

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



June 13, 2012

**Advice Letters 3754-E and 3754-E-A**

Brian K. Cherry  
Vice President, Regulation and Rates  
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 between  
PG&E and Kiara Solar, Inc., and Supplemental Filing**

Dear Mr. Cherry:

Advice Letters 3754-E and 3754-E-A are effective December 15, 2011 per Resolution E-4444.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director  
Energy Division



June 10, 2011

**Advice 3754-E-A**  
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

**Subject: Supplemental Filing to the Contract for Procurement of Renewable Energy Resources Between Pacific Gas and Electric Company and Kiara Solar, Inc.**

## **I. INTRODUCTION**

### **A. Purpose**

Pacific Gas and Electric Company (“PG&E”) hereby submits to the California Public Utilities Commission (“Commission” or “CPUC”) this supplemental filing to Advice Letter 3754-E (“Advice Letter”). The Advice Letter requested approval of a 15-year Renewables Portfolio Standard (“RPS”) Power Purchase Agreement (“PPA”) that PG&E has executed with Kiara Solar, Inc. (“Kiara”) for an existing, non-operational biomass facility located in Anderson, California. The Advice Letter seeking approval of the PPA was filed on November 4, 2010. Since that time, PG&E and Kiara have agreed to amend the PPA (“First Amendment”). This supplemental filing describes the First Amendment and requests that the Commission approve the PPA, as amended by the First Amendment.<sup>1</sup>

### **B. Background**

The PPA resulted from bilateral negotiations between PG&E and Kiara. The Kiara facility is a biomass plant located in Anderson, California. Although the facility operated under a Qualifying Facility (“QF”) contract in the past, the plant ceased operations in

---

<sup>1</sup> Supplements to Advice Letters are authorized by General Order 96-B, Section 7.5.1.

2003 and has not been operated since that time.<sup>2</sup> The PPA capacity was 5.8 megawatts (“MW”), with an expected delivery, on average, of approximately 43 gigawatt hours (“GWh”) per year over the term of the PPA.

On May 31, 2011, PG&E and Kiara executed the First Amendment, which includes an increase in Project capacity to 6.8 MW, a decrease in the overall contract price, an increase in Project Development and Delivery Term Security, an extension of the Guaranteed Construction Start Date, an extension of the Guaranteed Commercial Operational Date from December 31, 2010 to December 31, 2011, and an extension of the date by which Commission approval is needed. The First Amendment results in greater value for the project.

The First Amendment also contains provisions that conform exactly to the “non-modifiable” terms set forth in Appendix C of D.10-03-021, as modified by D.11-01-025. These terms may be found on the following pages of the First Amendment PPA, which is included in Appendix A of this supplement to the Advice Letter.

<b>Non-Modifiable Term from First Amendment</b>	<b>PPA Section No.</b>	<b>Page No.</b>
STC REC-1: Transfer of Renewable Energy Credits	10.2(b) and Item R of First Amendment	4
STC REC-2: Tracking of RECs in WREGIS	3.1(k)(viii) and Item D of First Amendment	1

The First Amendment is attached as Confidential Appendix A, and a description of the First Amendment is summarized in Confidential Appendix B.

An evaluation of the First Amendment by Independent Evaluator (“IE”) Lewis Hashimoto of Arroyo Seco Consulting is contained in Confidential Appendix C. It is the IE’s opinion that the Kiara PPA, as amended in the First Amendment, merits CPUC approval.

---

<sup>2</sup> The facility, previously known as Anderson Biomass, ceased operating in 2003. Kiara executed a lease option agreement in 2009 and has been working since that time to bring it back online.

## II. REGULATORY PROCESS

### A. Requested Effective Date

PG&E requests that this supplemental filing become effective concurrent with Advice Letter 3754-E.

### B. Request for Confidential Treatment

In support of this supplemental filing, PG&E has provided confidential information listed below. 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 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.

### Protests

Due to the limited scope of PG&E's supplemental filing, this filing should not re-open the protest period or delay the effective date of the Advice Letter.

### Effective Date

PG&E requests that this supplemental filing becomes effective concurrent with Advice Letter 3754-E.

### 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.11-05-005 and R.10-05-006. 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 to the GO 96-B service list and electronic approvals should be directed to e-mail PGETariffs@pge.com. For changes to any other service list, please contact the

Commission's Process Office at (415) 703-2021 or at [Process\\_Office@cpuc.ca.gov](mailto:Process_Office@cpuc.ca.gov).  
Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.

Handwritten signature of Brian Cherry in cursive script.

Vice President – Regulation and Rates

cc: Service Lists for R.11-05-005 and R.10-05-006  
Paul Douglas – Energy Division  
Sean Simon – Energy Division

Attachments

**Limited Access to Confidential Material**

The portions of this Advice Letter marked Confidential Protected Material are submitted under the confidentiality protections of Sections 583 and 454.5(g) of the Public Utilities Code and General Order 66-C. This material is protected from public disclosure because it consists of, among other items, the contract itself, price information, and analysis of the proposed RPS contract, which are protected pursuant to D.06-06-066 and D.08-04-023. A separate Declaration Seeking Confidential Treatment regarding the confidential information is filed concurrently herewith.

