May 26, 2010

Jane K. Yura  
Vice President, Regulation and Rates  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10B  
P.O. Box 770000  
San Francisco, CA  94177

Subject: Modification to Power Purchase Agreement between Vantage Wind Energy, LLC and PG&E Company and Additional Information as Required by Resolution E-4321

Dear Ms. Yura:

Advice Letter 3663-E is effective May 1, 2010.

Sincerely,

Julie A. Fitch, Director  
Energy Division
May 5, 2010

Advice 3663-E
(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

Subject: Modification to Power Purchase Agreement between Vantage Wind Energy, LLC and Pacific Gas and Electric Company and additional information as required by Resolution E-4321.

Purpose

Pacific Gas and Electric Company (“PG&E”) hereby submits to the California Public Utilities Commission (“Commission” or “CPUC”) an advice letter in compliance with Commission Resolution E-4321. The purpose of the advice letter is to address the requirements of E-4321 by: (1) filing an amendment to PG&E’s power purchase agreement (“PPA”) between Vantage Wind Energy LLC (“Vantage”) and PG&E; and (2) providing additional information on delivered and expected tradable renewable energy credits (“TRECs”) and price comparisons for TRECs.¹

Background

On September 16, 2009, PG&E filed advice letter 3525-E seeking Commission approval of a renewable PPA with Vantage and an associated firming and shaping strategy. On December 1, 2009, PG&E submitted Supplemental advice letter 3525-E-A to include an executed firming and shaping agreement with Powerex Corp (“Powerex”) as part of PG&E’s firming and shaping strategy.

On March 16, 2010, the Commission issued decision (“D.”)10-03-021 (the “RECs Decision”), which authorized the use of TRECs for compliance with California’s Renewables Portfolio Standard (“RPS”) eligibility requirements. Pursuant to the RECs

¹ See R. E-4321, Ordering Paragraphs (“OP”) 4, 5.
Decision, PG&E’s PPA with Vantage for energy and green attributes is defined as a REC-only transaction for purposes of RPS compliance. The RECs Decision set forth, among other things, new non-modifiable standard terms and conditions to be incorporated into contracts for REC-only transactions. Accordingly, Resolution E-4321 orders PG&E to file a Tier 1 advice letter containing a modified PPA that includes all of the non-modifiable standard terms and conditions required by the RECs Decision for REC-only contracts.

Compliance with Resolution E-4321, Ordering Paragraph 5

Appendix A to this filing contains an amendment to the Vantage PPA (the “Amendment”) with terms and conditions that conform exactly to the “non-modifiable” terms set forth in the RECs Decision. These terms may be found on the following pages of the Amendment.

<table>
<thead>
<tr>
<th>RECs Decision Non-Modifiable Standard Term and Condition</th>
<th>Amendment Section No.</th>
<th>Amendment Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>STC REC-1 Transfer of renewable energy credits</td>
<td>Amendment Item A</td>
<td>1</td>
</tr>
<tr>
<td>STC REC-2: Tracking of RECs in WREGIS</td>
<td>Amendment Item B</td>
<td>1-2</td>
</tr>
<tr>
<td>STC REC-3: CPUC Approval</td>
<td>Amendment Item C</td>
<td>2</td>
</tr>
</tbody>
</table>

Compliance with Resolution E-4321, Ordering Paragraph 4

Resolution E-4321, Ordering Paragraph 4 requires PG&E to file an advice letter containing the following information:

a. The sum of all delivered and expected tradable renewable energy credits purchased through contracts executed by Pacific Gas and Electric Company to date and how this compares to any applicable annual limit on the use of tradable renewable energy credits for compliance with the California renewables portfolio standard;

