Pacific Gas and Electric Company®

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March 9, 2012

Advice 4010-E
(Pacific Gas and Electric Company U 39-E)

Public Utilities Commission of the State of California

Subject: **Approval of Pacific Gas and Electric Company's Replacement Power Purchase Agreement with O.L.S. Energy-Agnews, Inc.**

I. Introduction

Pacific Gas and Electric Company ("PG&E") requests that the California Public Utilities Commission ("Commission" or "CPUC") approve a power purchase agreement ("PPA") with O.L.S. Energy-Agnews, Inc. ("Agnews" or "Seller") that will replace an existing Qualifying Facility ("QF") contract. The existing QF contract for energy and capacity deliveries from the Agnews facility, a 28 megawatt ("MW") cogeneration facility located in San Jose, California ("Facility"), was executed on April 16, 1985 and will expire in April 2021.

Under the Agnews replacement PPA ("Replacement PPA"), the Facility will convert to a Utility Prescheduled Facility, or from regulatory "must take" operations pursuant to the Public Utility Regulatory Policies Act of 1978 ("PURPA") to operations scheduled by PG&E as needed.[1] The Replacement PPA provides PG&E with the right to schedule the Facility when needed, rather than being required to accept energy at times that it may not be needed or cost-effective. PG&E currently does not have scheduling rights under the existing contract and is required to take and pay for energy that is delivered, regardless of need or cost. In addition to this significant operational benefit, the Replacement PPA will also result in reduced greenhouse gas ("GHG") emissions and lowered payments for firm capacity. These benefits will together result in greater value to customers over the term of the Replacement PPA. Once approved and upon satisfaction of certain conditions, the Replacement PPA will become effective and replace the existing QF contract in all respects. The Replacement PPA will expire in April 2021.[2]

As a bilaterally negotiated Utility Prescheduled Facility PPA, the Replacement PPA falls directly within the procurement options set forth in the QF/Combined Heat and Power ("CHP") Settlement approved by the Commission in Decision ("D.") 10-12-035, which became effective on November 23, 2011 ("QF/CHP Settlement" or "Settlement").[3] As a CHP facility that

[1] The Replacement PPA is included as Confidential Attachment A to this advice letter.

[2] A summary of the key terms of the Replacement PPA is included as Confidential Attachment B to this advice letter.

[3] CHP Program Settlement Agreement Term Sheet ("Term Sheet"), § 4.3.1.

satisfied the PURPA efficiency requirements as of September 20, 2007 and will convert to a Utility Prescheduled Facility under the Replacement PPA, Agnews is eligible to obtain a new PPA through bilateral negotiations under the terms of the QF/CHP Settlement. Pursuant to the terms of the Settlement, the Replacement PPA may be submitted for Commission approval via Tier 3 advice letter. The Replacement PPA will help achieve the policy objectives set forth by the parties to the QF/CHP Settlement by converting "must-take" QF power to a Utility Prescheduled Facility arrangement,[4] and is consistent with Commission precedent supporting such conversions.

Given the clear benefits of the Replacement PPA, PG&E requests that the Commission (1) approve the Replacement PPA without modification, (2) authorize recovery of costs associated with the Replacement PPA through PG&E's Energy Resource Recovery Account ("ERRA"), and (3) authorize recovery of stranded costs consistent with D.08-09-012. PG&E also requests that the Commission determine that any GHG reductions associated with the Replacement PPA shall count toward PG&E's GHG Emissions Reduction Targets in the QF/CHP Settlement, and find that the Replacement PPA is not a covered procurement subject to the Emissions Performance Standard ("EPS") adopted in D.07-01-039.

II. Background and Description of the Replacement PPA

A. Description of the Facility and Existing QF Contract

PG&E and Agnews executed an Interim Standard Offer 4 ("ISO4") PPA (PG&E Log Number 08C010) on April 16, 1985. The Facility began operating in October 1990, and has since provided energy and capacity deliveries to PG&E customers. Under the existing QF contract, the Agnews Facility is a "must-take" resource and PG&E currently pays Agnews for energy deliveries based on PG&E's posted variable short-run avoided cost ("SRAC") for QFs pursuant to D.06-07-032.[5] The project receives firm capacity payments for its first 24 MW and fixed as-delivered capacity payments for deliveries in excess of 24 MW. The existing QF PPA has nine years remaining in its term and is scheduled to terminate on April 18, 2021.

