

February 8, 2012

Advice 3938-E-A
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Supplement to the 2011 Renewables Portfolio Standard Shortlist Report**I. Purpose**

Pacific Gas and Electric Company (“PG&E”) submits this supplemental filing (“Supplement”) to the 2011 Renewables Portfolio Standard (“RPS”) Shortlist Report. On November 7, 2011, in compliance with Decision (“D.”) 11-04-030, as amended by letters from the California Public Utilities Commission (“CPUC” or “Commission”) dated June 7, 2011, and October 7, 2011, PG&E submitted a Tier 2 Advice Letter, which included PG&E’s 2011 RPS Shortlist Report. This Supplement to the 2011 RPS Shortlist Report updates and describes the activities undertaken since PG&E’s initial 2011 RPS Shortlist Report was filed, resulting in an updated shortlist. This filing also provides a description of the revised valuation methodology that was applied to the shortlist, an updated shortlist, and both a confidential and public Independent Evaluator’s (“IE”) report.

II. Confidentiality

PG&E submits the confidential Appendices of the Supplement in the manner directed by D.08-04-023 and the August 22, 2006 Administrative Law Judge’s Ruling Clarifying Interim Procedures for Complying with D.06-06-066 to demonstrate the confidentiality of the material and to invoke the protection of confidential utility information provided under either the terms of the IOU Matrix, Appendix 1 of D.06-06-066 and Appendix C of D.08-04-023, or General Order 66-C. A separate Declaration Seeking Confidential Treatment is being filed concurrently with this Supplement.

In support of this advice letter, PG&E provides the following supporting documentation:

Confidential Attachments

Confidential Appendix A - Supplement to 2011 RPS Shortlist Report, February 2012
Revisions to 2011 RPS RFO Shortlist
Confidential Appendix B - Valuation Methodology and Demonstration

Confidential Appendix C - Revised 2011 RPS RFO Shortlist
Confidential Appendix D – Confidential Independent Evaluator Report

Public Attachments

Public Appendix E – Independent Evaluator Report

III. Protests

Anyone wishing to protest this Supplement may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **February 28, 2012**, which is 20 days from the date of this filing. Protests should be mailed to:

CPUC Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: ijnj@cpuc.ca.gov and mas@cpuc.ca.gov

Copies also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. Mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Brian K. Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-6520
E-mail: PGETariffs@pge.com

IV. Effective Date

PG&E requests that Advice 3938-E and this Tier 2 supplemental filing be approved effective on **February 8, 2012**.

V. Notice

In accordance with General Order 96-B, Section IV, a copy of this Advice Letter excluding the confidential appendices is being sent electronically and via U.S. mail to parties shown on the attached list and the service lists for R.11-05-005 and R.10-05-006. Non-market participants who are members of PG&E's Procurement Review Group and have signed appropriate Non-Disclosure Certificates will also receive the Advice Letter and accompanying confidential attachments by overnight mail. Address changes and electronic approvals should be directed to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

Sincerely,

A handwritten signature in cursive script that reads "Brian Cherry". The signature is written in black ink and includes a stylized flourish at the end.

Vice President - Regulation and Rates

cc: Paul Douglas – Energy Division
Jason Simon – Energy Division
Junaid Rahman – Energy Division
Cheryl Lee – Energy Division
Service Lists: R.11-05-005 and R.10-05-006

Attachments:

Confidential Appendix A - Supplement to 2011 RPS Shortlist Report, February 2012 Revisions to 2011 RPS RFO Shortlist
Confidential Appendix B - Valuation Methodology and Demonstration
Confidential Appendix C - Revised 2011 RPS RFO Shortlist
Confidential Appendix D – Confidential Independent Evaluator Report
Public Appendix E – Public Independent Evaluator Report

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 E)**

Utility type:

- ELC GAS
 PLC HEAT WATER

Contact Person: Meredith Allen / Greg Backens

Phone #: (415) 973-2868 / (415) 973-4390

E-mail: MEAE@pge.com / gab4@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
 PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **3938-E-A**

Tier: 2

Subject of AL: **Supplement to the 2011 Renewables Portfolio Standard Shortlist Report**

Keywords (choose from CPUC listing): Portfolio

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.11-04-030

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Is AL requesting confidential treatment? Yes.

