

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



November 20, 2007

Advice Letters 3090-E
3090-E-A

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: Contract for Procurement of Renewable Energy Resources
Resulting from PG&E's 2006 Renewables Portfolio Standard
Solicitation and Supplemental Filing

Dear Mr. Cherry:

Advice Letters 3090-E and 3090-E-A are effective November 16, 2007.

Sincerely,

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

Sean H. Gallagher, Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

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Mail Code B10C
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

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July 20, 2007

Advice 3090-E

(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

**Subject: Contract for Procurement of Renewable Energy Resources
Resulting from PG&E's 2006 Renewables Portfolio Standard
Solicitation**

I. INTRODUCTION

Pacific Gas and Electric Company (PG&E) requests the California Public Utilities Commission (Commission or CPUC) to approve a power purchase agreement (PPA) that PG&E has executed with Klondike III Wind Power LLC (Klondike), including an associated shaping and firming agreement (Firming Agreement) with PPM Energy, Inc. (PPM) (collectively, the Agreements) resulting from PG&E's 2006 Renewables Portfolio Standard (RPS) Solicitation. PG&E submits the Agreements for CPUC review and approval to establish PG&E's ability to recover the cost of power purchase payments through its Energy Resource Recovery Account (ERRA).

With the approval of the PPA, PG&E will have procured or contracted for deliveries of up to 491 GWh as a result of its 2006 RPS Solicitation, including PG&E's first tranche of 2006 RPS contracts filed via Advice Letter 3074-E¹.

PG&E selected the Klondike project in accordance with the least-cost and best-fit criteria defined in D.04-07-029. The PPA includes the standard representation and warranty that the project constitutes an eligible renewable energy resource certified by the California Energy Commission (CEC). The PPA incorporates the standard terms and conditions for RPS contracts adopted by D.07-02-011, as modified by D.07-05-057, except for certain permissible non-substantive changes to reflect specific defined terms in the PPA.

¹ PG&E submitted its agreements with CalRENEW-1, LLC, Western Geopower, Inc., and Green Volts, Inc. in its first tranche of 2006 RPS contracts via Advice Letter 3074-E, filed June 27, 2007 for deliveries of approximately 226 GWh.

PG&E submits these Agreements for CPUC review and approval as provided in D.06-05-039. The Agreements work in tandem. Under the Firming Agreement, PPM provides for the shaping and transmission of the energy produced under the Klondike PPA to the delivery point at the California-Oregon Border (COB). As the Agreements are part of an integrated package that cannot be approved in isolation, the PPA and the associated Firming Agreement must both be approved by the Commission for either one of them to become effective. The PPA and the Firming Agreement are provided in Confidential Appendix G.

PG&E has previously submitted one advice letter for approval of agreements reached as a result of its 2006 RPS Solicitation. The Agreements constitute the second advice letter submitted from PG&E's 2006 RPS contracts. Negotiations with Klondike began as part of the 2005 RPS Solicitation². Because Klondike also bid into the 2006 RPS Solicitation with an increase in the size of the project offered in 2005, the 2005 and 2006 offers were combined into one project.

The actual contract price under the PPA is priced below the 2006 market price referent (MPR) and will not require any Public Goods Charge (PGC) funds, which are administered by the CEC as supplemental energy payments (SEPs).³

Compliance with CEC Eligibility Criteria for Out of State Deliveries

Klondike is a new wind facility located in Sherman County, Oregon from which PG&E will procure an expected energy output of 265 GWh per year for a 15-year delivery term. The intermittent output of this wind project will be firming and shaped by PPM into monthly pre-scheduled blocks of energy to be delivered to PG&E at COB.

Both the Klondike project and its first point of interconnection with the Western Electricity Coordinating Council (WECC) are located out of state. Only deliveries from "in-state" renewable energy resources are eligible to meet RPS goals. An out-of-state facility may qualify as an "in-state facility" if it satisfies the Delivery Requirements enumerated in the CEC's RPS Eligibility Guidebook.