**Confidential Attachments**

**Confidential Appendix A – First Amendment PPA**

**Confidential Appendix B – Description of First Amendment**

**Confidential Appendix C – Independent Evaluator Report**

# 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 and Linda Tom-Martinez

Phone #: (415) 973-1082 and (415) 973-4612

E-mail: dxpu@pge.com and lmt1@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) #: **3754-E-A**

**Tier: 3**

Subject of AL: **Supplemental Filing to the Contract for Procurement of Renewable Energy Resources Between Pacific Gas and Electric Company and Kiara Solar, Inc.**

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:  Yes  No 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: Carlos Abreu (415) 973-6484

Resolution Required?  Yes  No

Requested effective date: **Upon Commission Approval (concurrent with Advice 3754-E)**      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<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: 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 Cherry**  
**Vice President, Regulation and Rates**  
**77 Beale Street, Mail Code B10C**  
**P.O. Box 770000**  
**San Francisco, CA 94177**  
**E-mail: PGETariffs@pge.com**

**DECLARATION OF CARLOS ABREU  
SEEKING CONFIDENTIAL TREATMENT  
FOR CERTAIN DATA AND INFORMATION  
CONTAINED IN ADVICE LETTER 3754-E-A  
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)**

I, Carlos Abreu, declare

1. I am presently employed by Pacific Gas and Electric Company ("PG&E"), and have been an employee at PG&E since 2006. My current title is Principal within PG&E's Energy Procurement organization. In this position, my responsibilities include negotiating PG&E's Renewables Portfolio Standard Program ("RPS") Power Purchase Agreements. 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 Decision ("D.") 08-04-023 and the August 22, 2006 "Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with Decision 06-06-066," I make this declaration seeking confidential treatment of Appendices A, B, and C to PG&E's Advice Letter 3754-E-A submitted on June 10, 2011.

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"), and/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, if applicable, 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, if applicable; (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 to the best of my knowledge the foregoing is true and correct. Executed on June 10, 2011 in San Francisco, California.



---

Carlos Abreu

PACIFIC GAS AND ELECTRIC COMPANY Advice Letter 3754-E-A June 10, 2011		IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 08-06-068 AND DECISION 08-04-023				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.06-08-066 and Appendix C to D.08-04-023 (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 3754-E-A	Y	Item VII (G) Renewable Resource Contracts under RPS program - Contracts without SEPs.	Y	Y	Y	This Appendix contains the Amendment. Disclosure of the Amendment 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 counterparty to the PPA has an expectation that the terms of the PPA and the Amendment will remain confidential pursuant to confidentiality provisions in the PPA.
2 Appendix A	Y	Item VII (G) Renewable Resource Contracts under RPS program - Contracts without SEPs.	Y	Y	Y	This Appendix contains a summary of the Amendment. Disclosure of the Amendment 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 counterparty to the PPA has an expectation that the terms of the PPA and the Amendment will remain confidential pursuant to confidentiality provisions in the PPA.
3 Appendix B	Y	Item VII (G) Renewable Resource Contracts under RPS program - Contracts without SEPs.	Y	Y	Y	This Appendix contains a summary of the Amendment. Disclosure of the Amendment 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 counterparty to the PPA has an expectation that the terms of the PPA and the Amendment will remain confidential pursuant to confidentiality provisions in the PPA.

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

AT&T	Dept of General Services	Northern California Power Association
Alcantar & Kahl LLP	Douglass & Liddell	Occidental Energy Marketing, Inc.
Ameresco	Downey & Brand	OnGrid Solar
Anderson & Poole	Duke Energy	Praxair
Arizona Public Service Company	Dutcher, John	R. W. Beck & Associates
BART	Economic Sciences Corporation	RCS, Inc.
Barkovich & Yap, Inc.	Ellison Schneider & Harris LLP	Recurrent Energy
Bartle Wells Associates	Foster Farms	SCD Energy Solutions
Bloomberg	G. A. Krause & Assoc.	SCE
Bloomberg New Energy Finance	GLJ Publications	SMUD
Boston Properties	GenOn Energy, Inc.	SPURR
	Goodin, MacBride, Squeri, Schlotz & Ritchie	San Francisco Public Utilities Commission
Braun Blaising McLaughlin, P.C.	Green Power Institute	Santa Fe Jets
Brookfield Renewable Power	Hanna & Morton	Seattle City Light
CA Bldg Industry Association	Hitachi	Sempra Utilities
CLECA Law Office	In House Energy	Sierra Pacific Power Company
CSC Energy Services	International Power Technology	Silicon Valley Power
California Cotton Ginners & Growers Assn	Intestate Gas Services, Inc.	Silo Energy LLC
California Energy Commission	Lawrence Berkeley National Lab	Southern California Edison Company
California League of Food Processors	Los Angeles Dept of Water & Power	Spark Energy, L.P.
California Public Utilities Commission	Luce, Forward, Hamilton & Scripps LLP	Sun Light & Power
Calpine	MAC Lighting Consulting	Sunshine Design
Cardinal Cogen	MBMC, Inc.	Sutherland, Asbill & Brennan
Casner, Steve	MRW & Associates	Tabors Caramanis & Associates
Chris, King	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto	McKenzie & Associates	Tiger Natural Gas, Inc.
City of Palo Alto Utilities	Merced Irrigation District	TransCanada
Clean Energy Fuels	Modesto Irrigation District	Turlock Irrigation District
Coast Economic Consulting	Morgan Stanley	United Cogen
Commercial Energy	Morrison & Foerster	Utility Cost Management
Consumer Federation of California	NLine Energy, Inc.	Utility Specialists
Crossborder Energy	NRG West	Verizon
Davis Wright Tremaine LLP	Navigant Consulting	Wellhead Electric Company
Day Carter Murphy	Norris & Wong Associates	Western Manufactured Housing Communities Association (WMA)
		eMeter Corporation
Defense Energy Support Center	North America Power Partners	
Department of Water Resources	North Coast SolarResources	