

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 15, 2014

Advice Letter 4290-E

Brian Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

Subject: Updated Greenhouse Gas (GHG) Procurement Limits and Transaction Rate Limits in Pacific Gas and Electric Company's Bundled Procurement Plan

Dear Mr. Brian Cherry:

Advice Letter 4290-E is effective January 1, 2014.

Sincerely,

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

Edward Randolph
Director, Energy Division

September 30, 2013

Advice 4290-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Updated Greenhouse Gas (“GHG”) Purchase Limits in Pacific Gas and Electric Company’s Bundled Procurement Plan**Introduction**

Pursuant to Ordering Paragraph (“OP”) 9 of Decision (“D.”) 12-04-046, Pacific Gas and Electric Company (“PG&E”) hereby submits to the California Public Utilities Commission (“Commission” or “CPUC”) this advice letter filing to update PG&E’s Direct Compliance Obligation Purchase Limit (the “GHG Limit”) applicable to year 2014. PG&E’s GHG Limits are established in Appendix L of PG&E’s Bundled Procurement Plan (“BPP”).

Background

On April 19, 2012, the Commission issued D.12-04-046, authorizing PG&E to procure certain compliance instruments to comply with its GHG compliance obligation under the California Air Resources Board’s (“CARB”) Cap-and-Trade Program.¹ D.12-04-046 also specified that PG&E’s procurement of such GHG compliance instruments is subject to maximum purchase limits, including a Direct Compliance Obligation Purchase Limit.² D.12-04-046 required PG&E to update its BPP to incorporate the modifications made in that decision.

On May 21, 2012, PG&E submitted supplemental Advice Letter 4026-E-A to incorporate modifications required by D.12-04-046 into its BPP. PG&E subsequently identified additional modifications in order to conform its BPP to Decision 12-04-046, which PG&E submitted in its second supplement on August 31, 2012 in Advice Letter 4026-E-B, replacing the BPP provided in Advice Letter 4026-E-A in its entirety. On October 11, 2012, the Commission issued Resolution E-4544, which approved PG&E’s BPP, including the GHG Procurement Plan included as Appendix L.

The GHG Procurement Plan detailed the GHG Limits applicable to years 2012 and 2013. As described above, D.12-04-046, Ordering Paragraph No. 9 allows PG&E to

¹ See D. 12-04-046 at Conclusion of Law (“COL”) 8.

² *Id.* at Ordering Paragraphs 8 and 9.

“update [its] greenhouse gas compliance forecasts (and corresponding purchase limits) as necessary via a Tier 2 advice letter.” Resolution E-4544 also approved the portion of PG&E’s BPP incorporating this authority to update PG&E’s GHG Limits.³ Accordingly, PG&E submits this advice filing to update its GHG Limit for the year 2014 and provide an updated GHG Limit applicable to the remainder of 2013. The updated limits tables discussed herein will therefore replace those in PG&E’s GHG Procurement Plan.

Description of Changes to PG&E’s GHG Procurement Plan

Table Appendix L-4 on BPP Sheet No. 303 details PG&E’s forecast of the amount of GHG compliance instruments required for PG&E to meet CARB’s Cap-and-Trade compliance requirement associated with PG&E’s own facilities and imports, as well as PG&E’s GHG contractual obligations associated with Power Purchase Agreements with third parties. For the purposes of calculating the GHG Limits, this advice letter updates PG&E’s compliance forecast through year 2017.

PG&E’s calculation of its updated 2013 GHG Limit and 2014 GHG Limit is consistent with the Direct Compliance Obligation Purchase Limit formula approved by the Commission in Appendix 1 to D. 12-014-046. Table Appendix L-5 provides the results of the calculations used to determine the 2013 and 2014 GHG Limits consistent with PG&E’s Commission approved Direct Compliance Obligation Purchase Limit methodology.⁴

Key Drivers of Differences

Consistent with the requirements specified by the GHG Procurement Plan, PG&E explains the key drivers of changes to its GHG Limits and provides work papers detailing PG&E’s calculation of the applicable limits as Confidential Appendix A.⁵ Differences between PG&E’s 2014 GHG Limit compared to the limit applicable to 2013 are driven by (1) updates to PG&E’s forecast of its direct compliance obligation; and (2) PG&E’s net remaining compliance obligation to date.

