STATE OF CALIFORNIA Edmund G. Brown Jr., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

February 20, 2014

Advice Letter 4329-E

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

Subject: Power Purchase and Sale Agreement for Bundled Energy Sales Between Tenaska Power Services Co., and PG&E

Dear Mr. Cherry:

Advice Letter 4329-E is effective February 5, 2014 per Resolution E-4639.

Sincerely,

Edward Randolph

Edward F. Randolph, Director
Energy Division

Pacific Gas and Electric Company

Brian K. Cherry
Vice President
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

Fax: 415.973.7226

December 19, 2013

Advice 4329-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: **Power Purchase and Sale Agreement for Bundled Energy Sales Between Tenaska Power Services Co. and Pacific Gas and Electric Company**

I. Introduction

A. Purpose of the advice letter

Pacific Gas and Electric Company ("PG&E") seeks California Public Utilities Commission ("Commission" or "CPUC") approval of two power purchase and sale agreements ("PPSAs" or "Transactions") with Tenaska Power Services Co. ("Tenaska"). Under these Transactions, PG&E is the seller of 142,440 MWh of bundled renewable energy and green attributes. These short-term Transactions have terms of November 22, 2013 through December 31, 2013, and December 1, 2013 through December 31, 2013. The bundled renewable product will be provided from a number of operating geothermal and hydroelectric facilities located within the state of California. Generation from all of these facilities is in PG&E's current Renewables Portfolio Program ("RPS").

B. Identify the subject of the advice letter, including:

1. Project name

The PPSAs allow PG&E to deliver the bundled renewable product from various facilities located throughout California and certified by the California Energy Commission ("CEC") that currently are under contract with PG&E for bundled RPS-eligible energy (collectively "Projects") as follows:

Name of Facility	Resource	Location	CEC RPS ID	Host Balancing Authority
Geysers Power Plant - Calpine Geothermal Unit 11	Geothermal	Middletown, CA	60025B	CAISO

Geysers Power Plant - Calpine Geothermal Unit 12	Geothermal	Middletown, CA	60004A	CAISO
Geysers Power Plant - Calpine Geothermal Unit 13	Geothermal	Middletown, CA	60005A	CAISO
Geysers Power Plant - Calpine Geothermal Unit 14	Geothermal	Middletown, CA	60026B	CAISO
Geysers Power Plant - Calpine Geothermal Unit 16	Geothermal	Middletown, CA	60006A	CAISO
Geysers Power Plant - Calpine Geothermal Unit 17	Geothermal	Middletown, CA	60007A	CAISO
Geysers Power Plant - Calpine Geothermal Unit 18	Geothermal	Middletown, CA	60008A	CAISO
Geysers Power Plant - Calpine Geothermal Unit 20	Geothermal	Middletown, CA	60009A	CAISO
Geysers Power Plant - Calpine Geothermal Unit 5/6	Geothermal	Middletown, CA	60002A	CAISO
Geysers Power Plant - Calpine Geothermal Unit 7-8	Geothermal	Middletown, CA	60003A	CAISO
Geysers Power Plant - Sonoma/Calpine Geyser	Geothermal	Middletown, CA	60010A	CAISO
Geysers Power Plant - Calistoga Power Plant	Geothermal	Middletown, CA	60117A	CAISO
Geysers Power Plant - West Ford Flat Power Plant	Geothermal	Middletown, CA	60114A	CAISO
Geysers Power Plant - Aidlin Power Plant	Geothermal	Middletown, CA	60115A	CAISO

Geysers Power Plant - Bear Canyon Power Plant	Geothermal	Middletown, CA	60112A	CAISO
PCWA (French Meadows Powerhouse 2)	Small Hydro	Forestville, CA	60268A	CAISO
PCWA (Oxbow Powerhouse 1)	Small Hydro	Forestville, CA	60269A	CAISO
PCWA (Hell Hole Powerhouse 1)	Small Hydro	Forestville, CA	60234A	CAISO

2. Technology (including level of maturity)

The Projects from which the energy and Renewable Energy Credits ("RECs") are being sold consist of geothermal and small hydro renewable technologies, both mature and proven technologies.

3. General Location and Interconnection Point

The Projects are all located within California and are interconnected with the California Independent System Operator ("CAISO").

4. Owner(s) / Developer(s)

a. Name(s)

The owners of the facilities are listed above.

b. Type of entity(ies) (e.g. LLC, partnership)

The owners of the Projects listed above are LLCs. Tenaska Power Services, the buyer of this bundled product, is a power marketer.

c. Business Relationship (if applicable, between seller/owner/developer)

PG&E has contracted to purchase bundled renewable energy from the owners of these Projects through power purchase agreements ("PPAs") that have previously received Commission approval.

5. Project background, e.g., expiring QF contract, phased project, previous power purchase agreement, contract amendment

All the Projects included in the proposed PPSAs are existing and operating facilities.

