

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



May 26, 2010

**Advice Letter 3663-E**

Jane K. Yura  
Vice President, Regulation and Rates  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10B  
P.O. Box 770000  
San Francisco, CA 94177

**Subject: Modification to Power Purchase Agreement between Vantage Wind Energy, LLC and PG&E Company and Additional Information as Required by Resolution E-4321**

Dear Ms. Yura:

Advice Letter 3663-E is effective May 1, 2010.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division

May 5, 2010

**Advice 3663-E**  
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

**Subject:      Modification to Power Purchase Agreement between Vantage Wind Energy, LLC and Pacific Gas and Electric Company and additional information as required by Resolution E-4321.**

### **Purpose**

Pacific Gas and Electric Company (“PG&E”) hereby submits to the California Public Utilities Commission (“Commission” or “CPUC”) an advice letter in compliance with Commission Resolution E-4321. The purpose of the advice letter is to address the requirements of E-4321 by: (1) filing an amendment to PG&E’s power purchase agreement (“PPA”) between Vantage Wind Energy LLC (“Vantage”) and PG&E; and (2) providing additional information on delivered and expected tradable renewable energy credits (“TRECs”) and price comparisons for TRECs.<sup>1</sup>

### **Background**

On September 16, 2009, PG&E filed advice letter 3525-E seeking Commission approval of a renewable PPA with Vantage and an associated firming and shaping strategy. On December 1, 2009, PG&E submitted Supplemental advice letter 3525-E-A to include an executed firming and shaping agreement with Powerex Corp (“Powerex”) as part of PG&E’s firming and shaping strategy.

On March 16, 2010, the Commission issued decision (“D.”)10-03-021 (the “RECs Decision”), which authorized the use of TRECs for compliance with California’s Renewables Portfolio Standard (“RPS”) eligibility requirements. Pursuant to the RECs

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<sup>1</sup> See R. E-4321, Ordering Paragraphs (“OP”) 4, 5.

Decision, PG&E's PPA with Vantage for energy and green attributes is defined as a REC-only transaction for purposes of RPS compliance. The RECs Decision set forth, among other things, new non-modifiable standard terms and conditions to be incorporated into contracts for REC-only transactions. Accordingly, Resolution E-4321 orders PG&E to file a Tier 1 advice letter containing a modified PPA that includes all of the non-modifiable standard terms and conditions required by the RECs Decision for REC-only contracts.

### **Compliance with Resolution E-4321, Ordering Paragraph 5**

Appendix A to this filing contains an amendment to the Vantage PPA (the "Amendment") with terms and conditions that conform exactly to the "non-modifiable" terms set forth in the RECs Decision.<sup>2</sup> These terms may be found on the following pages of the Amendment.

<b>RECs Decision Non-Modifiable Standard Term and Condition</b>	<b>Amendment Section No.</b>	<b>Amendment Page No.</b>
STC REC-1 Transfer of renewable energy credits	Amendment Item A	1
STC REC-2: Tracking of RECs in WREGIS	Amendment Item B	1-2
STC REC-3: CPUC Approval	Amendment Item C	2

### **Compliance with Resolution E-4321, Ordering Paragraph 4**

Resolution E-4321, Ordering Paragraph 4 requires PG&E to file an advice letter containing the following information:

- a. The sum of all delivered and expected tradable renewable energy credits purchased through contracts executed by Pacific Gas and Electric Company to date and how this compares to any applicable annual limit on the use of tradable renewable energy credits for compliance with the California renewables portfolio standard;

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<sup>2</sup> Compare D.10-03-021 at C1 to C2 (App. C) with Appendix A. Although not included in Appendix C to the RECs Decision as a "new or revised" standard term and condition, the RECs Decision requires REC-only PPAs to include the existing STC 17 regarding governing law. See D.10-03-021 at 78. The non-modifiable STC 17 was included in the original PPA.

- b. The sum of all delivered and expected tradable renewable energy credits purchased by Pacific Gas and Electric Company through contracts for the procurement of renewable energy credits only with facilities that are or were already online as of the execution date of their associated contract for procurement of tradable renewable energy credits, and how this compares to the applicable annual limit on the use of tradable renewable energy credits for compliance with the California renewables portfolio standard;
- c. The sum of all delivered and expected tradable renewable energy credits purchased by Pacific Gas and Electric Company through contracts for the procurement of renewable energy credits only with facilities that are not or were not online as of the execution dates of their associated contracts, and how this compares to the applicable annual limit on the use of tradable renewable energy credits for compliance with the California renewables portfolio standard;
- d. A comparison of the price of the renewable energy credits in the contract that is the subject of the advice letter and the price of renewable energy credits from all contracts for the procurement of renewable energy credits only with facilities that were online as of the execution date of their associated contracts; and
- e. A comparison of the price of the renewable energy credits in the contract that is the subject of the advice letter and the prices of renewable energy credits from all contracts for the procurement of renewable energy credits only with facilities that were not yet online as of the execution date of their associated contracts.