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2 Compare D.10-03-021 at C1 to C2 (App. C) with Appendix A. Although not included in Appendix C to the RECs Decision as a “new or revised” standard term and condition, the RECs Decision requires RECs-only PPAs to include the existing STC 17 regarding governing law. See D.10-03-021 at 78. The non-modifiable STC 17 was included in the original PPA.
b. The sum of all delivered and expected tradable renewable energy credits purchased by Pacific Gas and Electric Company through contracts for the procurement of renewable energy credits only with facilities that are or were already online as of the execution date of their associated contract for procurement of tradable renewable energy credits, and how this compares to the applicable annual limit on the use of tradable renewable energy credits for compliance with the California renewables portfolio standard;

c. The sum of all delivered and expected tradable renewable energy credits purchased by Pacific Gas and Electric Company through contracts for the procurement of renewable energy credits only with facilities that are not or were not online as of the execution dates of their associated contracts, and how this compares to the applicable annual limit on the use of tradable renewable energy credits for compliance with the California renewables portfolio standard;

d. A comparison of the price of the renewable energy credits in the contract that is the subject of the advice letter and the price of renewable energy credits from all contracts for the procurement of renewable energy credits only with facilities that were online as of the execution date of their associated contracts; and

e. A comparison of the price of the renewable energy credits in the contract that is the subject of the advice letter and the prices of renewable energy credits from all contracts for the procurement of renewable energy credits only with facilities that were not yet online as of the execution date of their associated contracts.

This information is attached as confidential Appendix B to this advice letter.

Effective Date

This Tier 1 advice letter is effective upon filing and pending disposition.

Request for Confidential Treatment

In support of this supplemental filing, PG&E has provided the required Supplemental TREC Information as Confidential Appendix B. 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 supplemental filing.

**Request for Commission Approval**

PG&E requests that the Commission issue a disposition on this Tier 1 advice letter no later than May 21, 2010.

**Protests**

The protest and comment period for the PPA as amended should not be reopened. This compliance filing only: (1) updates the PPA non-modifiable standard terms and conditions in compliance with D.10-03-021 and Resolution E-4321; and (2) provides the supplemental information required by Resolution E-4321.

**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 list for R.08-08-009, R.06-02-012, and R.08-02-007. 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 PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: http://www.pge.com/tariffs.

Vice President – Regulation and Rates

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

Appendix A – Amendment to Power Purchase Agreement

Confidential Appendix B – Supplemental TREC Information
Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

<table>
<thead>
<tr>
<th>Utility type:</th>
<th>Contact Person: David Poster or Greg Backens</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ ELC</td>
<td>☑ GAS</td>
</tr>
<tr>
<td>☐ PLC</td>
<td>☐ HEAT  ☐ WATER</td>
</tr>
<tr>
<td>Phone #: 415-973-1082 or 415-973-4390</td>
<td></td>
</tr>
</tbody>
</table>

**EXPLANATION OF UTILITY TYPE**

<table>
<thead>
<tr>
<th>ELC = Electric</th>
<th>GAS = Gas</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLC = Pipeline</td>
<td>HEAT = Heat</td>
</tr>
<tr>
<td>WATER = Water</td>
<td></td>
</tr>
</tbody>
</table>

**Advice Letter (AL) #:** 3663-E

**Subject of AL:** Modification to Power Purchase Agreement between Vantage Wind Energy, LLC and Pacific Gas and Electric Company and additional information as required by Resolution E-4321

**Keywords (choose from CPUC listing):** Contracts, Portfolio

**AL filing type:** ☑ One-Time

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 agreements 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: Valerie Winn 415-973-3839

**Resolution Required?** ☑ Yes  ☐ No

**Requested effective date:**

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

jnj@cpuc.ca.gov and mas@cpuc.ca.gov

**Pacific Gas and Electric Company**

Attn: Jane K. Yura, Vice President, Regulation and Rates

77 Beale Street, Mail Code B10B

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com
DECLARATION OF VALERIE J. WINN
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION CONTAINED IN ADVICE LETTER
3663-E
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)

I, Valerie J. Winn declare:

1. I am presently employed by Pacific Gas and Electric Company ("PG&E") and
   have been an employee since 1997. My current title is Manager, Renewable Energy Policy and
   Planning, within PG&E's Energy Procurement organization. In this position, my responsibilities
   include managing renewable energy regulatory policy matters including RPS compliance. I also
   have extensive experience in PG&E's Regulatory Relations organization and have been involved
   in long-term procurement planning, renewables, QF, confidentiality and other procurement-
   related proceedings before the Commission Through this experience, I have become familiar
   with the type of information that the Commission has indicated is confidential and gained
   knowledge about the types of information that electricity 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 the "Administrative Law Judge's Ruling Clarifying Interim
   Procedures for Complying with Decision 06-06-066," I make this declaration seeking
   confidential treatment of Appendix B to Advice Letter 3663-E submitted on May 5, 2010. By
   this Advice Letter, PG&E is seeking this Commission's approval of an amendment to a power
   purchase agreement that PG&E has executed with Vantage Wind Energy LLC.