When the existing QF contract was executed on April 16, 1985, GATX Corporation owned eighty percent of the Facility with Calpine Corporation ("Calpine") owning the remaining twenty percent. In August 2000, Calpine announced that it had acquired GATX's eighty percent interest, and Calpine remains the sole owner of the Facility as of the date of this advice letter.

In addition to the existing QF contract with PG&E, Seller also has a long-term contractual relationship with the State of California to provide energy and steam to the Agnews Developmental Center.[6] Between 2004 and 2009, the State phased out its use of the Agnews

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[4] *Id.* at § 1.2.1.4 (stating that the policies and purposes of the State CHP Program will be achieved by a program that "supports the change in operations of inefficient CHP to provide greater benefits to the State").

[5] Historical variable energy prices for QFs can be found on PG&E's website via the following hyperlink: http://www.pge.com/includes/docs/word_xls/b2b/qualifyingfacilities/prices/Historical%20Variable%20Energy.xls.

[6] California Health and Human Services Agency, Department of Developmental Services, "Final Report on the Plan for the Closure of Agnews Developmental Center," March 2010 ("Agnews Closure Final Report").

(continued next page)

Developmental Center.[7] The State has a contractual obligation to Agnews through the year 2020.

For calendar years 2007 to 2010, PG&E requested and reviewed the efficiency data (i.e., fuel input as well as electric and thermal output) for the Facility in order to ensure compliance with the operating and efficiency requirements in the PURPA regulations.[8] The data confirmed that the Facility satisfied the PURPA operating and efficiency targets in each of those years. This conclusion is further validated by the declaration of Robert Parker, Vice President of O.L.S. Energy-Agnews, Inc., which is attached as Confidential Attachment C.

In light of Agnews' long-term energy and steam contract with the State of California, PG&E believes that the Facility would continue to meet the PURPA requirements for the remainder of the term of the existing QF contract.[9] For this reason, PG&E found it prudent to negotiate with Agnews for a replacement contract that would allow, among other benefits, removal of the "must-take" obligation, enhanced operational flexibility resulting from PG&E's scheduling rights, GHG emission reductions, and continued rights to the Resource Adequacy ("RA") benefits from the Facility.

B. History of Negotiations

Negotiations between Agnews and PG&E to replace the QF PPA began in early May 2011. By the end of June 2011, the framework for the Replacement PPA and the financial terms were reached. On July 12, 2011, PG&E provided its Procurement Review Group ("PRG") with a description of the Agnews Replacement PPA. Between July and December 2011, Agnews and PG&E finalized the terms and conditions of the Replacement PPA and obtained internal approval to proceed with the transaction. PG&E and Agnews executed the Replacement PPA on December 21, 2011.

C. Summary of Replacement PPA Terms

The Replacement PPA provides significant improvements over the existing ISO4 PPA that was executed in 1985. Under the Replacement PPA, PG&E has the right to schedule the Facility. Seller is obligated to provide day-ahead notices of availability (i.e., notify PG&E of available capacity and changes in available capacity), comply with forced outage and other reporting obligations, and comply with California Independent System Operator ("CAISO") tariff provisions.[10] In addition, the Agnews Facility must comply with greater availability

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URL: <http://www.dds.ca.gov/AgnewsClosure/docs/March2010_FinalReportAgnewsClosurePlan.pdf>; Declaration of Robert Parker, Vice President of O.L.S. Energy-Agnews, Inc. ("Parker Declaration"), ¶ 5, attached as Confidential Attachment C

[7] *See* Agnews Closure Final Report.

[8] *See* 18 C.F.R. § 292.205.

[9] *See* Parker Declaration, ¶¶ 5, 7, Confidential Attachment C.

[10] The CAISO has repeatedly stated a desire to have grandfathered QF contracts updated to comply with CAISO Tariff and interconnection requirements. *See e.g.*, D.07-09-040 at 133-135 (describing CAISO position regarding

(continued next page)

requirements during the summer and non-summer months, which is a higher performance standard than the existing PPA, and will receive discounted payments for failure to achieve this level of availability. PG&E's ability to manage the output of this resource in the CAISO's day-ahead, hour-ahead, and real time markets when it is economic to do so will allow PG&E to better manage its portfolio.