Klondike qualifies as an in-state renewable facility because it satisfies all of the CEC's conditions for RPS eligibility, that is:

- It is interconnected to the WECC transmission system;
- It will begin initial commercial operation after January 1, 2005;
- It will participate in the CEC's approved tracking and verification system;

² PG&E's August 4, 2005 Solicitation for renewable bids was authorized by D. 05-07-039.

³ Deliveries from the PPA are also priced below the 2005 market price referent (MPR).

- It will not cause or contribute to any violation of a California environmental standard;
- It will demonstrate delivery of its generation to an in-state market hub or in-state location; and
- It will satisfy the following CEC delivery requirements:

To count generation from an eligible out-of-state facility such as Klondike toward RPS compliance, the facility developer must execute a power purchase agreement with a retail seller and electricity must be delivered to an in-state market hub or in-state point of delivery located within California. The Agreements between PG&E and Klondike provide for firm and shaped energy delivered to COB, which PG&E will then import into California.

Subject to the criteria adopted by the CEC, electricity generated by an eligible renewable energy resource is considered 'delivered' if it is either generated at a location within the state or is scheduled for consumption by California end-use retail customers.

In each calendar year, the Energy Commission will compare the metered volume of energy Klondike generates with the amount of shaped energy delivered into California which is attributed to Klondike, and the lesser of the two will count as the RPS-eligible delivery from Klondike. The NERC E-Tags used to schedule the energy delivered into California will reference the Klondike facility in the comment field. The CEC has several other documentation requirements that Klondike and PG&E will accommodate.

Klondike is currently seeking CEC pre-certification of its status as an eligible renewable energy resource because the project has not yet received its environmental permits, which are required to complete Klondike's application for certification. In its application for pre-certification, Klondike certifies that it satisfies the "Delivery Requirements" in the RPS Eligibility Guidebook, that it will comply with the CEC's "Delivery Requirements", and that Klondike will not cause or contribute to a violation of any CEC-identified California environmental standards in California.

Compliance with the Greenhouse Gas Emissions Performance Standard

The Commission has adopted an Emissions Performance Standard (EPS) that limits covered procurement of baseload generation of 50 MW or more to an emissions rate of no more than 1,100 tons of CO₂ per MWh. (D.07-02-039). As a wind generating facility, the Klondike project is categorically exempt from the EPS. Because Klondike's generation is intermittent and located outside the CAISO, energy deliveries will be accomplished through the Firming Agreement. As described above, generation from Klondike will enter the local grid whenever it is

generated, but energy will be delivered to PG&E's customers via COB in accordance with a fixed monthly schedule ("firmed") and aggregated into the expected amount of generated energy over a month ("shaped") by PPM.

The system power used for firming and shaping does not violate SB 1368 [or D.07-02-039], because total purchases under the Firming Agreement (whether from the intermittent renewable resource or from substitute unspecified resources) are not expected to exceed the total expected output of Klondike in the PPA over the term of the Firming Agreement.

Notification of Klondike's compliance with D.07-02-039 is provided through this Advice Letter filing, which has been served on the service list in the RPS rulemaking, R.06-05-027.

PG&E requests that the Commission issue a resolution no later than December 6, 2007, containing the findings required by the definition of "CPUC Approval" in Appendix A of D.04-06-014 and incorporated in the PPA, so that PG&E's contract for the renewable resource will remain in effect.⁴ The requested approval is described in more detail under the heading, "Request for Commission Approval," below.

The Advice Letter is supported by information, which, except for the "Independent Evaluator Report, Public Version," is confidential under either the terms of the IOU Matrix, Attachment 1, of D.06-06-066 or General Order 66-C. The public and confidential versions of the Independent Evaluator Report, denoted as Appendix C and I below, will be filed separately from this Advice Letter at a later date. PG&E submits the confidential information in the manner directed by the Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with Decision 06-06-066, issued August 22, 2006, to demonstrate the confidentiality of the material and to invoke the protection of confidential utility information provided by section 583 of the Public Utilities Code. A separate Declaration of Confidential Treatment is being filed concurrently with this Advice Letter.

