

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 15, 2010

Advice Letter 3474-E

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: Woodland Biomass Power, Ltd. Power Purchase Agreement

Dear Mr. Cherry:

Advice Letter 3474-E is effective January 21, 2010 per Resolution E-4310.

Sincerely,

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

Julie A. Fitch, Director
Energy Division



Brian K. Cherry
Vice President
Regulatory Relations

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San Francisco, CA 94105

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June 11, 2009

Advice 3474-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

SUBJECT: Woodland Biomass Power, Ltd. Power Purchase Agreement

I. INTRODUCTION

Pacific Gas and Electric Company (“PG&E”) seeks with this advice letter Commission approval to replace an existing Qualifying Facilities (“QF”) contract that would expire in 2015 with an approximately 10-year Renewables Portfolio Standard (“RPS”) Purchase Power Agreement (“PPA”) that will expire in 2020. The current QF contract is for 25 MWs of generation from the Woodland Biomass Plant (“Woodland”), located in Woodland, California, and owned by Woodland Biomass Power, Ltd., a subsidiary of DTE Energy Services, Inc. (“DTE”). Woodland, which generates electricity through the mature technology of biomass combustion, interconnects to the grid at Woodland substation. The PPA will replace the existing QF contract, which terminates once the PPA is approved. In addition, the PPA will facilitate the delivery of additional, incremental RPS-eligible energy from Woodland. PG&E submits the PPA for CPUC review and approval to establish PG&E’s ability to recover the cost of payments made pursuant to the PPA through its Energy Resource Recovery Account (“ERRA”).

The PPA is a result of bilateral negotiations between PG&E and DTE. Consistent with the protocol used for review of RPS contracts resulting from the 2008 RPS Solicitation and contracts resulting from bilateral negotiations, PG&E has included confidential Appendices A through H¹, which demonstrate the reasonableness of the PPA.

¹ Because bilateral PPAs are not subject to the evaluation of an Independent Evaluator, PG&E has intentionally omitted Appendix C, which is the public version of the Independent Evaluator’s Report in advice filings for PPAs

PG&E requests that the Commission issue a resolution no later than December 3, 2009 approving the PPA and payments to be made by PG&E under the PPA and containing the findings required by the definition of CPUC Approval adopt by Decision (“D.”) 07-11-025 and D.08-04-009.²

II. DETAILED DESCRIPTION OF THE PROJECT

The following table summarizes the substantive features of the PPA:

Owner / Developer	Woodland Biomass Power, Ltd.
Technology	Biomass
Capacity (MW)	Up to 27.5 MW
Capacity Factor	At least 80%
Expected Generation (MWh/Year)	Between 175,000 MWh and 200,000 MWh
Online Date (if existing, the contract delivery start date)	Deliveries under the new PPA will commence upon final and non-appealable CPUC decision finding that Buyer’s entry into this Agreement is reasonable and that payments to be made by Buyer hereunder are recoverable in rates ³
Contract Term (Years)	Between 10 and 11
New or Existing Facility	Existing
Location (include in/out-of-state) and Control Area (e.g., CAISO, BPA)	In-state, within the CAISO control area, in the NP 15 zone
Price relative to MPR (i.e. above/below)	Does not exceed the 10- year MPR

resulting from annual RPS Solicitations. Additionally, PG&E has intentionally omitted Appendix E, regarding project viability, because Woodland is an existing, operating facility with no significant development required.

² As provided by D.07-11-025 and D.08-04-009, the Commission must approve the PPA and payments to be made thereunder, and find that the procurement will count toward PG&E’s RPS procurement obligations.

³ There are also other conditions precedent per the Contract’s Article 11 that would have to be met to prior to the start date. However, CPUC Approval is likely to be the last condition met.

