

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



November 8, 2011

**Advice Letters 3759-E and 3759-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: Power Purchase Agreement for Procurement of Renewable Energy  
Resources between North Star Solar, LLC, and PG&E Company**

Dear Mr. Cherry:

Advice Letters 3759-E and 3759-E-A are effective October 20, 2011 per Resolution E-4436.

Sincerely,

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

Edward F. Randolph, Director  
Energy Division

July 27, 2011

**Advice 3759-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 North Star Solar, LLC.**

## **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 3759-E (“Advice Letter”). The Advice Letter requested approval of a 20-year Renewables Portfolio Standard (“RPS”) Power Purchase Agreement (“PPA”) that PG&E has executed with North Star Solar, LLC (“North Star Solar”), for a 60-megawatt (“MW”) solar photovoltaic project to be located outside the town of Mendota, California, in Fresno County. The Advice Letter seeking approval of the PPA (“Original PPA”) was filed on November 12, 2010. Since that time, PG&E and North Star Solar 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, and issue a resolution no later than October 6, 2011.<sup>1</sup>

### **B. Background**

The Original PPA, filed on November 12, 2010, in Advice Letter 3759-E, resulted from the 2009 RPS Solicitation. On June 23, 2011, the CPUC issued Draft Resolution E-4405 rejecting, without prejudice, the Original PPA, on the grounds that the contract price was not

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

cost competitive, stating “the Project is not price competitive with projects that are currently being offered to PG&E.”

Since that time, PG&E and North Star Solar have held extensive negotiations to address the Commission’s pricing concern. On July 25, 2011, the parties executed the First Amendment, which is being submitted in this advice letter. Specifically, this limited scope First Amendment includes a price decrease of over 20%; an increase in an expected average annual contract quantity of 119 gigawatt hours (“GWh”) to an expected average annual quantity of 136 GWh; an extension in the transmission delay date; an extension of the date by which Commission approval is needed; and changes to terms concerning financing termination rights and development security.

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

<b>Non-Modifiable Term from First Amendment</b>	<b>First Amendment Section No.</b>	<b>Page No.</b>
STC REC-1: Transfer of Renewable Energy Credits	10.2(b)	3
STC REC-2: Tracking of RECs in WREGIS	3.1(k)(viii)	1

The First Amendment was presented to the PRG in writing on July 20, 2011. The written communication summarized the revised transaction and informed the PRG of PG&E’s intention to execute.

Confidential Appendix A to this advice letter provides updates regarding interim study reports in the transmission interconnection process that have become available since the filing of the original advice letter, as well as updating the price and market valuation analyses. Confidential Appendix C summarizes the First Amendment’s modifications to the original PPA and updates the AMF charts and analyses. The Independent Evaluator (“IE”) report for the First Amendment is contained in Confidential Appendix D.

PG&E requests that the Commission approve the PPA as amended, in light of the substantive decrease in the PPA contract price in response to the Commission’s concerns.

## II. REGULATORY PROCESS

### A. Requested Effective Date

PG&E requests that the Commission issue a resolution approving this advice filing no later than **October 6, 2011**. Justification for this date is provided in Confidential Appendix D.

### 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

Anyone wishing to protest this filing may do so by sending a letter by **August 16, 2011**, 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 it should be submitted expeditiously. Protests should be mailed to:

CPUC Energy Division  
Attention: Tariff Unit, 4<sup>th</sup> Floor  
505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov) and [jnj@cpuc.ca.gov](mailto:jnj@cpuc.ca.gov)

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004, 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 K. Cherry  
Vice President, Regulation and Rates  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-6520  
E-Mail: PGETariffs@pge.com

### **Effective Date**

PG&E requests that the Commission issue a resolution approving this advice filing no later than **October 6, 2011**

### **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. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>.



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  
Joseph Abhulimen – DRA  
Cynthia Walker - DRA

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 – Update of Project Information**

