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Cc:
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Subject: CPUC Takes Action to Keep Sutter Plant Operating Through 2012: CPUC Press Release

FOR IMMEDIATE RELEASE

RELEASE

PRESS

Media Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov
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Docket #: Res.

CPUC TAKES ACTION TO KEEP SUTTER PLANT OPERATING THROUGH 2012

SAN FRANCISCO, March 22, 2012 - The California Public Utilities Commission (CPUC) today took action to keep the Sutter Energy Center operating through 2012.

The CPUC directed Pacific Gas and Electric Company (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E) to negotiate and enter into a resource adequacy contract with Sutter Energy Center in Yuba City. This would ensure that the Sutter plant is operating through 2012, enabling the 10-year-old natural gas plant to remain in operation while the CPUC finalizes changes to its resource adequacy program.

Calpine, owner of the plant, told the CPUC in November 2011 that it was planning on retiring the plant in 2012 due to a lack of a resource adequacy contract. If retired, the plant would not be available for commercial operations in 2013 and later years. The California Independent System Operator (ISO) has predicted that the Sutter plant will be needed to help integrate renewable resources and phase out older, dirtier plants by 2017.

Said CPUC President Michael R. Peevey, "The plant is a relatively new, clean, efficient power plant that offers the type of flexible operational attributes California will need in the future. The ISO has said California will likely need this plant in 2017 to integrate renewable resources into the grid and to replace older, dirtier units that will be retiring. Our decision today includes maximum ratepayer protection. First, the maximum contract price was lowered from \$29 million to \$17 million. Second, an independent evaluator will oversee the negotiations and review Sutter's confidential financial information. These measures together will ensure that we do not pay Sutter more than is necessary to keep the plant running this year while we work on

fixing our capacity markets.”

The proposal voted on today is available at
http://docs.cpuc.ca.gov/word_pdf/AGENDA_RESOLUTION/162002.pdf.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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