

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 1, 2008

Advice Letter 2828-E

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

**Subject: Amendment to Master Power Purchase and Sale Agreement
Confirmation for a Renewable Energy Resource Resulting from
PG&E's 2004 Renewables Portfolio Standard (RPS) Solicitation**

Dear Mr. Cherry:

Advice Letter 2828-E is effective September 21, 2006.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Lewis".

Kenneth Lewis, Acting Director
Energy Division



Brian K. Cherry
Director
Regulatory Relations

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San Francisco, CA 94105

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May 15, 2006

**Advice 2828-E
(Pacific Gas and Electric Company ID U 39 E)**

Public Utilities Commission of the State of California

**Subject: Amendment to Master Power Purchase and Sale Agreement
Confirmation for a Renewable Energy Resource Resulting from
PG&E's 2004 Renewables Portfolio Standard (RPS) Solicitation**

Pacific Gas and Electric ("PG&E") hereby submits to the California Public Utilities Commission (CPUC) for its approval an amendment of a CPUC-approved power purchase agreement (PPA) between Buena Vista Energy, LLC and Pacific Gas and Electric Company. The PPA resulted from PG&E's July 15, 2004 solicitation for renewable energy. This solicitation was authorized by Decision (D.) 04-06-014 and subsequent letter by the Executive Director on June 30, 2004. The original PPA was filed for Commission approval on April 26, 2005 in Advice 2655-E, and approved by the Commission on July 21, 2005 in Resolution E-3946.

I. Introduction

This Amendment would slightly increase the contract price, shorten the contract term, increase the project development security, and increase the performance assurance amount. Deliveries from the PPA would be priced at or below the 2004 market price referent (MPR) and thus do not require any supplemental energy payments (SEPs) from the CEC. Appendix B provides a comparison of contract payments and the MPR.

PG&E requests the Commission approve this contract through a resolution no later than July 20, 2006, containing the findings required by the definition of "CPUC Approval" in Appendix A of D.04-06-014 and incorporated with the amended PPA so that the contract for these renewable resources can remain in effect.

In support of this request, the following confidential information is being submitted under seal. This material is also protected from public disclosure by the May 20, 2003 Protective Order issued in Rulemaking (R.) 01-10-024¹.

Appendix A – Amendment to Power Purchase Agreement

Appendix B -- SEP/MPR worksheet

Appendix C – Procurement Review Group (PRG) materials

Appendix D – Developer Cost Increase Documentation

II. BACKGROUND

The Buena Vista is a wind repowering project located in the Altamont Pass. The Buena Vista PPA is one of the first three contracts resulting from PG&E's 2004 RPS solicitation. The Commission granted its approval of these three PPAs in Resolution E-3946, dated July 21, 2005.

On April 25, 2005, Buena Vista and PG&E executed the First Amendment to the April 1, 2005, Master Purchase and Sale Agreement. This First Amendment authorized the public release of Buena Vista's name and project location. No other provision was modified by the First Amendment.

In a letter dated February 15, 2006, Buena Vista informed PG&E that continued construction cost increases for the Buena Vista project had effectively made the project economically non-viable at the current contract price. In order to go forward with the project, Buena Vista requested a contract price increase and a shortening of the contract term from 15 to 10 years.

Buena Vista provided documentation to PG&E of the actual cost increases experienced since the contract was signed in April 2005. These documents show that Balance of Plant (BOP), or construction costs, and turbine costs had increased significantly from the time Buena Vista and PG&E had executed the PPA in April of 2005.

In subsequent negotiations, Buena Vista and PG&E agreed to amend the contract to enable the project to achieve operation under the changed conditions. Parties signed the Second Amendment to Master Power Purchase and Sale Agreement Confirmation on April 25, 2006.

This amendment would:

- Provide a small price increase
- Reduce the contract term from 15 to 10 years

¹ Treatment of confidential information in the RPS rulemaking is to be consistent with the policies developed in the general procurement proceeding, R.01-10-024, and its successor, R.04-04-003. See, R.04-04-026, mimeo at 12.

