

June 3, 2016

Advice 4822-E-B

(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Submission of Second Supplemental Advice Letter with Updated Protocol and Appendices for a Solicitation Using the Renewable Auction Mechanism Targeted At Facilities That Utilize Fuel from High Hazard Zones Pursuant to Resolution E-4770**A. Purpose:**

Pursuant to the California Public Utilities Commission's ("Commission") General Order ("G.O.") 96-B,¹ Pacific Gas and Electric Company ("PG&E") submits this second supplement to Advice Letter 4822-E to provide an updated solicitation protocol and power purchase agreement ("PPA") for a proposed Solicitation using the Renewable Auction Mechanism ("RAM") targeted at facilities that utilize fuel from High Hazard Zones pursuant to Resolution E-4770 ("BioRAM"). The intent of this supplement is to incorporate certain changes, some of which were proposed in responses or protests by parties on PG&E's original Advice Letter 4822-E, and to expand the option of bids into the BioRAM to include contract terms of greater than 5 and 10 years for existing and new facilities, respectively.

PG&E filed supplemental Advice Letter 4822-E-A on June 1, 2016 providing a narrative detailing the changes that PG&E proposed to make to its BioRAM protocol and Rider submitted in Advice Letter 4822-E. In this second supplemental filing, PG&E provides both clean versions of the BioRAM Rider and Protocol, as proposed to be revised in supplemental Advice Letter 4822-E-A, and also redlined versions of these documents to show the revisions proposed by this supplement when compared against the BioRAM Rider and Protocol originally filed in Advice Letter 4822-E.

As described in more detail in Advice Letter 4822-E-A, PG&E proposes the following revisions to the BioRAM Rider and Protocol that it originally proposed in Advice Letter 4822-E:

- Delivery Terms
 - Expand options to allow new facilities to propose contract terms of 10, 15, or 20 years and existing facilities to propose contract terms of 5 (with a PG&E option to extend up to a cumulative total of 10 years), 10, 15, or 20 years;
 - Provide for a 5-year PPA option that does not include extension options; and

¹ See G.O. 96-B, Section 7.5.1.

- Clarify that, consistent with its most recent Commission-approved Least-Cost, Best-Fit (“LCBF”) protocol, PG&E will qualitatively prefer bids offering contracts of less than 20 years.
- Modify PG&E’s definition of high hazard fuel to eliminate requirement that fuel be sourced from dead and dying trees.
- Eliminate requirement for an attestation by a Registered Forest Professional if there is another mutually agreeable process.
- Modify the BioRAM Rider to provide a one-time opportunity for a Seller to revert back to the Contract Price (for 5 year Delivery Term without Extension Option only).
- Clarify that when the High Hazard Fuel requirement is not met, the PPA price will be the lesser of \$89.23/MWh specified in the Resolution and the Contract Price; and
- Allow more flexibility with respect to the non-High Hazard Fuel portion of the generation by allowing the non-High Hazard Fuel portion to be any form of woody biomass.

The table below lists the location in the BioRam Protocol and Rider of the substantive changes proposed:

Document	Section Reference (with reference to the redlined version of the documents in Appendices A and B)	Description of Change(s)
Rider	Section II	Modified “Amended Price” definition to refer to the lesser of Contract Price or \$89.23/MWh
Rider	Section II	Deleted “Damage Payment” definition, which referred only to deals up to 10 years in length. The Damage Payment definition will revert to the original definition in the RAM PPA.
Rider	Section II	Modified “Fuel Use” definition to refer to woody biomass
Rider	Section II	Modified “High Hazard Fuel” definition to delete reference to dead and dying trees
Rider	Section V	Deleted the first portion of this section which originally had “tenth, fifteenth, or twentieth” removed.
Rider	Section VI	Added clarification/qualification to the first sentence that the annual extensions are only applicable if the Seller executes a contract with a 5 year Contract Term with Extension Option.
Rider	Section IX	Added provision that Quarterly Fuel Attestations are not required to be signed by a Registered Professional Forester if

