

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



**Advice Letter 4174-E**

August 22, 2013

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

**SUBJECT: PG&E's Proposed Second Extension of its Power Purchase Agreement  
w/Bailey Creek**

Dear Mr. Cherry:

Advice Letter 4174-E is effective as of March 21, 2013, per Resolution E-4578 Ordering Paragraph.

Sincerely,

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

Edward F. Randolph, Director  
Energy Division



Brian K. Cherry  
Vice President  
Regulatory Relations

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

Fax: 415-973-7226

January 9, 2013

**Advice 4174-E**  
(Pacific Gas and Electric Company U 39 E)

Public Utilities Commission of the State of California

**Subject: Pacific Gas and Electric Company's Proposed Second Extension of its Power Purchase Agreement with Bailey Creek**

### **Introduction**

Pacific Gas and Electric Company ("PG&E") requests the California Public Utilities Commission ("Commission" or "CPUC") to approve a second extension of the power purchase agreement ("PPA") between PG&E and Bailey Creek Hydroelectric Inc. ("Bailey Creek" or "Seller"). This second extension will extend the existing PPA until March 31, 2013, to provide Bailey Creek a reasonable amount of time to meet California Independent System Operator ("CAISO") requirements for delivering energy into the CAISO market as scheduled by a third-party scheduling coordinator.

### **Background**

In Decision ("D.") 10-12-035, the Commission approved the Qualifying Facility and Combined Heat and Power Settlement ("QF/CHP Settlement" or "Settlement") and adopted new pro-forma PPAs for QFs and CHP generators and a pro-forma pricing amendment for legacy QFs. The Settlement became effective on November 23, 2011 ("Settlement Effective Date"), at which time the approved agreements became available for execution.

Bailey Creek is a 630 kilowatt ("kW") run-of-the-river hydroelectric QF located in Shasta County which has sold power to PG&E under a legacy contract. Bailey Creek seeks to deliver power into the CAISO market through a third-party scheduling coordinator. By Resolution E-4528, the Commission approved the first extension of the existing PPA through December 31, 2012, to allow Bailey Creek to obtain its own CAISO Resource ID for scheduling purposes. Bailey Creek has been issued a Resource ID. However, Bailey Creek has not yet completed all the steps necessary to participate in the CAISO market, and particularly for an entity other than PG&E to function as Bailey Creek's scheduling coordinator.

On December 26, 2012, Bailey Creek sent a letter requesting PG&E to further extend its PPA. On December 27, 2012, Bailey Creek sent a similar letter to Edward Randolph, the Director of Energy Division, requesting that the Energy Division grant an extension. However, the Energy Division is not authorized to grant an extension of a legacy PPA that expires beyond the 120-day transition period provided by the QF/CHP Settlement. Accordingly, any further extension must be executed by PG&E and submitted for Commission approval.

### **Need for Further PPA Extension**

Legacy QFs expiring during the Settlement's Initial Program Period have several commercial options available to them, including the execution of one of the pro-forma PPAs approved as part of the QF/CHP Settlement.<sup>1</sup> Generators that wish to deliver into the CAISO market must comply with the CAISO Tariff, specifically by executing a Participating Generator Agreement, obtaining a CAISO meter, executing a Meter Service Agreement, and executing the appropriate transmission interconnection agreement. To exercise the option of using a scheduling coordinator other than PG&E the QF must have its own CAISO Resource ID and have installed one or more CAISO meters on or before the Term Start Date. The first amendment to Seller's legacy PPA extended the term through December 31, 2012, by which time Seller had obtained its own CAISO Resource ID. However, Seller has not yet fulfilled all the CAISO requirements necessary to be scheduled by a third-party scheduling coordinator.

The Commission previously extended Bailey Creek's legacy PPA to allow it to continue deliveries while obtaining its own Resource ID, which is required to fully participate in the CAISO market. Bailey Creek has made substantial progress toward meeting all the regulatory requirements for electing its own scheduling coordinator. It has installed CAISO meters, but was unable to obtain CAISO verification and elect a third-party scheduling coordinator prior to the expiration of its PPA, as amended. Bailey Creek states that it should be able to accomplish the purpose for which the first extension was approved within three months. PG&E supports one final extension consisting of the three month period within which Bailey Creek states it will conclude the task of retaining a third-party scheduling coordinator.