III. CONSISTENCY WITH CPUC DECISIONS

A. Fit with Identified Renewable Resource Needs

PG&E's 2008 renewable procurement plan ("2008 Plan") was conditionally approved in D.08-02-008 on February 14, 2008. As required by statute, the 2008 Plan include an assessment of supply and demand to determine the optimal mix of renewable generation resources, consideration of compliance flexibility mechanisms established by the Commission, and a bid solicitation setting forth the need for renewable generation of various operational characteristics.⁴

The goal of PG&E's 2008 Plan was to procure approximately one to two percent of its retail sales volume, or between 800 GWh and 1,600 GWh per year. Projects capable of providing actual deliveries with only a short or no delay are especially valuable to PG&E.

By replacing this standard offer QF contract with a new RPS contract, PG&E expects to receive, among other things, incremental RPS-eligible energy deliveries over the existing QF contract as well as an extended contract term (five years longer than the existing QF contract term). Accordingly, the PPA meets the criteria for renewables procurement contained in the 2008 Plan. The PPA will additionally contribute to PG&E's 2010 RPS target and to PG&E's RPS goals in the years beyond 2010.

B. Consistency with PG&E's Long Term Procurement Plan

PG&E's 2006 long-term procurement plan ("LTPP") stated that PG&E would aggressively pursue procurement of RPS-eligible renewable resources. In approving PG&E's 2006 LTPP, the Commission noted that development of renewable energy is "of great importance to the Governor, the State of California, and the Commission."⁵

The PPA is consistent with PG&E's 2006 LTPP and with Commission policy regarding renewable energy expressed in the decision approving PG&E's 2006 LTPP.

C. Consistency with Commission Guidelines for Bilateral Contracting

The parties have an existing QF contract, and discussions pursuant to that QF contract led both parties to explore an alternative contract structure with different terms and conditions that would extend the relationship. The Commission has developed guidelines

⁴ Pub. Util. Code § 399.14(a)(3).

⁵ D.07-12-052 at 73.

pursuant to which the utilities may enter into bilateral RPS contracts. In D.03-06-071, the Commission authorized entry into bilateral RPS contracts provided that such contracts did not require Public Goods Charge funds and were “prudent.”⁶ Later, in D.06-10-019, the Commission again held that bilateral contracts were permissible provided that they were at least one month in duration, and also found that such contracts must be reasonable and submitted for Commission approval by advice letter.⁷ Also in that decision, the Commission stated that bilateral contracts were not eligible for supplemental energy payments.⁸

Based on D.03-06-071 and D.06-10-019, the Commission set forth the following four requirements for approval of bilateral contracts in a recent Resolution approving a bilateral RPS contract executed by PG&E: (1) the contract is submitted for approval by advice letter; (2) the contract is longer than one month in duration; (3) the contract does not receive above market funds (“AMFs”); and (4) the contract is deemed reasonable by the Commission.⁹ The Commission noted that it would be developing evaluation criteria for bilateral contracts, but that the above four requirements would apply in the interim.¹⁰

The Agreement satisfies the four requirements listed above. The Agreement is being submitted for approval via this Advice Letter and is not eligible for AMFs because it resulted from bilateral negotiations. The Woodland PPA is for a term longer than one month. Finally, the PPA is reasonable, both with respect to price and other terms, as demonstrated in this Advice Letter and in the attached Confidential Appendices. The Commission should therefore approve the PPA.

D. Consistency of Bid Evaluation Process with Least-Cost Best Fit Decision

The RPS statute requires PG&E to procure the “least cost, best fit” (“LCBF”) eligible renewable resources.¹¹ The LCBF decision directs the utilities to use certain criteria in their bid ranking.¹² It offers guidance regarding the process by which the utility ranks

⁶ D.03-06-071 at 59.

⁷ D.06-10-019 at 29, 31.

⁸ *Id.* at 32.

⁹ Resolution E-4216 at 5.

¹⁰ *Id.*

¹¹ Pub. Util. Code § 399.14(a)(2)(B).

¹² D.04-07-029.

bids in order to select or “shortlist” the bids with which it will commence negotiations. The renewables bid evaluation process focuses on four primary areas:

1. Determination of market value of bid,
2. Calculation of transmission adders and integration costs,
3. Evaluation of portfolio fit, and
4. Consideration of non-price factors.

