

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 14, 2008

Advice Letter 3260-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: Third Amendment to the Power Purchase and Sale Agreement
for Procurement of Eligible Renewable Energy Resources
Between CalRENEW-1 LLC and PG&E**

Dear Mr. Cherry:

Advice Letter 3260-E is effective November 6, 2008 by Resolution E-4203.

Sincerely,

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

Kenneth Lewis, Acting Director
Energy Division



April 30, 2008

Advice 3260-E
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

**Subject: Third Amendment to the Power Purchase and Sale Agreement
for Procurement of Eligible Renewable Energy Resources
Between CalRENEW-1 LLC and PG&E**

I. PURPOSE

Pacific Gas and Electric Company (“PG&E”) seeks California Public Utilities Commission (“Commission” or “CPUC”) approval of the third amendment (“Third Amendment”) to a CPUC-approved Renewables Portfolio Standard (“RPS”) power purchase and sale agreement (“PPA”) between CalRENEW-1 LLC (“CalRENEW”) and PG&E (collectively, the “Parties”).

II. BACKGROUND

The PPA resulted from PG&E’s 2006 RPS Solicitation. PG&E filed the PPA for Commission approval on June 27, 2007 in Advice Letter 3074-E along with two other power purchase and sale agreements that PG&E had executed with developers for eligible renewable energy resources. PG&E filed a first amendment to the PPA to change the location of the project in Advice Letter 3074-E-A on October 9, 2007, and a second amendment to the PPA to conform to the non-modifiable standard terms and conditions (“STCs”) defined in CPUC Decision (“D.”) 07-11-025 in Advice Letter 3074-E-B on November 29, 2007. The Commission approved the PPA and both amendments on December 20, 2007 in Resolution E-4132.

The PPA provided that CalRENEW could terminate the PPA by a certain date if federal legislation providing for an extension of the current 30% Energy Tax Credit (“ETC”) was not enacted by December 31, 2007. Given that such legislation (“ETC Legislation”) was not enacted by December 31, 2007, and both PG&E and CalRENEW wished to avoid termination of the PPA, the Parties agreed in a March

31, 2008 letter agreement (“Letter Agreement”) to extend the no-fault termination deadline for one year. The Parties also agreed in the Letter Agreement to extend certain project milestones, subject to CPUC Approval of an amendment to the PPA providing for such extensions. The Parties thereafter executed the Third Amendment, for which PG&E now seeks Commission approval. The principal terms of the Third Amendment are described below.

III. DESCRIPTION OF THIRD AMENDMENT

The failure of the federal government to enact ETC Legislation may impact CalRENEW’s ability to achieve certain milestones in the PPA. Therefore, the Parties have agreed in the Third Amendment to extend the Guaranteed Construction Start Date and the Guaranteed Commercial Operation date by one year, and to extend certain milestones set forth in Appendix III of the PPA to the dates specified in the Amended Appendix III to the Third Amendment. The Third Amendment also modifies a provision in the PPA regarding the timing of the Commercial Operation Date as it relates to the Guaranteed Commercial Operation Date, and confirms the one-year extension of the ETC no-fault termination deadline as provided in the Letter Agreement.

The Third Amendment is subject to no-fault termination if the following conditions are not satisfied or waived within 180 days of the filing of this Advice Letter: (1) CPUC Approval, as that term is defined in the PPA, is obtained for the Third Amendment; and (2) a final, non-appealable CPUC order is received finding that entry into the Third Amendment is reasonable and that payments to be made under the PPA as amended by the Third Amendment are recoverable in rates. The Parties agreed in the Letter Agreement that if the Third Amendment is terminated for failure to satisfy or waive the above-stated conditions, CalRENEW’s deadline to terminate the PPA if ETC Legislation is not enacted will be 30 days following termination of the Third Amendment.

Except for the modifications described above, no other provisions of the PPA have been modified or changed by the Third Amendment.

IV. REQUEST FOR CONFIDENTIAL TREATMENT

In support of this Advice Letter, PG&E submits the following 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 in Rulemaking 05-06-040, 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 under either the terms of the IOU Matrix, Appendix 1 of D.06-06-066, or General Order 66-C. A separate Declaration Seeking Confidential Treatment is being filed concurrently with this Advice Letter.

Confidential Attachments:

Appendix A – Third Amendment to the PPA

V. REQUEST FOR COMMISSION APPROVAL

The effectiveness of the Third Amendment is conditioned on the occurrence of “CPUC Approval,” as that term is defined in the PPA, of the Third Amendment. 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 31, 2008** that:

1. Finds that entry into the Third Amendment is reasonable;
2. Approves the Third Amendment in its entirety, including payments to be made by PG&E pursuant to the PPA as amended by the Third Amendment, subject to the Commission’s review of PG&E’s administration of the PPA as amended by the Third Amendment; and
3. Finds that the Third Amendment has no effect upon the RPS eligibility of the project.

Protests:

Anyone wishing to protest this filing may do so by sending a letter by May 20, 2008, 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 jnj@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Honesto Gatshalian, 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 **July 31, 2008**. PG&E submits this as a Tier 3 advice filing.

Notice:

In accordance with General Order 96-B, Section IV, a copy of this Advice Letter excluding the confidential appendix 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, R.06-05-027, 06-02-012 and 06-02-013. 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 attachment 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
Service List for R.06-02-012
Service List for R.06-02-013
Paul Douglas - Energy Division

Attachments

Limited Access to Confidential Material:

The portions of this Advice Letter 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 an amendment to the contract, which is protected pursuant to D.06-06-066. A separate Declaration Seeking Confidential Treatment of the confidential information is filed concurrently herewith.

Confidential Attachments:

Appendix A – Third Amendment to the PPA

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) #: **3260-E**

Tier: [3]

Subject of AL: Third Amendmant to the Power Purchase and Sale Agreement for Procurement of Eligible Renewable Energy Resources Between CalRENEW-1 LLC and PG&E

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 the attached matrix that identifies all 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: Bill Gavelis. (415)-973-8031.

Resolution Required? Yes No

Requested effective date: 7/31/2008

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 proposed: 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

jn@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 WILLIAM H. GAVELIS
SEEKING CONFIDENTIAL TREATMENT
FOR DATA AND INFORMATION
CONTAINED IN ADVICE LETTER 3260-E
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)**

I, William H. Gavelis, declare:

1. I am presently employed by Pacific Gas and Electric Company ("PG&E"), and have been an employee at PG&E since 1991. My current title is senior energy supply analyst within PG&E's energy supply department. In this position, my responsibilities include negotiating power contracts, modeling power contract revenue requirements and writing testimony. In carrying out these responsibilities, I have acquired knowledge of PG&E's contracts with numerous counterparties and have also gained knowledge of the operations of electricity sellers in general. Through this experience, I have become familiar with the type of information that would affect the negotiating positions of electricity sellers with respect to price and other terms, as well as with the type of information that such sellers 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 "Appendix A to Advice 3260-E," submitted on April 30, 2008.

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 in the attached matrix that is pertinent to this filing.

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, 2008, at San Francisco, California.


WILLIAM H. GAVELIS

PACIFIC GAS AND ELECTRIC COMPANY
 Advice Letter 3260-E,
 April 30, 2008

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 3260-E							
	Appendix A	Y	Item VII F and G	Y	Y	Y	Amendment to PPA would provide valuable market sensitive information to competitors. Counterparties have an expectation that the terms of their PPA will remain confidential under the provisions of PG&E's Commission-approved RPS Solicitation Protocol. This information should remain confidential for three years.	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
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	