BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company (U 39E) for Authority to Implement and Recover in Rates the Cost of its Photovoltaic (PV) Program (U 39 E)	Application 09-02-019 (Filed February 2, 2009)
Orders Instituting Rulemakings to Continue Implementation and Administration of California Renewables Portfolio Standard Program.	R.08-08-009 (Filed August 21, 2008) R.11-05-005 (Filed May 5, 2011)

PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E) PETITION FOR EXPEDITED ORDER GRANTING (1) MODIFICATION OF DECISION 10-04-052 (PHOTOVOLTAIC PROGRAM); (2) MODIFICATION OF DECISION 10-12-048 (RENEWABLE AUCTION MECHANISM); AND (3) APPROVAL OF A PROPOSED SCHEDULE FOR THE THIRD PHOTOVOLTAIC PROGRAM POWER PURCHASE AGREEMENT SOLICITATION

CHARLES R. MIDDLEKAUFF
M. GRADY MATHAI-JACKSON

Pacific Gas and Electric Company
77 Beale Street, B30A
San Francisco, CA 94105
Telephone: (415) 973-3744
Facsimile: (415) 972-5952
E-Mail: MGML@pge.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: February 10, 2014

TABLE OF CONTENTS

Page

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company (U 39E) for Authority to Implement and Recover in Rates the Cost of its Photovoltaic (PV) Program (U 39 E)	Application 09-02-019 (Filed February 2, 2009)
Orders Instituting Rulemakings to Continue Implementation and Administration of California Renewables Portfolio Standard Program.	R.08-08-009 (Filed August 21, 2008) R.11-05-005 (Filed May 5, 2011)

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
PETITION FOR EXPEDITED ORDER GRANTING (1)
MODIFICATION OF DECISION 10-04-052 (PHOTOVOLTAIC
PROGRAM); (2) MODIFICATION OF DECISION 10-12-048
(RENEWABLE AUCTION MECHANISM); AND (3) APPROVAL
OF A PROPOSED SCHEDULE FOR THE THIRD
PHOTOVOLTAIC PROGRAM POWER PURCHASE
AGREEMENT SOLICITATION**

I. INTRODUCTION AND SUMMARY

Pursuant to California Public Utilities Commission ("Commission") Rule of Practice and Procedure 16.4, Pacific Gas and Electric Company ("PG&E") submits this Petition for Modification (the "Petition") of Decisions ("D.")10-04-052 (the "PV Decision") issued April 28, 2010, and D.10-12-048 (the "RAM Decision"), issued December 17, 2010. The PV Decision adopted a Solar Photovoltaic ("PV") Program (the "PV Program") for PG&E. The RAM Decision established a Renewable Auction Mechanism ("RAM") for procurement of generation that qualifies for the Renewables Portfolio Standard ("RPS") Program.

This Petition requests modifications of the PV Decision and RAM Decision that are largely consistent with the findings requested in Advice Letters 4160-E and 4161-E, both of which PG&E submitted on December 10, 2012. By a letter dated February 7, 2014 and attached as Appendix 1 to this Petition, the Commission rejected on procedural grounds those advice filings without prejudice to refiling the requests as a petition.

Advice Letters 4160-E and 4161-E had requested that the PV Power Purchase Agreement ("PPA") Program terminate after the second PV PPA Program solicitation. Due to the passage of time since the filing of those advice letters, PG&E plans to proceed with the third PV PPA Program solicitation once the PV PPA Program solicitation protocols have been updated pursuant to the revised schedule proposed in Appendix 4 and discussed in Section IV below and proposes to terminate the PV PPA Program thereafter. As in Advice Letter 4160-E, this Petition proposes terminating the PV Utility-Owned Generation ("UOG") Program after the third year of that Program.

Specifically, and as described more fully below, PG&E requests in this Petition that the Commission issue a final order by May 1, 2014 modifying the PV Program and RAM Decisions so that: (1) procurement under the PV Program will be terminated after the third Program Year, subject to final reporting and accounting requirements as described further herein; (2) the RAM procurement process may be utilized for the limited purpose of procuring the remaining PV Program volumes; and (3) the third PV PPA Program solicitation may occur concurrently with the fifth RAM solicitation ("RAM 5"), which is currently scheduled to issue on June 3, 2014 and to close for bidding on June 27, 2014.

Termination of the PV Program and the use of the RAM process to procure the remaining PV Program volumes will create significant administrative efficiencies, will reduce customer costs, and is appropriate in light of the significant changes that have occurred in the PV sector since PG&E proposed the PV Program in early 2009 and the PV Decision was adopted in 2010. The changed circumstances first described in Advice Letters 4160-E and 4161-E in December 2012 and reiterated in this Petition were not yet apparent on the first anniversary of the respective Decisions, and therefore PG&E was unable to present this petition within one year of those Decisions. Pursuant to Commission Rule 16.4(d), the Commission should therefore waive the otherwise applicable requirement that petitions for modification be submitted within one year of a Decision.

II. REQUEST FOR MODIFICATION OF THE PV DECISION

The Commission recognized in the PV Decision that there may be factors that would justify the early termination of the Program.[1/] It therefore required that PG&E file an advice letter demonstrating the need for any such termination.[2/] In accordance with the Decision, PG&E filed Advice Letter 4160-E on December 10, 2012 describing the changed circumstances since the approval of the PV Program that justified, and continue today to justify, the Program's early termination and the procurement of the remaining PV Program volumes through RAM. In this Petition, PG&E requests that the Commission adopt the modifications to the PV Decision described below and listed specifically in Appendix 2 to this Petition.