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"), 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 (where applicable), and why confidential protection is justified. Finally, the matrix specifies: (1) that PG&E is complying with the limitations specified in the IOU Matrix for that type of data or information (where applicable); (2) that the information is not already public; and (3) that 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 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 May 5, 2010, at San Francisco, California.

Valerie J Winn
<table>
<thead>
<tr>
<th>Redaction Reference</th>
<th>1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-05-266 and Appendix C to D.08-04-023 (Y/N)</th>
<th>2) Which category or categories in the Matrix the data correspond to:</th>
<th>3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N)</th>
<th>4) That the information is not already public (Y/N)</th>
<th>5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure (Y/N)</th>
<th>PG&amp;E’s Justification for Confidential Treatment</th>
<th>Length of Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Document: Advice Letter 3663-5</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Appendix B</td>
<td>Y</td>
<td>Item VII (G) Renewables Resource Contracts under RPS program - Contracts without SEP%. Item VII (un-numbered category following VII G) Score sheets, analyses, evaluations of proposed RPS projects.</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>This Appendix describes, analyzes, and evaluates quantity, price, and other information regarding PG&amp;E’s RPS REC-only transactions. 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, 2008, and 2009 solicitations and with other counterparties, this information should remain confidential. Release of this information would be damaging to negotiations. Furthermore, the counterparties to the PPAs have an expectation that the terms of the PPAs will remain confidential pursuant to confidentiality provisions in the PPAs.</td>
<td>For information covered under item VII (G) and Item VII (un-numbered category following VII G) remain confidential for three years after the commercial operation date.</td>
</tr>
</tbody>
</table>
Appendix A

Amendment to Power Purchase Agreement
AMENDMENT OF POWER PURCHASE AGREEMENT

This AMENDMENT OF POWER PURCHASE AGREEMENT (this “Amendment”) is made as of the Effective Date (defined below), by and between Pacific Gas and Electric Company (“Buyer”) and Vantage Wind Energy LLC (“Seller” and collectively with Buyer, the “Parties”). Buyer and Seller are Parties to that certain Power Purchase Agreement between the Parties dated August 17, 2009, as amended by letter agreement dated March 19, 2010 (collectively “Agreement”).

RECITALS

WHEREAS, the Parties have heretofore entered into the Agreement; and

WHEREAS, the Parties wish to amend the Agreement as set forth below; and

WHEREAS, capitalized terms defined in the Agreement are used in this Amendment as defined in the Agreement,

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

The Agreement is hereby amended, and shall be effective on as of the last dated signature on the signature page hereto (“Effective Date”) as follows:

A. Amendment to Section 10.2(b): The following shall be inserted as the second paragraph in Section 10.2(b) of the Agreement as follows:

Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the renewable energy credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

B. Amendment to Section 3.1(k):

1. The following sentence shall be inserted into the first paragraph of Section 3.1(k) before the sentence “In addition:”:

(00096521.DOC;1)
Seller shall be deemed to have satisfied the warranty in Section 3.1(k)(viii); provided that Seller fulfills its obligations under Sections 3.1(k)(i) through (vii) below.

2. The following sentence shall be inserted as Section 3.1(k)(viii):

Seller warrants that all necessary steps to allow the renewable energy credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract.

C. Amendment of Defined Terms:

1. The defined term of “CPUC Approval” in Section 1.35 shall be deleted and replaced in its entirety with the following:

“CPUC Approval” means a final and non-appealable order of the CPUC, without conditions or modifications unacceptable to the Parties, or either of them, which contains the following terms:

(a) approves this Agreement in its entirety, including payments to be made by the Buyer, subject to CPUC review of the Buyer’s administration of the Agreement; and

(b) finds that any procurement pursuant to this Agreement is procurement of renewable energy credits that conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation, for purposes of determining Buyer’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.), Decision 03-06-071, or other applicable law.