This information is attached as confidential Appendix B to this advice letter.

### **Effective Date**

This Tier 1 advice letter is effective upon filing and pending disposition.

### **Request for Confidential Treatment**

In support of this supplemental filing, PG&E has provided the required Supplemental TREC Information as Confidential Appendix B. This information is being submitted in the manner directed by D.08-04-023 and the August 22, 2006 Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with D.06-06-066 to demonstrate the confidentiality of the material and to invoke the protection of confidential utility information provided under either the terms of the IOU Matrix,

Appendix 1 of D.06-06-066 and Appendix C of D.08-04-023, or General Order 66-C. A separate Declaration Seeking Confidential Treatment is being filed concurrently with this supplemental filing.

### **Request for Commission Approval**

PG&E requests that the Commission issue a disposition on this Tier 1 advice letter no later than May 21, 2010.

### **Protests**

The protest and comment period for the PPA as amended should not be reopened. This compliance filing only: (1) updates the PPA non-modifiable standard terms and conditions in compliance with D.10-03-021 and Resolution E-4321; and (2) provides the supplemental information required by Resolution E-4321.

### **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 list for R.08-08-009, R.06-02-012, and R.08-02-007. 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 [PGETariffs@pge.com](mailto:PGETariffs@pge.com). Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

A handwritten signature in cursive script that reads "Jane Yura" followed by a slanted line and the initials "msb".

Vice President – Regulation and Rates

cc: Service List for R.08-08-009  
Service List for R.06-02-012  
Service List for R.08-02-007  
Paul Douglas - Energy Division  
Sean Simon – Energy Division

Attachments

**Appendix A – Amendment to Power Purchase Agreement**

**Confidential Appendix B – Supplemental TREC Information**

# 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 or Greg Backens

Phone #: 415-973-1082 or 415-973-4390

E-mail:

EXPLANATION OF UTILITY TYPE

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

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **3663-E**

Tier: **1**

Subject of AL: **Modification to Power Purchase Agreement between Vantage Wind Energy, LLC and Pacific Gas and Electric Company and additional information as required by Resolution E-4321**

Keywords (choose from CPUC listing): Contracts, Portfolio

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: Valerie Winn 415-973-3839

Resolution Required?  Yes  No

Requested effective date:

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**

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

**Pacific Gas and Electric Company**

**Attn: Jane K. Yura, Vice President, Regulation and Rates**

**77 Beale Street, Mail Code B10B**

**P.O. Box 770000**

**San Francisco, CA 94177**

**E-mail: PGETariffs@pge.com**

**DECLARATION OF VALERIE J. WINN  
SEEKING CONFIDENTIAL TREATMENT  
FOR CERTAIN DATA AND INFORMATION CONTAINED IN ADVICE LETTER  
3663-E  
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)**

I, Valerie J. Winn declare:

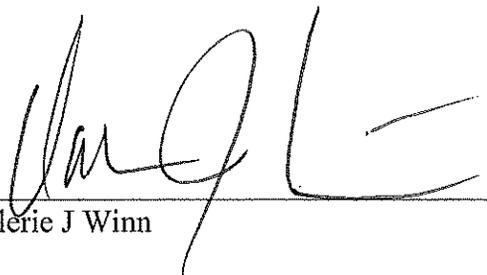
1. I am presently employed by Pacific Gas and Electric Company ("PG&E") and have been an employee since 1997. My current title is Manager, Renewable Energy Policy and Planning, within PG&E's Energy Procurement organization. In this position, my responsibilities include managing renewable energy regulatory policy matters including RPS compliance. I also have extensive experience in PG&E's Regulatory Relations organization and have been involved in long-term procurement planning, renewables, QF, confidentiality and other procurement-related proceedings before the Commission Through this experience, I have become familiar with the type of information that the Commission has indicated is confidential and gained knowledge about the types of information that electricity sellers consider confidential and proprietary.