A. Regulatory History of the PV Program

On February 2, 2009, PG&E filed Application ("A.")09-02-019, seeking authorization for a five-year, 500 megawatt ("MW") PV Program designed to promote the development of smaller scale PV in PG&E's service territory and to help the State meet its aggressive RPS goals. On April 22, 2010, the Commission adopted D.10-04-052, which authorized PG&E to develop, own and operate 250 MW of primarily ground-mounted PV facilities of 20 MW or less (the "PV UOG Program") and to enter into long-term PPAs for 250 MW for similar facilities (the "PV PPA Program"). The final program design included a target of 50 MW per year for 5 years for each component of the Program.

D.10-04-052 established expedited deadlines to bring the UOG facilities online by each respective Program Year ("PY") anniversary date. As a result, the PY 1 UOG projects came online in 2011; PY 2 UOG projects came online in 2012; and PY 3 UOG came online in 2013. In total, PG&E has developed 150 MW as a result of PY 1-3 of the PV UOG Program.[3/]

D.10-04-052 established a lengthier schedule for the PV PPA Program. PG&E's solicitation protocol for the PV PPA Program was approved by Commission Resolution E-4368,

---

1/ D. 10-04-052 at 54; *see also id.* at 77-78 (Conclusion of Law ("COL") 10).

2/ D. 10-04-052 at 54.

3/ This 150 MW excludes the PV Pilot Program separately authorized by D.10-04-052.

and the compliance versions of PG&E's PV solicitation protocol and PPA became available in January 2011. PG&E launched the first PV PPA Program Solicitation on February 2, 2011 and sought approval of the 50 MW resulting from the selected offers via Advice Letter 3877-E, filed on July 20, 2011. Advice Letter 3877-E was approved by the Commission on August 22, 2011. PG&E launched the PY 2 PV PPA Program Solicitation on April 3, 2012 and sought approval of 48 MW from that solicitation via Advice Letter 4106-E, filed on September 7, 2012. The PY 2 PV PPA Program Advice Letter was approved by the Commission on October 16, 2012. One 20 MW PPA project from the PY 1 PV PPA Program solicitation has achieved commercial operation, and three 2 MW PPAs, for a total of 6 MW, from the PY 2 PV PPA Program solicitation have been terminated (i.e., are "drop-outs" in the language of D.10-04-052). The remainder of the executed PV PPA Program projects remains under development at this time, and it appears likely that successful projects in both tranches of the PV PPA Program will begin coming online in 2014 and thereafter. In total, PG&E expects to procure 92 MW as a result of PY 1-2 of the PV PPA Program.

The first annual PV Program compliance report was filed on March 1, 2011 and included information regarding the solicitation for contracts to engineer, procure, and construct the PY 1 PV UOG Program projects. Per Resolution E-4368, PG&E filed a supplement to the first annual compliance report on August 19, 2011 containing information regarding the first PV PPA Program solicitation in PY 1 of the PPA PV Program. The second annual PV Program compliance report contains information regarding both PY 2 and PY 3 PV UOG Program projects as well as the PY 2 PV PPA Program and was filed on October 8, 2012.

B. Status of PV Program Implementation

In the first three program years of the PV UOG Program, nine projects comprising 150 MW have been constructed and are in operation, excluding the PV Pilot Program project at the Vaca-Dixon substation. As detailed in the PV Program compliance reports cited above, the capital costs for UOG are below the original estimates included in PG&E's Application for the PV Program.

The PV UOG Program has played a role in facilitating the development and transformation of the smaller scale PV market in California through the construction and operation of 10 smaller scale projects (including the pilot project).[4/] The PV PPA Program has similarly contributed to the maturation of the PV market through its successful solicitations that resulted in robust market responses.[5/] As detailed more fully in the advice filings seeking approval of the executed PPAs resulting from the RPS, RAM, and PV PPA Program solicitations and in the PV Program compliance reports, the transformation of the PV market in California has led to highly competitive pricing in the RPS, RAM, and PV PPA Program solicitations.[6/]

C. Request to Terminate PG&E's PV Program

Given the successful transformation of the PV market in California, the PV Program is no longer a necessary or efficient procurement tool.[7/] Accordingly, PG&E proposes to terminate the remainder of the PV Program, including PY 4-5 of the PV UOG Program and PY 4-5 of the PV PPA Program. The remaining 200 MW of authorized PV Program capacity should instead be procured through the RAM process, as described below.

1. Given the Transformation of the PV Market in California, the PV Program Is No Longer Needed.

The implementation of PG&E's PV Program contributed to the expeditious deployment of solar PV facilities less than or equal to 20 MW. In 2010, the Commission determined that this subset of smaller-sized projects could not effectively compete in the general RPS solicitations,[8/] and so approved the PV Program as a way to focus on and transform this under-represented

---

4/ Appendix 5 to this Petition, Declaration of Garrett P. Jeung ("Jeung Decl."), at ¶ 3.

5/ *Id.* at ¶ 4.

6/ *Id.* at ¶ 5.

7/ *Id.* at ¶ 6.

8/ D.10-04-052 at 74 (Finding of Fact "FOF") 6), 75 (FOF 17).

market segment.[9/] Additionally, this focus on expeditious deployment of smaller-sized PV facilities was a direct response to the possibility that PG&E could fall short of its RPS targets because of various project development challenges such as financing, transmission, or permitting delays that were impeding the development of larger-sized independent power producer ("IPP") projects under contract to PG&E.[10/] More specifically, the Commission recognized and encouraged UOG proposals, and specifically approved the PV UOG Program, in part to provide a backstop against the risk that a significant portion of IPP projects would fail to come online successfully and on time.[11/]

Since the establishment of PG&E's PV Program in 2010, the Commission has designed and implemented additional procurement programs, such as the RAM Program, targeted at a similar sector of smaller-scale renewable projects. While the new projects from RAM are still under development, the solicitations have received robust and highly competitive responses, and PG&E can utilize the RAM procurement process for similarly-sized projects going forward when the needs are simple and the contract terms can be standardized.[12/] In the case of the PV Program, administration of multiple, overlapping solicitations targeted at the same market segment can lead to inefficiencies in market participation, solicitation processes, and regulatory oversight.[13/]

///

///

///

9/ *Id.* at 74 (FOF 11).

