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September 16, 2013

Advice 4253-E-A
(Pacific Gas and Electric Company D U 39 E)

Public Utilities Commission of the State of California

Subject: Supplemental Filing to Pacific Gas and Electric Company's Advice 4253-E (Proposed Amendment of its Power Purchase Agreement with Chevron U.S.A., Inc. to Include the Cymric Demonstration Project)

Pursuant to General Order 96-B, Section 7.5.1, Pacific Gas and Electric Company ("PG&E") hereby revises and supplements pending Advice 4253-E ("Advice Letter") to specify that PG&E's recovery of the cost of the subject procurement shall conform with the methodology adopted by Decision ("D.") 10-12-035, as modified by D.11-07-010 (the "Decision").

I. Introduction

The Advice Letter, dated July 16, 2013, seeks the California Public Utilities Commission's ("Commission" or "CPUC") approval of the proposed Fifth Amendment ("Proposed Amendment") to the Standard Offer 1 ("SO1") As-Delivered Capacity and Energy Power Purchase Agreement ("PPA") between Chevron U.S.A., Inc. and PG&E.

As explained in the Advice Letter, the Proposed Amendment will enable PG&E to procure an additional 950 kilowatts ("kW") nameplate capacity from Chevron's existing Cymric qualifying cogeneration facility and claim a greenhouse gas ("GHG") emission reduction credit of 2,114 metric tonnes per year. incremental combined heat and power ("CHP") procurement will count toward the CHP megawatt and GHG emissions reduction targets assumed by PG&E under the terms of the Qualifying Facility/CHP Settlement Agreement ("QF/CHP Settlement Agreement"). Accordingly, the cost of procurement under the Proposed Amendment should be recovered from all benefiting customers pursuant to Section 13.1.2.2 of the QF/CHP Settlement Agreement Term Sheet.

¹ See, PG&E Advice 4253-E, p. 7, for MW counting and Confidential Appendix C, for the calculation of GHG emissions reductions.

The Decision approves the CHP/QF Settlement Agreement and requires the investor-owned utilities (“IOUs”) to procure CHP resources on behalf of bundled service, Direct Access, Community Choice Aggregation customers, and all departing load customers (except for CHP departing load customers) (collectively, “Benefiting Customers”). In addition, the IOUs are authorized to recover the net capacity costs of CHP resource transactions from all bundled service and specified unbundled service customers on a non-bypassable basis.³

The cost of CHP resource procurement, less the net capacity cost of the CHP resource, is recovered in PG&E’s Energy Resource Recovery Account (“ERRA”). In accordance with the Decision, PG&E recovers net capacity cost of CHP procurement from Benefiting Customers through the New System Generation Balancing Account (“NSGBA”).⁴

II. Supplemental Information

The current form of the Advice Letter requests the Commission to find that it is reasonable for PG&E to recover its costs under the Amended PPA through its Energy Resource Recovery Account. However, under the Amended PPA, PG&E would specifically procure new CHP capacity on behalf of Benefiting Customers in accordance with the QF/CHP Settlement Agreement. In recognition that this CHP procurement is required by the Decision, the Commission should explicitly authorize PG&E to allocate the net capacity costs and associated RA benefits associated with new capacity to Benefiting Customers consistent with the Decision.

Any above-market costs incurred through procurement from the existing 21,040 kW Cymric facility are currently recovered through the Competition Transition Charge (“CTC”). These costs will continue to be recovered through the CTC for the life of the SO1 PPA, as provided by QF/CHP Settlement Agreement Term Sheet Section 13.1.5. PG&E proposes to recover any net capacity costs of the incremental 950 kW procurement through the NSGBA. In order to identify the portion of above-market costs attributable to the incremental capacity, PG&E has a proportional allocation of 4.3 percent, based on the ratio of incremental capacity to the revised total capacity. This percentage will be applied to the total cost of the Amended PPA to determine the portion of costs and generation attributable to the new CHP facility and the resulting net capacity costs to be allocated among all Benefiting Customers.

² See, D.10-12-035, Ordering Paragraph (“OP”) 5, which adopts the CHP procurement option set forth in Term Sheet Section 13.1.2.2.

³ D.10-12-035, OP5.

⁴ PG&E Advice 3922-E, effective November 23, 2011.

Accordingly, PG&E supplements the Advice Letter with a request for a finding that PG&E shall recover the cost of incremental CHP capacity under the Proposed Amendment in accordance Section 13.1.2.2 of the QF/CHP Settlement Agreement using a proportional allocation of new and legacy nameplate capacity of the generator.

For the convenience of the reader, the original Request for Commission Approval has been reprinted below. The new request is underlined.