If so, what information is the utility seeking confidential treatment for: See attached Confidentiality Matrix

Confidential information will be made available to those who have executed a nondisclosure agreement: All non-market participants who are members of PG&E's Procurement Review Group who have signed nondisclosure agreements will receive the confidential information.

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: N/A

Resolution Required? Yes No

Requested effective date: **February 8, 2012**

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Tariff Files, Room 4005

DMS Branch

505 Van Ness Ave., San Francisco, CA 94102

jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. Cherry, Vice President, Regulation and Rates

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

**DECLARATION OF SANDRA J. BURNS
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION CONTAINED IN
ADVICE LETTER 3938-E-A
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)**

I, Sandra J. Burns, declare:

1. I am presently employed by Pacific Gas and Electric Company (“PG&E”), and have been an employee at PG&E since 1985. I am a principal in the Renewable Energy group in the Energy Procurement department within PG&E. I am responsible for managing PG&E’s Renewables Portfolio Standard solicitation and negotiating power purchase agreements with counterparties. In carrying out these responsibilities, I have acquired knowledge of such sellers in general and, based on my experience in dealing with facility owners and operators, I am familiar with the types of data and information about their operations that such owners and operators consider confidential and proprietary.

2. Based on my knowledge and experience, and in accordance with Decision (“D”) 08-04-023 and the August 22, 2006 “Administrative Law Judge’s Ruling Clarifying Interim Procedures for Complying with Decision 06-06-066,” I make this declaration seeking confidential treatment of Appendix A, B, C, and D to PG&E’s Advice Letter 3938-E-A, submitted on February 8, 2012.

3. Attached to this declaration is a matrix identifying the data and information for which PG&E is seeking confidential treatment. The matrix specifies that the material PG&E is seeking to protect constitutes the particular type of data and information listed in Appendix 1 of D.06-06-066 and Appendix C of D.08-04-023 (the “IOU Matrix”), or constitutes information that should be protected under General Order 66-C. The matrix also specifies the category or categories in the IOU Matrix to which the data and information corresponds, and why

confidential protection is justified. Finally, the matrix specifies that: (1) PG&E is complying with the limitations specified I the IOU Matrix for that type of data or information; (2) the information is not already public, and (3) the data cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure. By this reference, I am incorporating into this declaration all of the explanatory text in the attached matrix that is pertinent to this submittal.

I declare under penalty of perjury, under the laws of the State of California, that to the best of my knowledge, the foregoing is true and correct. Executed on February 8, 2012, at San Francisco, California.



SANDRA J. BURNS

PACIFIC GAS AND ELECTRIC COMPANY
Advice Letter 3938-E-A
February 8, 2012

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-066 (Y/N)	2) Which category or categories in the Matrix the data correspond to:	3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N)	4) That the information is not already public (Y/N)	5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time
Document: Appendices							
Appendix A	Y	<p>Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects.</p> <p>Item VIII A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids.</p> <p>General Order 66-C.</p>	Y	Y	Y	<p>This Appendix contains a description of analysis and evaluations from the 2011 RPS Solicitation that resulted in the Revised Shortlisted Projects, contains information concerning and analyses and evaluations of projects' viability; and contains confidential information of the counterparties. Disclosure of this information would provide valuable market sensitive information to competitors. Release of this information would be damaging to negotiations with other counterparties and should remain confidential.</p>	<p>For information covered under Item VII (un-numbered category following VII G), remain confidential for three years.</p> <p>For information covered under Item VIII A), remain confidential until after final contracts submitted to CPUC for approval.</p> <p>For information covered under Item VIII B), remain confidential for three years after winning bidders selected.</p>