Since this PPA is the result of bilateral negotiations with an existing QF resource located in NP15 that is already in PG&E’s portfolio, PG&E did not evaluate the PPA in the same manner that PG&E evaluated bids received in the 2008 RPS Solicitation. However, the reasonableness of the PPA was examined considering many factors, including the applicable LCBF factors and market value comparisons with other RPS transactions currently being offered to PG&E. The general finding is that this opportunity is competitive with other offers received in the 2008 RPS Solicitation and with other opportunities recently executed or under negotiation. A more detailed discussion of PG&E’s evaluation of the PPA is provided in Confidential Appendix D.

E. Market Valuation

In a “mark-to-market” analysis, the present value of the bidder’s payment stream is compared with the present value of the product’s market value to determine the benefit (positive or negative) from the procurement of the resource, irrespective of PG&E’s portfolio. This analysis includes evaluation of the bid price and indirect costs, such as transmission and integration costs. PG&E’s analysis of the market value of the PPA is addressed in Confidential Appendix D.

F. Portfolio Fit

Portfolio fit considers how well an offer’s features matches PG&E’s portfolio needs. This analysis includes the anticipated transaction costs involved in any energy remarketing (i.e., the bid-ask spread) if the contract adds to PG&E’s net long position. Because the deliveries under the PPA are anticipated to occur at a time when PG&E is experiencing a medium to high need for baseload energy, the acceptance of these baseload deliveries should not result in significant remarketing costs. Since this project is already a part of PG&E’s portfolio, extending existing baseload deliveries, it fits the portfolio in a satisfactory manner.

G. Consistency with the Transmission Ranking Cost Decision

Under the RPS program, the potential customer cost to accept energy deliveries from a particular project must be considered when determining a project’s value. Under the

PPA, DTE proposes to deliver generation from an existing plant already connected to the transmission system with no anticipated need for transmission upgrades. Hence, no additional costs to accept deliveries were included in the evaluation of the PPA's net benefits.

H. Consistent Application of TODs

Time of Delivery ("TOD") factors are applied to a non-time differentiated purchase price in order to weight payments according to the value of electricity delivered during various periods. The project is expected to deliver like a baseload resource and therefore should have deliveries in all periods. Consequently, the TOD factors have significantly less impact on total payments compared to other projects that operate at lower capacity factors and have deliveries in primarily the high TOD periods. TOD factors are further discussed in confidential Appendix D.

I. Qualitative Factors

PG&E considered qualitative factors as required by D.04-07-029 and D.07-02-011 when evaluating the PPA, including benefits associated with local reliability and resource diversity.

J. PRG Participation and Feedback

PG&E informed its PRG of the proposed transaction on January 30, 2009. PG&E further addresses PRG feedback in Confidential Appendix D.

The PRG for PG&E consists of: California Department of Water Resources, the Commission's Energy Division and Division of Ratepayer Advocates, Union of Concerned Scientists, the Utility Reform Network, the Coalition of California Utility Employees, and Jan Reid, Coast Economic Consulting.

K. RPS Goals

Senate Bill (SB) 1078 established the California RPS Program, requiring an electrical corporation to increase its use of eligible renewable energy resources to 20 percent of total retail sales no later than December 31, 2017. The legislature subsequently accelerated the RPS goal to reach 20 percent by the end of 2010. In addition, California is actively considering increasing its renewable goals beyond the current 20 percent renewable energy target. Governor Schwarzenegger's Executive Order issued in November 2008 describes a new target for California of 33 percent renewable energy by 2020. The California Legislature is actively considering legislation increasing the overall RPS target to 33 percent. Finally, the California Air Resource Board's Scoping Plan,

adopted in December 2008, identifies an increase in the renewables target to 33 percent by 2020 as a key measure for reducing greenhouse gas emissions and meeting California's climate change goals. As discussed above, the PPA contributes to these RPS goals in the years beyond 2010.