CPUC Approval will be deemed to have occurred on the date that a CPUC decision containing such findings becomes final and non-appealable.

2. The following sentence shall be inserted as the last sentence of the defined term “Agreement” in Section 1.4:

For purposes of Section 3.1(k)(viii), the word “contract” shall have the meaning set forth in this definition.

D. Miscellaneous.
1. **Effect of Amendment.** The Agreement, as modified by this Amendment, remains in effect in accordance with its terms. If there is any conflict between the Agreement and this Amendment, this Amendment shall control.

2. **Entire Agreement.** This Amendment along with the Agreement constitutes the entire agreement between the Parties relating to the subject matter thereof and shall supersede all other prior and contemporaneous understandings or agreements, both written and oral, between the Parties relating to the subject matter thereof.

3. **Governing Law.** This Amendment shall be governed by Section 10.12 of the Agreement. The Parties agree to comply with Article Twelve of the Agreement with respect to any dispute relating to this Amendment.

4. **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.

5. **Counterparts.** This Amendment may be executed in counterparts, each of which is an original and all of which constitute one and the same instrument. A signature provided via facsimile shall have the same effect as an original.

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

IN WITNESS WHEREOF, the Parties have caused this Amendment to the Agreement to be duly executed by its authorized representatives, as of the day and year written below. This Amendment shall not become effective as to either Party unless and until executed by both Parties.

**VANTAGE WIND ENERGY LLC,** a Delaware limited liability company

Name: **Steve Koga**
Title: **Vice President**
Date: **April 13, 2010**

Legal Approval: **W. Smith**
Date: 

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

Name: **Garrett P. Jeng**
Title: **Sr. Director, Energy Supply Management**
Date: **April 13, 2010**
Alcantar & Kahl
Ameresco
Anderson & Poole
Arizona Public Service Company
BART
BP Energy Company
Barkovich & Yap, Inc.
Bartle Wells Associates
Bloomberg New Energy Finance
Boston Properties
C & H Sugar Co.
CA Bldg Industry Association
CAISO
CLECA Law Office
CSC Energy Services
California Cotton Ginners & Growers Assn
California Energy Commission
California League of Food Processors
California Public Utilities Commission
Calpine
Cameron McKenna
Cardinal Cogen
Casner, Steve
Chris, King
City of Glendale
City of Palo Alto
Clean Energy Fuels
Coast Economic Consulting
Commerce Energy
Commercial Energy
Consumer Federation of California
Crossborder Energy
Davis Wright Tremaine LLP
Day Carter Murphy
Defense Energy Support Center
Department of Water Resources
Department of the Army
Dept of General Services
Division of Business Advisory Services
Douglass & Liddell
Downey & Brand
Duke Energy
Dutcher, John
Economic Sciences Corporation
Ellison Schneider & Harris LLP
Foster Farms
G. A. Krause & Assoc.
GLJ Publications
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Power Institute
Hanna & Morton
Hitachi
International Power Technology
Intestate Gas Services, Inc.
Los Angeles Dept of Water & Power
Luce, Forward, Hamilton & Scripps LLP
MAC Lighting Consulting
MBMC, Inc.
MRW & Associates
Manatt Phelps Phillips
McKenzie & Associates
Merced Irrigation District
Mirant
Modesto Irrigation District
Morgan Stanley
Morrison & Foerster
NRG West
New United Motor Mfg., Inc.
Norris & Wong Associates
North Coast Solar Resources
Northern California Power Association
Occidental Energy Marketing, Inc.
OnGrid Solar
Praxair
R. W. Beck & Associates
RCS, Inc.
Recon Research
SCD Energy Solutions
SCE
SMUD
SPU RR
Santa Fe Jets
Seattle City Light
Sempra Utilities
Sierra Pacific Power Company
Silicon Valley Power
Silo Energy LLC
Southern California Edison Company
Sunshine Design
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tecogen, Inc.
Tiger Natural Gas, Inc.
Tioga Energy
TransCanada
Turlock Irrigation District
U S Borax, Inc.
United Cogen
Utility Cost Management
Utility Specialists
Verizon
Wellhead Electric Company
Western Manufactured Housing
Communities Association (WMA)
eMeter Corporation