

From: Reilly, Brooke A  
Sent: 6/29/2012 6:02:56 PM  
To: 'Simon, Jason' (jason.simon@cpuc.ca.gov)  
Cc: Mathai-jackson, Grady (Law)  
(/O=PG&E/OU=Corporate/cn=Recipients/cn=MGML); Redacted  
Redacted  
Redacted; Johnson, Aaron  
(/O=PG&E/OU=Corporate/cn=Recipients/cn=AJJ9); Allen, Meredith  
(/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAe); Douglas, Paul  
(paul.douglas@cpuc.ca.gov); Dudney, Kevin (kevin.dudney@cpuc.ca.gov)  
Bcc:  
Subject: RE: Proposal 2 discussion

Jason,

Thanks for the clarification and additional information about Net Short Proposal 2. We shared the idea with a broader group of internal stakeholders this week and received generally positive responses. We did hear important concerns from our transmission planning process (TPP) and long term planning process (LTPP) teams. The teams specifically indicated that, while an IOU's PDSR data may be used to determine an accurate "discounted core," it will not reflect all incremental resources that need to be considered in those proceedings. (e.g., It cannot capture the generic resources that the RPS calculator populates to fill the state's resource needs, cannot capture POU contracts, etc.) Also, the transmission process may be interested in issues beyond viability; for example, transmission costs or project location may be important to include for TPP purposes even when neither impacts the viability of a project. An RPS Calculator update may be worth revisiting for these reasons.

However, we also recognize your interest in a new proposal and are happy to provide additional feedback about how an independent party assessment could work:

- The independent party tasked with performing the analysis should be a non-market participant.
- The independent party should be hired by the CPUC and subject to an NDA with the CPUC and with the IOUs. The IOU NDA would include a provision that allows the right to defend confidentiality if a fourth party requests underlying information from the independent party. (It is important that PG&E be able to protect our data if a party to a CAISO proceeding that uses the assessment requests the data on which the model's decisions were based.)
- The CPUC would be the entity responsible for providing the most recent PDSR data and any other relevant CPUC-internal data to the independent party. For example, the CPUC may decide to provide the Independent Evaluator report submitted during the PPA approval process in order to provide additional information on key project success drivers.

- Due to PPA confidentiality requirements, PG&E would not be able to give the CPUC approval to provide data to the independent party or provide the data directly to the independent party unless specifically directed to do so in a formal CPUC ruling, decision, or order. In addition, Section 583 limitations may require that the CPUC seek IOU approval in order to provide IOU-submitted confidential information to an independent third party.
  
- Because the new RPS statute includes a project development status update as one of the elements of the RPS Procurement Plan, the forthcoming ruling should clarify that the PDSR will only need to be provided to the CPUC on an annual basis with the RPS Procurement Plans (or the advice letters in lieu of a full Plan), beginning on August 1, 2013. The ruling should make clear that this supersedes earlier Commission orders to file the PDSR semi-annually. Because the full PDSR would be filed less frequently, the CPUC should also receive have the opportunity to request, once per calendar year, an update to the last filed PDSR when a new TPP or LTPP proceeding commences. This update would include a subset of the PDSR data fields (see recommendation, below) for projects that are executed and not under construction.
  
- Other than this update, the independent party would be responsible for updating relevant data or researching other relevant information. The ruling/order should make clear that the IOUs are not responsible for updating the PDSR or IE report or for responding to the independent party's data response and interview requests during the course of the independent party's analysis. This would be unduly burdensome and could expose the IOUs to litigation risk from close involvement in the determinations of the independent party.
  