L. Consistency with Standard Terms and Conditions

The Commission set forth standard terms and conditions to be incorporated into contracts for the purchase of electricity from eligible renewable energy resources in D.04-06-014, D.07-02-011 as modified by D.07-05-057, and D.07-11-025. These terms and conditions were compiled and published by D.08-04-009. Additionally, the non-modifiable term related to Green Attributes was finalized in D.08-08-028. The non-modifiable terms in the PPA conform to the non-modifiable terms set forth in Attachment A of D.07-11-025 and Appendix A of D.08-04-009, as modified by D.08-08-028.

Modifications have been made to terms in the PPA designated as modifiable in D.07-11-025 and D.08-04-009 based upon mutual agreement reached during negotiations. A comparison of the modifiable terms in the PPA against the modifiable terms in PG&E's 2008 RPS Baseload PPA form in the Solicitation Protocol issued on March 12, 2008 is provided in Confidential Appendix H.

Each provision in the PPA is essential to the negotiated agreement between the parties, and the Commission should therefore not modify any of the provisions. The Commission should consider the PPA as a whole, in terms of its ultimate effect on utility customers. PG&E submits that the PPA protects the interests of its customers while achieving PG&E's and the Commission's goal of increasing procurement from eligible renewable resources.

M. Consistency with Minimum Quantity

In D.07-05-028, the Commission determined that in order to count energy deliveries from short-term contracts with existing facilities toward RPS goals, RPS-obligated load-serving entities must contract for deliveries equal to at least 0.25 percent of their prior year's retail sales through long-term contracts or through short-term contracts with new facilities.

The PPA is a long-term contract with an existing facility and thus counts toward PG&E's procurement obligation for 2009 under D.07-05-028.

N. Compliance with the Interim Emissions Performance Standard

In D.07-01-039, the Commission adopted an Emissions Performance Standard (“EPS”) that applies to new and renewal contracts for a term of five or more years for baseload generation with an annualized plant capacity factor of at least 60 percent. D.07-01-039 determined that certain renewable resources and technologies are pre-approved as EPS-compliant. This includes facilities, like Woodland, that fall within the following category:

“Generating facilities (e.g., agricultural and wood waste, landfill gas) using biomass that would otherwise be disposed of utilizing open burning, forest accumulation, landfill (uncontrolled, gas collection with flare, gas collection with engine), spreading and composting.”¹³

O. MPR and AMFs

The actual price under the PPA is confidential, market-sensitive information. The price under the PPA does not exceed the 10-year MPR for a project with a 2010 commercial online date adopted in Resolution E-4214, December 18, 2008. Since the PPA is a bilateral contract it is not eligible for AMF.

IV. PROJECT DEVELOPMENT STATUS

Woodland is an existing facility and very little project development is expected. However, the plant will be required to review and update its interconnection and metering arrangements. This step is expected to result in an upgrade to a CAISO revenue quality meter.

A. Site Control

The Woodland project is an existing and operating facility with no site control issues.

B. Resource and/or Availability of Fuel

Woodland is permitted to use the following biomass materials as fuel:

- a. Sawmill residue;
- b. Forest residue;
- c. Urban wood - defined as clean, chipped material derived from construction and demolition materials, pallets, crates, boxes, and tree trimmings. This does not include pressure treated wood.

¹³ D.07-01-039 at 18-19 and Conclusions of Law 35(d).

- d. Agricultural residues – defined as organic plant-based material generated by agricultural operations. This includes grasses, reject seed, corn cobs; orchard and vineyard prunings (including orchard removals); prune, peach and olive pits; coffee and cocoa beans, almond shells and hulls; walnut shells; and rice hulls.

California wood waste comes from both commercial and residential sources. Urban wood waste is the portion of the wood waste stream that can include used lumber, wood manufacturing by-products, trim, shipping pallets, trees, branches, and other wood debris from construction and demolition clearing and grubbing activities. Wood waste is, by far, the largest portion of the waste stream generated from construction and demolition activities. The seller has operated the plant as a biomass facility, procuring fuel from suppliers, since 1989 and is confident of its ability to do so through the term of this PPA.