Specifically, the calculation of PG&E’s GHG Limits considers updated information concerning PG&E’s forecast of its direct compliance obligation through 2017. PG&E’s GHG compliance forecast is different relative to that estimated at the time of PG&E’s GHG Procurement Plan filing in 2012 due to changes in its portfolio, changes in market conditions, and updated modeling assumptions concerning the dispatch of fossil resources. PG&E’s GHG Limits differ from the 2013 limit after accounting for PG&E’s GHG compliance instrument purchases to date, relative to PG&E’s estimated GHG compliance obligation to date.

³ See BPP, Sheet No. 307 (specifying that PG&E will update its GHG compliance forecasts and corresponding purchase limits as necessary via a Tier 2 Advice Letter).

⁴ See D. 12-04-046 at COL 8 and Appendix 1; See *also* BPP, Sheet Nos. 301-302 (providing the calculation for PG&E’s Direct Compliance Purchase Limit).

⁵ BPP, Sheet No. 307.

The accompanying confidential work papers further detail PG&E's calculation of the GHG Limits.

Confidentiality

In support of this Advice Letter, PG&E submits Confidential Appendices A, B, and C 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 General Order 66-C and Public Utilities Code Section 454.5(g). A separate Declaration Seeking Confidential Treatment is being filed concurrently with this Advice Letter.

Confidential Appendices:

Confidential Appendix A	GHG Limit Workpapers
Confidential Appendix B	BPP Sheet 303 (Redlined)
Confidential Appendix C	BPP Sheet 303 (Clean)

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically any of which must be received no later than **October 21, 2013**, which is twenty-one days from the date of this filing.⁶ 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, CA, 94102

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

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

The protest should also 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:

⁶ The 20-day protest period concludes on a weekend. PG&E is hereby moving this date to the following business day.

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

Facsimile: (415) 973-6520
E-mail: PGETariffs@pge.com

Effective Date

PG&E requests that the Energy Division issue a disposition approving this Tier 2 advice letter by **December 19, 2013**.

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.12-03-014. Address changes to the General Order 96-B service list should be directed to PG&E at email address 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. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>



Vice President – Regulatory Relations

cc: President Michael R. Peevey
Commissioner Mark J. Ferron
Commissioner Catherine J.K. Sandoval
Commissioner Mike Florio
Commissioner Carla Peterman
Frank Lindh, General Counsel
Chief ALJ Karen Clopton
Edward Randolph, Director, Energy Division
Energy Division Tariff Unit, Energy Division
Service List for R.12-03-014

Limited Access to Confidential Material:

The portions of this Advice Letter marked Confidential Protected Material are submitted under the confidentiality protection of Section 454.5(g) of the Public Utilities Code and General Order 66-C. A separate Declaration seeking confidential treatment regarding the confidential information is filed concurrently herewith.

Attachments:

Confidential Appendix A	GHG Limit Work Papers
Confidential Appendix B	BPP Sheet 303 (Redlined)
Confidential Appendix C	BPP Sheet 303 (Clean)

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: Igor Grinberg

Phone #: (415) 973-8580

E-mail: ixg8@pge.com and PGETariffs@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) #: **4290-E**

Tier: 2

Subject of AL: **Updated Greenhouse Gas ("GHG") Purchase Limits in Pacific Gas and Electric Company's Bundled Procurement Plan**

Keywords (choose from CPUC listing): Procurement

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.12-04-046

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: Maria Vanko (415) 973-5639

Resolution Required? Yes No

Requested effective date: **December 19, 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 21 days¹ after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
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

¹ The 20-day protest period concludes on a weekend, therefore, PG&E is moving this date to the following business day.

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

**DECLARATION OF MARIA VANKO
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION
CONTAINED IN PG&E'S ADVICE LETTER 4290-E**

I, Maria Vanko, declare:

1. I am a Principal in the Portfolio Management Department within the Energy Procurement Organization at Pacific Gas and Electric Company (PG&E). In this position, my responsibilities include leading commercial Greenhouse Gas policy activities. This declaration is based on my personal knowledge of PG&E's electric energy and greenhouse gas compliance instrument procurement practices and my understanding of the Commission's decisions protecting the confidentiality of market-sensitive information concerning electric procurement of an investor-owned utility.

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 Advice Letter 4290-E which provides an update to PG&E's approved Bundled Procurement Plan.

