

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



October 24, 2007

Advice Letter 3044-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: Amendments to the Master Power Purchase and Sale  
Agreements Between Global Ampersand, LLC, Successor  
in Interest to Global Common LLC, and Pacific Gas and  
Electric Company

Dear Mr. Cherry:

Advice Letter 3044-E is effective September 6, 2007.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director  
Energy Division

April 30, 2007

**Advice 3044-E**  
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

**Subject: Amendments to the Master Power Purchase and Sale Agreements  
Between Global Ampersand, LLC, successor in interest to Global  
Common LLC, and Pacific Gas and Electric Company.**

**PURPOSE:**

Pacific Gas and Electric Company ("PG&E") hereby submits to the California Public Utilities Commission ("Commission" or "CPUC") for approval the third amendments to the Master Power Purchase and Sale Agreements, dated September 14, 2005, as previously amended, between Global Ampersand, LLC (successor in interest to Global Common LLC) ("Global") and PG&E ("PPAs"). The PPAs govern PG&E's purchase of energy and capacity from two biomass generation facilities owned by Global, the El Nido Biomass Facility ("El Nido") and the Chowchilla Biomass Facility ("Chowchilla"). The PPAs were a result of bilateral negotiations, and were originally filed for Commission approval on September 28, 2005 in Advice 2718-E. In Advice 2865-E, PG&E refiled the PPAs, including the first amendment to each of the PPAs, for Commission approval on July 28, 2006. On November 13, 2006, PG&E filed Advice 2865-E-A, a supplemental filing to Advice 2865-E. Resolution E-4047, issued on December 14, 2006, approved both Advice 2865-E and the supplemental filing Advice 2865-E-A.

In confidential Appendix A, PG&E provides a copy of: (i) the Third Amendment to the El Nido PPA, dated March 30, 2007 ("El Nido Third Amendment") and (ii) the Third Amendment to the Chowchilla PPA, dated March 30, 2007 (the "Chowchilla Third Amendment")(collectively, the El Nido Third Amendment and the Chowchilla Third Amendment are referred to as the "Third Amendments"). PG&E incorporates by reference the PPAs, as previously amended and approved, and the Contract Analysis filed in Advice 2865-E on July 28, 2006.

**I. Introduction:**

The Third Amendments clarify treatment of potential California Energy Commission (“CEC”) subsidies. The Third Amendment for El Nido additionally modifies PG&E’s ability to take certain actions in response to certain potential delays in contract milestones. The Third Amendments do not change pricing or expected output; they were entered into for purposes of facilitating the financing and refurbishment of El Nido and Chowchilla in a timely manner. The Third Amendments are further described in Confidential Appendix B.

PG&E requests the Commission approve these contract amendments through a resolution no later than July 26, 2007, containing the findings required by the definition of “CPUC Approval” in Appendix A of D.04-06-014, and incorporated with the PPAs.

In support of this request, PG&E submits the following confidential documents under seal to protect sensitive commercial terms from public disclosure, consistent with D.06-06-066. The justification for confidential treatment is set forth in the Declaration Seeking Confidential Treatment accompanying this advice letter.

Confidential Appendix A – Third Amendments to Power Purchase Agreements

Confidential Appendix B -- Contract Amendments Analysis

**II. Background:**

Chowchilla and El Nido are existing, but currently non-operational facilities. They are located in the NP-15 area of PG&E’s service territory, near Fresno.

On September 28, 2005, PG&E filed the Global (then Global Common) PPAs for Commission approval in Advice 2718-E. Global subsequently informed PG&E that it was unable to obtain financing and was therefore unable to proceed with either the Chowchilla or El Nido project at the original agreed-upon price. After lengthy negotiations, PG&E and Global ultimately agreed to a price that the parties believed reasonable and would support financing of the projects. As a result, on July 28, 2006, PG&E filed for approval of the Global PPAs, including a first amendment to Chowchilla and El Nido, containing the new pricing terms in Advice 2865-E.

PG&E filed a supplemental filing to Advice 2865-E on November 13, 2006, addressing the second amendments to the PPAs, which were intended to conform certain terms and conditions in the PPAs between Global and PG&E to the Standard Contract Terms and Conditions designated as “May not be Modified” in CPUC Decision (“D.”) 04-06-014, Appendix A.

