

From: Marks, Jaclyn
Sent: 2/27/2012 6:26:09 PM
To: Allen, Meredith (/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAe); Schultz, Adam (adam.schultz@cpuc.ca.gov)
Cc: Douglas, Paul (paul.douglas@cpuc.ca.gov)
Bcc:
Subject: RE: RAM questions

Thanks Meredith. I was made aware that the RA forecast is confidential for the first three years in the future, but the following years are public. Where is the public version of this forecast available?

From: Allen, Meredith [mailto:MEAe@pge.com]
Sent: Monday, February 27, 2012 6:17 PM
To: Schultz, Adam
Cc: Marks, Jaclyn
Subject: Re: RAM questions

Jaclyn, Adam,

Below is a short description of the methodology that PG&E uses to value RA. This description can be made public. Please let me know if you need more information or have questions.

Thanks,
Meredith

PG&E calculates the RA value in RPS valuation by applying the Net Qualifying Capacity (NQC) methodology as per CPUC D.10.06.036 to PG&E's forecast of avoided capacity costs. PG&E's forecast of avoided capacity costs represents the marginal unit's going-forward fixed costs less its gross margin. The gross margin represents the expected net revenue from energy sales

From: Schultz, Adam [mailto:adam.schultz@cpuc.ca.gov]
Sent: Friday, February 24, 2012 04:09 PM
To: Allen, Meredith
Cc: Marks, Jaclyn <jaclyn.marks@cpuc.ca.gov>
Subject: RE: RAM questions

Great, thanks Meredith.

Can you CC Jaclyn on Monday, as I'll be out of the office.

Thanks!

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From: Allen, Meredith [<mailto:MEAe@pge.com>]
Sent: Friday, February 24, 2012 4:08 PM
To: Schultz, Adam
Subject: Re: RAM questions

Hi Adam,

We will provide a response by COB Monday.

Thanks,
Meredith

From: Schultz, Adam [<mailto:adam.schultz@cpuc.ca.gov>]
Sent: Friday, February 24, 2012 03:31 PM
To: Allen, Meredith
Subject: RE: RAM questions

Hi Meredith,

Can you provide me an update on PG&E's thinking re: the ability to provide some

transparency to the market on the issue of what type of framework the IOUs use for RA valuation.

I'm expecting to hear from both SCE and SDG&E on the issue by Monday and was hoping that PG&E could do the same.

Also, feel free to give me a call if you want me to clarify further why we're seeking the information.

Otherwise, enjoy your weekend!

Thanks,

Adam

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From: Schultz, Adam
Sent: Thursday, February 23, 2012 3:49 PM
To: 'Allen, Meredith'
Cc: Marks, Jaclyn
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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