- Increase the Project Development Security amount
- Increase the Performance Assurance amount

The Second Amendment is attached as Appendix A.

III. PRG Feedback

On March 29, 2006, PG&E informed its PRG that Buena Vista had asked for price concessions based on their cost increases. One party objected to allowing any contract changes, and another party recommended that PG&E could consider a price increase if the developer was willing to document their cost increases.

IV. Supplemental Energy Payments

As shown in Appendix B, the contract payments including the proposed increase do not exceed the 2004 MPR and no supplemental energy payments are required.

V. Request for Commission Approval

The continued effectiveness of the PPA is conditioned upon CPUC approval of the amended contract. Except as expressly amended by the Amendment, the terms and conditions of the Agreement, as previously approved by CPUC, shall remain in full force and effect. Time is of the essence in the Commission's consideration and approval of this advice letter.

Therefore, PG&E requests that the Commission issue a resolution no later than July 20, 2006 that:

1. Approves the Amendment in its entirety, including payments to be made by PG&E, subject to CPUC review of PG&E's administration of the amended Agreement.
2. Finds that procurement pursuant to the amended Agreement still constitutes procurement from an eligible renewable energy resource for purposes of determining PG&E's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), Decision 03-06-071, or other applicable law;
3. Finds that any procurement pursuant to the amended Agreement constitutes incremental procurement or procurement for baseline replenishment by PG&E from an eligible renewable energy resource for purposes of determining PG&E's compliance with any obligation to increase its total procurement of eligible renewable energy resources that it may have pursuant to the California

Renewables Portfolio Standard, Decision 03-06-071, or other applicable law;

4. Finds that any indirect costs of renewables procurement identified in Section 399.15 (a)(2) shall be recovered in rates;

Protest Period:

Anyone wishing to protest this filing may do so by sending a letter by June 5, 2006, which is **21** days from the date of this filing². The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue,
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov and ijn@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Jerry Royer, Energy Division, at the address shown above. It is also requested that a copy of the protest be sent via postal mail and facsimile to Pacific Gas and Electric Company on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company
Attention: Brian K. Cherry
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-Mail: PGETariffs@pge.com

Effective Date:

PG&E requests that this advice filing become effective, no later than **July 20, 2006**.

² The date of the 20 day protest period falls on a Sunday. The protest period is moved to the following business day.

Notice:

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter excluding the confidential appendices is being sent electronically and via U.S. mail to parties shown on the attached list and the service list for R.04-04-026. Non-market participants who are members of PG&E's Procurement Review Group and have signed appropriate Non-Disclosure Certificates will also receive the advice letter and accompanying confidential attachments by overnight mail.

Limited Access to Confidential Material:

The portions of this advice letter so marked Confidential Protected Material are in accordance with the May 20, 2003 Protective Order in R. 01-10-024 Regarding Confidentiality of Pacific Gas and Electric Company (PG&E) Power Procurement Information. As required by that Order, reviewing representatives of Market Participating Parties will not be granted access to Protected Material, but will instead be limited to reviewing redacted versions of documents that contain Protected Material.

Confidential Attachments:

Appendix A – Amendment to Power Purchase Agreement

Appendix B -- SEP/MPR worksheet

Appendix C – Procurement Review Group (PRG) materials

Appendix D – Developer Cost Increase Documentation

A handwritten signature in black ink, appearing to read "Brian Amy" followed by a stylized monogram or initials.

Director - Regulatory Relations

Cc: Rulemaking (R.) 04-04-026

Paul Douglas – Energy Division

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. Pacific Gas and Electric Company U39M

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: David Poster

Phone #: (415) 973-1082

E-mail: dxpu@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **2828-E**

Subject of AL: Amendment to Master Power Purchase and Sale Agreement Confirmation for a Renewable Energy Resource Resulting from PG&E's 2004 Renewables Portfolio Standard (RPS) Solicitation

Keywords (choose from CPUC listing): RPS

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: N/A

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL _____

Summarize differences between the AL and the prior withdrawn or rejected AL: _____

Resolution Required? Yes No

Requested effective date: **7-20-06**

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Utility Info (including e-mail)