Confidential Attachments:

Appendix A – Overview of 2004 – 2006 Solicitation Bids

Appendix B – 2006 Bid Evaluations

⁴ As provided by D.04-06-014, the Commission must approve the Agreements and payments to be made thereunder, and find that the procurement will count toward PG&E's RPS procurement obligations, in order for an executed RPS PPA to be binding on the parties. Furthermore, the PPA between Klondike and PG&E is subject to no-fault termination if final, non-appealable CPUC approval is not received within 210 days of PPA execution.

Appendix C – Independent Evaluator Report, confidential version (To be provided in a separate filing)

Appendix D – Contract Terms and Conditions Explained and MPR/SEP Calculations

Appendix E – Project Viability

Appendix F – Project’s Contribution Toward RPS Goals

Appendix G – Power Purchase Agreement and Shaping and Firming Agreement

Appendix H – Standard Terms and Conditions Comparison

Non-Confidential Attachment:

Appendix I – Independent Evaluator Report, Public Version (To be provided in a separate filing)

II. DESCRIPTION OF THE PROJECT

The following table summarizes the substantive features of the PPA:

Generating Facility	Type	Term Years	MW Capacity	Annual Deliveries	Commercial Operating Date	Project Location
Klondike III Wind Power LLC	Wind	15	85 MW	265 GWh	December 31, 2007	Sherman County, Oregon

Copies of the PPA and associated Firming Agreement are provided in Confidential Appendix G and the contract analysis is provided in Confidential Appendix D.

III. CONTRACT ANALYSIS

A. Consistency with PG&E’s Adopted RPS Plan.

California’s RPS statute requires the Commission to review the results of a renewable energy resource solicitation submitted for approval by a utility.⁵ The

⁵ Public Utilities Code (Pub. Util. Code) § 399.14(c).

Commission will then accept or reject proposed PPAs based on their consistency with the utility's approved renewable procurement plan.⁶

1. Consistency with PG&E's Adopted RPS Plan

PG&E's 2006 RPS plan was approved in D.06-05-039 on May 25, 2006. As required by statute, the plan includes an assessment of supply and demand to determine the optimal mix of renewable generation resources, consideration of compliance flexibility mechanisms established by the Commission, and a bid solicitation protocol setting forth the need for renewable generation of various operational characteristics.⁷

The stated goal of PG&E's 2006 RPS Solicitation Plan is to procure approximately 1 to 2 percent of PG&E's retail sales volume, or between 727 GWh and 1,454 GWh per year, with delivery terms of 10, 15, or 20 years. Participants could submit offers for four specific products – as available, baseload, peaking, and dispatchable resources.

The PPA under consideration falls within criteria identified in PG&E's 2006 RPS Solicitation Plan, and is expected to contribute significantly toward achievement of PG&E's 2010 RPS target.

2. Consistency with RPS Solicitation Protocol

The proposed PPA is consistent with PG&E's approved RPS Plan because it was solicited, negotiated and executed through PG&E's adherence to its Solicitation Protocol, which is the primary component of the 2006 RPS Plan.

PG&E generally followed the RPS Solicitation schedule set forth in its Solicitation Protocol, but ultimately, the schedule for concluding negotiations was necessarily extended. The resulting 2006 Solicitation schedule is shown below:

⁶ Public Utilities Code (Pub. Util. Code) § 399.14(c).

⁷ Pub. Util. Code § 399.14(a)(3).

Date	Event
June 30, 2006	PG&E issues Solicitation
July 10, 2006	Participants file Notice of Intent to bid
July 20, 2006	Pre-Bid Conference
September 8, 2006	Deadline for Participants to submit Offers
October 26, 2006	PG&E presented preliminary Shortlist to the PRG
November 6, 2006	PG&E distributed a revised and finalized Shortlist to the PRG
December 14, 2006	PG&E updated its PRG on the status of negotiations with shortlisted bidders
January 26, 2007	PG&E updated its PRG on the status of negotiations with shortlisted bidders
March 30, 2007	PG&E updated its PRG on the status of negotiations with shortlisted bidders
May 30, 2007	PG&E updated its PRG on the status of negotiations with shortlisted bidders
June 15, 2007	PG&E submits first tranche of PPAs for Commission approval

Using its CPUC-approved bid solicitation protocol and forms of power purchase agreements, PG&E commenced its solicitation on June 30, 2006. PG&E accepted bids until September 8, 2006, consistent with the published schedule. PG&E evaluated and scored the bids in the manner prescribed in the Solicitation Protocol. In particular, evaluation of the offer price took into account PG&E's published Time of Delivery factors and imputed the potential cost of transmission adders. PG&E scored the offers pursuant to a methodology that attributed the proper weight to market valuation, portfolio fit, credit and other non-price factors of the Solicitation Protocol.