10/ *See id.*at 73 (FOF 1-3), 77 (Conclusion of Law "COL" 1).

11/ *See id.*at 73, (FOF 2-3), 74 (FOF 9-11).

12/ Jeung Decl. at ¶ 7.

13/ *Id.* at ¶ 8. *See also* D.12-02-035 at 23 ("[W]e should consolidate renewable programs when they have overlapping goals and characteristics, not create duplicative new programs. . . . [C]onsolidating [SCE's SPVP] with RAM will reduce developer confusion (as to which of many renewable programs is appropriate for a developer's circumstances) and enhance administrative efficiency. . . .").

2. The PV Program is No Longer Needed to Ensure Near-Term RPS Compliance.

PG&E's expected RPS need calculation is a snapshot of its anticipated residual demand for long-term renewable volumes and is based on project-specific information that can change with time. PG&E's expectation for the overall success rate of its existing RPS portfolio has improved significantly since the time that it filed its application for approval of the PV Program. This improved expectation is mainly driven by the observed progress of key projects in PG&E's portfolio, many of which met significant development milestones over the course of 2011-2013. Progress in the siting and permitting of projects has been a factor driving PG&E's revised success rate estimate.[14/]

Based on PG&E's current RPS portfolio, PG&E expects to provide sufficient RPS-eligible deliveries to meet RPS compliance requirements in the first and second RPS compliance periods (2011 – 2013; 2014-2016).[15/] Also based on PG&E's current RPS portfolio, PG&E expects to be close to satisfying the third compliance period (2017 – 2020) (prior to applying any excess procurement from earlier compliance periods), with some incremental need beyond 2020 in order to reach and maintain a 33% RPS level.[16/]

Terminating its PV Program and procuring the remaining authorized volumes through the RAM procurement mechanism will result in a slight timing shift to the expected deliveries of these projects that better matches PG&E's RPS need.[17/] The UOG portion of the PV Program is roughly two years ahead of the PPA portion, meaning that UOG volumes for PY 4 and 5 would have come online in 2014 and 2015. PV PPA volumes for PY 4–5, if the Program were continued, would likely come online between 2016 and 2017, assuming no project delays. If these volumes (both UOG and PPA) are moved to PPAs under the current RAM protocols with solicitations between 2015 and 2017, anticipated Commercial Operation Dates ("COD") will

---

14/ Jeung Decl. at ¶ 9.

15/ *Id.* at ¶ 10, 11.

16/ *Id.* at ¶ 12.

17/ *Id.* at ¶ 13.

likely occur between two to three years after contract execution, resulting in CODs between 2017 and 2020, respectively.[18/] Thus, the termination of the PV Program, combined with the authority to procure the remaining volumes on the schedule requested in this Petition will result in procurement that better matches PG&E's demonstrated RPS need, which is later in the decade and beyond.

3. Remaining PV Volumes Should Be Procured through the RAM Process

Given the similarities between the nature of the PV PPA Program and RAM, which was adopted after the PV Program, it makes sense from an administrative efficiency standpoint for PG&E to use the RAM procurement process to fill the remaining 200 MW from the PV Program.[19/] In fact, in response to a request from the Division of Ratepayer Advocates to combine the proposed PV PPA Program with the then-evolving RAM program, the Commission stated that it "may reconsider whether to incorporate the PV Program solicitation with RAM at a future date, depending on the outcome of the RAM proposal."[20/] The Commission has raised the question of consolidation again in a recent ruling in the RAM proceeding.[21/]

The market and the Commission are already familiar with the RAM protocols and the RAM Non-Modifiable Form PPA, so the transition of the capacity should not result in market confusion or uncertainty. In addition, the two PV PPA Program Non-Modifiable Form PPAs are

---

18/ *Id.* at ¶ 14.

19/ 200 MW corresponds to the authorized procurement of up to 100 MW in the PV UOG Program PY 4 and 5 (50 MW each year) and 100 MW in the PV PPA Program PY4 and 5. The PV PPA Program PY 3 Solicitation will seek 58 MW, including the originally-authorized 50 MW, 2 MW rolled over from the PV PPA Program PY 2 (in which 48 MW of the authorized 50 MW was procured), and 6 MW corresponding to three 2 MW projects that have dropped out of the PV PPA PY 2 solicitation after execution. PG&E proposes that the volumes associated with any additional drop-out PPAs from PV PPA Program PY 1-3 (i.e., executed PPAs that are terminated in the future) will be addressed through the proposed additional solicitations in 2015-2017 using the RAM protocols, and not through the PV Program, which would terminate in its entirety.

20/ D.10-04-052 at 41.

21/ *Administrative Law Judge's Ruling Seeking Requesting Comments on the Renewable Auction Mechanism* (the "December 2013 RAM Ruling"), R.11-05-005, at 18-19 (Question 2(c)) (filed December 31, 2013).

outdated in several areas and will require extensive modification to align them to the current RAM PPA for purposes of the third PV PPA Program solicitation. For example, updates will be required for the Resource Adequacy requirements, buyer bid curtailment and the scheduling and outage reporting provisions.[22/] These updates have already been incorporated in the RAM Form PPA. Shifting PV Program volumes to the RAM solicitation process is more efficient than seeking to repeatedly update the PV Program Form PPA to conform to changes in the RAM Form PPA as it evolves over time.

Additional details regarding PG&E's proposal to use RAM for the remaining PV Program volumes is provided in Section III of this Petition.

