

From: Schultz, Adam
Sent: 11/6/2012 9:03:35 AM
To: Allen, Meredith (/O=PG&E/OU=Corporate/cn=Recipients/cn=MEAe)
Cc:
Bcc:
Subject: RE: PG&E PRG: Update on Transactions

Great - thanks for the update, Meredith. If you hear anything from the other two counterparties, please let me know.

Thanks,
Adam

Adam C. Schultz, J.D. | Renewable Energy Policy & Procurement
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-----Original Message-----

From: Allen, Meredith [<mailto:MEAe@pge.com>]
Sent: Tuesday, November 06, 2012 8:29 AM
To: Schultz, Adam
Subject: Re: PG&E PRG: Update on Transactions

Adam,

We plan to file SPI as a supplement on Friday. We heard from Transalta that they need more time. We have not heard from Barclays.

Thanks,
Meredith

On Nov 5, 2012, at 1:33 PM, "Schultz, Adam" <adam.schultz@cpuc.ca.gov<<mailto:adam.schultz@cpuc.ca.gov>>>>
wrote:

Meredith,

Can you let me know if PG&E has any updates on whether TransAlta or Barclays accepted the lower price?

And if so, PG&E's estimated timing for filing supplemental ALs.

Thanks!,
Adam

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From: PGE PRG Mailbox [mailto:PGEPRG@pge.com]

Sent: Thursday, November 01, 2012 8:32 AM

To: Lee, Rebecca Tsai-Wei; Liang-Uejio, Scarlett; Myers, Richard A.; Renewable Group; Schultz, Adam; Schwartz, Andrew; Simon, Sean A.; Simon, Jason; Skala, Pete; Skinner, Nathaniel; Sterkel, Merideth "Molly"; Stevens, Brian; Strauss, Robert L.; Turhal, Cem; Wagoner, Donna L.; White, Keith D.; Yin, Raymond

Cc: [Redacted]; [Redacted]; [Redacted]

Subject: PG&E PRG: Update on Transactions

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(note: email distribution list has been split to avoid bouncebacks)

Procurement Review Group:

PG&E wishes to update the PRG on activities related to the pending approval status of 4, short-term REC deals in front of the CPUC:

1. SPI behind-the-meter RECs (up to 120,000 RECs/year; REC Vintages: 2011-2015; \$30 per REC);
2. Barclays Hay Canyon firm and shaped bundled product (250,000 RECs/year; REC Vintages: 2010-2011; \$43 per REC)
3. Barclays Nine Canyon firm and shaped bundled product (33,000 RECs/year; REC Vintages: 2010-2011; \$43 per REC)
4. Transalta RECs (175,000-210,000 RECs/year; REC Vintages: 2011-2014; \$20 per REC)

The CPUC recently withdrew a draft resolution rejecting all 4 short-term REC deals. PG&E remains supportive of the transactions, but understands the challenges to approval in their current form. In order to improve the likelihood of CPUC approval, PG&E approached each of the parties and proposed amending the contracts to lower the price to \$8 per REC. The term and volumes would be unchanged or reduced to preserve bankability under the grandfathering rules, as all 4 deals were executed prior to June 1, 2010. PG&E feels an amendment needs to be justified based on the current market prices and PG&E's RPS need. The \$8 price is competitive with the net market values of the RPS transactions executed in 2011, which varied from -18/MWh to \$28/MWh. The amended transactions will also have other benefits such as the RECs are bankable and can be used to meet future RPS need, the facilities are highly viable existing facilities, there are no integration implications of a REC-only deal and there are no required transmission upgrades.

SPI:

On October 19th, PG&E offered the reduced price proposal to SPI. On October 24th, SPI accepted the reduced price and the parties are moving forward with an amendment to reduce the price, with the volume and term remaining unchanged.

Barclays:

On October 18th, PG&E offered the reduced price proposal to Barclays, as well as proposed removing the 2010 RECs from consideration as PG&E no longer has a compliance obligation for 2010. PG&E expects to hear back from Barclays by November 2nd.

Transalta:

On September 26th, Transalta requested removing 2011 volumes so they could market the RECs to others; PG&E has accepted that request. Transalta has yet to respond to the amended price proposal, which was made to them on October 18th. PG&E expects to hear back from Transalta by November 2nd.

PG&E will submit a supplemental advice letter filing for amended contracts with parties who are willing to accept

the price reduction to \$8 per REC.

Redacted

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