		the parties have mutually agreed upon an alternative process.
Rider	Section IX, X, XIII	Added one-time provision for Sellers with 5 year contract (without an Extension Option) to revert to the higher Contract Price if High Hazard Fuel requirements are met after a failure to meet those requirements in a prior year.
Rider	Appendix D	Clarified that Product includes woody biomass facilities only.
Rider	Appendix D	Added in 5, 10, 15, and 20 year Delivery Term options for existing facilities in addition to the 5 year option with year to year extension. Removed separate distinction for existing facilities that now have the 10, 15, and 20 year options as well.
Rider	Appendix D: Section C (Contract Price)	Added in rows for Contract Years 11 – 20.
Rider	Appendix D: Section D (Quantity):	Added in rows for Contract Years 11 – 20.
Protocol	Section 1: Overview	Added in options for longer term contracts and clarified that the annual contract extensions are applicable only to facilities that execute a PPA with a five-year Delivery Term with Extension Option. Also added in a five-year option without Extension Option. Added in reference to LCBF preference for contract durations of less than 20 years.
Protocol	Section III: Eligibility	Removed restriction that fuel must come from forest fuelstock and clarified that multi-fuel facilities are eligible so long as they are burning woody biomass.
Protocol	Section III: Eligibility	Added reference to BioRAM Rider provision that Quarterly Fuel Attestations are not required to be signed by a Registered Professional Forester if the parties have mutually agreed upon an alternative process.
Protocol	Section IV: Evaluation Criteria	Minor updates to LCBF language and stated preference for shorter contract durations.
Protocol	Section V: Price	Added qualification that including 10

		years' worth of pricing is applicable to those facilities that bid in a five-year option with an Extension Option.
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B. Request for Commission Approval

PG&E respectfully requests that the Commission approve the modifications set forth in Advice Letter 4822-E with the changes provided in this supplemental Advice Letter 4822-E-B and supplemental Advice Letter 4822-E-A on an expedited basis and requests that the Commission issue a final resolution or disposition letter,² containing:

1. Approval of the modified BioRAM PPA and Rider in its entirety;
2. Approval of PG&E's modified BioRAM Protocol in its entirety;
3. A finding that termination of an existing PPA to allow participation in BioRAM is reasonable, so long as PG&E collects any minimum contractual termination damages specified in the existing PPA.
4. A finding that the statewide high hazard zone designations made available by CAL FIRE on that agency's Tree Mortality Viewer tool constitute the agency's initial high hazard zones designation for purposes of determining the applicable commencement date for the BioRAM Solicitation.
5. Any other and further relief as the Commission finds just and reasonable.

Protests

In light of the urgent nature of BioRAM in helping to address the State's declared emergency related to tree mortality, and consistent with G.O. 96-B, Section 7.5.1, PG&E respectfully requests that the minor revisions made by this supplemental advice letter not re-start the timeline for submitting protests or responses on the original advice letter. However, pursuant to G.O. 96-B, any party may request that the Commission's Energy Division allow supplemental comments on this supplemental filing. The Energy Division may be contacted as follows:

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

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

² If Commission approval is in the form of a disposition letter issued by the Commission's Energy Division, such approval shall be deemed to have made the following findings.

In the event that the Energy Division allows comments on this supplement, copies of those comments should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

Any such supplemental comments 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:

Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
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

Tier Designation and Effective Date

PG&E has designated Advice Letter 4822-E as a Tier 2 advice letter and initially sought approval of the Advice Letter by May 7, 2016, which was 30 days after filing of the original Advice Letter 4822-E. In light of the urgent nature of BioRAM in helping to address the State's declared emergency related to tree mortality, and consistent with G.O. 96-B, Section 7.5.1., PG&E respectfully requests that the minor revisions made by this supplemental advice letter not re-start the initial 30-day review period for Advice Letter 4822-E.

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 and the service list for R.15-02-020. Address changes to the General Order 96-B list and electronic approvals 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>.

/S/

Erik Jacobson
Director – Regulatory Relations

cc: Paul Douglas – Energy Division
Megha Lakhchaura – Energy Division

Steven Kelly, Independent Energy Producers
Randy Moore, Forest Service, Pacific Southwest Region
Julee Malinowski Ball, California Biomass Energy Alliance
Service List R.15-02-020

Attachments:

Attachment A – Clean Version of the BioRAM Protocol, as proposed to be revised by this supplement

Attachment B – Clean Version of the BioRAM Rider, as proposed to be revised by this supplement

Attachment C – Redlined Version of the BioRAM Protocol, showing changes made by this supplement to the original Protocol submitted with Advice Letter 4822-E

Attachment D – Redlined Version of the BioRAM Rider, showing changes made by this supplement to the original Rider submitted with Advice Letter 4822-E