Under the Replacement PPA, Agnews will increase the firm capacity level at which the Facility can be dispatched. The Facility is required to qualify as an Exempt Wholesale Generator throughout the term of the Replacement PPA, and PG&E is relieved of its obligation to purchase "must take" power from Agnews. PG&E anticipates that removal of the must-take obligation and conversion to a dispatchable facility will result in the Facility operating at a significantly reduced level (i.e., below 50 percent capacity factor) when compared to its historical level under the ISO4 PPA. Capacity payments will only be made based upon the Facility's ability to respond when needed (i.e., availability) rather than on "must-take" energy delivered, regardless of whether that energy is needed.

Agnews will be compensated for deliveries under the Replacement PPA on a monthly basis. Among other payments, Agnews will be compensated via a capacity payment rate, a fixed O&M rate, and a variable O&M rate. The Facility guarantees a certain heat rate subject to degradation and maintenance overhauls over the life of the contract.

PG&E will continue to receive all rights to the RA value from the Facility. PG&E will be responsible for the GHG compliance costs based on the actual performance of the Facility. The minimum damages provision from the original PPA has been preserved in the Replacement PPA. This will ensure that, should the Agnews Facility not operate for its full term, customers would be compensated for any firm capacity payments that were front-loaded.

If the CPUC has not approved the Replacement PPA within twelve months of the date of this submission, then either PG&E or Seller may terminate the Replacement PPA and the existing QF contract will remain in effect. Confidential terms of the Replacement PPA are further discussed in Confidential Attachment B.

III. The Replacement PPA is Consistent with the QF/CHP Settlement and Commission Precedent Regarding Conversions to Utility Prescheduled Facilities

A. The Facility meets QF/CHP Settlement requirements to obtain a new PPA through bilateral negotiations.

Bilaterally negotiated and executed Utility Prescheduled Facilities PPAs are an important part of the procurement options available to generators under the new CHP Program approved by the Commission in D.10-12-035.[11] Under the terms of the QF/CHP Settlement, a CHP facility that has met the PURPA efficiency requirements as of September 20, 2007 and converts to a Utility Prescheduled Facility is able to amend or replace its existing QF contract through bilateral

QF compliance with CAISO Tariff requirements).

[11] Term Sheet, § 4.3.1.

negotiations.[12] Because Agnews satisfies these requirements, it is eligible to obtain a new PPA through bilateral negotiations.

First, as discussed in section II.A above, the Facility was compliant with the PURPA efficiency requirements as of September 20, 2007. Second, under the Replacement PPA, the Facility will convert to a Utility Prescheduled Facility as defined in the QF/CHP Settlement. The QF/CHP Settlement defines Utility Prescheduled Facility as "[a]n Existing CHP Facility that has changed operations to convert to a utility controlled scheduled dispatchable generation facility, including but not limited to an [Exempt Wholesale Generator]."[13] Agnews qualifies as an Existing CHP Facility as defined in the QF/CHP Settlement, as it was an operational CHP facility before the effective date of the QF/CHP Settlement.[14] Further, the Replacement PPA requires Agnews to commit the entire Facility to PG&E, and provides PG&E with the right to schedule the Facility as needed.[15] It also requires Agnews to satisfy Federal Energy Regulatory Commission regulations to qualify as an Exempt Wholesale Generator throughout the term of the Replacement PPA.[16] The Facility will therefore become a "utility controlled scheduled dispatchable generation facility" under the Replacement PPA."[17]

B. The Replacement PPA can be submitted for approval by Tier 3 advice letter under the terms of the QF/CHP Settlement.

The QF/CHP Settlement sets forth the processes for obtaining Commission approval of PPAs executed pursuant to the Settlement. The Settlement provides that new PPAs, including new PPAs with Utility Prescheduled Facilities, with a term equal to or greater than five years in length that contain any material modification of the PPAs approved in the Settlement should be submitted for approval by Tier 3 advice letter.[18] As discussed above, the Replacement PPA is a new PPA with a Utility Prescheduled Facility, and, as it is based on PG&E's 2008 Intermediate-term Request for Offers form PPA,[19] materially modifies the approved Settlement PPAs. Therefore, the Replacement PPA can be submitted for approval by Tier 3 advice letter.

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[12] *Id.* at § 4.8.1.1.

[13] *Id.* at § 17 ("Glossary of Defined Terms").