PG&E ranked the bids according to the protocols, placed them on PG&E's "Short List" and presented them to PG&E's PRG on October 26, 2006. PG&E notified short-listed bidders and commenced negotiations with short-listed bidders once they submitted the required bid deposit. PG&E presented the interim results of negotiations to the PRG on several occasions between December 14, 2006, and June 15, 2007. At those meetings, the PRG expressed no objection to PG&E proceeding to execute the Agreements presented with this Advice Letter.

3. Consistency with PG&E's Long-Term Procurement Plan

PG&E's 2004 long-term procurement plan stated that PG&E would aggressively pursue procurement of As-Available, Baseload, Peaking, and Dispatchable renewable resources. This same strategy was reflected in PG&E's 2006 RPS plan. The renewable technology to be used in the project represented by the

PPA is as-available wind technology, shaped and firmed into monthly blocks; the power generated through this project will contribute to meeting the RPS requirements as reflected in the adopted 2006 RPS Plan.

B. Consistency of bid evaluation process with Least-Cost Best Fit (LCBF) decision.

The RPS statute requires procurement of the “least cost, best fit” (LCBF) eligible renewable resources. The LCBF decision directs the utilities to use certain criteria in their bid ranking. It offers guidance regarding the process by which the utility ranks bids to select or “shortlist” the bids with which it will commence negotiations. The renewables bid evaluation process focuses on four primary areas:

1. Determination of market value of bid,
2. Calculation of transmission adders and integration costs,
3. Evaluation of portfolio fit, and
4. Consideration of non-price factors.

Many of the bid ranking criteria are incorporated in PG&E’s Solicitation Protocol and is discussed below.

1. Market Valuation

In its “mark-to-market analysis,” the present value of the bidder’s payment stream is compared with the present value of the product’s market value to determine the benefit (positive or negative) from the procurement of the resource, irrespective of PG&E’s portfolio. PG&E evaluates the bid price and indirect costs, such as the costs the utility may incur to interconnect the resource to the transmission grid, or to integrate the generation into the system-wide electrical supply.⁸

2. Portfolio Fit

Portfolio fit is how well the features of an offer, including any variations that may be submitted, match PG&E’s portfolio needs. This analysis includes the anticipated transaction costs involved in any energy remarketing (i.e., the bid-ask spread) if the contract would add to PG&E’s net long position.

C. Consistency with Adopted Standard Terms and Conditions.

⁸ PG&E’s RPS Renewable Energy Procurement Plan, June 24, 2004, page (p.)6, lines (ll.) 4-18.

The Commission set forth standard terms and conditions to be incorporated into RPS agreements in D.04-06-014 and D.07-02-011. The PPA contains the standard terms and conditions for RPS contracts adopted by D.07-02-011, as modified by D.07-05-057, except for permissible non-substantive edits, such as conforming edits to reflect specific defined terms in the PPA, as set forth in confidential Appendix H.

During the course of negotiations, the parties identified a need to modify some of the modifiable standard terms to reach agreement. These terms are all designated as subject to modification upon request of the bidder in Appendix A of D.04-06-014.

The PPA represents a meeting of the minds between the respective developer and PG&E, and each term in the PPA was bargained for in consideration of every other term. Appendix H (confidential) provides a comparison of each standard term and condition that has been materially modified from its form in the 2006 Solicitation filed December 22, 2005. Each provision is essential to the negotiated agreement between the parties and the Commission should therefore not modify them. The Commission should consider the agreement as a whole, in terms of its ultimate effect on utility customers. PG&E submits that the agreement protects the interests of its customers while achieving the Commission's goal of increasing procurement from eligible renewable resources.