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

**PG&E Gas and Electric Advice
Filing List
General Order 96-A, Section III(G)**

ABAG Power Pool	Douglass & Liddell	PG&E National Energy Group
Accent Energy	Downey, Brand, Seymour & Rohwer	Pinnacle CNG Company
Aglet Consumer Alliance	Duke Energy	Plurimi, Inc.
Agnews Developmental Center	Duke Energy North America	PPL EnergyPlus, LLC
Ahmed, Ali	Duncan, Virgil E.	Praxair, Inc.
Alcantar & Elsesser	Dutcher, John	Price, Roy
Anderson Donovan & Poole P.C.	Dynergy Inc.	Product Development Dept
Applied Power Technologies	Ellison Schneider	R. M. Hairston & Company
APS Energy Services Co Inc	Energy Law Group LLP	R. W. Beck & Associates
Arter & Hadden LLP	Energy Management Services, LLC	Recon Research
Avista Corp	Enron Energy Services	Regional Cogeneration Service
Barkovich & Yap, Inc.	Exelon Energy Ohio, Inc	RMC Lonestar
BART	Exeter Associates	Sacramento Municipal Utility District
Bartle Wells Associates	Foster Farms	SCD Energy Solutions
Blue Ridge Gas	Foster, Wheeler, Martinez	Seattle City Light
Bohannon Development Co	Franciscan Mobilehome	Sempra
BP Energy Company	Future Resources Associates, Inc	Sempra Energy
Braun & Associates	G. A. Krause & Assoc	Sequoia Union HS Dist
C & H Sugar Co.	Gas Transmission Northwest Corporation	SESCO
CA Bldg Industry Association	GLJ Energy Publications	Sierra Pacific Power Company
CA Cotton Ginners & Growers Assoc.	Goodin, MacBride, Squeri, Schlotz &	Silicon Valley Power
CA League of Food Processors	Hanna & Morton	Smurfit Stone Container Corp
CA Water Service Group	Heeg, Peggy A.	Southern California Edison
California Energy Commission	Hitachi Global Storage Technologies	SPURR
California Farm Bureau Federation	Hogan Manufacturing, Inc	St. Paul Assoc
California Gas Acquisition Svcs	House, Lon	Stanford University
California ISO	Imperial Irrigation District	Sutherland, Asbill & Brennan
Calpine	Integrated Utility Consulting Group	Tabors Caramanis & Associates
Calpine Corp	International Power Technology	Tansev and Associates
Calpine Gilroy Cogen	Interstate Gas Services, Inc.	Tecogen, Inc
Cambridge Energy Research Assoc	IUCG/Sunshine Design LLC	TFS Energy
Cameron McKenna	JTM, Inc	Transcanada
Cardinal Cogen	Kaiser Cement Corp	Turlock Irrigation District
Cellnet Data Systems	Luce, Forward, Hamilton & Scripps	U S Borax, Inc
Chevron Texaco	Manatt, Phelps & Phillips	United Cogen Inc.
Chevron USA Production Co.	Marcus, David	URM Groups
Childress, David A.	Masonite Corporation	Utility Cost Management LLC
City of Glendale	Matthew V. Brady & Associates	Utility Resource Network
City of Healdsburg	Maynor, Donald H.	Wellhead Electric Company
City of Palo Alto	McKenzie & Assoc	Western Hub Properties, LLC
City of Redding	McKenzie & Associates	White & Case
CLECA Law Office	Meek, Daniel W.	WMA
Commerce Energy	Mirant California, LLC	
Constellation New Energy	Modesto Irrigation Dist	
CPUC	Morrison & Foerster	
Cross Border Inc	Morse Richard Weisenmiller & Assoc.	
Crossborder Inc	Navigant Consulting	
CSC Energy Services	New United Motor Mfg, Inc	
Davis, Wright, Tremaine LLP	Norris & Wong Associates	
Defense Fuel Support Center	North Coast Solar Resources	
Department of the Army	Northern California Power Agency	
Department of Water & Power City	Office of Energy Assessments	
DGS Natural Gas Services	Palo Alto Muni Utilities	