6. Source of agreement, i.e., RPS solicitation year or bilateral negotiation

The PPSAs resulted from bilateral negotiations.

7. If an amendment, describe contract terms being amended and reason for amendment

N/A

C. General Project(s) Description

The Projects are described in Section B.1. above. The Transactions are:

Project Name	Tenaska North America, LLC
Technology	Geothermal and Small Hydro
Capacity (MW)	N/A
Capacity Factor	N/A
Expected Generation (GWh/Year)	42,000MWh / 100,440 MWh
Initial Commercial Operational Date	November 22, 2013 / December 1, 2013
Date contract Delivery Term begins	November 22, 2013 / December 1, 2013
Delivery Term (Years)	1.5 months / 1 month
Vintage (New / Existing / Repower)	Existing
Location (city and state)	Various throughout California
Control Area (e.g., CAISO, BPA)	CAISO
Nearest Competitive Renewable Energy Zone (CREZ) as identified by the Renewable Energy Transmission Initiative (RETI)[1]	N/A
Type of cooling, if applicable	N/A

D. Project location

1. Provide a general map of the generation facility's location.

Given the nature of the Transactions and the number of locations, a map is not practicable.

2. For new projects describe facility's current land use type (private, agricultural, county, state lands (agency), federal lands (agency), etc.).

All generation is from existing projects.

[1] Information about RETI is available at: http://www.energy.ca.gov/reti/

E. **General Deal Structure**

Describe general characteristics of contract, for example:

1. **Required or expected Portfolio Content Category of the proposed contract**

PG&E will sell bundled renewable energy and green attributes that qualify as Portfolio Content Category 1 to the buyer. PG&E presently purchases the bundled renewable energy and green attributes under contracts that qualify as Portfolio Content Category 0 or Portfolio Content Category 1.

2. **Partial/full generation output of facility**

N/A

3. **Any additional products, e.g. capacity**

No

4. **Generation delivery point (e.g. busbar, hub, etc.)**

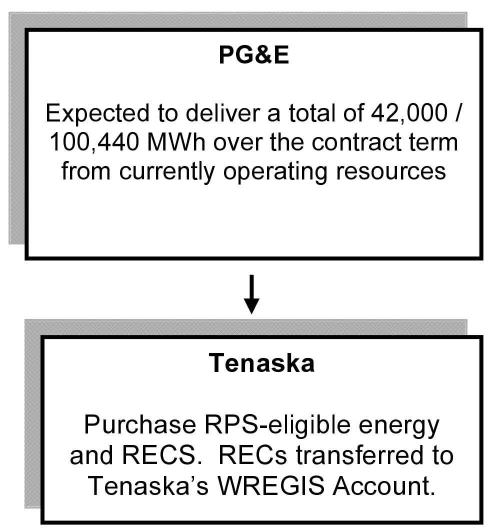
NP-15

5. **Energy management (e.g. firm/shape, scheduling, selling, etc.)**

N/A

6. **Diagram and explanation of delivery structure**

Figure 1: Delivery Structure of the PSA



F. **RPS Statutory Goals & Requirements**

1. **Briefly describe the Project's consistency with and contribution towards the RPS program's statutory goals set forth in Public Utilities Code §399.11. These goals include displacing fossil fuel consumption within the state; adding new electrical generating**

facilities within WECC; reducing air pollution in the state; meeting the state's climate change goals by reducing emissions of greenhouse gases associated with electrical generation; promoting stable retail rates for electric service; a diversified and balanced energy generation portfolio; meeting the state's resource adequacy requirements; safe and reliable operation of the electrical grid; and implementing the state's transmission and land use planning activities.

Public Utilities Code §399.11 states that increasing California's reliance on eligible renewable energy resources is intended to displace fossil fuel consumption within the state, promote stable electricity prices, reduce greenhouse gas ("GHG") emissions, improve environmental quality and promote the goal of a diversified and balanced energy generation portfolio. The Projects are consistent with these goals because they generate clean energy and will produce little, if any, GHG emissions directly associated with energy production.

2. Describe how procurement pursuant to the contract will meet IOU's specific RPS compliance period needs. Include Renewable Net Short calculation as part of response.

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 April 2011, Governor Brown signed into law SB 2 1X. As implemented by D.11-12-020, SB 2 1X requires retail sellers of electricity to meet the following RPS procurement quantity requirements beginning on January 1, 2011:

- An average of twenty percent of the combined bundled retail sales during the first compliance period (2011-2013).
- Sufficient procurement during the second compliance period (2014-2016) that is consistent with the following formula: (.217 * 2014 retail sales) + (.233 * 2015 retail sales) + (.25 * 2016 retail sales).
- Sufficient procurement during the third compliance period (2017-2020) that is consistent with the following formula: (.27 * 2017 retail sales) + (.29 * 2018 retail sales) + (.31 * 2019 retail sales) + (.33 * 2020 retail sales).
- 33 percent of bundled retail sales in 2021 and all years thereafter.