More detailed fuel resource analysis and a fuel supply plan information are provided in Confidential Appendix D.

C. Transmission

The Project is operational and no additional transmission issues are expected.

D. Technology Type and Level of Technology Maturity

Woodland utilizes a circulating fluidized bed boiler (CFBs) with a GE steam turbine to generate electricity. This is mature technology.

E. Permitting

The following table describes the operating permits and licenses for the facilities.

Permit and Lease Table					
Name of Permit or lease required	Public or Private?	Agency	Description of Permit or Lease	Current Status	Timeframe for approval
Steam Boiler	Public	Cal DIR Pressure Vessel Unit	License for boiler operations	3/24/2009 Extended to 5/24/09 Inspection 5/15/09 awaiting receipt of Annual License	New License expected in 2010

Permit and Lease Table					
Compressed Air Receiver	Public	Cal DIR Pressure Vessel Unit	License for compressed air receiver	4/13/2010 5 year license issued 4/14/2005-4/13/2010	New License expected in 2010
Scales	Public	Yolo County Weights and Measures	License for weigh scales	1/31/2010 Annual License issued 1/31/2009 – 1/31/2010	New License expected in 2010.
Commercial Fertilizer (Ash)	Public	CDFG		12/31/2009	Do not expect to be relicensed ¹⁴
Title V	Public	YSAQMD	Air Permit	6/17/2009 5 yr permit Awaiting receipt Permit	Reapplication due in 2014
PTO	Public	YSAQMD	Air Permit	12/8/2009 Current Permits issued 12/8/2009-12/8/2010	Permit reissue expected in 2010
Weightmaster License	Public	Yolo County Weights and Measures		5/1/2010 Current License issued 5/1/2009-5/1/2010	License renewal due in 2010
Wastewater Discharge (Sewer)	Public	City of Woodland		11/30/2009 Current Permit issued 11/30/2007 to 11/30/2009	Permit renewal due in 2009
Business	Public	City of Woodland		1/31/2010 Current License issued 1/31/2009 - 1/31/2010	License renewal due in 2010
Sudden Oak	Public	CDFG	License to receive	12/31/2009	Permit

¹⁴ This permit is no longer needed for future operations.

Permit and Lease Table					
Death			wood deliveries from quarantined counties	Current Permit issued 1/1/2009 – 12/31/2009	renewal due for 2010
Light Brown Apple Moth	Public	CDFG	License to received wood from quarantined counties	12/31/2009 Current Permit issued 1/1/2009 – 12/31/2009	Permit renewal due for 2010
NPDES	Public	SWRCB	Storm water discharge general permit	7/2009 Current Permit issued	Permit renewal due for 2009

F. Production Tax Credit/Investment Tax Credit

The terms of the PPA do not address whether the Project is eligible for tax credits.

V. CONTINGENCIES AND MILESTONES

Performance criteria are further described in Confidential Appendix D.

VI. REGULATORY PROCESS

A. Requested Effective Date

PG&E requests that the Commission issue a resolution approving this advice filing no later than December 3, 2009.

B. Earmarking

PG&E reserves the right to earmark future, incremental deliveries from Woodland for purposes of RPS compliance.

C. RPS-Eligibility Certification

The PPA includes the non-modifiable representation and warranty that during the delivery period, the Project will constitute an eligible renewable energy resource certified by the California Energy Commission (“CEC”).

D. Request for Confidential Treatment

In support of this Advice Letter, PG&E has provided the following confidential attachments, including the PPA and other information that more specifically describes the rights and obligations of the parties. This information is being submitted 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 either the terms of the IOU Matrix, Appendix 1 of D.06-06-066 and Appendix C of D.08-04-023, or General Order 66-C. A separate Declaration Seeking Confidential Treatment is being filed concurrently with this Advice Letter.