D. Consistency with the Transmission Ranking Cost decision

Under the RPS program, the potential customer cost to accept energy deliveries from a particular project must be considered when determining a project's value for bid ranking purposes. PG&E's 2006 transmission ranking cost (TRC) report identified the remaining available transmission capacity and upgrade costs for PG&E substations at which renewable resources are expected to interconnect.

PG&E determined the TRC cluster at which each shortlisted project would interconnect to the transmission grid. Consistent with Commission decisions, PG&E assigned a transmission adder to each offer for evaluation based on the potential transmission congestion, the associated proxy transmission network upgrades and the associated capital costs that may be need to accommodate delivery at this cluster.

E. Terms and conditions of delivery

PPM, or its agent, will be the scheduling coordinator for the project throughout the delivery term. The point of delivery will be at COB.

F. Actual Price

The contract price of the PPA is confidential, market sensitive information that should not be publicly revealed. The levelized contract price for Klondike is below the 2006 MPR and will not require PGC funding through SEPs. Confidential Appendix D presents a detailed analysis of the contract payments in relation to the MPR.

G. Qualitative factors

As part of the short listing process, PG&E considered qualitative factors as required by D.04-07-029 and D.06-05-039.

H. Project Milestones

The PPA identifies the commercial operation date as a guaranteed project milestone.

I. Project Viability

The likelihood that a PPA will be a source of renewable power as described in the PPA is evaluated in Confidential Appendix E, "Project Viability." Because project-specific information needed to demonstrate viability, such as project status and financing are commercially sensitive, proprietary business information, only the viability criteria are described in the public portion of this Advice letter.

1. Financeability of resource

There is a reasonable likelihood that the selected project will be financed and completed as required by the PPA and the project will be available to deliver energy by its guaranteed commercial operation date.

2. Sponsor's creditworthiness and experience

The bidders were required to provide credit-related information as part of their bids. PG&E has reviewed this information and is satisfied that the counterparties to the PPA possess the necessary credit and experience to perform as required by their respective PPA.

3. Project Status

Klondike is a new wind generator. The PPA includes a guaranteed commercial operation date. The seller's obligation to meet this milestone is supported by performance assurance securities.

IV. PRG Feedback

PG&E provided its PRG with reports on this transaction on several occasions. PG&E first presented the PRG with an initial list of offers on September 25, 2006. The PRG members were consulted on the shortlist on October 26, 2006, and on November 6, 2006. PG&E updated the PRG on the progress of the negotiations on December 14, 2006, January 26, 2007, March 30, 2007, May 30, 2007, and finally on June 15, 2007. The PRG did not object to PG&E's recommendation to move forward with the PPA.

V. Supplemental Energy Payments

The PPA's contract payments are priced below the 2006 MPR and no supplemental energy payments are required.

VI. Request for Commission Approval

The continued effectiveness of the PPA is conditioned on the occurrence of "CPUC Approval," as that term is defined in the PPA, and approval of the associated Firming Agreement. 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 December 6, 2007, that:

1. Approves the Agreements in their entirety, finds that PG&E's execution of the Agreements are reasonable and in the public interest, and finds the PG&E's payments under the Agreements are reasonable and are fully recoverable in rates over the life of the contract, subject to CPUC review of PG&E's administration of the Agreements.
2. Finds that any procurement pursuant to the Agreements is 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 and Decision 06-10-050, or other applicable law;
3. Finds that there is a risk that deliveries will not occur as described by the Agreements due to factors that are beyond PG&E's control; that PG&E has made reasonable attempts to reduce the risk of non-performance associated with the PPA without unduly

increasing its cost of procurement under the PPA; and that PG&E shall not be subject to penalties for RPS delivery shortfalls due to non-performance of a seller under the PPA, consistent with previous decisions.

4. Finds that the payments made under the Agreements and any indirect cost of renewables procurement identified in Section 399.15(d) shall be fully recoverable in rates over the life of the Agreements.
5. Finds that any cost of bringing generation from the delivery point to PG&E's load center shall be fully recoverable in rates over the life of the Agreements.
6. Finds that any stranded costs that may arise from the Agreements are subject to the provisions of D.04-12-048 that authorize 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 August 9, 2007, which is **20** 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, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102

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

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and 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

Effective Date:

PG&E requests that this advice filing become effective on **December 6, 2007**.
PG&E submits this as a Tier 3 filing.