**Confidential Appendix B – First Amendment**

**Confidential Appendix C – Summary of First Amendment Modifications**

**Confidential Appendix D – Independent Evaluator Report (Confidential)**

# 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) #: **3759-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 North Star Solar, LLC**

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: David Lewis (415) 973-8788

Resolution Required?  Yes  No

Requested effective date: **October 6, 2011**

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 K. 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 DAVID LEWIS  
SEEKING CONFIDENTIAL TREATMENT  
FOR CERTAIN DATA AND INFORMATION CONTAINED IN  
ADVICE LETTER 3759-E-A  
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)**

I, David Lewis declare:

1. I am presently employed by Pacific Gas and Electric Company ("PG&E") and have been an employee since 2008. I am Director of Renewable Transactions at PG&E. In this position, I am responsible for structuring, negotiating, and executing a variety of transactions which may include power purchase agreements, tax equity investments, and joint venture or partnership arrangements with counterparties in the business of producing electric energy. In carrying out these responsibilities, I have acquired knowledge of such sellers in general and, based on my experience in dealing with facility owners and operators, I am familiar with the types of data and information about their operations that such owners and operators 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 Appendices A, B, C, and D to Advice Letter 3759-E-A submitted on July 27, 2011. By this Advice Letter, PG&E is seeking Commission's approval of the amended power purchase agreement (PPA) that PG&E executed with North Star Solar, 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 that: (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 July 27, 2011, at San Francisco, California.

A handwritten signature in black ink, appearing to read "David Lewis", written over a horizontal line.

David Lewis

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)**

Advice Letter 3759-E-A

July 27, 2011

**IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066 AND DECISION 08-04-023**

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
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Document: Advice Letter 3759-E-A

Appendix A	Y	Item VII F) Renewable Resource Contracts under RPS program - Contract with SEPs.  Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects.  Item VIII A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of	Y	Y	Y	This Appendix contains bid information and evaluation from the 2009 Solicitation; discusses, analyzes, and evaluates the Project and the terms of the PPA; and contains confidential information of the counterparties. Disclosure of this information would provide valuable market sensitive information to competitors. Since negotiations are still in process with bidders for the 2008 and 2009 solicitations and with other counterparties, this information should remain confidential. Release of this information would be damaging to negotiations.  Finally, this information has been obtained in confidence from the counterparties under an expectation of confidentiality. It is in the public interest to treat such information as confidential because if such information were made public, it would put the counterparties at a business disadvantage, could create a disincentive to do	For information covered under Item VIII F) and item VII, remain confidential for three years.  For information covered under Item VIII A), remain confidential until after final contracts submitted to CPUC for approval.  For information covered under VIII B), remain confidential for three years after winning bidders selected.
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IOU Matrix

Appendix B	Y	Item VII F) Renewable Resource Contracts under RPS program - Contracts with SEPs.	Y	Y	Y	<p>business with PG&amp;E and other regulated utilities, and could have a damaging effect on current and future negotiations with other counterparties.</p> <p>This Appendix contains the PPA. Disclosure of the PPA would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 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 PPA have an expectation that the terms of the PPA will remain confidential pursuant to confidentiality provisions in the PPA.</p>	<p>For information covered by General Order 66-C, remain confidential.</p> <p>Remain confidential for three years.</p>
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Appendix C	Y	<p>Item VII F) Renewable Resource Contracts under RPS program - Contracts with SEPs.</p> <p>Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects.</p> <p>Item VIII A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids.</p> <p>General Order 66-C.</p>	Y	Y	Y	<p>This Appendix contains bid information and evaluation from the 2009 Solicitation; discusses, analyzes, and evaluates the Project and the terms of the PPA, and contains confidential information of the counterparties. Disclosure of this information would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 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 PPA have an expectation that the terms of the PPA will remain confidential pursuant to confidentiality provisions in the PPA.</p>	<p>For information covered under Item VII F) and Item VII, remain confidential for three years.</p> <p>For information covered under Item VIII A), remain confidential until after final contracts submitted to CPUC for approval.</p> <p>For information covered under Item VIII B), remain confidential for three years after winning bidders selected.</p> <p>For information covered by General Order 66-C, remain confidential.</p>
Appendix D	Y	<p>Item VII F) Renewable Resource Contracts under RPS program - Contracts with SEPs.</p> <p>Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects.</p> <p>Item VIII A) Bid information and B)</p>	Y	Y	Y	<p>This Appendix contains bid information and bid evaluations from the 2009 Solicitation; discusses, analyzes and evaluates the Project and the terms of the PPA; contains confidential information of the counterparties; and contains analyses and evaluations of project viability. Disclosure of this information would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2008 and 2009 solicitations and with other counterparties, this information should remain confidential. Release of this information would be damaging to negotiations.</p> <p>Finally, this information has been obtained in confidence from the counterparties under an</p>	<p>For information covered under Item VII F) and Item VII, remain confidential for three years.</p> <p>For information covered under Item VIII A), remain confidential until after final contracts submitted to CPUC for approval.</p> <p>For information covered under Item VIII B), remain confidential for three years after winning bidders selected.</p> <p>For information covered by General Order 66-C, remain confidential.</p>

