



**Pacific Gas and  
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**VIA ELECTRONIC MAIL**

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Re: Pacific Gas and Electric Company's Comments on the California Electricity Generation Facilities Standards Committee's Proposed General Duty Standards

Dear Committee Members:

Pacific Gas and Electric Company ("PG&E") hereby offers its comments on the California Electricity Generation Facilities Standards Committee's ("Committee") proposed General Duty Standards attached to Commissioner Wood's notice dated April 16, 2003.

PG&E supports the goals stated in the General Duty Standards. PG&E strives to operate and maintain all of its generating facilities in a safe, reliable, and efficient manner that ensures availability to meet customer demand and complies with all laws and regulations, as well as the California Independent System Operator Tariff and protocols. PG&E offers the following comments to help clarify the scope of the General Duty Standards.

The proposed resolution adopting the General Duty Standards states that the standards "are *in addition to, and supplement*, the more specific Standards that the Committee has adopted or may subsequently adopt." (Proposed Resolution at paragraph 2, emphasis added). However, the General Duty Standards are very broad and provide no specific guidance as to how generators are expected to meet the standards. PG&E believes that rather than supplement the more specific standards adopted by the Committee, the General Duty Standards should be the principles that *guide and are implemented through* the specific standards. Accordingly, PG&E recommends that paragraph 2 of the proposed resolution be modified as follows:

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The General Duty Standards establish the general duties of facilities for the generation of electric energy owned by an electrical corporation and located in California, and *shall be implemented through* the more specific Standards that the Committee has adopted or may subsequently adopt. *Compliance with the specific Standards shall be deemed compliance with the General Duty Standards.*

PG&E believes this modification will provide greater guidance to generators regarding the maintenance and operations practices necessary to comply with the Committee's standards.

PG&E also suggests one modification to the General Duty Standards themselves. The second General Duty Standard could be interpreted as imposing an absolute duty to ensure availability at all times to meet electricity demand regardless of cost or other factors: "All Facilities shall be maintained and operated so as to be available to meet the demand for electricity, and promote electric supply system reliability." Obviously, no generating facility can be available at all times to meet demand. Indeed, good maintenance requires outage time and even facilities with good maintenance practices will experience some unanticipated forced outages.

Moreover, ratepayers have an interest in ensuring that costs incurred for maintenance are reasonable and the Committee's standards should not inadvertently encourage or mandate uneconomic decisions. At some point, the incremental benefit to customers of increased availability is outweighed by the incremental cost of achieving that higher availability. Accordingly, PG&E recommends the Committee insert the concept of "good industry practice" into the second General Duty Standard as follows:

All Facilities shall be maintained and operated *consistent with good industry practice* so as to be available to meet the demand for electricity, and promote electric supply system reliability.

PG&E believes this modification appropriately acknowledges that the duty to maintain availability is not absolute, and that maintenance decisions are driven by a number of complex, interrelated factors including customer demand and cost.

PG&E is pleased to see that nuclear facilities are clearly exempted from the standards, consistent with Section 761.3(d)(1). Although PG&E believes its Diablo Canyon Power Plant meets these General Duty Standards, the Committee has appropriately acknowledged that the operation and maintenance of nuclear facilities is within the exclusive jurisdiction of the Nuclear Regulatory Commission. For the same reasons, PG&E submits the Committee must also exempt

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hydroelectric facilities licensed by the Federal Energy Regulatory Commission (“FERC”), in recognition of FERC’s exclusive jurisdiction under Part I of the Federal Power Act.<sup>1</sup>

Finally, while PG&E has some concerns about the implementation and enforcement of the proposed General Duty Standards, Commissioner Wood’s notice stated that such comments should be directed to the California Public Utilities Commission. Accordingly, PG&E reserves such comments for a later time.

PG&E would like to thank the Committee for the opportunity to comment on the proposed General Duty Standards and hopes the Committee finds the above comments useful.

Sincerely,

/s/

Janet C. Loduca

cc: Electronic Service List, Rulemaking 02-11-039

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<sup>1</sup> PG&E briefed the federal preemption issue for FERC-licensed hydroelectric generating facilities in its comments on the Committee’s draft Generator Maintenance Standards, submitted January 17, 2003. We will not repeat those arguments here, but incorporate them by reference.