[14] The Term Sheet defines "Existing CHP Facility" as "one that was operational before the Settlement Effective Date," and "CHP Facility" as "[a] facility that meets the federal definition of a qualifying cogeneration facility under 18 C.F.R. § 292.205." *See* Term Sheet, § 17 ("Glossary of Defined Terms").

[15] Replacement PPA §§ 3.1(e), 3.5(c), Confidential Attachment A.

[16] *Id.* at § 3.1(b).

[17] *See also id.* at Recital B, Confidential Attachment A (indicating Agnews and PG&E's agreement that the Replacement PPA is a new agreement for a "Utility Prescheduled Facility" as discussed in the Term Sheet).

[18] Term Sheet, §§ 4.10.2., 4.10.3.

[19] PG&E's 2008 Intermediate-term Request for Offers form PPA can be located on PG&E's website in "Appendix D" via the following hyperlink:
http://www.pge.com/b2b/energysupply/wholesaleelectricsuppliersolicitation/itrfo/ITRFO2008/index.shtml.

C. The Facility is not a covered procurement subject to the Emissions Performance Standard.

Pursuant to Section 4.10.4 of the QF/CHP Settlement Term Sheet, PPAs that are equal to or greater than five years in length that are submitted by Tier 2 or Tier 3 advice letter must demonstrate compliance with the EPS. In D.07-01-039, the Commission adopted an EPS that applies to new or renewed contracts for a term of five or more years for baseload generation with an annualized plant capacity factor of at least 60 percent. Because the Facility's annualized capacity factor is expected to be significantly below 60 percent under the Replacement PPA, the Replacement PPA is not a form of covered procurement subject to the EPS. PG&E is seeking a finding to this effect, as set forth in section V below, consistent with Section 4.10.4.1 of the Term Sheet.

D. The Commission has recognized the value of converting QF generation to a Utility Prescheduled Facility.

The Commission has recognized the benefits associated with converting regulatory "must–take" QF generation to Utility Prescheduled Facilities. In approving the QF/CHP settlement in D.10-12-035, the Commission stated that such conversions "give[] the IOU the ability to dispatch the resource when it is needed, rather than the facility providing baseload generation or operating based on a thermal host's needs," and "may ultimately result in GHG emission reductions."[20]

The Commission has also supported PG&E's past efforts to negotiate such conversions. In March 2011, the Commission approved three new bilaterally negotiated PPAs, known as the Competitive Asset Management Services (or "CAMS") contracts, which converted three existing and soon-to-expire QF Standard Offer 2 contracts to PPAs for Utility Prescheduled Facilities.[21] In addition, in July 2011, the Commission issued D.11-06-029 approving PPA amendments that converted three existing QFs to Utility Prescheduled Facilities as defined in the QF/CHP Settlement Term Sheet.[22] Without these amendments, the QF generation facilities would have remained must-take resources pursuant to PURPA, and PG&E would have been required to take and pay for energy when it was delivered, regardless of need or cost. As with the above-described contracts and amendments, the Agnews Replacement PPA allows PG&E the right to schedule the unit according to least cost, best fit principles.

IV. <u>The PPA Provides Significant Customer Benefits</u>

The PPA provides significant customer benefits. As described above, the Replacement PPA reduces firm capacity payments and converts the Facility to a Utility Prescheduled Facility. Conversion to a Utility Prescheduled Facility provides significant operational benefits in allowing PG&E to schedule the Facility as needed and when cost-effective. As a Utility

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[20] D.10-12-035 at 45-46 and Finding of Fact 19.

[21] D.11-03-011 approved bilaterally negotiated replacement contracts for the Double C-2 Cogen, LLC, Sierra Cogen, LLC and Kern County Cogen, LLC QF PPAs.

[22] D.11-06-029 approved amendments for the Calpine Greenleaf 1, KES Kingsburg and Yuba City Cogen PPAs.

Prescheduled Facility, PG&E estimates that the Facility will have a capacity factor significantly below 50 percent. Historically, the Facility has operated in excess of 60 percent. The Replacement PPA will also result in reduced GHG emissions from the Facility through the reduction of the hours that it is operating (i.e., lower capacity factor). These benefits will together result in greater value to customers over the term of the Replacement PPA. An analysis of this expected value is included in Confidential Attachment B.