2. Based on my knowledge and experience, and in accordance with Decision ("D.") 08-04-023 and the August 22, 2006 the "Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with Decision 06-06-066," I make this declaration seeking confidential treatment of Appendix B to Advice Letter 3663-E submitted on May 5, 2010. By this Advice Letter, PG&E is seeking this Commission's approval of an amendment to a power purchase agreement that PG&E has executed with Vantage Wind Energy LLC.

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 of

D. 06-06-066 and Appendix C of D. 08-04-023 ("the IOU Matrix"), or constitutes information that should be protected under General Order 66-C. The matrix also specifies the category or categories in the IOU Matrix to which the data and information corresponds (where applicable), and why confidential protection is justified. Finally, the matrix specifies: (1) that PG&E is complying with the limitations specified in the IOU Matrix for that type of data or information (where applicable); (2) that the information is not already public; and (3) that 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 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, to the best of my knowledge, the foregoing is true and correct. Executed on May 5, 2010, at San Francisco, California.



Valerie J Winn

PACIFIC GAS AND ELECTRIC COMPANY Advice Letter 3663-E May 5, 2010		IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066 AND DECISION 09-04-023			Length of Time	
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 and Appendix C to D.06-04-023 (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
1	Document: Advice Letter 3663-E	Item VII G) Renewable Resource Contracts under RPS program - Contracts without SEPs. Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects.	Y	Y	Y	For information covered under Item VII G) and Item VII (un-numbered category following VII G) remain confidential for three years after the commercial operation date.
2	Appendix B					This Appendix describes, analyzes, and evaluates quantity, price, and other information regarding PG&E's RPS REC-only transactions. Disclosure of this information would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005, 2006, 2007, 2008, and 2009 solicitations and with other counterparties, this information should remain confidential. Release of this information would be damaging to negotiations. Furthermore, the counterparties to the PPAs have an expectation that the terms of the PPAs will remain confidential pursuant to confidentiality provisions in the PPAs.

**Appendix A**

**Amendment to Power Purchase Agreement**

## EXECUTION

### AMENDMENT OF POWER PURCHASE AGREEMENT

This AMENDMENT OF POWER PURCHASE AGREEMENT (this "Amendment") is made as of the Effective Date (defined below), by and between Pacific Gas and Electric Company ("Buyer") and Vantage Wind Energy LLC ("Seller" and collectively with Buyer, the "Parties"). Buyer and Seller are Parties to that certain Power Purchase Agreement between the Parties dated August 17, 2009, as amended by letter agreement dated March 19, 2010 (collectively "Agreement").

#### RECITALS

WHEREAS, the Parties have heretofore entered into the Agreement; and

WHEREAS, the Parties wish to amend the Agreement as set forth below; and

WHEREAS, capitalized terms defined in the Agreement are used in this Amendment as defined in the Agreement,

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

#### AGREEMENT

The Agreement is hereby amended, and shall be effective on as of the last dated signature on the signature page hereto ("Effective Date") as follows:

A. Amendment to Section 10.2(b): The following shall be inserted as the second paragraph in Section 10.2(b) of the Agreement as follows:

Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the renewable energy credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

B. Amendment to Section 3.1(k):

1. The following sentence shall be inserted into the first paragraph of Section 3.1(k) before the sentence "In addition:":

## EXECUTION

Seller shall be deemed to have satisfied the warranty in Section 3.1(k)(viii); provided that Seller fulfills its obligations under Sections 3.1(k)(i) through (vii) below.

2. The following sentence shall be inserted as Section 3.1(k)(viii):

Seller warrants that all necessary steps to allow the renewable energy credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract.

### C. Amendment of Defined Terms:

1. The defined term of "CPUC Approval" in Section 1.35 shall be deleted and replaced in its entirety with the following:

"CPUC Approval" means a final and non-appealable order of the CPUC, without conditions or modifications unacceptable to the Parties, or either of them, which contains the following terms:

(a) approves this Agreement in its entirety, including payments to be made by the Buyer, subject to CPUC review of the Buyer's administration of the Agreement; and

(b) finds that any procurement pursuant to this Agreement is procurement of renewable energy credits that conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation, for purposes of determining Buyer'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.

CPUC Approval will be deemed to have occurred on the date that a CPUC decision containing such findings becomes final and non-appealable.

2. The following sentence shall be inserted as the last sentence of the defined term "Agreement" in Section 1.4:

For purposes of Section 3.1(k)(viii), the word "contract" shall have the meaning set forth in this definition.

### D. Miscellaneous.

**EXECUTION**

1. Effect of Amendment. The Agreement, as modified by this Amendment, remains in effect in accordance with its terms. If there is any conflict between the Agreement and this Amendment, this Amendment shall control.