On March 30, 2007, PG&E and Global signed the Third Amendments to the Master Power Purchase and Sale Agreements. These amendments are intended to give Global the financial and developmental assurances it needs to secure financing and ensure timely re-construction. The Third Amendments are discussed in further detail in Confidential Appendix B.

The Third Amendments are attached as Appendix A.

### **III. PRG Feedback:**

PG&E has provided its PRG with reports on its general negotiations with Global on several occasions. The first briefing occurred on June 3, 2005, followed by a presentation of the power purchase agreements on June 27, 2005. At the second briefing, PG&E described the process by which it evaluated the Chowchilla and El Nido projects and provided a comparison with the shortlisted projects from the 2004 solicitation. On October 27, 2005, PG&E informed the PRG via e-mail that Global had notified PG&E that project financing had fallen through at the original contract price. Subsequently, Global's proposed price adjustment was discussed at the January 12, 2006 PRG meeting. As the Third Amendments did not result in a change in price or expected output, no additional presentation was provided to the PRG.

The PRG members did not express any concerns with the way PG&E has conducted its ongoing negotiations with Global, and with the resulting PPAs.

### **IV. Supplemental Energy Payments:**

Each of the PPAs is the result of bilateral negotiations and each PPA is for the restart of an existing facility. As a result, Global will not be eligible for SEPs with respect to either project.

### **V. Request for Commission Approval**

Except as expressly amended by the Third Amendments, the terms and conditions of the PPAs previously approved by the Commission remain in full force and effect. Therefore, PG&E requests that the Commission issue a resolution no later than July 26, 2007, that:

1. Approves the PPAs, as amended by the Third Amendments, in their entirety, including payments to be made by PG&E, subject to CPUC review of PG&E's administration of the PPAs;
2. Finds that procurement pursuant to these PPAs, as amended by the Third Amendments, constitutes procurement from eligible renewable energy resources 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 (Pub. Util. Code Section 399.11 et seq.), D. 03-06-071, or other applicable law;

3. Finds that any procurement pursuant to these amended PPAs, as amended by the Third Amendments, constitutes incremental procurement or procurement for baseline replenishment by PG&E from eligible renewable energy resources 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 (Pub. Util. Code Section 399.11 et seq.), D.03-06-071 and D.06-10-050, or other applicable law;
4. Finds that there is a risk that the proposed development and deliveries will not occur as described by the agreement due to factors that are beyond PG&E's control; that PG&E has made reasonable attempts to reduce the risk of nonperformance associated with the PPAs, as amended by the Third Amendments, without unduly increasing its cost; and that PG&E shall not be subject to penalties for RPS delivery shortfalls due to seller nonperformance, consistent with previous decisions.
5. Finds that payments under the PPAs, as amended by the Third Amendments, and any indirect costs of renewables procurement identified in Section 399.15(d) shall be recovered in rates;
6. Finds that any cost of bringing generation from the delivery point to PG&E's load center is a transmission cost associated with procurement that will be recorded in the Energy Resource Recovery Account for rate recovery;
7. Finds that any stranded costs that may arise from this contract are subject to the provisions of D.04-12-048 authorizing stranded cost recovery over the life of the contract. Implementation of these provisions will be addressed in Rulemaking 06-02-013.

### **Protests**

Anyone wishing to protest this filing may do so by sending a letter by **May 21, 2007<sup>1</sup>**, which is 21 days from the date of this filing. 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, 4<sup>th</sup> Floor

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<sup>1</sup> The date of the twenty day protest period falls on a Sunday. The final day to protest this filing is moved to the next business day.

505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200

E-mail: [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov) and [jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov)

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005, as well as to Honesto Gatchalian, Energy Division, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission.

Pacific Gas and Electric Company  
Attention: Brian Cherry  
Vice President, 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](mailto:PGETariffs@pge.com)

**Effective Date:**

PG&E requests that this advice filing become effective on **July 26, 2007**.