4. Ratemaking Impacts of Early Termination

As described in PG&E's General Rate Case Application for the 2014-2016 period (the "2014 GRC"), PG&E has proposed a PV Program cost savings credit to account for the substantially lower actual and forecasted PV Program costs compared to the revenue requirement authorized in D.10-04-052.[23/] Additionally, PG&E has proposed in the 2014 GRC to reduce the revenue requirement for the PV Program on a prospective basis to minimize any excess revenue collection from 2014 onward.[24/] These proposals are unaffected by the present request to terminate PY 4-5 of the PV UOG Program since the GRC proposals only forecasted cost savings for PY 1-3.[25/]

Separate from the GRC true-up proposals, PG&E proposes to follow the Commission's direction to file a Tier 2 Advice Letter establishing eligibility for any cost-savings incentives authorized by the PV Program decision.[26/] Assuming the Commission approves PG&E's

22/ Jeung Decl. at ¶ 15.

23/ Application ("A.") 12-11-009, *Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2014*, Opening Testimony, Chapter 6, pp. 6-6 through 6-8, filed November 15, 2012.

24/ *Id.* at p. 6-7.

25/ *Id.* at pp. 6-7 to 6-8.

26/ D.10-04-052 at 79 (OP 4(c)).

proposal to terminate the PV Program, PG&E would submit the Tier 2 Advice Letter after all actual capital cost data for PY 1-3 of the PV UOG Program has been finalized.

III. REQUEST TO MODIFY THE RAM DECISION

The RAM Program was adopted in D.10-12-048 and implementation details were adopted for each investor-owned utility ("IOU") in Resolutions E-4414, E-4489, and E-4546, including bidding protocols and standard form PPAs. The RAM Decision initially authorized each IOU to hold four RAM auctions over two years, ending with the fourth RAM solicitation in 2013.[27/] Resolution E-4546 indicated that the Commission would re-visit expanding the RAM Program at a future date, and by the motion of the Energy Division, the Commission ordered a fifth RAM solicitation to close by June 27, 2014.[28/] This Petition proposes to utilize the RAM procurement process for the limited purpose of soliciting the remaining volumes associated with the PV Program through additional competitive solicitations between 2015 and 2017.

The Commission has authorized IOUs to propose modifications to their respective RAM Programs through the advice letter process.[29/] PG&E filed Advice Letter 4161-E on December 10, 2012, requesting that the RAM procurement mechanism be used to procure the remaining volumes in the PV Program. Because the use of RAM to procure the remaining volumes associated with PG&E's PV Program will promote simplicity and maximize renewable program efficiency, PG&E is re-submitting its request in this Petition. Specifically, PG&E requests that the RAM Decision be modified to:

- Procure Remaining PV Program Volumes Using RAM Solicitation Processes. PG&E proposes to utilize the RAM procurement process for the purpose of procuring the remaining volumes associated with the PV Program. PG&E proposes to hold additional solicitations between 2015 and 2017 for this limited purpose.

27/ RAM Decision at p. 33.

28/ *See* Res. E-4582 at 7.

29/ RAM Decision at Ordering Paragraph ("OP") 5.

- Limit Solicitations to Eligible "As-Available Peaking" Resources. PG&E proposes that the entirety of the 200 MW be made available to the "as-available peaking" category in RAM.
- Utilize the RAM Protocol and PPA to Procure Remaining PV Volumes. PG&E proposes to use the RAM Protocol and standard offer RAM PPA that were most recently approved by the Commission as of the date of the solicitation issuance.

The requested modifications to the RAM Decision are listed in Appendix 3 to this Petition. PG&E does not in this Petition propose any other changes to, or expansion of, the RAM Program.

A. Regulatory History of the RAM Program

On December 18, 2010, the Commission approved the RAM Program as a new procurement mechanism for RPS-eligible projects up to 20 MW in size. The Commission ordered the three IOUs to procure up to a program total of 1,000 MW of RPS-eligible energy and to hold a total of four auctions, one every six months, over a two year period. The RAM Decision also provided the IOUs the authority to suggest modifications to the RAM Program based on stakeholder forums and experience.

On August 22, 2011, the Commission approved Resolution E-4414, which adopted implementation details, solicitation protocols, and standard PPAs for use in the RAM Program. On April 19, 2012, the Commission approved Resolution E-4489, which modified various components of the RAM Program, including components related to Buyer's termination rights, and provided an option for Sellers to bid projects as either energy only or with full capacity deliverability status. On November 8, 2012, the Commission approved Resolution E-4546, which approved further changes to the RAM Program based on modifications proposed by the IOUs and Energy Division to improve the RAM Program. Finally, on May 9, 2013, the Commission approved Resolution E-4582, which allocated one-third of the capacity originally allocated to the fourth RAM auction to an additional, fifth RAM auction to be closed by June 27, 2014.

PG&E hosted the RAM Program Forum on May 16, 2012 to discuss the first RAM RFO. The materials for the Forum can be found at http://www.pge.com/b2b/energysupply/wholesaleelectricsuppliersolicitation/RAM2/index.shtml.

The Forum covered the following subjects: (1) an overview of the first RAM Request for Offers ("RFO") including market response, eligibility criteria, selection process and a description of resulting PPAs; (2) Independent Evaluator findings; (3) how PG&E values Resource Adequacy Benefits; (4) results for survey sent to PG&E's RFO distribution list; and (5) questions from participants.

PG&E filed Advice Letter 4146-E to implement the RAM Program changes directed by E-4546. PG&E issued its third RAM RFO on November 16, 2012, with bids due December 21, 2012. PG&E's fourth RAM RFO closed on June 28, 2013, and PG&E filed the resulting contracts for Commission approval in Advice Letters 4313-E and 4313-E-A. PG&E currently anticipates holding its next RAM Program Forum in January 2014, in advance of RAM 5.

The Commission issued an ALJ Ruling on December 31, 2013, seeking comments on whether to continue the RAM Program past RAM 5 and, if so, how the Program should be conducted going forward.[30/]

B. Proposal to Use RAM for Remaining PV Procurement

Assuming the Commission terminates the PV Program as requested in Section II of this Petition, PG&E requests authorization to utilize the RAM procurement process for the limited purpose of procuring the remaining authorized capacity associated with the PV Program.

