

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



June 7, 2011

**Advice Letter 3845-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: Filing in Compliance with Resolution E-4393, Approving with Conditions the Power Purchase Agreement for Procurement of Renewable Energy Resources between Mesquite Solar-1, LLC (Formally SGS-1, LLC), and PG&E Company**

Dear Ms. Yura:

Advice Letter 3845-E is effective June 7, 2011.

Sincerely,

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

Julie A. Fitch, Director  
Energy Division



**Brian K. Cherry**  
Vice President  
Regulation and Rates

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

Fax: 415-973-6520

May 16, 2011

**Advice 3845-E**  
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

**Subject: Filing in Compliance With Resolution E-4393, Approving With Conditions the Power Purchase Agreement for Procurement of Renewable Energy Resources Between Mesquite Solar-1, LLC (Formally SGS-1, LLC), and Pacific Gas and Electric Company**

**Purpose:**

In compliance with Resolution E-4393, approved April 15, 2011, PG&E submits this Advice Letter to demonstrate that the product delivered under the Power Purchase Agreement (the “Mesquite PPA”) between PG&E and Mesquite Solar-1, LLC (“Mesquite Solar”), a wholly-owned subsidiary of Sempra Generation (“Sempra”), will qualify as “bundled” procurement pursuant to California Public Utilities Commission (“Commission”) decisions. This Advice Letter also complies with Resolution E-4393 by attaching an amendment to the Mesquite PPA that incorporates certain non-modifiable standard terms and conditions approved by the Commission.

**Background:**

On April 15, 2011, in Resolution E-4393, the Commission conditionally approved the Mesquite PPA, which was filed in PG&E’s Advice Letter 3741-E on October 12, 2010. The Commission’s approval contained two conditions. First, in Ordering Paragraph 2, the Commission required that, within thirty days of the effective date of Resolution E-4393, PG&E submit a Tier 1 Advice Letter to demonstrate that the Mesquite Solar contract has been amended to include all relevant non-modifiable standard terms and conditions currently required by the Commission. Additionally, in Ordering Paragraph 3, the Commission required that PG&E submit a Tier 1 Advice Letter to demonstrate that the requirements for classifying procurement under the Mesquite Solar-1, LLC contract as a bundled transaction, pursuant to Decision 10-03-021, as modified by Decision 11-01-025, have been satisfied.

**Demonstration of Compliance:**

Appendix A to this filing is an amendment to the Mesquite PPA that incorporates the precise language of Standard Term and Condition (“STC”) REC-1 (Transfer of Renewable Energy Credits) and STC REC-2 (Tracking of RECs in WREGIS).<sup>1</sup> D.10-03-021 as modified by D.11-01-025, also includes the requirement that “contracts for purchase of renewable energy credits only” contain an additional STC REC-3.<sup>2</sup> Because today’s filing demonstrates that the Mesquite PPA qualifies as “bundled” procurement under the requirements of these decisions, and is not a contract for renewable energy credits only, PG&E has determined that STC REC-3 is not relevant and need not be incorporated into the Mesquite PPA.

Confidential Appendix B demonstrates that the output from Mesquite Solar meets the requirements for classification as “bundled” procurement pursuant to D.10-03-021, as modified by D.11-01-025, and will also be treated as in-state procurement pursuant to the recently-enacted 33% RPS legislation, once that statute becomes effective.

**Attachments:**

<b>Appendix A</b>	<b>Amendment to Power Purchase Agreement</b>
<b>Confidential Appendix B</b>	<b>Documentation Regarding Bundled Classification of Mesquite Solar</b>

**Confidentiality:**

In support of this Advice Letter, PG&E submits Confidential Appendix B 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 General Order 66-C. A separate Declaration Seeking

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<sup>1</sup> See Decision (“D.”) 11-01-025 at 46 (Ordering Paragraph (“OP”) 4.P). Please note that D.11-01-025 contains a discrepancy in the required language for STC REC-1. In the version cited above, the phrase “Renewable Energy Credits” is capitalized. However, in the version of STC REC-1 contained on page 22 of Appendix A to the Decision (“Findings of fact, Conclusions of Law, and Order in D.10-03-021 as Modified by This Decision”), the phrase is not capitalized. PG&E has followed the capitalization used in the Ordering Paragraph of the Decision rather than in the Appendix, and it submits that capitalizing this phrase is appropriate because it is consistent with the use of the phrase elsewhere in the non-modifiable STCs and the Mesquite PPA.

<sup>2</sup> *Id.* at 47 (OP 4.Q).

Confidential Treatment is being filed concurrently with this Advice Letter.

**Protests:**

The protest and comment period for the PPA should not be reopened. This compliance filing only updates the PPA non-modifiable standard terms and conditions and provides the required demonstration that the requirements for classifying procurement under the Mesquite Solar-1, LLC contract as a bundled transaction, pursuant to Decision 10-03-021, as modified by Decision 11-01-025, have been satisfied.

