



Frequently Asked Questions

PG&E's Power Purchase Agreement for Small Renewable Generation "Feed-in Tariffs"

What is the small renewable generation power purchase agreement?

Effective February 20, 2008, PG&E will purchase power from our customers who install eligible renewable generation up to 1.5 MW in size. Eligible renewable generation is defined by the Legislature in PU Code Section 399.12.¹ Once customers who meet the eligibility criteria and PG&E both sign the power purchase agreement and the customers interconnect to PG&E's grid, PG&E will pay them for energy they generate, but do not apply to serve on-site load. There are two tariffs that are available to our customers: Schedule E-PWR (for public water and wastewater customers) and Schedule E-SRG (for all other eligible customers).

Why is PG&E offering this opportunity to customers?

In 2006 the Legislature passed Assembly Bill (AB) 1969, ordering the development of a Power Purchase Agreement (PPA) for renewable generation installed by public water and wastewater agencies. The California Public Utilities Commission (CPUC) extended this Power Purchase Agreement to all customers who install renewable generation up to 1.5 MW.

If I install renewable generation, can I use the electricity for my own needs and only sell excess electricity?

Yes. As PG&E proposed to the CPUC, customers can use the generated electricity first to meet their own simultaneous needs. PG&E will purchase any power that is exported to the grid.

How much will PG&E pay me for the excess power?

The CPUC determined that PG&E will pay the Market Price Referent (MPR), a per-kWh price that is determined periodically in the Renewables Portfolio Standard (RPS) proceeding. The date that a contract is signed by both the customer and PG&E will determine which MPR table is applicable. But the year your renewable generation facility commences delivery (the Commercial Operation Date, or COD), and the length of that contract, will determine which specific MPR rate will be in effect for the term of your contract. The specific \$/kWh will be based on the year your generator becomes commercially operable. Here is the most recently adopted MPR for baseload-type generators, the prices will be adjusted for Time-of-Day (TOD) factors, which recognize the higher value of power supplied during the on-peak hours, and the lower value of power supplied during the off-peak hours:

¹ PU Code Section 399.12 defines renewable generation as meeting Public Resources Code 25741, which describes renewable generation as an in-state facility using biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation of 30 megawatts or less, digester gas, municipal solid waste conversion, landfill gas, ocean wave, ocean thermal, or tidal current.



The 2007 MPR values are as follows: (Nominal - dollars/kWh)

Generation Start Year	10-Year Contract	15-Year Contract	20-Year Contract
2008	0.09271	0.09383	0.09572
2009	0.09302	0.09475	0.09696
2010	0.09357	0.09591	0.09840

What is a Time-of-Day factor?

The MPR value in the table above will be multiplied by a Time-of-Day factor to reflect the fact electricity produced during peak times is more valuable than electricity produced during other times. The Time-of-Day factors for PG&E are:

Monthly Period	Super-Peak	Shoulder	Night
June – Sep	2.037	0.921	0.700
Oct-Dec, Jan-Feb	1.203	1.049	0.841
Mar-May	1.030	0.855	0.656

Where:

1. Super-Peak (5x8) = HE (Hours Ending) 13 – 20 Pacific Prevailing Time (PPT), Monday - Friday (*except* NERC holidays).
2. Shoulder = HE 7 - 12, 21 and 22, Monday - Friday (except NERC holidays); and HE 7 - 22 Saturday, Sunday and *all* NERC holidays.
3. Night (7x8) = HE 1 - 6, 23 and 24 all days (*including* NERC holidays).

So I need a meter that will record the amount of power I generate in each distinct hour?

Yes, these meters are referred to as ‘interval meters’ and if your existing meter is not a revenue-quality interval meter, it will have to be replaced (see also additional question below).

If I sell some or all of my renewable power to PG&E, who owns any Renewable Energy Credit (REC)?

You will own any RECs for the power that you generate and use at your own site. PG&E will own any RECs for the power that we purchase under the power purchase agreement.

Can I get a rebate from PG&E for building a renewable generator and also sell my power to PG&E?

No, not at this time. The Commission decided that customers who are selling their excess power to PG&E under the power purchase agreement should not also get a rebate from PG&E’s Self Generation Incentive Program, or the California Solar Initiative.



Can I be on a net metering tariff and still sign a power purchase agreement?

No. The Commission decided that customers who are selling their power using these tariffs must sell all of their exports; they cannot split exports between net metering and the power purchase agreement.

What is the difference between the solar net metering tariff and this power purchase agreement?

Both arrangements allow you to first use the generation to meet your own simultaneous energy needs. The differences come at times when you either generate more than you need, or need more than you generate. Under the net metering tariffs, when you produce more than you need, you earn credits for the electricity that you export. This credit is used to offset your usage when you need more than your generator is producing (at some other time). Your meter register will increase whenever you are drawing power from the grid and decrease ("spin backwards") whenever you are exporting power to the grid. On the other hand, under this power purchase agreement, your meter will register imports and exports separately. You will pay your regular rate for all the electricity you use (no offsets from credits earned), and you will be paid at the MPR for all electricity that you export (generation in excess of simultaneous load).

How will PG&E know how much to pay me?