1. Additional Solicitations

PG&E proposes to procure the remaining 200 MW of PV Program volumes through additional solicitations using the then-current RAM protocols, to be held between 2015 and

---

30/ *See* December 2013 RAM Ruling*, supra*.

2017. PG&E would add to the 200 MW any additional capacity corresponding to previously-executed PV PPAs that have been terminated ("drop-outs") between the issuance dates of each respective solicitation. PG&E proposes that available capacity be allocated to auctions in this manner to closely match the market's expectation to fully implement the approved PV Program.

PG&E requests flexibility in the volumes to be procured per auction consistent with the existing RAM rules, which provides PG&E the ability to procure plus or minus 20 MW of the targeted auction capacity. Based on experiences learned from the RAM and PV PPA Programs, PG&E believes this flexibility improves the competitive solicitation process by enabling PG&E to select more (or less) than the target MW should the contract capacity of the next best offer be greater (or less) than the target solicitation MW. Consistent with the approved RAM protocols, PG&E would retain the right to procure less than the target minus 20 MW if the solicitation results were not competitive, or if there was evidence of market manipulation.

2. Procurement Limited to Accommodating Remaining PV Program Volumes as Part of "As-Available Peaking Bucket"

PG&E does not propose an expansion of the RAM Program through this petition. Rather, PG&E proposes that it be authorized to use RAM procurement process solely to accommodate the remaining PV Program volumes. Accordingly, the PV program volumes should be allocated to the as-available peaking bucket in RAM, which is consistent with the generation characteristics of PV facilities. Consistent with RAM rules, PG&E proposes to procure new and eligible existing resources located in combined IOU service territories with a nameplate capacity greater than 3 MW but less than or equal to 20 MW.[31/]

///

///

///

31/ The Commission has previously supported moving the capacity from an IOU's program for small (1-2 MW) projects into the RAM program despite its larger (3-20 MW) eligibility criteria. *See* D.12-02-035 at 23-24 (noting that creating a separate small project set-aside in RAM "would create needless complexities, inefficiencies, disruptions, and duplications amongprograms.").

3. Utilization of the RAM Procurement Process for the Remaining PV Program Volumes is Appropriate and Promotes Efficiency

Use of the RAM procurement processes and rules will maximize renewable program efficiency and promote simplicity.[32/] The RAM Program shares many similarities with the PV PPA Program: both programs use procurement mechanisms for system side renewable generation up to 20 MW through a reverse auction using a standard, non-negotiable contract. The market segment that participated in the PV PPA program is generally eligible to participate in the RAM Program. The similarities indicate that there are significant administrative efficiencies in utilizing the RAM procurement process. Furthermore, PG&E's proposal is consistent with Commission precedent, which supports the consolidation of renewable programs with overlapping goals and characteristics to reduce developer confusion and enhance administrative efficiency.

While there is a difference in the minimum threshold between the programs, Commission has already approved moving the capacity from an IOU's program for small (1-2 MW) projects into the RAM program despite its larger (3-20 MW) eligibility criteria. D.12-02-035 held that creating a separate small project set-aside in RAM "would create needless complexities, inefficiencies, disruptions, and duplications among programs."[33/]

PG&E's proposal will eliminate needless complexity by reducing the need for stakeholders to understand multiple programs and program subsets containing a range of protocols, terms and conditions.[34/] The RAM Program reflects extensive stakeholder input, is widely accepted by the renewable developer community, and because it is updated on a regular basis, reflects current market conditions and regulatory rules.[35/]

Further, utilization of the RAM process will provide the PV development community desired programmatic changes and eliminate confusion and conflict among different program

---

32/ Jeung Decl. at ¶ 16.

33/ D.12-02-035 at 23-24.

34/ Jeung Decl. at ¶ 17.

35/ *Id.* at ¶ 18.

elements. Stakeholders have sought in PV PPA Program forums to incorporate more flexible elements of RAM into the PV PPA Program.[36] The use of the RAM procurement processes will address needed changes to the PV PPA Program while reducing the inefficiencies associated with overlapping procurement programs. Furthermore, PG&E's proposal will provide independent power producers an additional opportunity to develop 100 MW of UOG capacity approved by the Commission as part of the PV Program. Because the PV market and the Commission are already familiar with the RAM RFO process, the utilization of RAM should be seamless. PG&E will require the use of the applicable RAM Protocol and PPA in place at the time of each solicitation's issuance to maximize efficiency.

IV. REQUEST FOR ORDER CLARIFYING AND EXTENDING THE SCHEDULE FOR THE THIRD PV PPA PROGRAM SOLICITATION

PG&E requests that the Commission approve a revised schedule for the third PV PPA Program solicitation given that this Petition seeks termination of the remainder of the PV Program and given that PG&E's advice letter seeking termination was pending before the Commission for over one year. In order to avoid further delay in the implementation of the PV PPA Program, PG&E intends to move forward expeditiously and during the pendency of this Petition to submit updated PV PPA Program protocols via a Tier 3 Advice Letter and, if PG&E receives a timely resolution approving of the updated protocols, to issue its PV PPA Program Year 3 solicitation concurrently with the planned RAM 5 solicitation in 2014, unless the Commission acts on the Petition in the interim and orders a different schedule.

The PV Decision requires that PG&E hold "a competitive solicitation annually" for the five program years of the Program.[37] D.10-06-028 corrected the PV Decision to clarify that PV Program Years were not calendar years, but instead that the first "program year" would begin at the non-appealable date for the resolution disposing of the PV UOG Program implementation advice letter. Thus, because the Commission's October 1, 2010 letter approving the PV UOG

36/ *Id.* at ¶ 19.

37/ D.10-04-052, App. A, at p. 2.

SB_GT&S_0114219

Program implementation advice letter (Advice Letter 3691-E) became final and non-appealable on October 11, 2010, the first PV Program Year ran from October 11, 2010 through October 10, 2011.