PACIFIC GAS AND ELECTRIC COMPANY
Advice Letter 3938-E-A
February 8, 2012

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							For information covered under General Order 66-C, remain confidential indefinitely.
Appendix B	Y	<p>Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects.</p> <p>Item VIII A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids.</p> <p>General Order 66-C.</p>	Y	Y	Y	<p>This Appendix contains bid information and evaluations from the 2011 RPS Solicitation; discusses, analyzes, evaluates, and provides examples of the Revised Shortlisted Projects, contains information concerning and analyses and evaluations of projects' viability; and contains confidential information of the counterparties. The trend of renewable energy offers received by PG&E and the near term prices would provide strategic market information to potential sellers and would therefore constitute market sensitive information. Disclosure of this information would provide valuable market sensitive information to competitors. Release of this information would be damaging to negotiations with other counterparties and should remain confidential.</p>	<p>For information covered under Item VII (un-numbered category following VII G), remain confidential for three years.</p> <p>For information covered under Item VIII A), remain confidential until after final contracts submitted to CPUC for approval.</p> <p>For information covered under Item VIII B), remain confidential for three years after</p>

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						<p>Finally, this information has been obtained in confidence from the counterparties under an expectation of confidentiality. It is in the public interest to treat such information as confidential because if such information were made public, it would put the counterparties at a business disadvantage, could create a disincentive to do business with PG&E and other regulated utilities, and could have a damaging effect on current and future negotiations with other counterparties.</p>	<p>winning bidders selected. For information covered under General Order 66-C, remain confidential indefinitely.</p>

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Appendix C	Y	Item VIII A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids.	Y	Y	Y	This Appendix contains bid information and bid evaluations from 2011 RPS Solicitation and the resulting Revised Shortlisted Projects. This information would provide market sensitive information to competitors and is therefore considered confidential. Furthermore, offers received outside of the solicitation are still under negotiation, further substantiating why releasing this information would be damaging to the negotiation process.	For information covered under Item VIII A), remain confidential until after final contracts submitted to CPUC for approval For information covered under Item VIII B), remain confidential for three years after winning bidders selected.
Appendix D	Y	Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects. Item VIII A) Bid information and B)	Y	Y	Y	This confidential portion of the Independent Evaluator's report summarizes and evaluates confidential information concerning the Revised Shortlisted Projects from the 2011 RPS Solicitation. Disclosure of this report would provide business and financial information to participating bidders' competitors and prospective sellers to PG&E and would most likely influence their business conduct to the	For information covered under Item VII (un-numbered category following VII G), remain confidential for three years.

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		<p>Specific quantitative analysis involved in scoring and evaluation of participating bids.</p> <p>General Order 66-C.</p>				<p>detriment of PG&E's customers. This information is therefore considered to be market sensitive information</p> <p>In addition, the 2011 Revised Shortlist contains certain information that PG&E understands the developers consider proprietary and confidential.</p>	<p>For information covered under Item VIII A), remain confidential until after final contracts submitted to CPUC for approval.</p> <p>For information covered under Item VIII B), remain confidential for three years after winning bidders selected.</p> <p>For information covered under General Order 66-C, remain confidential indefinitely.</p>

Public Appendix E
Independent Evaluator Report

STATEMENT OF INDEPENDENT EVALUATOR ON
REVISED SHORT LIST OF PACIFIC GAS & ELECTRIC
COMPANY'S 2011 RENEWABLE ENERGY
SOLICITATION

JANUARY 27, 2012

Arroyo Seco Consulting (Arroyo), acting as an Independent Evaluator (IE), previously reported on the 2011 Renewables Portfolio Standard (RPS) competitive solicitation of the Pacific Gas & Electric Company (PG&E). This statement updates that prior report by reporting on PG&E's recent revisions to the short list of Offers from that solicitation.

PG&E has taken several steps since the prior IE report was submitted, including:

- Dropping from the short list both out-of-state Offers that did not propose to directly interconnect to the grid of the California Independent System Operator (CAISO) and those that proposed to sell tradable Renewable Energy Credits;
- Revising its Least-Cost, Best-Fit (LCBF) methodology for evaluating Offers;
- Asking Participants with shortlisted Offers to improve them, and to meet a revised and more stringent set of terms and conditions for its standard RPS contracts; and
- Reducing further the number of shortlisted Offers by truncating the list to drop lower-valued Offers as well as some Offers that ranked lower on PG&E's other evaluation criteria for the solicitation.

