

From: Jacobson, Erik B (RegRel)
Sent: 6/23/2014 10:49:23 AM
To: Franz, Damon A. (damon.franz@cpuc.ca.gov) (damon.franz@cpuc.ca.gov)
Cc: ahl@cpuc.ca.gov (ahl@cpuc.ca.gov); ncl@cpuc.ca.gov (ncl@cpuc.ca.gov)
Bcc:
Subject: Chevron Richmond CHP Resolution --- changes to Rev 1

Damon,

Thanks for making changes regarding counting the Chevron Richmond PPA in Resolution E-4648. In addition to deleting confidential Appendix A from the public version of the resolution, PG&E recommends some additional changes be made to the summary section of the draft resolution to correct a minor error. First, the second paragraph of the summary indicates that PG&E can count 39,644 MT of GHG emission reductions. This is inconsistent with OP 2 which allows us to count 36,186 MT. While we would like to count the full amount of savings, I believe your intent is to let us count 36,186 MT now, and then true-up or increase that amount to 39,644 MT if the full 27.85 MW is developed. Second, the third paragraph does not allow us to update the GHG savings once the capacity demonstration test is completed. It only discusses updated the capacity. PG&E believes the intent of the revised resolution is to allow for updating both the capacity and associated GHG savings.

To clarify these issues, we recommend the following changes be made to the revised draft resolution:

The Resolution finds that PG&E's payments under the Agreement and the Letter Agreement are reasonable and that the payments shall be recovered in rates. This Resolution allows PG&E to count 20 megawatts (MW) of capacity and ~~39,644~~ 36,186 metric tons (MT) per year of greenhouse gas (GHG) emissions reductions toward PG&E's MW and GHG targets under Commission Decision (D.) 10-12-035.

In accordance with Settlement Term Sheet Section 5.2.5, the final capacity for Settlement counting purposes will be established via a Capacity Demonstration Test. Once the Capacity Demonstration Test is completed, PG&E may submit the results of the test to Energy Division via a tier 2 Advice Letter and request to count up to ~~the verified~~ 7.85 MW of remaining verified capacity and 3,458 MT of associated GHG savings of the new facilities toward the settlement targets.

In addition, we suggest that you include a new Finding of Fact or Ordering Paragraph that states something like the following:

PG&E may submit the results of the Capacity Demonstration Test to Energy Division via a tier 2 Advice Letter and request to count up to ~~the verified~~ 7.85 MW of remaining verified capacity and 3,458 MT of associated GHG savings of the new facilities toward the settlement targets.

Please let know if you have any questions or would like to discuss this language clarification.

Thanks,

Erik

973-4464