

From: Jacobson, Erik B (RegRel)
Sent: 6/25/2014 4:01:56 PM
To: Franz, Damon A. (damon.franz@cpuc.ca.gov)
Cc:
Bcc:
Subject: RE: Chevron Richmond CHP Resolution --- changes to Rev 1

Damon,

I just saw Revision 2 of the Chevron Richmond CHP draft resolution. Good idea to include flexibility to simply submit a letter to the Energy Division Director as an alternative to a Tier 2 Advice Letter. I think this is a workable approach and something we probably prefer over an Advice Letter. We will report the results of the Capacity Demonstration Test in the letter and then simply update our semi-annual reports for any incremental MW and associated GHG as you have recommended.

Thanks for your help in resolving this matter.

Best Regards,

Erik

-----Original Message-----

From: Franz, Damon A. [mailto:damon.franz@cpuc.ca.gov]
Sent: Wednesday, June 25, 2014 10:20 AM
To: Jacobson, Erik B (RegRel)
Subject: RE: Chevron Richmond CHP Resolution --- changes to Rev 1

Thanks Erik. That sounds good to me. After discussing this with some folks, I think a simple letter to the Energy Division Director with the results of the capacity demonstration test will suffice. You can just file the letter at the time you update the numbers, and if there is incremental GHG savings, just provide those calculations in the letter. I don't see the need to go through the process of a filing just to update the semi-annual reports. If your legal team thinks an Advice Letter is necessary to update the GHG savings, then it's ok to file one, but we are not going to require it.

-----Original Message-----

From: Jacobson, Erik B (RegRel) [mailto:EBJ1@pge.com]
Sent: Wednesday, June 25, 2014 7:46 AM
To: Franz, Damon A.
Subject: Re: Chevron Richmond CHP Resolution --- changes to Rev 1

Damon,

We don't think the settlement provides for a process to true-up GHG emissions. The GHG savings are based on estimates at the time of execution and not actual production. However, I guess we can just consider the incremental 7.85 of capacity as a new project and seek approval to count the associated GHG savings in the Tier 2 filing. We will plan on doing that since it appears consistent with the intent of the resolution.

Thanks,

Erik

On Jun 24, 2014, at 6:52 PM, "Franz, Damon A."

<damon.franz@cpuc.ca.gov<<mailto:damon.franz@cpuc.ca.gov>>> wrote:

Thanks Erik. I appreciate your condolences.

Regarding your suggestions, in comments to the draft Resolution, PG&E said that a Tier 2 Advice filing with the results of the Capacity Demonstration test shouldn't be necessary because the Settlement already requires PG&E to update the Settlement semi-annual reports with the MW numbers that result from a Capacity Demo test, and submitting a filing to the Commission would only make more work for everyone. So I don't think it's necessary to have a finding or conclusion that says PG&E may submit the results of a capacity demo test - since that's already protocol per the Settlement. I'm OK to trust the utilities to update the MW and GHG numbers based on their own motion with the most current information.

If I were to have such a finding regarding filing the results of a capacity demo test, I think I'd be more inclined to make the filing mandatory so that there isn't confusion in the future about whether that filing is required or not.

Damon

From: Jacobson, Erik B (RegRel) [<mailto:EBJ1@pge.com>]

Sent: Tuesday, June 24, 2014 12:07 PM

To: Franz, Damon A.

Subject: RE: Chevron Richmond CHP Resolution --- changes to Rev 1

Damon,

I heard about your father passing away. I'm so sorry and send my sincere condolences to you and your family.

I left Adam a voice message yesterday and then discussed the issue with him this morning. He was going to follow-up, but wasn't sure there was enough time to get the language modified prior to the Thursday meeting. We are OK with holding the resolution if needed to make the additional recommended language changes.

Erik

From: Franz, Damon A. [<mailto:damon.franz@cpuc.ca.gov>]

Sent: Tuesday, June 24, 2014 11:54 AM

To: Jacobson, Erik B (RegRel)

Subject: RE: Chevron Richmond CHP Resolution --- changes to Rev 1

Hey Erik-

Thanks for bringing this to my attention. Did you find someone to resolve these issues? I sent the revisions to the tariff unit last week shortly before flying back east on Thursday and haven't been checking email.

Damon

From: Jacobson, Erik B (RegRel) [mailto:EBJ1@pge.com]
Sent: Monday, June 23, 2014 10:49 AM
To: Franz, Damon A.
Cc: ncl@cpuc.ca.gov<mailto:ncl@cpuc.ca.gov>; Langton, Adam
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 updating 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

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