Confidential Attachments:

Appendix A – Overview of 2004 – 2008 Solicitation Bids

Appendix B – 2008 Bid Evaluations

Appendix C – Intentionally Omitted

Appendix D – Contract Terms and Conditions Explained

Appendix E – Intentionally Omitted

Appendix F – Project's Contribution Toward RPS Goals

Appendix G – Power Purchase Agreement

Appendix H – Standard Terms and Conditions Comparison – Modifiables

VII. REQUEST FOR COMMISSION APPROVAL

PG&E requests that the Commission issue a resolution no later than **December 3, 2009**, that:

1. Approves the PPA in its entirety, including payments to be made by PG&E pursuant to the PPA, subject to the Commission's review of PG&E's administration of the PPA.
2. Finds that any procurement pursuant to the PPA is procurement from an eligible renewable energy resource for purposes of determining PG&E's compliance

with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.) (“RPS”), Decision (“D.”) 03-06-071 and D.06-10-050, or other applicable law.

3. Finds that all procurement and administrative costs, as provided by Public Utilities Code section 399.14(g), associated with the PPA shall be recovered in rates.
4. Adopts the following finding of fact and conclusion of law in support of CPUC Approval:
 - a. The PPA is consistent with PG&E’s 2008 RPS procurement plan.
 - b. The terms of the PPA, including the price of delivered energy, are reasonable.
5. Adopts the following finding of fact and conclusion of law in support of cost recovery for the PPA:
 - a. The utility’s costs under the PPA shall be recovered through PG&E’s Energy Resource Recovery Account.
 - b. Any stranded costs that may arise from the PPA are subject to the provisions of D.04-12-048 that authorize recovery of stranded renewables procurement costs over the life of the contract. The implementation of the D.04-12-048 stranded cost recovery mechanism is addressed in D.08-09-012.
6. Adopts the following findings with respect to resource compliance with the Emissions Performance Standard (“EPS”) adopted in R.06-04-009:
 - a. The PPA is pre-approved as meeting the EPS because it is for an existing biomass facility covered by Conclusion of Law 35(d) of D.07-01-039.

Protests:

Anyone wishing to protest this filing may do so by sending a letter by **July 1, 2009**, which is **20** days from the date of this filing. The protest must state the grounds upon

which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

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

Facsimile: (415) 703-2200
E-mail: mas@cpuc.ca.gov and jnj@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Honesto Gatchalian, Energy Division, at the address shown above.

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

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

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

Effective Date:

PG&E requests that the Commission issue a resolution approving this advice filing no later **December 3, 2009**.

Notice:

In accordance with General Order 96-B, Section IV, 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 service lists for R.06-02-012, R.08-02-007 and R.08-08-009. 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 attachments by overnight mail.

Address changes should be directed to Rose De La Torre (415) 973-4716. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.



Brian K. Cherry
Vice President - Regulatory Relations

cc: Service List for R.08-08-009
Service List for R.08-02-007
Service List for R.06-02-012
Paul Douglas - Energy Division
Sean Simon – Energy Division

Attachments

Limited Access to Confidential Material:

The portions of this Advice Letter marked Confidential Protected Material are 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 because it consists of, among other items, the contract itself, price information, and analysis of the proposed RPS contract, which are protected pursuant to D.06-06-066 and D.08-04-023. A separate Declaration Seeking Confidential Treatment regarding the confidential information is filed concurrently herewith.