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 data and information covered by General Order (GO)-66-C, Section 2.2b, which would place PG&E in an unfair business disadvantage if disclosed; and Public Utilities Code Section 454.5(g), which would reveal market sensitive information. The matrix also specifies why confidential protection is justified. Finally, the matrix specifies that: (1) the information is not already public; and (2) 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 September 30, 2013 at San Francisco, California.



MARIA VANKO

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
ADVICE LETTER 4290-E
September 30, 2013**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	1) Constitutes data listed in Appendix 1 to D.06-06-066 (Y/N)	2) Data correspond to category in Appendix 1:	3) Complies with limitations of D.06-06-066 (Y/N)	4) Data 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
Document: Advice Letter 4290-E Appendix A, B, and C							
Appendix A	N	General Order 66-C, Section 2.2; Public Utilities Code Section 454.5(g);	N/A	Y	Y	This appendix contains workpapers detailing the calculation of PG&E's greenhouse gas ("GHG") procurement limits. The release of this commercially sensitive information could cause harm to PG&E's customers and put PG&E at an unfair business disadvantage. If this information was disclosed, it could be used by market participants to gain an insight into PG&E's procurement needs and thus gain a commercial advantage.	No quantification in GO 66-C and PUC Section 454.5(g)
Appendix B	N	General Order 66-C, Section 2.2; Public Utilities Code Section 454.5(g);	N/A	Y	Y	This appendix contains PG&E's updated greenhouse gas ("GHG") procurement limits. The release of this commercially sensitive information could cause harm to PG&E's customers and put PG&E at an unfair business disadvantage. If this information was disclosed, it could be used by market participants to gain an insight into PG&E's procurement needs and thus gain a commercial advantage.	No quantification in GO 66-C and PUC Section 454.5(g)
Appendix C	N	General Order 66-C, Section 2.2; Public Utilities Code Section 454.5(g);	N/A	Y	Y	This appendix contains PG&E's updated greenhouse gas ("GHG") procurement limits. The release of this commercially sensitive information could cause harm to PG&E's customers and put PG&E at an unfair business disadvantage. If this information was disclosed, it could be used by market participants to gain an insight into PG&E's procurement needs and thus gain a commercial advantage.	No quantification in GO 66-C and PUC Section 454.5(g)

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

1st Light Energy	Douglass & Liddell	OnGrid Solar
AT&T	Downey & Brand	Pacific Gas and Electric Company
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	Praxair
Anderson & Poole	G. A. Krause & Assoc.	Regulatory & Cogeneration Service, Inc.
BART	GenOn Energy Inc.	SCD Energy Solutions
Barkovich & Yap, Inc.	GenOn Energy, Inc.	SCE
Bartle Wells Associates	Goodin, MacBride, Squeri, Schlotz & Ritchie	SDG&E and SoCalGas
Braun Blasing McLaughlin, P.C.	Green Power Institute	SPURR
CENERGY POWER	Hanna & Morton	San Francisco Public Utilities Commission
California Cotton Ginners & Growers Assn	In House Energy	Seattle City Light
California Energy Commission	International Power Technology	Sempra Utilities
California Public Utilities Commission	Intestate Gas Services, Inc.	SoCalGas
California State Association of Counties	Kelly Group	Southern California Edison Company
Calpine	Linde	Spark Energy
Casner, Steve	Los Angeles Dept of Water & Power	Sun Light & Power
Center for Biological Diversity	MAC Lighting Consulting	Sunshine Design
City of Palo Alto	MRW & Associates	Tecogen, Inc.
City of San Jose	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
Clean Power	Marin Energy Authority	TransCanada
Coast Economic Consulting	McKenna Long & Aldridge LLP	Utility Cost Management
Commercial Energy	McKenzie & Associates	Utility Power Solutions
County of Tehama - Department of Public Works	Modesto Irrigation District	Utility Specialists
Crossborder Energy	Morgan Stanley	Verizon
Davis Wright Tremaine LLP	NLine Energy, Inc.	Water and Energy Consulting
Day Carter Murphy	NRG Solar	Wellhead Electric Company
Defense Energy Support Center	Nexant, Inc.	Western Manufactured Housing Communities Association (WMA)
Dept of General Services	North America Power Partners	
Division of Ratepayer Advocates	Occidental Energy Marketing, Inc.	