

## Frequently Asked Questions: PG&E's power purchase agreement for small renewable generation

### What is the small renewable generation power purchase agreement?

Starting February 1, 2008, PG&E will purchase power from our customers who install eligible renewable generation up to 1.5 MW in size. Eligible renewable generation is defined by the Legislature in PU Code Section 399.12.<sup>1</sup> Once customers sign the power purchase agreement and interconnect to PG&E's grid, they can be paid for energy they generate, but don't apply to serve on-site load. There are two tariffs that are applicable to our customers: Schedule E-PWR (for public water and wastewater customers) and Schedule E-SRG (for all other customers).

### Why is PG&E offering this opportunity to customers?

In 2006 the Legislature passed AB 1969, authorizing a power purchase agreement for renewable generation installed by public water and wastewater agencies. The CPUC extended this power purchase agreement to all customers who install renewable generation up to 1.5 MW.

### If I install renewable generation, can I use the electricity for my own needs and only sell excess electricity?

Yes. As PG&E proposed to the CPUC, customers can use the generated electricity first to meet their own needs. PG&E will purchase any power that is exported to the grid.

### How much will PG&E pay me for the excess power?

The CPUC determined that PG&E will pay the market price referent (MPR), a per-kWh price that is determined periodically in the renewable portfolio standard proceeding. The year you sign a contract, and the length of that contract, will determine which MPR will be in effect for the life of your contract. The specific \$/kWh will be based on the year your generator starts working. Here is the most recently adopted MPR for baseload-type generators (the prices will be adjusted for Time-of-Day factors, which recognize the higher value of power supplied during the on-peak hours, and the lower value of power supplied during the off-peak hours):

The 2008 MPR values are as follows: (Nominal - dollars/kWh)

| <b>Adopted 2008 Market Price Referents<sup>2</sup></b><br>(Nominal - dollars/kWh) |                |                |                |
|---|----------------|----------------|----------------|
| <b>Resource Type</b>  | <b>10-Year</b> | <b>15-Year</b> | <b>20-Year</b> |
| 2009 Baseload MPR   | 0.10043        | 0.10537        | 0.11126        |

<sup>1</sup> PU Code Section 399.12 defines renewable generation as meeting Public Resources Code 25741, which describes renewable generation as an in-state facility using biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation of 30 megawatts or less, digester gas, municipal solid waste conversion, landfill gas, ocean wave, ocean thermal, or tidal current.

<sup>2</sup> Note: using 2009 as the base year, Staff calculates MPRs for 2009-2020 that reflect different project online dates. The 2008 MPR model is available at: <http://www.ethree.com/MPR.html>

|                   |         |         |         |
|-------------------|---------|---------|---------|
| 2010 Baseload MPR | 0.10175 | 0.10748 | 0.11390 |
| 2011 Baseload MPR | 0.10400 | 0.11046 | 0.11730 |
| 2012 Baseload MPR | 0.10698 | 0.11405 | 0.12126 |
| 2013 Baseload MPR | 0.10998 | 0.11776 | 0.12527 |
| 2014 Baseload MPR | 0.11278 | 0.12122 | 0.12897 |
| 2015 Baseload MPR | 0.11605 | 0.12503 | 0.13290 |
| 2016 Baseload MPR | 0.11971 | 0.12915 | 0.13706 |
| 2017 Baseload MPR | 0.12367 | 0.13352 | 0.14144 |
| 2018 Baseload MPR | 0.12802 | 0.13814 | 0.14603 |
| 2019 Baseload MPR | 0.13271 | 0.14298 | 0.15080 |
| 2020 Baseload MPR | 0.13776 | 0.14797 | 0.15578 |

**What is a Time-of-Day factor?**

The MPR value in the table above will be multiplied by a Time-of-Day factor to reflect the fact electricity produced during peak times is more valuable than electricity produced during other times. The Time-of-Day factors for PG&E are:

| Monthly Period   | Super-Peak | Shoulder | Night |
|------------------|------------|----------|-------|
| June – Sep       | 2.01       | 1.14     | 0.72  |
| Oct-Dec, Jan-Feb | 1.09       | 0.96     | 0.78  |
| Mar-May          | 1.13       | 0.86     | 0.63  |

**If I sell some or all of my renewable power to PG&E, who owns any Renewable Energy Credit (REC)?**

You will own any RECs for the power that you generate and use at your own site. PG&E will own any RECs for the power that we purchase under the power purchase agreement.

**Can I get a rebate from PG&E for building a renewable generator and also sell my power to PG&E?**

No, not at this time. The Commission decided that customers who are selling their excess power to PG&E under the power purchase agreement could not also get a rebate from PG&E’s Self Generation Incentive Program, or the California Solar Initiative.

**Can I be on a net metering tariff and still sign a power purchase agreement?**

No. The Commission decided that customers who are selling their power using these tariffs have to sell all of their exports; they can’t split exports between net metering and the power purchase agreement.

**How will PG&E know how much to pay me?**

We will meter your usage and separately meter your exports to the grid.

**Will I have to pay for two meters?**

If your existing meter is capable of separately metering usage and exports, then you will not have to pay for two meters. You may have to pay a reprogramming charge, though, so your meter will collect the information needed. If your existing meter cannot separately meter usage and exports, then a meter capable of doing so will be installed at your expense. Costs can range from \$1000 to \$38,000 and will depend on your voltage level.

**I've heard that I have to interconnect using FERC rules, not CPUC rules. Why is this?**

All wholesale power purchase agreements are under FERC jurisdiction, unless FERC allows an exception – which they did for retail net metering arrangements and qualifying facility (QF) power purchase agreements where the generator is selling power to its serving utility as a QF. E-PWR and E-SRG do not fall into either of these exceptions to FERC jurisdiction.

**Can I sell power “as a QF” under these tariffs if I am a QF?**

No. These power purchase agreements do not meet this requirement. However, PG&E will be seeking approval for a QF power purchase agreement in 2008 pursuant to D.07-09-040.

**How long are these tariffs available?**

Both tariffs are available on a first-come, first-served basis. E-PWR will end when PG&E's public water and wastewater customers have installed 104.6 MW of renewable generation under the tariff. Similarly, E-SRG will end when PG&E's other customers have installed 104.6 MW of generation under the tariff. So a total of 209.206 MW of renewable generation from our customers can participate in these tariffs.

**Is there any minimum size?**

No.

**Are there any special steps I need to take if my facility will be interconnecting in San Francisco or Oakland?**

Yes. Customers planning on interconnecting generators in **San Francisco** or **Oakland** should contact PG&E's Generation Interconnection Services (GIS) department while in the planning stage of their project, before purchasing equipment and beginning installation. If the planned generator site is in an area served by a [secondary network](#), the customer will not be able to export power to the grid. A non-export option may be available. Please contact [GIS](#) at (415) 972-5676 to ask about the specifics of your plans before you make any purchases, and we will discuss your options with you.

**How do I sign up?**

Contact Nick Shah at [Feed-inTariffs@pge.com](mailto:Feed-inTariffs@pge.com) or go to our website at: [www.pge.com/feedintariffs](http://www.pge.com/feedintariffs) select the link for the most current Renewables RFO.