

From: Lee, Cheryl
Sent: 10/24/2012 11:34:14 AM
To: Strauss, Todd (/O=PG&E/OU=Corporate/cn=Recipients/cn=TxSq)
Cc: Jacobson, Erik B (RegRel) (/O=PG&E/OU=Corporate/cn=Recipients/cn=EBJ1);
Douglas, Paul (paul.douglas@cpuc.ca.gov)
Bcc:
Subject: RE: PAV doc

Todd,

Attached you will find the PAV document with my track changes and comments. I have also included some general comments below about how PAV could be further clarified. The bulk of my comments are attempting to address a reoccurring theme raised by parties (including IE). Specifically, ensuring that bidders generally understand how PG&E will evaluate the bids to a level of detail such that positive/negative effects of criteria can be known, without revealing info that allows bidders to game the LCBF process.

General comments on how PAV could be further clarified:

- While staff appreciates efforts to quantify preferences, the act of doing so seems to exponentially complicate PG&E's bid evaluation. The complexity appears to be driven by PG&E's desire to cast a wide net, but based on my understanding of PAV PG&E is in reality searching for a narrow set of bids/projects. Would clearly stating and describing PG&E's preferences/requests in the solicitation protocol have the same affect and be clearer to bidders, CPUC staff, and Parties.
- Clarification could be done with regards to how adjustments are not incremental to NMV criteria. Additionally, it appears that steps could be eliminated if some of the adjustments in PAV were incorporated into NMV. For example, incorporating locational adjustments into energy and capacity benefit valuations (if not in conflict with LCBF rules) could clarify Parties confusion with PAV.
- Clarification could be done with regards to how PAV criteria are quantitatively taking into account preferences that were stated in solicitation protocol (e.g. location, COD, term length, curtailment hours). See track changes for some examples.
- Clarification could be done with regards to actual how criteria affect bid value/ranking by clearly stating PG&E's preference. For example, it is not clear in the term length adder if a 10 year, 15 year, 20 year, 25 year or other length is PG&E's preference to know generally if a 15 year term will have a better or worse adder than a 20 year term.
- We strongly encourage working with the assigned IE to clarify all aspects of PAV

methodology. Staff has briefly consulted with Arroyo Seco Consulting and received general feedback similar to staff's opinion that a bidder would not be able to understand how his/her bid would be affected by PAV.

Lastly, I just want to point that we still have some concerns with specific elements of PAV (e.g., integration adder) and we also need to see what you and the parties say in comments on the PD.

If you have questions or would like to discuss any of the comments, I am available today (Wednesday), but have limited availability on Thursday and Friday.

Thank you,

Cheryl

From: Strauss, Todd [<mailto:TxSq@pge.com>]
Sent: Monday, October 22, 2012 11:59 AM
To: Lee, Cheryl
Cc: Jacobson, Erik B (RegRel)
Subject: PAV doc

Cheryl –

Attached is a draft document describing Portfolio-adjusted Value in more detail and specificity, as we discussed on October 17.

I drafted this document with the aim of including it in PG&E's comments, to be submitted October 29, on the 2012 RPS Plan PD. Including it in PG&E's October 29 comments would provide greater public transparency, as we discussed on October 17. By including it in PG&E's October 29 comments, PG&E's goal is to be authorized to use PAV in the 2012 RPS RFO.

Please review this document and send me your comments as soon as you can. As we discussed on October 17, PG&E can then consider how to revise the document and whether to include the document in the October 29 comments PG&E submits.

Thanks very much.

Todd Strauss

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