We will meter your usage and separately meter your exports to the grid.

Will I have to pay for two meters?

If your existing meter is capable of separately metering usage and exports, then you will not have to pay for two meters. You may have to pay a reprogramming charge, though, so your meter will collect the information needed. If your existing meter cannot separately meter usage and exports, then a meter capable of doing so will be installed at your expense. Costs can range from \$1,000 to \$38,000 and will depend on your voltage level.

I've heard that I have to interconnect using Federal Energy Regulatory Commission (FERC) rules, not CPUC rules. Why is this?

All generator interconnections are under FERC jurisdiction, unless FERC allows an exception – which they did for self generation, retail net metering arrangements and qualifying facility (QF) agreements where the QF is selling all its output to its serving utility under a QF arrangement. The small renewable PPA does not require the seller to be a QF selling to the utility under a QF agreement, therefore CPUC's Rule 21 interconnection process is not applicable. CPUC Decision 07-07-027 determined that it was up to the utilities to identify and apply the appropriate and applicable interconnection process, which for these contracts, PG&E determined is FERC's Small Generator Interconnection Process.

How do I connect my renewable generator to the PG&E grid?

If PG&E decides that your existing interconnection service, equipment or agreement is not satisfactory for delivering the renewable energy, we will ask you to execute a Small Generator Interconnection Agreement with PG&E's Generation Interconnection Services.



Attachment E “Small Generator Interconnection Procedures (SGIP)” of this document is available at:

<http://www.pge.com/includes/docs/pdfs/shared/customerservice/nonpgeutility/electrictransmission/tariffs/wdt.pdf>

For more information on the SGIP, go to the following website for more details:

<http://www.pge.com/mybusiness/customerservice/nonpgeutility/generateownpower/wholesaleinterconn/>

How long are these tariffs available?

Both tariffs are available on a first-come, first-served basis. PG&E’s obligation under the E-PWR will end when PG&E’s public water and wastewater customers have installed 104.6 MW of renewable generation under the tariff. Similarly, PG&E’s obligation under the E- SRG will end when PG&E’s other customers have installed 104.6 MW of generation under the tariff. So a total of 209.2 MW of renewable generation from our customers can participate in these tariffs.

Is there any minimum size for a renewable generator?

No.

Will I be eligible for Federal Tax Credits for generating renewable power?

PG&E is unable to provide tax advice and recommend that you consult a tax professional for guidance on filing with the IRS.

What does the following section of the PPA mean?

4.1. Representations and Warranties. On the Execution Date, each Party represents and warrants to the other Party that:

....

4.1.2 the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

This answer and the one following are for information purposes only and are not intended as legal advice. If you have questions about the legal nature of your rights and obligations under the tariff and/or contract, you should consult your attorney.

In general, 4.1.2 requires that you comply with all laws and regulations that may govern your right or ability to be a seller of power. Such laws may include, for example, obtaining the proper permits and environmental authorizations to conduct your operations. This may also include obtaining authorizations from state and local agencies and/or the FERC unless there is a specific exemption.

Do I need anything from the Federal Energy Regulatory Commission (FERC)?



Because your sale of power to PG&E will be a wholesale transaction, you need FERC authorization to make such a sale even though the sale is consummated pursuant to a CPUC-jurisdictional contract. To obtain such authorization you can either obtain Qualifying Facility (QF) status for your facility, or apply to FERC for market based rate authorization.

FERC's website offers guidance on how to obtain QF status for your facility, located here: <http://www.ferc.gov/industries/electric/gen-info/qual-fac/obtain.asp>

FERC's website also offers guidance on how to get market-based rate authorization, located here: <http://www.ferc.gov/industries/electric/gen-info/mbr/authorization.asp#skipnavsub>

What do I need to have in place to start delivering power to PG&E and for PG&E to start paying me?

While the PPA contains detailed requirements, the following overview may be helpful. You will require at least:

- A fully executed (signed by both you and PG&E) Small Renewable PPA
- FERC authorization if determined necessary
- An electrical interconnection to PG&E's grid using PG&E's Small Generator Interconnection Procedures (SGIP). As part of that electrical interconnection process, the customer and PG&E may need to execute a FERC- approved Small Generator Interconnection Agreement (SGIA)
- An appropriate meter installed, tested and approved by PG&E pursuant to section 5.2 "Metering Requirements" of the PPA
- Certification from the California Energy Commission (CEC) of your facility's status as an Eligible Renewable Energy Resource
- Your facility needs to be registered in the Western Region Electricity Generation Information System (WREGIS) to ensure that the energy produced from the facility is tracked for purposes of satisfying the California Renewables Portfolio Standard requirements
- Your facility may need to be registered with the California Climate Action Registry, if required by the CPUC
- General Liability Insurance pursuant to the PPA

How do I sign up?

1. Go to our website to download the tariff and PPA: <http://www.pge.com/feedintariffs/>
2. If you have further questions, please contact us:
 - *Contract inquiries:* Structured Transactions at Feed-inTariffs@pge.com
 - *Technical/interconnection inquiries:* GIS hotline at (415) 972-5676
 - *All other inquiries:* Smarter Energy Line at 1-800-933-9555