When PG&E filed Advice Letter 4160-E on December 12, 2012, it had completed the first two Program Years of both the PV PPA and the PV UOG Programs, and it had initiated activities on Program Year 3 of the PV UOG Program.[38/] Because it requested a resolution by April 2013 on PG&E's request to terminate the PV Program in Advice Letter 4160-E, PG&E did not initiate a Program Year 3 PV PPA solicitation while the Advice Letter was pending. Furthermore, because Resolution E-4368 established that the second and all subsequent annual PV Program compliance reports would be due 30 days after PG&E submitted an advice letter seeking approval of the PPAs executed as part of each annual PV PPA solicitation,[39/] PG&E has not yet submitted a third PV Program compliance report.

Given the rejection without prejudice of PG&E's advice letter seeking to terminate the PV Program, PG&E is moving forward expeditiously and during the pendency of this Petition with implementation of the Program Year 3 PV PPA Program solicitation. Due to the prolonged period during which the unprotested Advice Letter 4160-E was pending, PG&E requests that the Commission issue an expedited order extending and clarifying the schedule for the PV Program set forth in D.10-04-052. PG&E's requested modifications are set forth in Appendix 4 to this Petition. In particular, PG&E proposes that the PV PPA PY 3 solicitation should occur on the same schedule as the RAM 5 solicitation, if possible. This will help to reduce some of the administrative inefficiencies and potential market confusion associated with the holding of two solicitations seeking very similar products.

38/ As described at the top of this Petition, the PV UOG Program was on a more advanced schedule than the PV PPA Program due to the difference in timing of the regulatory processes and the time needed to conduct the solicitations for the PV PPA Program. PG&E brought the PV UOG Program Year 3 facilities online prior to October 10, 2013.

39/ Res. E-4368, Ordering Paragraph 14.

In order for the RAM 5 and PV PPA Program Year 3 solicitations to occur concurrently, PG&E intends to submit advice letters seeking updates to each Program's respective protocols and PPAs on or about the same timetable. Specifically, PG&E is currently targeting the following expedited schedule for the update to the PV PPA Program protocols and issuance of the PV PPA Program PY 3 solicitation:

Date	**Event**
No Later Than February 28, 2014	PG&E Submission of Tier 3 Advice Letter to Update PV PPA Program Protocols/PPAs
20 Days After Advice Filing (No Later Than March 20, 2014, assuming Feb. 28 filing date)	Protest/Response Deadline, If Any
5 Days After Protest Deadline (No Later Than March 27, 2014, assuming Feb. 28 filing date)	Deadline for Reply to Protests, If Any
No Later Than April 1, 2014	Energy Division Issues Draft Resolution (Proposed)
April 18, 2014	Comments on Draft Resolution Due, If Any
May 1, 2014 CPUC Meeting	Commission Consideration of Draft Resolution / Issuance of Final Resolution (Proposed)
June 2, 2014	Deadline to File Rehearing Application, If Any (Assuming Commission Action on May 1)
June 3, 2014	Issuance of PV PPA PY 3 and RAM 5 Solicitations, Concurrently (Subject to Commission Approval)
June 27, 2014	Bids due in PV PPA PY 3 and RAM 5 Solicitations (Subject to Commission Approval)[40/]

In the event that the Commission does not approve a resolution disposing of the PV PPA Program Year 3 solicitation protocol advice filing by its May 1, 2014 meeting, then the Commission should order that PG&E issue the PV PPA PY 3 solicitation within 45 days of the final, non-appealable date of a resolution disposing of that advice letter. Finally, issuance of the

40/ PG&E intends to request as part of its forthcoming Advice Letter filing for the RAM 5 solicitation to seek a modification to the requirement that RAM 5 bidding close by June 27, 2014 to accommodate the possibility that the Commission is unable to act on PG&E's RAM 5 Advice Letter in time to hold the solicitation on the current schedule. If both RAM 5 and the PV PPA 3 solicitations are delayed, PG&E will make its best effort to hold these solicitations concurrently, but the actual solicitation schedules will depend on when the respective resolutions approving the solicitation protocols are final and non-appealable.

PV PPA Program Years 4 and 5 solicitations, to the extent that this Petition's request to terminate the PV Program is not granted, should be required no later than 365 and 730 days, respectively, after issuance of the PV PPA PY 3 solicitation.

Assuming PG&E's requested modifications are adopted, no change is needed to the requirement in Resolution E-4368 regarding compliance reporting. The Program Year 3 compliance report would be due 30 days after PG&E submits an advice letter seeking approval of the PY 3 PV PPAs, assuming the Commission has not ordered otherwise when acting on this Petition.

V. CONCLUSION

For the reasons set forth above, PG&E respectfully requests that the Commission issue a final decision by May 1, 2014: (1) modifying the PV Decision as set forth in Appendix 2 to terminate the PV Program after Program Year 3; (2) modifying the RAM Decision as set forth in Appendix 3 to allow additional solicitations using the RAM procedures between 2015 and 2017 to procure the remaining PV Program volumes; and (3) granting the modifications to the schedule for the third and any subsequent PV PPA Program solicitations as set forth in Appendix 4.

Respectfully Submitted,

CHARLES R. MIDDLEKAUFF
M. GRADY MATHAI-JACKSON

By: *\/s/ M. Grady Mathai-Jackson*
M. GRADY MATHAI-JACKSON

Pacific Gas and Electric Company
77 Beale Street, B30A
San Francisco, CA 94105
Telephone: (415) 973-3744
Facsimile: (415) 972-5952
E-Mail: MGML@pge.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: February 10, 2014

VERIFICATION

I am an employee of PACIFIC GAS AND ELECTRIC COMPANY, a corporation, and am authorized to make this verification on its behalf. I have read the foregoing "Pacific Gas and Electric Company's (U 39 E) Petition for Expedited Order Granting (1) Modification of Decision 10-04-052 (Photovoltaic Program); (2) Modification of Decision 10-12-048 (Renewable Auction Mechanism); and (3) Approval of a Proposed Schedule for the Third Photovoltaic Program Power Purchase Agreement Solicitation." The statements in the foregoing document are true to my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 10th day of February 2014 at San Francisco, California.