Notice:

In accordance with General Order 96-B, Section IV, 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 lists 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 Douglass - 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. This material is protected from public disclosure because it consists of the contract agreement itself, price information, and analysis of the proposed RPS contract which may be protected pursuant to the affected utility's declaration pursuant to D.06-06-066. A separate Declaration for Confidential Treatment regarding the confidential information is filed concurrently herewith.

Attachments:

Confidential Appendix A – Overview of 2004 – 2006 Solicitation Bids

Confidential Appendix B – 2006 Bid Evaluations

Confidential Appendix C – Independent Evaluator Report (To be provided in a separate filing)

Confidential Appendix D – Contract Terms and Conditions Explained and MPR/SEP Calculations

Confidential Appendix E – Project Viability

Confidential Appendix F – Project's Contribution Toward RPS Goals

Confidential Appendix G – Power Purchase Agreement and Shaping and Firming Agreement

Confidential Appendix H – Standard Terms and Conditions Comparison

Appendix I – Independent Evaluator Report, Public Version (To be provided in a supplemental filing)

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 (ID U39 M)**

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) #: **3090-E**

Tier: **[3]**

Subject of AL: Contract for Procurement of Renewable Energy Resources Resulting from PG&E's 2006 Renewables Portfolio Standard 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 #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

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

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: Yes. See pages 4-5 of advice letter for the complete list of the confidential information.

Confidential information will be made available to those who have executed a nondisclosure agreement: All members of PG&E's Procurement Review Group who have signed nondisclosure agreements will receive the confidential information.

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: Charles Post. (415)-973-9286.

Resolution Required? Yes No

Requested effective date: 12/06/2007

No. of tariff sheets: N/A

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

Protests, dispositions, 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

Tariff Files, Room 4005

DMS Branch

505 Van Ness Ave., San Francisco, CA 94102

jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

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

**DECLARATION OF CHARLES H. POST
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION
CONTAINED IN ADVICE LETTER 3090-E
(PACIFIC GAS AND ELECTRIC COMPANY ID U 39 E)**

I, Charles H. Post, declare:

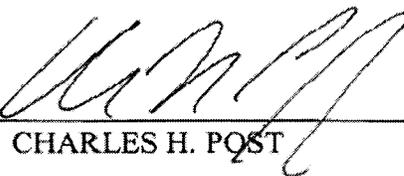
1. I am presently employed by Pacific Gas and Electric Company (PG&E) and have been an employee for more than 5 years. My current title is Senior Electric Resource Analyst within PG&E's Energy Procurement Department. In this position, my responsibilities include managing PG&E's Renewables Portfolio Standard 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, based on my experience in dealing with facility and contract owners, I am familiar with 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, "Appendices A through H, to Advice 3090-E," submitted on July 20, 2007. By this Advice Letter, PG&E is seeking this Commission's approval of a PPA PG&E has executed with Klondike III Wind Power LLC, and an associated firming and shaping agreement that PG&E has executed with PPM Energy, Inc., as a result of PG&E's 2006 RPS Solicitation.

3. Attached to this declaration is a matrix identifying the data and information for which PG&E is seeking confidential treatment. The matrix specifies that the material PG&E is seeking to protect constitutes the particular type of data and information listed in Appendix 1

(the "IOU Matrix") of Decision 06-06-066. The matrix also specifies the category or categories in the IOU Matrix to which the data and information corresponds, and why confidential protection is justified. Finally, the matrix specifies that: (1) PG&E is complying with the limitations specified in the IOU Matrix for that type of data or information; (2) the information is not already public; and (3) the data cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure. By this reference, I am incorporating into this declaration all of the explanatory text that is pertinent to my testimony in the attached matrix.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on July 19, 2007, at San Francisco, California.



