

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



August 3, 2011

Advice Letter 3857-E

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: Filing in Compliance with Resolution E-4402, Approving with Conditions the Power Purchase Agreement for Procurement of Renewable Energy Resources Between Shiloh III Wind Project, LLC, and PG& E Company

Dear Mr. Cherry:

Advice Letter 3857-E is effective August 2, 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

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

Fax: 415.973.6520

June 9, 2011

Advice 3857-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Filing in Compliance With Resolution E-4402, Approving With Conditions the Power Purchase Agreement for Procurement of Renewable Energy Resources Between Shiloh III Wind Project, LLC, and Pacific Gas and Electric Company

Introduction

Pacific Gas and Electric Company (“PG&E”) submits this Advice Letter in compliance with Resolution E-4402, issued May 27, 2011, which conditionally approved PG&E’s renewable purchase power agreement (“PPA”) with the Shiloh III Wind Project, LLC (“Shiloh III”). PG&E hereby submits the Third Amendment to the Shiloh III PPA, which incorporates certain non-modifiable standard terms and conditions as required by Decision (“D.”) 10-03-021, as amended by D.11-01-025.

Background

In Resolution E-4402, the California Public Utilities Commission (“CPUC” or “Commission”) conditionally approved the Shiloh PPA, which was filed in PG&E’s Advice Letter 3735-E on September 10, 2010. In Ordering Paragraph 2 of the Resolution, the Commission required PG&E to submit a Tier 1 Advice Letter to demonstrate that the Shiloh III contract has been amended to include all relevant non-modifiable standard terms and conditions currently required by the Commission.

Demonstration of Compliance:

D.10-03-021, as modified by D.11-01-025, sets forth two non-modifiable standard terms and conditions that shall be included in all contracts for procurement for compliance with the California renewables portfolio standard: Standard Term and Condition (“STC”) REC-1 (Transfer of Renewable Energy Credits) and STC REC-2 (Tracking of RECs in

WREGIS). Appendix A to this filing is the Third Amendment to the Shiloh III PPA, which incorporates the precise language of STC REC-1 and STC REC-2.¹

D.10-03-021, as modified by D.11-01-025, also requires additional non-modifiable STCs for “contracts for purchase of renewable energy credits only”: STC REC-3 and STC 17.² Because the Shiloh III PPA qualifies as “bundled” procurement under the requirements of these decisions and is not a contract for renewable energy credits only, STC REC-3 is not relevant and need not be incorporated into the Shiloh III PPA. In addition, the Shiloh III PPA as filed in Advice Letter 3735-E in September 2010 already contained the non-modifiable term STC 17.

Therefore, with the Third Amendment, the Shiloh III PPA contains all relevant non-modifiable terms required by the Commission for contracts for the purchase of electricity from eligible renewable energy resources.

Public Appendix:

Appendix A – Third Amendment to Power Purchase Agreement

Protests:

The protest and comment period for the PPA should not be re-opened. This compliance filing only updates the PPA non-modifiable standard terms and conditions in accordance with Resolution E-4402.

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 is being sent electronically and via U.S. mail to parties shown on the attached list. Address

¹ See Decision (“D.”) 11-01-025 at 46 (Ordering Paragraph (“OP”) 4.P). 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 Shiloh III PPA.

² *Id.* at 47 (OP 4.Q).

changes to the General Order 96-B service list and all 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. Send all electronic approvals to 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 "Brian Cherry" followed by a vertical line and the word "ent".

Vice President – Regulation and Rates

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

Attachments

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) #: **3857-E**

Tier: **1**

Subject of AL: **Filing in Compliance With Resolution E-4402, Approving With Conditions the Power Purchase Agreement for Procurement of Renewable Energy Resources Between Shiloh III Wind Project, 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-4402

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:

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes No

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information:

Resolution Required? Yes No

Requested effective date: **June 9, 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 proposed¹: 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

Advice 3857-E

Appendix A

THIRD AMENDMENT TO POWER PURCHASE AGREEMENT

This Third Amendment to Power Purchase Agreement (“Amendment”) is made and entered into between Pacific Gas and Electric Company, a California corporation (“Buyer” or “PG&E”), and Shiloh III Wind Project, LLC, a Delaware limited liability company (“Seller”), as of the date (“Execution Date”) set forth on the signature page hereof.

RECITALS

WHEREAS, Buyer and Seller are Parties to that certain Power Purchase Agreement dated July 27, 2010, as amended by the First Amendment to Power Purchase Agreement dated February 25, 2011, and the Second Amendment to the Power Purchase Agreement dated March 28, 2011 (“Agreement”);

WHEREAS, Buyer and Seller desire to amend the Agreement as set forth herein;

THEREFORE, for good and valuable consideration, Buyer and Seller agree as follows:

1. Definitions. Capitalize terms not otherwise defined herein have the same meaning as in the Agreement.
2. Amendment to Section 10.2(c): Replace the words “renewable energy credits” with the words “Renewable Energy Credits.”
3. Amendment to Section 10.2(d): Replace the words “renewable energy credits” with the words “Renewable Energy Credits.”
4. Miscellaneous.
 - a. Effect of Amendment. The Agreement, as modified by this Amendment, remains in effect in accordance with its terms.
 - b. Entire Agreement. The Agreement, as amended, shall constitute the entire agreement of the Parties with respect to the matters set forth therein and herein, and all references in the Agreement to the “Agreement” shall be deemed to refer to the Agreement and all amendments. If there is any conflict between the Agreement and this Amendment, this Amendment shall control.
 - c. Governing Law. This Amendment shall be governed by, and construed and enforced in accordance with the governing law of the Agreement (without reference to conflict of law provisions). To the extent enforceable at such time, each party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Amendment.
 - d. Binding Effect. This Amendment shall be binding on and inure to the benefit of and be enforceable by the Parties hereto and their respective successors and permitted assigns.

- e. 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.

- f. 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.

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

- h. Severability. If any provision in this Amendment is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Amendment and the Parties shall use their best efforts to modify this Amendment or the Agreement to give effect to the original intention of the Parties.

Agreement Execution

In WITNESS WHEREOF, each Party has caused this Agreement to be duly executed by its authorized representative as of the dates provided below:

**SHILOH III WIND PROJECT, LLC, a
Delaware limited liability company**

Signature: 
 Name: Paul Kaufman
 Title: EVP Transaction
 Date: 6/3/11

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

Signature: 
 Name: DAVID LEWIS
 Title: DIRECTOR
 Date: 6/7/11

**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	