In addition, under the QF/CHP Settlement, existing QF facilities that convert to Utility Prescheduled Facilities can count toward the GHG Emissions Reduction Targets in the Settlement.[23] PG&E is requesting that the Commission determine that any GHG reductions associated with the Replacement PPA count toward PG&E's GHG Emissions Reduction target included in the QF/CHP Settlement.

V. Conclusion

The Replacement PPA provides for the continued operation of the Agnews Facility under terms and conditions that will provide significant benefits. Additionally, enabling utilities to replace existing QF contracts with new PPAs that capture greater operational and economic benefits for customers is consistent with the intent and provisions of the QF/CHP Settlement and its authorizing decision. PG&E requests that the Commission:

1. Approve the Replacement PPA without modification as just and reasonable;

2. Authorize recovery of the costs associated with the replacement PPA through PG&E's ERRA and recovery of stranded costs consistent with D.08-09-012;

3. Determine that any GHG reductions associated with the Replacement PPA count toward PG&E's GHG Emissions Reduction target included in the QF/CHP Settlement; and

4. Find that because the expected annualized capacity factor of the Facility under the Replacement PPA is below 60 percent, the Replacement PPA is not a covered procurement subject to the EPS adopted in D.07-01-039.

Confidential Materials

In support of this advice letter, PG&E encloses the following confidential materials:

- Confidential Attachment A: O.L.S. Energy-Agnews, Inc. Replacement PPA
- Confidential Attachment B: Summary of the Transaction and Customer Benefits Analysis

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[23] Term Sheet, §§ 4.8.1.3, 7.1.2. GHG emissions reductions will ultimately be determined using the methodology described in § 7.3.1.3 for Utility Prescheduled Facilities. GHG costs will not be incurred by buyer or seller until Assembly Bill 32 (Stats. 2006, Ch. 488) is fully implemented.

- Confidential Attachment C: Declaration of Robert Parker, Vice President of O.L.S. Energy-Agnews, Inc.

Protests

Anyone wishing to protest this filing may do so by sending a letter by March 29, 2012, which is **20** days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

CPUC Energy Division
Attention: Tariff Unit, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Andrew Schwartz, Energy Division, 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:

Pacific Gas and Electric Company
Attention: Brian K. Cherry
Vice President, Regulation and Rates
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-6520
E-Mail: PGETariffs@pge.com

Effective Date

PG&E requests that this advice letter be approved no later than September 1, 2012, with an effective date of **September 1, 2012**. PG&E submits this request as a Tier 3 advice letter.

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 R.10-05-006 official service list. Address changes to the General Order 96-B service list should be directed to PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Advice letter filings can also be accessed electronically at http://www.pge.com/tariffs.

Vice President – Regulation and Rates

Attachments:
Declaration of Marc L. Renson and IOU Matrix
Confidential Attachment A: O.L.S. Energy-Agnews, Inc. Replacement PPA
Confidential Attachment B: Summary of the Transaction and Customer Benefits Analysis
Confidential Attachment C: Declaration of Robert Parker, Vice President of O.L.S. Energy-Agnews, Inc.

cc: Service List for R.10-05-006
Andrew Schwartz, Energy Division, CPUC
Jennifer Kalafut, Energy Division, CPUC
Joseph Abhulimen, DRA, CPUC

Limited Access to Confidential Material

The portions of this advice letter marked Confidential Protected Material are submitted under the confidentiality protection of Section 583 and 454.5(g) of the Public Utilities Code and General Order 66-C. This material is protected from public disclosure because it consists of, among other items, the Replacement PPA, price information, and analysis of the proposed contract, which are protected pursuant to D.06-06-066 and D.08-04-023. PG&E has attached to this advice letter a declaration seeking confidential treatment of the attachments in accordance with D.08-04-023.

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:	Contact Person: Kimberly Chang
☑ ELC ☐ GAS	Phone #: (415) 973-5472
☐ PLC ☐ HEAT ☐ WATER	E-mail: kwcc@pge.com

EXPLANATION OF UTILITY TYPE	(Date Filed/ Received Stamp by CPUC)
ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	

Advice Letter (AL) #: **4010-E** **Tier: 3**

Subject of AL: **Approval of Pacific Gas and Electric Company's Replacement Power Purchase Agreement with O.L.S.Energy-Agnews, Inc.**

Keywords (choose from CPUC listing): Compliance, Agreements, Contracts

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☑One-Time ☐ Other ____________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: N/A

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL[1]: ____________

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: OLS Energy-Agnews, Inc. Replacement PPA; Summary of the Transaction and Customer Benefits Analysis; and Declaration of Robert Parker, Vice President of O.L.S. Energy-Agnews, Inc.