Arroyo monitored and reviewed PG&E's actions as it carried out these steps. Arroyo's opinion is that revisions to the LCBF method are internally consistent, based on PG&E's stated preferences and compliance needs, and reasonable, overall. Arroyo believes that one component of the revised approach has a potential to lead to poor choices in the future, but has not affected PG&E's selections for the updated short list. Arroyo agrees that revisions to strengthen contract terms and conditions were merited given the utility's situation and the risks posed by some shortlisted Offers. Arroyo believes that Participants were treated fairly in the process of updating and selecting Offers. The revised short list appears to be a solid basis from which PG&E can proceed to negotiating and executing attractive contracts.

Arroyo would not independently have made all the specific selections that PG&E chose as it refined its short list, but believes that the choices were generally consistent with the utility's revised methodology and with the evaluation criteria and preferences stated in the solicitation protocol. Arroyo believes that, going forward, more transparency will be needed to communicate about the revised methodology and PG&E's preferences to the developer community. Close monitoring of a few of the remaining shortlisted Offers is merited to ensure that ratepayer interests are protected.

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

AT&T	Department of Water Resources	North America Power Partners
Alcantar & Kahl LLP	Dept of General Services	North Coast SolarResources
Ameresco	Douglass & Liddell	Northern California Power Association
Anderson & Poole	Downey & Brand	Occidental Energy Marketing, Inc.
BART	Duke Energy	OnGrid Solar
Barkovich & Yap, Inc.	Economic Sciences Corporation	Praxair
Bartle Wells Associates	Ellison Schneider & Harris LLP	R. W. Beck & Associates
Bloomberg	Foster Farms	RCS, Inc.
Bloomberg New Energy Finance	G. A. Krause & Assoc.	Recurrent Energy
Boston Properties	GLJ Publications	SCD Energy Solutions
Braun Blaising McLaughlin, P.C.	GenOn Energy, Inc.	SCE
Brookfield Renewable Power	Goodin, MacBride, Squeri, Schlotz & Ritchie	SMUD
CA Bldg Industry Association	Green Power Institute	SPURR
CLECA Law Office	Hanna & Morton	San Francisco Public Utilities Commission
CSC Energy Services	Hitachi	Seattle City Light
California Cotton Ginners & Growers Assn	In House Energy	Sempra Utilities
California Energy Commission	International Power Technology	Sierra Pacific Power Company
California League of Food Processors	Intestate Gas Services, Inc.	Silicon Valley Power
California Public Utilities Commission	Lawrence Berkeley National Lab	Silo Energy LLC
Calpine	Los Angeles Dept of Water & Power	Southern California Edison Company
Cardinal Cogen	Luce, Forward, Hamilton & Scripps LLP	Spark Energy, L.P.
Casner, Steve	MAC Lighting Consulting	Sun Light & Power
Center for Biological Diversity	MBMC, Inc.	Sunshine Design
Chris, King	MRW & Associates	Sutherland, Asbill & Brennan
City of Palo Alto	Manatt Phelps Phillips	Tabors Caramanis & Associates
City of Palo Alto Utilities	McKenzie & Associates	Tecogen, Inc.
City of San Jose	Merced Irrigation District	Tiger Natural Gas, Inc.
City of Santa Rosa	Modesto Irrigation District	TransCanada
Clean Energy Fuels	Morgan Stanley	Turlock Irrigation District
Coast Economic Consulting	Morrison & Foerster	United Cogen
Commercial Energy	Morrison & Foerster LLP	Utility Cost Management
Consumer Federation of California	NLine Energy, Inc.	Utility Specialists
Crossborder Energy	NRG West	Verizon
Davis Wright Tremaine LLP	NaturEner	Wellhead Electric Company
Day Carter Murphy	Navigant Consulting	Western Manufactured Housing Communities Association (WMA)
Defense Energy Support Center	Norris & Wong Associates	eMeter Corporation