis, if applicable.
15. Were there any discussions between PG&E and the IE about the relative value of the RA in light of the potentially high transmission adder for Mojave Solar?
16. In general, how material is a project's transmission adder to PG&E's evaluation of renewable contracts?
17. Under what scenarios would a project's transmission adder amount cause PG&E not to execute a contract with a project that by all other metrics (e.g., contract price and project viability score) is competitive relative to other comparable procurement options?
18. Clearly describe the project's relative ranking from an overall market perspective based on the contract price; NMV, including transmission cost adders; project viability; and any other relevant factors. Analysis should include shortlist data from the 2009 solicitation, bilateral contracts executed since the 2009 solicitation, any contract approved by the Commission within the last 18 months and shortlist data (or preliminarily shortlist data) from the 2011 solicitation.
19. Calculate the total cost differential (in 2011 \$ NPV) between the Mojave Solar contract and a comparable replacement contract on an annual average delivered gigawatt-hour basis (for example: $(617 \text{ GWh} * \text{Mojave Solar contract price} * \text{Mojave Solar contract years}) - (617 \text{ GWh} * \text{proxy replacement contract price} * \text{proxy replacement contract years})$). The analysis should be based on the following market data:
 - The average contract price from PG&E's 2009 solicitation shortlist
 - The average contract price from remaining offers on PG&E's 2009 solicitation shortlist
 - The average contract price of current bilateral offers, including remaining offers under negotiation from solicitations prior to 2009, that are currently under negotiation

- The 2011 RPS solicitation
 - i. all bids ranked on price: the average price for the 1st, 2nd, 3rd and 4th quartiles
 - ii. all bids ranked on price and that have a project viability score greater than or equal to 80: the average price for the 1st, 2nd, 3rd and 4th quartiles
 - iii. all shortlisted bids (or preliminary shortlist): the average price for the 1st, 2nd, 3rd and 4th quartiles
 - iv. the average price of all shortlisted bids (or preliminary shortlist)
20. In a single spreadsheet provide specific information for the projects/contracts with the following origin.

- AL 3876-E (Mojave Solar),
- RPS transactions received but not shortlisted in the 2009 RPS Solicitation,
- RPS transactions shortlisted in the 2009 RPS Solicitation,
- RPS transactions executed but not yet approved from the 2009 RPS Solicitation,
- RPS transactions executed and approved from the 2009 RPS Solicitation,
- Bilaterals currently being offered to PG&E (as of when AL 3876-E was filed) but not executed,
- Bilaterals currently being offered to PG&E (as of when AL 3876-E was filed) and since then executed,
- Bilaterals currently being offered to PG&E (as of when AL 3876-E was filed) and since then executed and approved,
- RPS transactions received but not shortlisted from the 2011 RPS Solicitation,
- RPS transactions shortlisted (or preliminarily shortlisted) from the 2011 RPS Solicitation,
- Contracts approved by the Commission within the last 18 months (that are not included above)

For each of these projects/contracts provide the following information (spreadsheet column titles):

- Project/contract origin (using the list above),
- Project name,
- Developer,
- Net Market Value (all-in)
- Transmission adder component of Net Market Value calculation
- Project viability calculator score (Energy Division)
- Project viability calculator score (PG&E modified)
- Levelized contract price (\$/MWh)
- Levelized TOD-adjusted contract price (\$/MWh)
- Capacity (MW)
- Annual generation (GWh)
- Commercial online date
- Contract term (years)
- Month and year the contract was approved (as applicable)