**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.01-10-024 and R.06-05-027. 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. Address changes should be directed to Rose De La Torre (415) 973-4716. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>



Brian K. Cherry  
Vice President - Regulatory Relations

cc: Service List for R.06-05-027  
Service List for R.01-10-024  
Paul Douglas – Energy Division

Attachments

**Limited Access to Confidential Material:**

The portions of this advice letter so marked Confidential Protected Material are submitted under the confidentiality protection of Section 583 of the Public Utilities Code and General Order 66-C. Pursuant to the Administrative Law Judge's Ruling Clarifying Interim Procedures For Complying with Decision 06-06-066, issued on August 22, 2006, in Rulemaking 05-06-040, a separate Declaration of Confidential Treatment regarding the confidential information is filed concurrently herewith.

**Confidential Attachments:**

**Appendix A            Third Amendments to Power Purchase Agreements**

**Appendix B            Contract Amendments Analysis**

# 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 (ID39E)

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) #: 3044-E

Subject of AL: Amendments to the Master Power Purchase and Sale Agreements Between Global Ampersand, LLC, successor in interest to Global Common LLC, and Pacific Gas and Electric Company.

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:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL: \_\_\_\_\_

Resolution Required?  Yes  No

Requested effective date: 07-26-07

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:

Service affected and changes proposed: 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**

**Attention: Tariff Unit**

**505 Van Ness Ave.,**

**San Francisco, CA 94102**

[mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov) and [jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov)

**Utility Info (including e-mail)**

**Attn: Brian K. Cherry**

**Vice President, Regulatory Relations**

**77 Beale Street, Mail Code B10C**

**P.O. Box 770000**

**San Francisco, CA 94177**

**E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)**

**DECLARATION OF HUGH M. MERRIAM  
SEEKING CONFIDENTIAL TREATMENT  
FOR CERTAIN DATA AND INFORMATION CONTAINED  
IN ADVICE LETTER 3044-E  
(PACIFIC GAS AND ELECTRIC COMPANY ID U 39 E)**

I, Hugh M. Merriam, declare:

1. I am presently employed by Pacific Gas and Electric Company (PG&E) and have been an employee for more than 5 years. My current title is Contract Management Supervisor within PG&E's Energy Contract Management and Settlements Department. In this position, my responsibilities include managing transactions within PG&E's Renewables Portfolio Standard Program (RPS). In carrying out these responsibilities, I have acquired knowledge of PG&E's contracts with numerous counterparties; I have also gained knowledge of the operations of such sellers in general, and am familiar with the types of data and information about their contracts and operations that such parties would consider confidential and proprietary.

2. Based on my knowledge and experience, and in accordance with the "Administrative Law Judge's Ruling Clarifying Interim Procedures For Complying With Decision 06-06-066," issued August 22, 2006, I make this declaration seeking confidential treatment of certain data and information contained in PG&E's "Amendments to the Master Power Purchase and Sale Agreements Between Global Ampersand, LLC, successor in interest to Global Common, LLC and Pacific Gas and Electric Company," for each of the El Nido and Chowchilla Biomass Facilities, Advice 3044-E, submitted on April 30, 2007. By this Advice Letter, PG&E is seeking this Commission's approval of the third amendments for each of the El Nido and Chowchilla Biomass Facilities, respectively (collectively, the "Third Amendments").

3. The data and information for which PG&E is seeking confidential treatment fall into the category of PPA Amendments and data/information related to or derived from these amendments as corresponds to a category of protected, confidential information specified in Appendix 1, Item VII.G., “Renewable Resource Contracts under RPS program – Contracts without SEPs,” of the Commission’s recent confidentiality decision, D.06-06-066 (Confidentiality Matrix), and as such are protected from public disclosure.

4. PG&E has complied with the limitations on confidentiality described in the Confidentiality Matrix for the type of data for which it seeks protection from public disclosure.

5. This information is not already public.

6. If the Commission orders disclosure of the confidential data that is included in the Advice Letter, PG&E may be hampered in future contract negotiations. Sellers may be more reluctant to negotiate agreements with PG&E if they know their confidential, proprietary information must be made public as part of the Commission approval process. Such circumstances could limit PG&E’s ability to obtain customer benefits through direct negotiations with facility owners.

7. The information which PG&E is seeking confidential treatment cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure and that would allow the information to continue to be meaningful and not be misleading.

8. I am informed and believe that the information qualifies for confidential treatment pursuant to paragraphs 2.2 and 2.8 of General Order No. 66-C.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on April 30, 2007, at San Francisco, California.

  
HUGH M. MERRIAM

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