### **Benefits to PG&E's Customers**

Bailey Creek is a run-of-river small hydroelectric facility which is also an eligible renewable energy resource, and Bailey Creek's power production is limited to a few months each year, beginning in late spring. Bailey Creek's PPA expired soon after the expiration of the 120-day period allowed by QF/CHP Settlement Term Sheet Section 11.2. PG&E has reached out to Bailey Creek on several occasions this year to remind the Seller of its option to continue deliveries under a new QF/CHP Settlement contract once its PPA has expired. Bailey Creek has determined that contracting with PG&E is the most convenient option for a successor PPA. However, shortly before its

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<sup>1</sup> QF/CHP Settlement Term Sheet, Section 11

expiration date, Bailey Creek informed PG&E of its decision to obtain an individual Resource ID from the CAISO so that its generation can be scheduled by a third party. Without this second extension of its existing PPA, Bailey Creek would no longer be delivering power under its legacy PPA.

### **Confidential Supporting Documents**

In support of this advice letter, PG&E encloses Bailey Creek's Second Extension Agreement (Log No. 13H119) as Confidential Attachment A. The Declaration of Lynn Cerini attesting that the Second Extension Agreement is confidential pursuant to D.06-06-066 is attached as the Appendix.

### **Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than **January 29, 2013**, which is 20 days after the date of this filing. Protests must be submitted to:

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

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-7226  
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Rule 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest;

supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Rule 3.11).

### **Effective Date**

PG&E requests that this Tier 2 advice letter be approved no later than February 9, 2013, with an effective date of **January 1, 2013**.

### **Notice**

In accordance with General Order 96-B, Rule 4, 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 R.12-03-014 official service list. Address changes to the General Order 96-B service list should be directed to 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 – Regulatory Relations

Attachments: Appendix: Declaration of Lynn Cerini and IOU Matrix  
Confidential Attachment A: Bailey Creek Second Extension Agreement  
(Log No. 13H119)

cc: Service List for R.12-03-014  
Andrew Schwartz, Energy Division, CPUC  
Cem Turhal, Energy Division, CPUC  
Noel Crisostomo, Energy Division, CPUC  
Brian Cragg, Counsel for Bailey Creek

### **Limited Access to Confidential Material:**

The portions of this Advice Letter marked Confidential Protected Material are submitted under the confidentiality protection of Section 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 contracts themselves, price information, and analysis of the proposed energy procurement contracts, which are protected pursuant to D.06-06-066 and D.08-04-023. A declaration seeking confidential treatment of Confidential Attachment A ("Bailey Creek Second Extension Agreement (Log No. 13H119)") is being submitted with this advice letter in accordance with D.08-04-023.

# 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 E)**

Utility type:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: Kimberly Chang

Phone #: (415) 972-5472

E-mail: kwcc@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) #: **4174-E**

Tier: **2**

Subject of AL: **Pacific Gas and Electric Company's Proposed Second Extension of its Power Purchase Agreement with Bailey Creek**

Keywords (choose from CPUC listing): Agreement, Procurement, Power, Portfolio

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D. 10-12-035

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. Please see attached Declaration and Matrix.

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: Lynn Cerini (415) 973-6737

Resolution Required?  Yes  No

Requested effective date: **January 1, 2013**

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

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:

**California Public Utilities Commission**

**Energy Division**

**EDTariffUnit**

**505 Van Ness Ave., 4<sup>th</sup> Flr.**

**San Francisco, CA 94102**

**E-mail: EDTariffUnit@cpuc.ca.gov**

**Pacific Gas and Electric Company**

**Attn: Brian Cherry**

**Vice President, Regulatory Relations**

**77 Beale Street, Mail Code B10C**

**P.O. Box 770000**

**San Francisco, CA 94177**

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

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

**DECLARATION OF LYNN CERINI IN SUPPORT OF  
THE CONFIDENTIAL TREATMENT OF PG&E'S ADVICE 4174-E FOR APPROVAL  
OF THE SECOND EXTENSION TO THE BAILEY CREEK HYDROELECTRIC INC.  
POWER PURCHASE AGREEMENT**

I, Lynn Cerini declare:

1. I am a supervisor in the Energy Contract Management and Settlements Department at Pacific Gas and Electric Company (PG&E). I am responsible for managing Qualifying Facility power purchase agreements. This declaration is based on my personal knowledge of PG&E's electric portfolio and my understanding of the Commission's decisions protecting the confidentiality of market-sensitive information.