2. Entire Agreement. This Amendment along with the Agreement constitutes the entire agreement between the Parties relating to the subject matter thereof and shall supersede all other prior and contemporaneous understandings or agreements, both written and oral, between the Parties relating to the subject matter thereof.

3. Governing Law. This Amendment shall be governed by Section 10.12 of the Agreement. The Parties agree to comply with Article Twelve of the Agreement with respect to any dispute relating to this Amendment.

4. Captions; Construction. The headings used for the sections and articles herein are for convenience and reference purposes only and shall in no way affect the meaning or interpretation of the provisions of this Agreement. Any term and provision of this Amendment shall be construed simply according to its fair meaning and not strictly for or against any Party. The Parties collectively have prepared this Amendment, and none of the provisions hereof shall be construed against one Party on the ground that such Party is the author of this Amendment or any part hereof.

5. Counterparts. This Amendment may be executed in counterparts, each of which is an original and all of which constitute one and the same instrument. A signature provided via facsimile shall have the same effect as an original.

6. Any Amendments or Modifications. This Amendment may only be amended or modified in writing signed by each of the Parties.

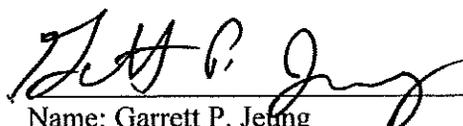
IN WITNESS WHEREOF, the Parties have caused this Amendment to the Agreement to be duly executed by its authorized representatives, as of the day and year written below. This Amendment shall not become effective as to either Party unless and until executed by both Parties.

**VANTAGE WIND ENERGY LLC**, a  
Delaware limited liability company



Name: STEVEN READER  
Title: VICE PRESIDENT  
Date: April 13, 2010

**PACIFIC GAS AND ELECTRIC  
COMPANY**  
a California corporation



Name: Garrett P. Jett  
Title: Sr. Director, Energy Supply  
Management  
Date: April 19, 2010

Legal Approval: W. B. [Signature]  
Date: \_\_\_\_\_

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

Alcantar & Kahl	Defense Energy Support Center	North Coast SolarResources
Ameresco	Department of Water Resources	Northern California Power Association
Anderson & Poole	Department of the Army	Occidental Energy Marketing, Inc.
Arizona Public Service Company	Dept of General Services	OnGrid Solar
BART	Division of Business Advisory Services	Praxair
BP Energy Company	Douglass & Liddell	R. W. Beck & Associates
Barkovich & Yap, Inc.	Downey & Brand	RCS, Inc.
Bartle Wells Associates	Duke Energy	Recon Research
Bloomberg New Energy Finance	Dutcher, John	SCD Energy Solutions
Boston Properties	Economic Sciences Corporation	SCE
C & H Sugar Co.	Ellison Schneider & Harris LLP	SMUD
CA Bldg Industry Association	Foster Farms	SPURR
CAISO	G. A. Krause & Assoc.	Santa Fe Jets
CLECA Law Office	GLJ Publications	Seattle City Light
	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sempra Utilities
CSC Energy Services	Green Power Institute	Sierra Pacific Power Company
California Cotton Ginners & Growers Assn	Hanna & Morton	Silicon Valley Power
California Energy Commission	Hitachi	Silo Energy LLC
California League of Food Processors	International Power Technology	Southern California Edison Company
California Public Utilities Commission	Intestate Gas Services, Inc.	Sunshine Design
Calpine	Los Angeles Dept of Water & Power	Sutherland, Asbill & Brennan
Cameron McKenna	Luce, Forward, Hamilton & Scripps LLP	Tabors Caramanis & Associates
Cardinal Cogen	MAC Lighting Consulting	Tecogen, Inc.
Casner, Steve	MBMC, Inc.	Tiger Natural Gas, Inc.
Chris, King	MRW & Associates	Tioga Energy
City of Glendale	Manatt Phelps Phillips	TransCanada
City of Palo Alto	McKenzie & Associates	Turlock Irrigation District
Clean Energy Fuels	Merced Irrigation District	U S Borax, Inc.
Coast Economic Consulting	Mirant	United Cogen
Commerce Energy	Modesto Irrigation District	Utility Cost Management
Commercial Energy	Morgan Stanley	Utility Specialists
Consumer Federation of California	Morrison & Foerster	Verizon
Crossborder Energy	NRG West	Wellhead Electric Company
Davis Wright Tremaine LLP	New United Motor Mfg., Inc.	Western Manufactured Housing Communities Association (WMA)
	Norris & Wong Associates	eMeter Corporation