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: Marc Renson (415) 223-1721

Resolution Required? ☑Yes ☐No

Requested effective date: **September 1, 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[1]: N/A

Pending advice letters that revise the same tariff sheets: 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
E-mail: EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company
Attn: Brian 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

PACIFIC GAS AND ELECTRIC COMPANY

DECLARATION OF MARC L. RENSON SEEKING CONFIDENTIAL TREATMENT OF MARKET-SENSITIVE INFORMATION APPEARING IN ADVICE 4010-E (ATTACHMENTS A THROUGH C) FOR APPROVAL OF THE REPLACEMENT POWER PURCHASE AGREEMENT WITH O.L.S. ENERGY-AGNEWS, INC.

I, Marc L. Renson, declare:

1. I am currently employed by Pacific Gas & Electric Company ("PG&E") as a Principal within PG&E's Energy Procurement organization. I have been employed by PG&E for thirty-two years, and during that time I have acquired knowledge of PG&E's contracts with numerous counterparties and have also gained knowledge of the operations of electric sellers in general. Through this experience, I have become familiar with the type of information that would affect the negotiating positions of electric sellers with respect to price and other terms, as well as with the type of information that such sellers consider confidential and proprietary.

2. Based on my knowledge and experience, and in accordance with the *Decision Adopting Model Protective Order and Non-Disclosure Agreement, Resolving Petition For Modification and Ratifying Administrative Law Judge Ruling*, D. 08-04-023 (April 18, 2008), I make this declaration seeking confidential treatment for certain data and information contained in PG&E's Advice 4010-E, Attachments A through C, which has been submitted to the Energy Division on March 9, 2012.

3. Attached to this declaration is a matrix that identifies 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 the "IOU Matrix" attached as Appendix 1 of Decision 06-06-066, 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, if applicable, and why confidential protection is justified. Finally, the matrix specifies that: (1) PG&E is complying with the limitations specified in the IOU Matrix for that type of data or information, if applicable; (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.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on March 9, 2012, at San Francisco, California.

/s/

MARC L. RENSON

ATTACHMENT A

Redaction Reference	1) The material submitted constitutes 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 (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time
Attachment A, O.L.S. Energy-Agnews, Inc. Replacement PPA							
Entire Document	Y	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS))	Y	Y	Y	This Attachment contains the Replacement PPA between PG&E and O.L.S. Energy-Agnews, Inc. Power purchase agreements between utilities and non-affiliated third parties (except RPS) and their terms are confidential for three years from the date of initial delivery, or until one year following expiration, whichever comes first, under Item VII. B of the IOU Matrix. Section 10.7 of the Replacement PPA also includes a provision that the parties agree not to disclose the terms and conditions of the agreement.	Three years
Attachment B, Summary of the Transaction and Customer Benefits Analysis							
Entire Document	Y	Items II.B.3 and II.B.4 (QF Contract and non-QF bilateral contract generation cost forecasts); Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS))	Y	Y	Y	This Attachment describes in detail the key terms and conditions of the Replacement PPA between PG&E and O.L.S. Energy-Agnews, Inc. Power purchase agreements between utilities and non-affiliated third parties (except RPS) and their terms are confidential for three years from the date of initial delivery, or until one year following expiration, whichever comes first, under Item VII.B of the IOU Matrix. Section 10.7 of the Replacement PPA also includes a provision that the parties agree not to disclose the terms and conditions of the agreement. A detailed analysis of the cost and value forecasts under existing ISO4 PPA and the Replacement PPA is also provided in this Attachment. This information is protected from disclosure under Items II.B.3 and II.B.4 of the IOU Matrix.	Three years

Redaction Reference	1) The material submitted constitutes 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 (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time
Attachment C, Declaration of Robert Parker, VP O.L.S. Energy-Agnews, Inc.							
Entire Document		General Order 66-C				This Attachment contains a declaration from Robert Parker, VP of O.L.S. Energy-Agnews, Inc., and describes communications with the State of California about the Replacement PPA. This information is protected by General Order 66-C, paragraph 2.8, as it constitutes "[i]nformation obtained in confidence from other than a business regulated by the Commission where the disclosure would be against the public interest."	Remain confidential indefinitely

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

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