- Any final assessment of an IOU's net short position (i.e., determination of On/Off) will be entirely the result of analysis conducted by the independent party.
  - PG&E views projects that are under construction as low-risk in terms of project viability, as discussed in our RPS Plan. The IE should therefore assume such projects will deliver at contract quantities. For projects that are executed but not yet under construction, PG&E recommends the following PDSR fields as the most relevant/important for the IE to receive to assist in making project viability determinations:
    - Overall status / CPUC approval status (approved and achieved COD, approved and not achieved COD, pending CPUC approval, etc).
    - Contract price
    - Financing status
    - Permit status and expected permitting completion data
    - EPC contract status
    - Construction status, guaranteed construction start date, expected or actual construction start date
    - Guaranteed COD and expected COD

- Status of interconnection agreement
- Feasibility study status
- System impact study status/Phase I study status, facility study / Phase II study status
  - The CPUC should provide IOUs and other stakeholders the opportunity to publicly comment on the assessment once the independent party finishes its analysis.
  - The scope of Proposal 2 should be limited to use in statewide planning initiatives and should not be used for informing procurement decisions. The ruling should specify that each IOU will be able to rely on their internal, confidential data and assessments to determine renewable procurement needs.

We look forward to working with you further on the proposal. Please let us know if you have any questions, would like to discuss the TPP/LTPP concerns, or would like additional information.

Regards,

Brooke

**From:** Simon, Jason [mailto:jason.simon@cpuc.ca.gov]

**Sent:** Wednesday, June 27, 2012 9:33 AM

**To:** [Redacted]

**Cc:** Reilly, Brooke A; Mathai-jackson, Grady (Law); Allen, Meredith; Johnson, Aaron; [Redacted]  
Dudney, Kevin

**Subject:** RE: Proposal 2 discussion

Hi [Redacted]

Just getting back to you with a couple of points of clarification. The ruling that we would like to mail would go out early next week and allow for a five day comment period. The two methodologies would be outlined in the ruling. That said, we don't need to have everything set in stone by this point. We just need to provide a general overview of the proposal to allow parties to comment on. While people respond to the proposal, we can work to finalize a proposal that works for everyone over the following week. In the meantime, between now and Friday, my thought is that PG&E and the CPUC would come to some preliminary agreement on parameters that may be included in the proposal – both legal parameters (as you outlined yesterday) and parameters with respect to the IE making a determination on whether a project is in or out of the portfolio. Your team submitted parameters that you use internally for method 1 which may apply to method 2 as a guideline for the IE. If you believe these parameters are a good starting point let me know and we can work with them for method 2. Finally, would it be possible to provide a summary of your proposal for method 2 by Friday? Most of the work has been done. It would just involve firming up recommendations from your legal group and

your parameters for method 1, to be potentially used for method 2.

Thanks [Redacted]

I have to shoot off to a conference but I will be available by email and phone. My cell is [Redacted]  
[Redacted]

Jason L. Simon, CFA

Renewable Energy Market Development

California Public Utilities Commission

(415) 703-5906

**From:** [Redacted]  
**Sent:** Tuesday, June 26, 2012 6:45 PM  
**To:** Simon, Jason  
**Cc:** Reilly, Brooke A; Mathai-jackson, Grady (Law); Allen, Meredith; Johnson, Aaron  
**Subject:** Proposal 2 discussion

Jason,

I'm writing to follow-up on last Friday's conversation. Brooke and I have shared the proposal discussed at Peet's with internal stakeholders, and the initial response has been positive. While we would like to run the proposal by a few more internal folks, PG&E is preliminarily on board with the following:

1. Have an independent evaluator utilize a subset of PDSR data, along with independent research, to determine an ON/OFF list of projects for Proposal 2 purposes (LTTP, TPP, etc.). The independent party would be hired by the CPUC, and the CPUC would be the entity responsible for providing the PDSR data to this party.

2. The PDSR data will be provided to the CPUC on some agreed-upon frequency. It will be important to

give careful consideration to what subset of the PDSR data fields will be needed by the independent party to make its assessment.

3. While the IOUs may provide general insight on key drivers of project success, any final assessment of an IOU's net short position will be entirely the result of analysis conducted by the independent party.

We will be in touch with you once we have secured full internal sign-off. Let us know what you see as next steps for moving the Proposal 2 discussion forward.

Thanks,

Redacted Manager, Renewable and Clean Energy Strategy | *Pacific Gas and Electric Company*  
Redacted