III. Amended Request for Commission Approval

PG&E respectfully seeks a Commission resolution no later than November 14, 2013, that includes the following (with modifications appearing as underscored text):

1. Finds that PG&E has met the requirements of the Restructuring Advice Letter Filing procedure adopted in D.98-12-066;
2. Finds that PG&E discussed the Proposed Amendment with its Procurement Review Group pursuant to D.02-08-071;
3. Finds PG&E's execution of the Amendment to be reasonable and approves the Amendment in its entirety, including payments to be made by PG&E pursuant to the Amended PPA, subject only to the Commission's review of the prudence of PG&E's administration of the Amended PPA;
4. Finds and concludes that it is reasonable for PG&E to recover its costs under the Amended PPA through its Energy Resource Recovery Account.
5. Finds and concludes that it is reasonable for PG&E to recover the net capacity cost of incremental procurement under the Amendment in accordance with Ordering Paragraph 5 of D.10-12-035 using a proportional allocation of new and legacy nameplate capacity of the generator and make appropriate entries to its New System Generation Balancing Account.
6. Finds that the 950 kW associated with the Amendment apply towards PG&E's procurement target of 1,387 MW of CHP capacity in the Initial Program Period, as established by the QF/CHP Settlement.
7. Finds that the 2,114 metric tonnes per year of GHG emissions reduction resulting from the Amendment counts towards PG&E's GHG emissions reduction target, as established by the QF/CHP Settlement.
8. Grants PG&E such other relief as the Commission finds to be just and reasonable.

IV. Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than October 7, 2013, which is twenty 21 days after the date of this ⁵ filing. Protests should be mailed to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, 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:

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

⁵ Consistent with Section 1.5 of General Order 96-B, PG&E requests to extend the protest period by one additional day because twenty days following the submission date of this advice letter is Sunday, October 6, 2013.

V. Effective Date

PG&E submits this supplement to the restructuring advice letter filing as a Tier 3 designation and requests that it become effective concurrently with the deposition of Advice 4253-E. PG&E hereby revises the requested effective date for Advice 4253-E to November 14, 2013 to allow the Commission additional time to consider these issues.

VI. Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for R.12-03-014. Address changes to the General Order 96-B service list should be directed to PG&E at email address 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. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>



Vice President, Regulatory Relations

cc: Service List for R.12-03-014
Ed Randolph, Director, Energy Division, CPUC
Damor Franz, Energy Division, CPUC
Jason Houck, Energy Division, CPUC
Cem Turhal, Energy Division, CPUC
Noel Crisostomo, Energy Division, CPUC
Karen Hieta, DRA, CPUC
Claire Eustace, DRA, CPUC
Chris Ungson, DRA, CPUC
Chloe Lukins, DRA, CPUC
Jeremy Waen, Marin Energy Authority

⁶ PG&E initially requested that the Commission approve Advice 4253-E by no later than October 3, 2013.

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:

ELC ffi GAS

PLC HEAT WATER

Contact Person: Shirley Wong

Phone#: (415) 972-5505

E-mail: slwb@pge.com and pgetariffs@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) # 4253-E-A

Tier: 3

Subject of AL: Supplemental Filing to Pacific Gas and Electric Company's Advice 4253-E (Proposed Amendment of its Power Purchase Agreement with Chevron U.S.A., Inc. to Include the Cymric Demonstration Project)

Keywords (choose from CPUC listing): Agreements, Portfolio

AL filing type: Monthly Quarterly Annual One-Time Other _____

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

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:

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for:

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: _____

Resolution Required? Yes ffi No

Requested effective date No later than November 14, 2013, and No. of tariff sheets N/A
concurrently with the deposition of Advice 4253-E

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:

Service affected and changes proposed:

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

ED Tariff Unit

505 Van Ness Ave., 4th Floor

San Francisco, CA 94102

EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. Cherry, Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

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

1st Light Energy	Division of Ratepayer Advocates	Occidental Energy Marketing, Inc.
AT&T	Douglass & Liddell	OnGrid Solar
Alcantar & Kahl LLP	Downey & Brand	Pacific Gas and Electric Company
Anderson & Poole	Ellison Schneider & Harris LLP	Praxair
BART	G. A. Krause & Assoc.	Regulatory & Cogeneration Service, Inc.
Barkovich & Yap, Inc.	GenOn Energy Inc.	SCD Energy Solutions
Bartle Wells Associates	GenOn Energy, Inc.	SCE
Bear Valley Electric Service	Goodin, MacBride, Squeri, Schlotz & Ritchie	SDG&E and SoCalGas
Braun Blasing McLaughlin, P.C.	Green Power Institute	SPURR
CENERGY POWER	Hanna & Morton	San Francisco Public Utilities Commission
California Cotton Ginners & Growers Assn	In House Energy	Seattle City Light
California Energy Commission	International Power Technology	Sempra Utilities
California Public Utilities Commission	Intestate Gas Services, Inc.	SoCalGas
California State Association of Counties	Kelly Group	Southern California Edison Company
Calpine	Linde	Spark Energy
Casner, Steve	Los Angeles Dept of Water & Power	Sun Light & Power
Center for Biological Diversity	MAC Lighting Consulting	Sunshine Design
City of Palo Alto	MRW & Associates	Tecogen, Inc.
City of San Jose	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
Clean Power	Marin Energy Authority	TransCanada
Coast Economic Consulting	McKenna Long & Aldridge LLP	Utility Cost Management
Commercial Energy	McKenzie & Associates	Utility Power Solutions
County of Tehama - Department of Public Works	Modesto Irrigation District	Utility Specialists
Crossborder Energy	Morgan Stanley	Verizon
Davis Wright Tremaine LLP	NLine Energy, Inc.	Water and Energy Consulting
Day Carter Murphy	NRG Solar	Wellhead Electric Company
Defense Energy Support Center	Nexant, Inc.	Western Manufactured Housing Communities Association (WMA)
Dept of General Services	North America Power Partners	