CHARLES H. POST

IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066

Redaction Reference	1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-066 (Y/N)	2) Which category or categories in the Matrix the data correspond to:	3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N)	4) That the information is not already public (Y/N)	5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time
1	Document: Advice Letter 3090-E						
2	Appendix A	Y	Item VIII A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids.	Y	Y	This information presents bid information and bid evaluations from the 2004, 2005 and 2006 solicitations. This information would provide market sensitive information to competitors and is therefore considered confidential for three years after winning bidders are selected. Furthermore, contracts from the 2005 and 2006 solicitation are still under negotiation further substantiating why releasing this information would be damaging to the negotiation process.	Remain confidential for three years after winning bidders selected
3	Appendix B	Y	Item VIII A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids.	Y	Y	This information presents bid information and bid evaluations from the 2004, 2005 and 2006 solicitations. This information would provide market sensitive information to competitors and is therefore considered confidential for three years after winning bidders are selected. Furthermore, contracts from the 2005 and 2006 solicitation are still under negotiation further substantiating why releasing this information would be damaging to the negotiation process.	Remain confidential for three years after winning bidders selected
4	Appendix D	Y	Item VIII B) Specific quantitative analysis involved in scoring and evaluation of participating bids. Items VII G), and VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects.	Y	Y	Disclosure of the Agreements would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005 and 2006 solicitations, this information should remain confidential for three years. Furthermore, counterparties have an expectation that the terms of their PPAs will remain confidential under the provisions of PG&E's Commission-approved RPS Solicitation Protocol. In addition, I am further informed and believe that General Order 66-C provides a separate and independent basis for confidential treatment. GO 66-C includes in its category of records not open to public inspection "information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest." (Paragraph 2.8) It is in the public interest to treat such information as confidential because if such information were made public, it could have a damaging impact on current and future negotiations with other offers.	Remain confidential for three years after winning bidders selected
5	Appendix E	Y	Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects.	Y	Y	If made public, this information could harm counterparties and adversely affect project viability. Counterparties have an expectation that this information remains confidential under the provisions of PG&E's Commission-approved Solicitation Protocol.	Remain confidential for three years

IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066

Redaction Reference	1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-066 (Y/N)	2) Which category or categories in the Matrix the data correspond to:	3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N)	4) That the information is not already public (Y/N)	5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time
6 Appendix F	Y	Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects. Item VI B) Utility Bundled Net Open Position for Energy (MWh).	Y	Y	Y	This information would provide valuable market sensitive information to competitors and allow them to see PG&E's remaining RPS net open energy position. Since negotiations are still in progress with bidders from the 2005 and 2006 solicitations, this information should remain confidential for three years.	Remain confidential for three years
7 Appendix G	Y	Item VII G	Y	Y	Y	Disclosure of the Agreements would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005 and 2006 solicitations, this information should remain confidential for three years. Furthermore, counterparties have an expectation that the terms of their PPAs will remain confidential under the provisions of PG&E's Commission-approved RPS Solicitation Protocol. In addition, I am further informed and believe that General Order 66-C provides a separate and independent basis for confidential treatment. GO 66-C includes in its category of records not open to public inspection "information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest." (Paragraph 2.8) It is in the public interest to treat such information as confidential because if such information were made public, it could have a damaging impact on current and future negotiations with other offers.	Remain confidential for three years
8 Appendix H	Y	Item VII G	Y	Y	Y	Disclosure of certain terms of the Agreements would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005 and 2006 solicitations, this information should remain confidential for three years. Furthermore, counterparties have an expectation that the terms of their PPAs will remain confidential under the provisions of PG&E's Commission-approved RPS Solicitation Protocol. In addition, I am further informed and believe that General Order 66-C provides a separate and independent basis for confidential treatment. GO 66-C includes in its category of records not open to public inspection "Information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest." (Paragraph 2.8) It is in the public interest to treat such information as confidential because if such information were made public, it could have a damaging impact on current and future negotiations with other offers.	Remain confidential for three years

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

ABAG Power Pool	Douglass & Liddell	PG&E National Energy Group
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Aglet Consumer Alliance	Duke Energy	PITCO
Agnews Developmental Center	Duke Energy North America	Plurimi, Inc.
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Ancillary Services Coalition	Dynergy Inc.	Price, Roy
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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	