From: Schultz, Adam
Sent: 2/23/2012 3:48:39 PM
To: Allen, Meredith (/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAe)
Cc: Marks, Jaclyn (jaclyn.marks@cpuc.ca.gov)
Bcc:
Subject: RE: RAM questions

Meredith,

On the re-allocation question: you're correct that that can be filed via a Tier 2 Advice Letter.

Also, on the RA valuation piece, what we're really after is to be able to provide some insight to the market as to how the utilities calculate RA value so that the market can make a determination if it's worth the cost to pursue RA. Let me know if that makes sense and if you have any additional questions.

Thanks,

Adam

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From: Schultz, Adam
Sent: Thursday, February 23, 2012 2:29 PM
To: 'Allen, Meredith'
Cc: Marks, Jaclyn
Subject: RE: RAM questions

Meredith,

My apologies for not attaching this file the first time. Per our phone call, here is the final version of SCE's SPVP resolution that the Commission adopted earlier this month. Let me know what follow-up questions you have after you have a chance to review this.

I will also get back to you on whether the re-allocation of MWs based on the results of the first RAM solicitation can be handled through a Tier 2 Advice Letter.

Also, let me know if you have any follow-up questions about our request for including some discussion of PG&E's methodology for calculating RA Value in this RAM Resolution.

Thanks,

Adam

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From: Schultz, Adam
Sent: Thursday, February 23, 2012 1:02 PM
To: 'Allen, Meredith'
Cc: Marks, Jaclyn
Subject: RAM questions

Hi Meredith,

I just wanted to provide you an update on what we're doing with incorporating changes to RAM ahead of the 2nd RFO, and also ask for PG&E to provide additional input in one area. I'll give you a call between meetings this afternoon to follow-up and see if you have any questions.

In order to speed this process along and keep the 2nd RFO on target, Energy Division staff is drafting a resolution on its own motion that will address the issues that PG&E raised in its Advice Letter and in the conference call last week, in addition to issues raised by SCE and SDG&E.

The timing issue that PG&E addressed in AL 4000-E, requesting an extension of the regulatory delay period, will be addressed by this Resolution. While we are not going to extend the regulatory delay period, we are going to extend the COD deadline from 18 months to 24 months, while preserving the existing 6 month regulatory delay extension option.

Additionally, we are going to adopt two provisions from SCE's modified SPVP PPA (approved earlier this month by the Commission) for RAM. The first of these will be to provide a unilateral termination right to the Buyer in the event that transmission upgrade costs increase by more than 10% after the RFO. We are also exploring a possibility of giving the Developer the option to cure this by funding costs in excess of this 10% cushion out-of-pocket. The second provision adopted from SCE's SPVP PPA will be to allow Developers to bid into the RFO either as energy-only or with FCDS.

Related to this second provision, I am asking each of the IOUs if they can help us by providing more transparency for how they calculate their RA Values. We would like to include some discussion of this in the resolution, including some type of formula or calculation for how the utility assesses this value.

I'll be in touch this afternoon. Let me know if you have any questions on this in the meantime.

Thanks,

Adam

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