**Effective Date:**

Because PG&E submits this as a Tier 1 advice filing, it is effective pending disposition.

**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 on the service lists for R.06-02-012, R.08-02-007 and R.11-05-005. 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 to the General Order 96-B service list and all electronic approvals should be directed to [PGETariffs@pge.com](mailto: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>.



Vice President – Regulation and Rates

cc: Service List for R.11-05-005  
Service List for R.06-02-012  
Service List for R.08-02-007  
Paul Douglas – Energy Division  
Sean Simon – Energy Division

Attachments

**Limited Access to Confidential Material:**

Appendix B to this Advice Letter is 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 pursuant to General Order 66-C. A separate Declaration Seeking Confidential Treatment regarding the confidential information is filed concurrently herewith.

# 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) #: **3845-E**

Tier: **1**

Subject of AL: **Filing in Compliance With Resolution E-4393, Approving With Conditions the Power Purchase Agreement for Procurement of Renewable Energy Resources Between Mesquite Solar-1, LLC (Formally SGS-1, LLC), and Pacific Gas and Electric Company**

Keywords (choose from CPUC listing): Contracts, Portfolio, Compliance

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: Resolution E-4393

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: Sandy Burns (415) 973-1627

Resolution Required?  Yes  No

Requested effective date: **May 16, 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 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 SANDRA J. BURNS  
SEEKING CONFIDENTIAL TREATMENT  
FOR CERTAIN DATA AND INFORMATION CONTAINED IN  
ADVICE LETTER 3845-E  
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)**

I, Sandra J. Burns, declare:

1. I am presently employed by Pacific Gas and Electric Company ("PG&E"), and have been an employee at PG&E since 1985. I am a principal in the Renewable Energy group in the Energy Procurement department within Pacific Gas and Electric Company (PG&E). I am responsible for managing PG&E's Renewables Portfolio Standard solicitation and negotiating power purchase agreements 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 "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 PG&E's Advice Letter 3845-E, submitted on May 16, 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 information that should be protected under General Order 66-C. The matrix also specifies why confidential protection is justified. Finally, the matrix specifies that: (1) (1) the information is not already public; and (2) 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.

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 16, 2011, at San Francisco, California.

  
SANDRA J. BURNS

PACIFIC GAS AND ELECTRIC COMPANY Advice Letter 3845-E May 16, 2011		IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-068 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 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)	Length of Time
1 Document: Advice Letter 3845-E	N	N/A	N/A	Y	Y	Until no longer confidential pursuant to G.O. 66-C.
2 Appendix B						Appendix B constitutes information of a confidential nature furnished to the Commission under General Order 66-C, and for that reason should be excluded from public disclosure. Specifically, it would place PG&E at an unfair business disadvantage if the Commission revealed the redacted information. (G.O. 66-C, Sec. 2.2(b)). Additionally, it is in the public interest to seal the information since it was obtained by PG&E in confidence from another party. (G.O. 66-C, Sec. 2.8)

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.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	Length of Time

## **Public Appendix A**

### **Amendment to Power Purchase Agreement**

## AMENDMENT OF POWER PURCHASE AND SALE AGREEMENT

This AMENDMENT OF POWER PURCHASE AND SALE AGREEMENT (this "Amendment") is made as of the Amendment Effective Date (defined below), by and between Pacific Gas and Electric Company ("Buyer") and Mesquite Solar 1, LLC ("Seller" and collectively with Buyer, the "Parties"). Buyer and Seller are Parties to that certain Power Purchase and Sale Agreement between the Parties dated July 29, 2010 ("Agreement").

### RECITALS

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

WHEREAS, the California Public Utilities Commission ("CPUC") approved the Agreement in its Resolution E-4393, issued on April 15, 2011, subject to the modifications set forth below;

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 this Amendment shall be effective as of the date of approval of the advice letter submitted to the CPUC relating to this Amendment ("Amendment Effective Date"), as follows:

A. Amendment to 3.1(k)(v): Section 3.1(k)(v) shall be deleted and replaced in its entirety with the following:

"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."

B. Amendment to Section 10.2(b): The first sentence of the second paragraph of Section 10.2(b) shall be deleted and replaced in its entirety with the following:

"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."

C. Miscellaneous.

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 12 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 one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Amendment. Delivery of an executed counterpart of this Amendment by fax will be deemed as effective as delivery of an originally executed counterpart. Any Party delivering an executed counterpart of this Amendment by facsimile will also deliver an originally executed counterpart, but the failure of any Party to deliver an originally executed counterpart of this Agreement will not affect the validity or effectiveness of this Amendment.

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.

Mesquite Solar 1, LLC, a Delaware limited liability company

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation

Signature:  <sup>SCC</sup> 5/11/11  
Name: JAMES SAHAGIAN  
Title: VICE PRESIDENT  
Date: 5/11/11

Signature:   
Name: Roy Alvarez  
Title: Director, Competitive Solicitations  
Date: 05/10/2011

**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	