Confidential Attachments:

Appendix A – Overview of 2004 – 2008 Solicitation Bids

Appendix B – 2008 Bid Evaluations

Appendix C – Intentionally Omitted

Appendix D – Contract Terms and Conditions Explained

Appendix E – Intentionally Omitted

Appendix F – Project’s Contribution Toward RPS Goals

Appendix G – Power Purchase Agreement

Appendix H – Standard Terms and Conditions Comparison – Modifiables

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 #: 415-973-4612

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) #: **3474-E**

Tier: **[3]**

Subject of AL: **Woodland Biomass Power, Ltd. Power Purchase Agreement**

Keywords (choose from CPUC listing): Contract; Agreements

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: 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: All members of PG&E's Procurement Review Group who have signed nondisclosure agreement 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: Joe Lawlor, (415) 973-1569

Resolution Required? Yes No

Requested effective date: **December 3, 2009**

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

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

jn@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. Cherry, Vice President, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

**DECLARATION OF JOE LAWLOR
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION
CONTAINED IN ADVICE LETTER 3474-E
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)**

I, Joe Lawlor, declare:

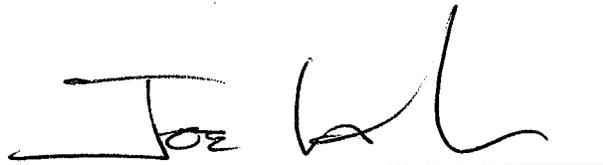
1. I am presently employed by Pacific Gas and Electric Company (“PG&E”), and have been an employee at PG&E since 1992. My current title is Principal within PG&E’s Energy Procurement organization. In this position, my responsibilities include negotiating PG&E’s Renewables Portfolio Standard Program (“RPS”) Power Purchase Agreements. In carrying out these responsibilities, I have acquired knowledge of PG&E’s contracts with numerous counterparties and have also gained knowledge of the operations of electricity sellers in general. Through this experience, I have become familiar with the type of information that would affect the negotiating positions of electricity sellers with respect to price and other terms, as well as with the type of information that such sellers 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 Appendices A, B, D, F, G, and H to PG&E’s Advice Letter 3474-E submitted on June 11, 2009. By this Advice Letter, PG&E is seeking this Commission’s approval of a biomass energy PPA that PG&E has executed with Woodland Biomass Power, Ltd.

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 of D.06-06-066 and Appendix C of D.08-04-023 (the “IOU Matrix”), and/or constitutes information

that should be protected under General Order 66-C. 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 in the attached matrix that is pertinent to this filing.

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 June 11, 2009 at San Francisco, California.

A handwritten signature in black ink, appearing to read "Joe Lawlor", written over a horizontal line.

Joe Lawlor

PACIFIC GAS AND ELECTRIC COMPANY Advice Letter 3474-E June 11, 2009		IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066 AND DECISION 06-04-023					Length of Time
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
1	Document: Advice Letter 3474-E						
2	Appendix A	Y	Item VIII A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids.	Y	Y	This Appendix contains bid information and bid evaluations from the 2004, 2005, 2006, 2007 and 2008 solicitations. This information would provide market sensitive information to competitors and is therefore considered confidential. Furthermore, contracts from the 2005, 2006, 2007, and 2008 solicitations are still under negotiation, further substantiating why releasing this information would be damaging to the negotiation process.	For information covered under Item VIII A), remain confidential until after final contracts submitted to CPUC for approval For information covered under Item VIII B), remain confidential for three years after winning bidders selected
3	Appendix B	Y	Item VIII A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids.	Y	Y	This Appendix contains bid information and bid evaluations from the 2008 solicitation. This information would provide market sensitive information to competitors and is therefore considered confidential. Furthermore, contracts from the 2005, 2006, 2007, and 2008 solicitations are still under negotiation, further substantiating why releasing this information would be damaging to the negotiation process.	For information covered under Item VIII A), remain confidential until after final contracts submitted to CPUC for approval For information covered under Item VIII B), remain confidential for three years after winning bidders selected
4	Appendix D	Y	Item VII B) Contracts and power purchase agreements between utilities and non-affiliated third parties (except RPS). Item VII G) Renewable Resource Contracts under RPS program - Contracts without SEPs. Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects. General Order 66-C.	Y	Y	This Appendix contains information regarding the terms of the PPA, and analyses and evaluations of the project. Disclosure of this information would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005, 2006, 2007, and 2008 solicitations, this information should remain confidential. Release of this information would be damaging to negotiations. Furthermore, the counterparty to the Confirmation has an expectation that the terms of the Confirmation will remain confidential pursuant to confidentiality provisions in the Confirmation. I am informed and believe that General Order 66-C provides a basis for confidential treatment. General Order 66-C includes in its category of records not open to public inspection "Information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest." (Paragraph 2.8). It is in the public interest to treat such information as confidential because if such information were made public, it could have a damaging effect on current and future negotiations with other offers.	For information covered under Item VII B), VII G), and Item VII (un-numbered category following VII G), remain confidential for three years For information covered by General Order 66-C, remain confidential