IOU Matrix

		<p>Specific quantitative analysis involved in scoring and evaluation of participating bids. General Order 66-C.</p>			<p>expectation of confidentiality. It is in the public interest to treat such information as confidential because if such information were made public, it would put the counterparties at a business disadvantage, could create a disincentive to do business with PG&amp;E and other regulated utilities, and could have a damaging effect on current and future negotiations with other counterparties.</p>	<p>VIII B), remain confidential for three years after winning bidders selected. For information covered by General Order 66-C, remain confidential.</p>
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**PG&E Gas and Electric  
Advice Filing List  
General Order 96-B, Section IV**

AT&T	Department of Water Resources	North Coast SolarResources
Alcantar & Kahl LLP	Dept of General Services	Northern California Power Association
Ameresco	Douglass & Liddell	Occidental Energy Marketing, Inc.
Anderson & Poole	Downey & Brand	OnGrid Solar
Arizona Public Service Company	Duke Energy	Praxair
BART	Economic Sciences Corporation	R. W. Beck & Associates
Barkovich & Yap, Inc.	Ellison Schneider & Harris LLP	RCS, Inc.
Bartle Wells Associates	Foster Farms	Recurrent Energy
Bloomberg	G. A. Krause & Assoc.	SCD Energy Solutions
Bloomberg New Energy Finance	GLJ Publications	SCE
Boston Properties	GenOn Energy, Inc.	SMUD
Braun Blaising McLaughlin, P.C.	Goodin, MacBride, Squeri, Schlotz & Ritchie	SPURR
Brookfield Renewable Power	Green Power Institute	San Francisco Public Utilities Commission
CA Bldg Industry Association	Hanna & Morton	Seattle City Light
CLECA Law Office	Hitachi	Sempra Utilities
CSC Energy Services	In House Energy	Sierra Pacific Power Company
California Cotton Ginners & Growers Assn	International Power Technology	Silicon Valley Power
California Energy Commission	Intestate Gas Services, Inc.	Silo Energy LLC
California League of Food Processors	Lawrence Berkeley National Lab	Southern California Edison Company
California Public Utilities Commission	Los Angeles Dept of Water & Power	Spark Energy, L.P.
Calpine	Luce, Forward, Hamilton & Scripps LLP	Sun Light & Power
Cardinal Cogen	MAC Lighting Consulting	Sunshine Design
Casner, Steve	MBMC, Inc.	Sutherland, Asbill & Brennan
Chris, King	MRW & Associates	Tabors Caramanis & Associates
City of Palo Alto	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto Utilities	McKenzie & Associates	Tiger Natural Gas, Inc.
City of San Jose	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)
Defense Energy Support Center	North America Power Partners	eMeter Corporation