





books and demonstrate the reasonableness of costs and investor returns. The Commission has approved many such modifications over the years.

PG&E has not supported the amended PPA with any demonstration that the pricing is justified based on an open-book analysis of the project. This is important because developers of solar projects wait until the last possible moment to make binding financial commitments for equipment, construction and financing. At the very least, developers do not make such commitments until a valid PPA has been executed by a creditworthy counterparty and approved by any relevant regulatory agency. If the Commission were to approve the contract as submitted, North Star would be able to take advantage of industry-wide cost declines without passing on the full savings to PG&E ratepayers. As a result, the changes in market conditions would be primarily used to substantially increase investor returns.

TURN urges that the principle of symmetry be applied to the amended PPA. If it is fair to allow developers to seek price increases when market conditions change, it is also fair to reject a PPA when a developer locks in PPA pricing at the peak of the market and changed conditions subsequently reveal that the price is artificially high and unreasonable. This does not mean that Commission-approved PPAs should be reopened after-the-fact, but rather that this type of analysis should apply to any PPA seeking Commission approval. Since North Star does not have an approved PPA for this project, the Commission needs to apply such scrutiny and does not owe either the developer or PG&E any presumption of reasonableness based on the fact that the parties spent time and resources negotiating the agreement.

TURN supports the use of the Westlands Water District land for new solar project development. This site includes previously disturbed agricultural lands that are well-suited for large-scale solar installations. Projects located on this site are unlikely to face any local opposition or massive land mitigation requirements. TURN hopes that future PPAs with projects located in this area can offer competitive pricing based on current market conditions.

The Commission should therefore approve the draft resolution and reject the amended PPA. Such an action will send an important message about the need to align PPA pricing with actual market costs, especially in the situation where significant declines in market prices cause an unapproved PPA to become uncompetitive.

Sincerely,

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