/s/ Garrett P. Jeung

Garrett P. Jeung
Senior Director of Renewable Energy
Pacific Gas and Electric Company

APPENDIX 1

STATE OF CALIFORNIA EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

February 7, 2014 **Advice Letters 4160-E and 4161-E**

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

SUBJECT: Disposition rejecting without prejudice Pacific Gas and Electric Company's Advice Letters requesting to terminate its Photovoltaic Program and to seek the remaining 252 megawatts through the Renewable Auction Mechanism Program

Dear Mr. Cherry:

On December 10, 2012, Pacific Gas and Electric Company (PG&E) concurrently submitted advice letters 4160-E and 4161-E, which requested the authority to terminate PG&E's Photovoltaic (PV) Program and to seek the remaining 252 megawatts (MW) associated with the PV Program through the Renewable Auction Mechanism (RAM).

PG&E's requests to terminate its PV Program and to seek the remaining capacity volumes through RAM are not matters appropriate to advice letters, as the relief requested in the advice letters is seeking to modify a decision issued in a formal proceeding (see General Rule 5.2 of General Order 96-B). Therefore, PG&E's advice letters 4160-E and 4161-E are rejected without prejudice pursuant to General Rule 5.3 of General Order 96-B.

Sincerely,

Cynthia Walker ER

Edward Randolph
Director, Energy Division

APPENDIX 2

Appendix 2: Proposed Findings, Conclusions, and Orders Modifying D.10-04-052 to Terminate the PV Program after Program Year 3

1. Given the successful transformation of the PV market in California, the PV Program is no longer a necessary or efficient procurement tool.

2. Cost and administrative efficiencies can be achieved through the early termination of the PV Program.

3. Termination of the PV Program will not create RPS compliance issues, consistent with PG&E's RPS Net Short demonstration included in its 2013 Renewable Energy Procurement Plan. PG&E does not need the remaining PV Program volumes on the timetable originally proposed.

4. PG&E's obligations to procure additional PPAs and to build additional PV facilities under D.10-04-052 shall cease after completion of the PV PPA Program Year 3 solicitation and the PV UOG Program Year 3 facilities. Specifically, the authorized PV Program shall be scaled back to include only Program Years 1-3 of the PV PPA Program and Program Years 1-3 of the PV UOG Program. PG&E is relieved of any requirement to initiate or complete Program Years 4-5 of the PV PPA Program and Program Years 4-5 of the PV UOG Program.

5. All other aspects of D.10-04-052, which authorized the original PV Program, remain in effect with regard to the portions of the Program already implemented. As provided in D.10-04-052, PG&E may file a Tier 2 advice letter to address eligibility for any cost savings incentives. PG&E must continue to comply with PV UOG Program compliance reporting requirements until it has submitted its Tier 2 advice letter establishing cost savings incentives or otherwise establishes final costs and true-ups for the PV UOG Program, after which the PV UOG Program compliance reporting obligations shall terminate. PG&E must continue to comply with PV PPA Program compliance reporting requirements until it has submitted its report following conclusion of the third PV PPA Program Solicitation, after which the PV PPA Program compliance reporting obligations shall terminate.

6. The Commission will address separately, if necessary, any additional "drop-out" PPAs (i.e., PV PPAs from Program Years 1-3 that terminate prior to the end of the PV Program). The volumes from such drop-out PPAs need not be procured through additional PV Program solicitations.

APPENDIX 3

Appendix 3: Proposed Orders Modifying D.10-12-048

1. The RAM procurement process described in D.10-12-048, as it may be modified in the future, should be utilized to procure 200 MW in remaining PV Program capacity; specifically:

   a. In order to procure the remaining PV Program capacity, PG&E shall hold additional solicitations using the RAM process between 2015 and 2017 for a total of 200 MW, excluding any capacity that may be added to account for terminations of executed PPAs.

   b. The entirety of the 200 MW in remaining PV Program capacity shall be made available to the "as-available peaking" category in RAM.

   c. In procuring the remaining PV Program volumes, PG&E shall use the RAM Protocol and standard offer RAM PPA that were most recently approved by the Commission as of the date of the solicitation issuance.

2. Executed PPAs that are solicited in accordance with the authority requested in PG&E's Petition may be submitted for Energy Division disposition via a Tier 2 advice letter filing, and that by deeming any such Tier 2 advice letter approved, the Commission will have found that

   a. The subject PPA(s) is approved in its entirety, including payments to be made by PG&E pursuant to the PPA, subject to CPUC review of PG&E's administration of the PPA;

   b. Any procurement pursuant to the PPA(s) is procurement from an Eligible Renewable Energy Resource for purposes for determining PG&E's compliance with any obligation that it may have to procure Eligible Renewable Energy Resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), D. 03-06-071, D. 06-10-050, D. 11-12-050, D. 11-12-020, D. 11-12-052 or other applicable law; and

   c. All procurement and administrative costs, as provided in Public Utilities Code Section 399.16(g), associated with the PPA shall be recovered in rates.

APPENDIX 4

Appendix 4: Proposed Finding and Order Modifying D.10-04-052 to Clarify and Extend the Schedule for the Third and Any Subsequent PV PPA Program Solicitation

1. Due to the prolonged pendency of PG&E's requests to terminate its PV Program, it is necessary to clarify and extend the schedule for the third and any subsequent PV PPA Program Solicitation.

