

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3316
MARCH 24, 1993

R E S O L U T I O N

RESOLUTION E-3316. PACIFIC GAS AND ELECTRIC COMPANY'S
REQUEST TO REVISE ITS GEOTHERMAL ADDER FOR ENERGY PRICES
PAID TO QUALIFYING FACILITIES, IN COMPLIANCE WITH
DECISION 86-12-091.

BY ADVICE LETTER 1426-E, FILED ON FEBRUARY 1, 1993.

SUMMARY

1. Pacific Gas and Electric Company (PG&E) requests authority to revise its Geothermal Adder, or component added to the energy price paid to those qualifying facilities (QF's) who are paid variable energy prices. This filing is made annually in compliance with Decision (D.) 86-12-091, dated December 22, 1986.
2. This Resolution authorizes the request.

BACKGROUND

1. Ordering Paragraph 20, of D.86-12-091, states that PG&E shall update annually the Geothermal Adder based on avoided geothermal costs payable to QF producers. This Advice Letter (1426-E) is the sixth annual update. The current Geothermal Adder as filed by Advice Letter 1387-E-A on March 13, 1992, was approved by Commission Resolution E-3267 effective May 8, 1992.
2. The energy prices paid to QF producers are determined by the purchasing utility's avoided costs. Generally, utility avoided energy costs are established by determining the cost savings in its system operation because of the use of QF energy. Specifically, PG&E may avoid the production of geothermal energy when it is more expensive than QF supplied energy.
3. The contractual geothermal steam prices are determined by a formula established by PG&E in compliance with D.86-12-091, Ordering Paragraph 18 [Advice Letter 1138-E, of January 30, 1987 effective February 1, 1987]. The geothermal steam prices are recalculated annually using the forecast of geothermal production and variable QF generation from PG&E's most recent

Energy Cost Adjustment Clause (ECAC) proceeding. Because the use of QF energy reduces the cost of PG&E's thermal generation, QF energy indirectly reduces the geothermal steam price.

NOTICE

1. Public notice of this filing has been made by publication in the Commission calendar on February 2, 1993, and by mailing copies of the filing to utilities and interested parties.

PROTESTS

1. No protests to this Advice Letter have been received by the Commission Advisory and Compliance Division (CACD).

DISCUSSION

1. For the twelve months ending November 30, 1992, the recorded available QF production was 10,264 GWh. Using the formula derived from D.86-12-091 and the forecast of geothermal production and variable QF generation from PG&E's 1992 ECAC (D.92-11-046), the geothermal rate calculated without variable priced QFs for the same period would cause a decrease in the geothermal adder from \$0.00058/kWh to \$0.00045/kWh.

2. In Resolution E-3139, the Commission ordered that the 1989 geothermal adder would become effective by May 1, 1989, and ordered that all future geothermal adder revisions were to be filed no later than February 1 of each year and should be made effective by May 1 of that year. PG&E intends to include the revised geothermal adder in its April 10, 1993 avoided energy price posting which includes prices effective May 1, 1993.

3. CACD has reviewed the calculation and recommends approval of the revised geothermal adder.

FINDINGS

1. PG&E's request to revise its Geothermal Adder from \$0.00058/kWh to \$0.00045/kWh is calculated with the formula contained in D.86-12-091.

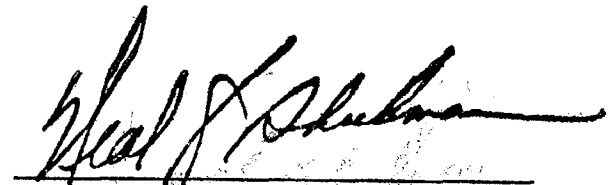
2. PG&E's request to make the revised Geothermal Adder effective for all payments made to QF's on and after May 1, 1992, is consistent with the provisions of Commission Resolution E-3139.

3. The revised Geothermal Adder has been reviewed by CACD and is in conformance with D.85-08-042 and D.86-12-091.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized under the provisions of Decisions 85-08-042 and 86-12-091 to revise the Geothermal Adder paid to variable price Qualifying Facilities from \$0.00058/kWh to \$0.00045/kWh.
2. Pacific Gas and Electric Company's revision to the Geothermal Adder shall apply to all payments made to Qualifying Facilities on and after May 1, 1993, in accordance with the provisions of Resolution E-3139.
3. Advice Letter 1426-E, and the accompanying tariff sheets shall be marked to show that they were approved for filing by Commission Resolution E-3316.
4. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the California Public Utilities Commission at its regular meeting on March 24, 1993. The following Commissioners approved it:



NEAL SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
P. GREGORY CONLON
Commissioners