2. Based on my knowledge and experience, and in accordance with the "Administrative Law Judge's Ruling Clarifying Interim Procedures For Complying With Decision 06-06-066," issued in Rulemaking 05-06-040 on August 22, 2006, I make this declaration seeking confidential treatment for certain information contained in PG&E's attachment to Advice 4174-E seeking approval of the second extension of the Bailey Creek Hydroelectric Inc. Power Purchase Agreement.

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 (the "IOU Matrix") of Decision 06-06-066. The matrix also specifies the category or categories in the IOU Matrix to which the data and information corresponds, 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; (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 that is pertinent to my testimony in the attached matrix.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on January 9, 2013 at San Francisco, California.

  
LYNN CERINI

**PACIFIC GAS AND ELECTRIC COMPANY'S  
ADVICE 4174-E  
APPROVAL OF THE SECOND BAILEY CREEK POWER PURCHASE AGREEMENT EXTENSION  
JANUARY 9, 2013**

**IDENTIFICATION OF CONFIDENTIAL INFORMATION**

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
Extension Agreement	Y	Item VII B) Contracts and power purchase agreements between utilities and non-affiliated third parties.  General Order 66-C, Section 2.B.	Y	Y	Y	This attachment contain confidential contract terms other than contract summary terms, which are terms other than counterparty, resource type, location, capacity, expected deliveries, delivery point, length of contract and online date, which are confidential for three years from the date the contract states deliveries are to begin.  If this information is revealed publicly it could place PG&E at an unfair business disadvantage.	For information covered under Item VII B), remain confidential for three years  For information under GO 66-C, indefinite.

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

1st Light Energy	Department of General Services	North America Power Partners
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
BART	Duke Energy	PG&E
Barkovich & Yap, Inc.	Economic Sciences Corporation	Praxair
Bartle Wells Associates	Ellison Schneider & Harris LLP	R. W. Beck & Associates
Bloomberg	Foster Farms	RCS, Inc.
Bloomberg New Energy Finance	G. A. Krause & Assoc.	SCD Energy Solutions
Boston Properties	GLJ Publications	SCE
Braun Blaising McLaughlin, P.C.	GenOn Energy Inc.	SMUD
Brookfield Renewable Power	GenOn Energy, Inc.	SPURR
CA Bldg Industry Association	Goodin, MacBride, Squeri, Schlotz & Ritchie	San Francisco Public Utilities Commission
CENERGY POWER	Green Power Institute	Seattle City Light
CLECA Law Office	Hanna & Morton	Sempra Utilities
California Cotton Ginners & Growers Assn	Hitachi	Sierra Pacific Power Company
California Energy Commission	In House Energy	Silicon Valley Power
California League of Food Processors	International Power Technology	Silo Energy LLC
California Public Utilities Commission	Intestate Gas Services, Inc.	Southern California Edison Company
Calpine	Lawrence Berkeley National Lab	Spark Energy, L.P.
Cardinal Cogen	Los Angeles County Office of Education	Sun Light & Power
Casner, Steve	Los Angeles Dept of Water & Power	Sunrun Inc.
Center for Biological Diversity	MAC Lighting Consulting	Sunshine Design
Chris, King	MRW & Associates	Sutherland, Asbill & Brennan
City of Palo Alto	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto Utilities	Marin Energy Authority	Tiger Natural Gas, Inc.
City of San Jose	McKenna Long & Aldridge LLP	TransCanada
City of Santa Rosa	McKenzie & Associates	Turlock Irrigation District
Clean Energy Fuels	Merced Irrigation District	United Cogen
Clean Power	Modesto Irrigation District	Utility Cost Management
Coast Economic Consulting	Morgan Stanley	Utility Specialists
Commercial Energy	Morrison & Foerster	Verizon
Consumer Federation of California	Morrison & Foerster LLP	Wellhead Electric Company
Crossborder Energy	NLine Energy, Inc.	Western Manufactured Housing Communities Association (WMA)
Davis Wright Tremaine LLP	NRG West	eMeter Corporation
Day Carter Murphy	NaturEner	
Defense Energy Support Center	Norris & Wong Associates	