

Issue:

Solar Reserve has informed PG&E that it has changed its interconnection point and will now interconnect through WAPA. The PPA between PG&E and Solar Reserve requires interconnection to the CAISO at the Colorado River substation and that PG&E's customers receive RA capacity and RPS energy from the project. Resources located outside the CAISO are limited in the total amount of RA capacity they can offer to the maximum import capability, which is determined by the CAISO annually based on historical energy imports during peak system conditions. Solar Reserve has therefore represented to PG&E that there is no upfront certainty that it will be able to provide RA capacity for the contract term of 25 years as required by the PPA. Solar Reserve has requested amendments to the PPA to change the interconnection point and the obligations that it has to provide RA capacity to PG&E's customers.

Resolution of RA Capacity Issue in Amendment:

PG&E and Solar Reserve have negotiated an amendment to the PPA to address Solar Reserve's request that the Rice project not be required to provide full RA capacity to PG&E's customers. The amendment defines Solar Reserve's obligation to provide firm import energy that is intended to be eligible for RA as an import. It also limits Solar Reserve's liability for replacement RA if the import RA capacity is not available. The amendment is also designed to ensure that PG&E's customers will not need to purchase forward replacement RA capacity for the project or pay any costs associated with forward replacement RA. One required component necessary to achieve this goal is a condition precedent that provides that the amended PPA will only be effective upon receipt from the CAISO of a binding commitment for the term of the PPA in a form agreeable to both Solar Reserve and PG&E that 1) the CAISO will not make any forward RA capacity purchases as a result of the project not receiving RA equivalent to the net qualifying capacity the project would receive if it were a fully deliverable CAISO resource; and 2) the CAISO will evaluate the annual and monthly RA plans submitted by PG&E on the same basis as if the project were directly interconnected to the CAISO as a RA resource. The condition precedent language is attached.¹

Questions:

1. Would the CAISO commit that for all RA planning and procurement purposes, the CAISO would recognize the RA capacity from the Rice project for any month to be the amount that it would have assigned to the project as if it were fully deliverable and directly interconnected to the CAISO?
2. Would the CAISO commit to make no forward purchases of replacement RA capacity due to any actual deficit in the RA capacity of the Rice project? The CAISO would be able to purchase replacement RA under the Exceptional Dispatch designation.

Condition Precedent Negotiated by PG&E and Solar Reserve

¹ The amendment also includes other conditions precedent and provisions to address Solar Reserve's requested changes to the products that it will provide PG&E's customers.

The CAISO provides a binding commitment, in form and substance acceptable to Buyer and Seller, which affirmatively establishes and commits that throughout the Delivery Term that the CAISO: (A) will evaluate the annual and monthly Resource Adequacy Plans submitted by Buyer on the same basis as if the Project were Directly Interconnected as a Resource Adequacy Resource; (B) will not determine there to be a Resource Adequacy Capacity deficiency in any way different than if the Project were Directly Interconnected; and (C) will only designate CPM Capacity and allocate any CPM Capacity costs to Buyer on the same basis as if the Project were Directly Interconnected. Notwithstanding the foregoing, the CAISO may designate CPM Capacity based upon the Project's actual Resource Adequacy Capacity relative to the Project's historic energy production and deliverability ,or other means subsequently used by the CAISO for projects Directly Interconnected during the Delivery Term: (I) when the cause of the CAISO's determination of need for such CPM Capacity is solely and exclusively due to a deficit in the Project's actual Resource Adequacy Capacity relative to the Resource Adequacy Capability that would have been available from the Project if it were Directly Interconnected; (II) in an amount not to exceed the deficit in the Project's actual Resource Adequacy Capacity relative to the Resource Adequacy Capability that would have been available from the Project if it were Directly Interconnected; and (III) only as an Exceptional Dispatch CPM to address reliability or operational needs ("Procured Capacity").