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
5 Appendix F	Y	Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects. Item VI B) Utility Bundled Net Open Position for Energy (MWh).	Y	Y	Y	This Appendix contains information that, if disclosed, would provide valuable market sensitive information to competitors and allow them to see PG&E's remaining RPS net open energy position. Since negotiations are still in progress with bidders from the 2005, 2006, 2007, and 2008 solicitations, this information should remain confidential for three years.	Remain confidential for three years
6 Appendix G	Y	Item VII B) Contracts and power purchase agreements between utilities and non-affiliated third parties (except RPS) and Item VII G) Renewable Resource Contracts under RPS program - Contracts without SEPs.	Y	Y	Y	This Appendix contains the Confirmation. Disclosure of the Confirmation would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005, 2006, 2007 and 2008 solicitations, this information should remain confidential for three years. Release of this information would be damaging to negotiations. Furthermore, the counterparty to the Confirmation has an expectation that the terms of the Confirmation will remain confidential pursuant to confidentiality provisions in the Confirmation. I am informed and believe that General Order 66-C also provides a basis for confidential treatment. General Order 66-C includes in its category of records not open to public inspection "information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest." (Paragraph 2.8). It is in the public interest to treat such information as confidential because if such information were made public, it could have a damaging effect on current and future negotiations with other offers.	Remain confidential for three years
7 Appendix H	Y	Item VII B) Contracts and power purchase agreements between utilities and non-affiliated third parties (except RPS) and Item VII G) Renewable Resource Contracts under RPS program - Contracts without SEPs.	Y	Y	Y	This Appendix contains certain terms of the Confirmation. Disclosure of certain terms of the Confirmation would provide valuable market sensitive information to competitors. Since negotiations are still in progress with bidders from the 2005, 2006, 2007 and 2008 solicitations, this information should remain confidential for three years. Release of this information would be damaging to negotiations. Furthermore, the counterparty to the Confirmation has an expectation that the terms of the Confirmation will remain confidential pursuant to confidentiality provisions in the Confirmation. I am informed and believe that General Order 66-C also provides a basis for confidential treatment. General Order 66-C includes in its category of records not open to public inspection "information obtained in confidence from other than a business regulated by this Commission where the disclosure would be against the public interest." (Paragraph 2.8). It is in the public interest to treat such information as confidential because if such information were made public, it could have a damaging effect on current and future negotiations with other offers.	Remain confidential for three years

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

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California League of Food Processors	GLJ Publications	Sempra Utilities
California Public Utilities Commission	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sierra Pacific Power Company
Calpine	Green Power Institute	Silicon Valley Power
Cameron McKenna	Hanna & Morton	Southern California Edison Company
Cardinal Cogen	Hitachi	Sunshine Design
Casner, Steve	International Power Technology	Sutherland, Asbill & Brennan
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City of Palo Alto	MRW & Associates	TransCanada
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Coast Economic Consulting	McKenzie & Associates	United Cogen
Commerce Energy	Merced Irrigation District	Utility Cost Management
Commercial Energy	Mirant	Utility Specialists
Consumer Federation of California	Modesto Irrigation District	Verizon
Crossborder Energy	Morgan Stanley	Wellhead Electric Company
Davis Wright Tremaine LLP	Morrison & Foerster	Western Manufactured Housing Communities Association (WMA)
	New United Motor Mfg., Inc.	eMeter Corporation