2. The first footnote on page 1 of Appendix A of Decision 10-04-052, as modified by Decision 10-06-028, shall be modified to read: "The first year of the PV program shall begin upon final and non-appealable resolution of the advice letter PG&E is required to file pursuant to Ordering Paragraph 10 of this decision. The second year of the PV program shall run from October 11, 2011-October 10, 2012. PG&E shall file a Tier 3 advice letter, if any, seeking changes to the PV program protocols for purposes of the third PV PPA solicitation no later than February 28, 2014. The solicitation for the third year of the PV PPA Program shall issue, by the later of either: (a) the issuance of the solicitation for the fifth Renewable Auction Mechanism ("RAM") solicitation, if the Commission approves a resolution disposing of PG&E's advice letter seeking updates to the PV PPA Program Year 3 solicitation protocol by May 1, 2014; or (b) 45 days after a resolution disposing of PG&E's advice letter seeking updates to the PV PPA Year 3 solicitation protocol is final and non-appealable. Issuance of the PV PPA Program Years 4 and 5 solicitations, if the PV Program is not terminated early, shall occur no later than 365 and 730 days, respectively, after issuance of the PV PPA Program Year 3 solicitation."

APPENDIX 5

Appendix 5: Declaration of Garrett P. Jeung In Support of Pacific Gas and Electric Company's Petition for Modification of Decisions 10-04-052 and 10-12-048

I, Garrett P. Jeung, declare:

1. I am presently employed by Pacific Gas and Electric Company ("PG&E"), and have been an employee at PG&E since 2003. My current title is Senior Director within PG&E's Energy Procurement organization. In this position, my responsibilities include managing a department that is responsible for renewable energy procurement and development. In carrying out these responsibilities, I have overseen the implementation of both the utility-owned generation ("UOG") and power purchase agreement ("PPA") components of PG&E's Photovoltaic ("PV") Program and the implementation of the Renewable Auction Mechanism ("RAM") program. Through this experience, I have become familiar with the changes in the market for PV generation since 2009, including the relative costs for building utility-owned PV facilities and the cost of PPAs for PV generation built by independent power producers.

2. Based on my knowledge and experience, I make this declaration in support of PG&E's Petition for Modification of Decisions 10-04-052 and 10-12-048.

3. The PV UOG Program has played an important role in facilitating the development and transformation of the smaller scale PV market in California through the construction and operation of 10 smaller scale projects (including the pilot project).

4. The PV PPA Program has similarly contributed to the maturation of the PV market through its successful solicitations that resulted in robust market responses.

5. As detailed more fully in the advice filings seeking approval of the executed PPAs resulting from the RPS, RAM, and PV PPA Program and in the PV Program compliance reports, the transformation of the PV market in California has led to highly competitive pricing in the RPS, RAM, and PV-only PPA solicitations.

6. Given the successful transformation of the PV market in California, the PV Program is no longer a necessary or efficient procurement tool.

7. While the new projects from RAM are still under development, the solicitations have received robust and highly competitive responses, and PG&E can utilize the RAM procurement process for similarly-sized projects going forward when the needs are simple and the contract terms can be standardized.

8. In the case of the PV Program, administration of multiple, overlapping solicitations targeted at the same market segment can lead to inefficiencies in market participation, solicitation processes, and regulatory oversight.

9. PG&E's expectation for the overall success rate of its existing RPS portfolio has improved significantly since the time that it filed its application for approval of the PV Program. This improved expectation is mainly driven by the observed progress of key projects in PG&E's portfolio, many of which met significant development milestones over the course of 2011-2013. Progress in the siting and permitting of projects has been a factor driving PG&E's revised success rate estimate.

10. Based on PG&E's current RPS portfolio, PG&E expects to provide sufficient RPS-eligible deliveries to meet RPS compliance requirements in the first compliance period (2011 – 2013).

11. Based on PG&E's current RPS portfolio, PG&E expects to significantly exceed the RPS procurement targets set for the second compliance period (2014 – 2016).

12. Based on PG&E's current RPS portfolio, PG&E expects to be close to satisfying the third compliance period (2017 – 2020) (prior to applying any excess procurement from earlier compliance periods), with some incremental need beyond 2020 in order to reach and maintain a 33% RPS level.

13. Terminating its PV Program and procuring the remaining authorized volumes through the RAM procurement mechanism will result in a slight timing shift to the expected deliveries of these projects that better matches PG&E's RPS need.

14. The UOG portion of the PV Program is roughly two years ahead of the PPA portion, meaning that UOG volumes for Program Years 4 and 5 would have come online in 2014 and 2015. PV PPA volumes for PY 4–5, if the Program were continued, would likely come online between 2016 and 2017, assuming no project delays. If these volumes (both UOG and PPA) are moved to PPAs using the current RAM protocols with solicitations between 2015 and 2017, anticipated Commercial Operation Dates ("COD") will likely occur between two to three years after contract execution, resulting in CODs between 2017 and 2020, respectively.

15. The two PV PPA Program Non-modifiable Form PPAs are outdated in several areas and will require extensive modification to align them to the current RAM PPA. For example, updates will be required for the Resource Adequacy requirements, buyer bid curtailment and the scheduling and outage reporting provisions.

16. The use of the RAM procurement processes and rules to procure the remaining volumes associated with PG&E's PV Program will promote simplicity and maximize renewable program efficiency.

17. PG&E's proposal will eliminate needless complexity by reducing the need for stakeholders to understand multiple programs and program subsets containing a range of protocols, terms and conditions.

18. The RAM Program reflects extensive stakeholder input, is widely accepted by the renewable developer community, and because it is updated on a regular basis, reflects current market conditions and regulatory rules.

19. Stakeholders have sought in PV PPA Program forums to incorporate more flexible elements of RAM into the PV PPA Program.

I declare under penalty of perjury, under the laws of the State of California, that to the best of my knowledge, the foregoing is true and correct. Executed on February 10, 2014, at San Francisco, California.

/s/ Garrett P. Jeung

Garrett P. Jeung