Consistent with the Energy Division Staff methodology for calculating the renewable net short ("RNS")[2], PG&E provides a RNS calculation in Table 1. PG&E also provides an alternative RNS calculation (the "Alternate RNS") in Table 2. The RNS calculates the

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[2] *See* Administrative Law Judge's Ruling (1) Adopting Renewable Net Short Calculation Methodology (2) Incorporating the Attached Methodology into the Record, and (3) Extending the Date for Filing Updates to 2012 Procurement Plans issued on August 2, 2012.

volumes that PG&E projects it will need for RPS compliance based on direction provided in the August 2, 2012 Ruling using an "expected case" scenario. The Alternate RNS provides the same calculations as the RNS but substitutes PG&E's internal long-term bundled retail sales forecast for the assumptions provided in the August 2, 2012 ALJ Ruling.

As illustrated by both scenarios, PG&E's existing RPS portfolio is expected to provide sufficient RPS-eligible deliveries to meet PG&E's RPS compliance requirements in the first compliance period. PG&E's sale of 142,440 MWh of bundled renewable energy and green attributes through the PPSAs reduces overall RPS compliance costs for PG&E customers with a negligible reduction in PG&E's RPS position.

Table 1: Renewable Net Short Calculation as of November 2013

Net Short Calculation Using PG&E Bundled Retail Sales Forecast In Near Term (2013 - 2017) and LTPP Methodology (2018 - 2030)**

Line #		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
1	RPS Target	20.0%	20.0%	20.0%	21.7%	23.3%	25.0%	27%	29%	31%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
2	Voluntary Margin of Over-Procurement (GWh)***	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Aggregate Volumes (GWh)	14,833	14,511	17,424	22,011	23,718	24,076	25,327	24,253	23,773	23,157	22,704	20,371	20,048	19,782	19,654	19,043	18,706	18,600	17,996	17,939
4	Annual RPS Position (%)	19.8%	19.0%	[redacted]	[redacted]	[redacted]	[redacted]	32.2%	31.7%	31.0%	30.1%	29.4%	26.4%	25.9%	25.5%	25.3%	24.5%	24.0%	23.8%	23.0%	22.8%
5	Gross Surplus/(Deficit) compared to Annual Targets* (GWh)	(140)	(730)	[redacted]	[redacted]	[redacted]	[redacted]	4,078	2,038	(1)	(2,239)	(2,743)	(5,127)	(5,501)	(5,818)	(5,998)	(6,659)	(7,048)	(7,206)	(7,861)	(7,970)
6	Non-Bankable Volumes (GWh)	0	15	[redacted]	[redacted]	[redacted]	[redacted]	99	11	9	0	0	0	0	0	0	0	0	0	0	0
7	Volumes (Banked) or Withdrawn from Bank (GWh)	0	0	[redacted]	[redacted]	[redacted]	[redacted]	(3,978)	(2,028)	9	2,239	2,743	5,127	5,501	5,818	1,424	0	0	0	0	0
8	Net Surplus/(Deficit) (GWh)	(140)	(730)	[redacted]	[redacted]	[redacted]	[redacted]	99	11	9	0	0	0	0	0	(4,574)	(6,659)	(7,048)	(7,206)	(7,861)	(7,970)
9	Net Annual RPS Positions (%) with Use of Bank	19.8%	19.0%	[redacted]	[redacted]	[redacted]	[redacted]	27.1%	29.0%	31.0%	33.0%	33.0%	33.0%	33.0%	33.0%	27.1%	24.5%	24.0%	23.8%	23.0%	22.8%
10	Cumulative Banked Volumes (GWh)	0	0	[redacted]	[redacted]	[redacted]	16,855	20,833	22,860	22,851	20,612	17,869	12,743	7,242	1,424	0	0	0	0	0	0
11	Forecast Failure Rate (%) for New Projects not yet online	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
12	Forecast Failure Rate (%) for Existing Generation	0.0%	0.0%	0.1%	0.7%	0.5%	0.5%	0.4%	0.4%	0.3%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%

Current Expected Need Scenario (Compliance Period)

Line #		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
13	Compliance Period Requirement	20.0%			23.3%			30.0%				33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
14	Voluntary Margin of Over-Procurement (GWh)***	0			0			0				0	0	0	0	0	0	0	0	0	0
15	Aggregate Volumes (GWh)	46,767			69,805			96,511				22,704	20,371	20,048	19,782	19,654	19,043	18,706	18,600	17,996	17,939
16	RPS Position (%)	[redacted]			[redacted]			31.2%				29.4%	26.4%	25.9%	25.5%	25.3%	24.5%	24.0%	23.8%	23.0%	22.8%
17	Gross Surplus/(Deficit) (GWh)	[redacted]			[redacted]			3,876				(2,743)	(5,127)	(5,501)	(5,818)	(5,998)	(6,659)	(7,048)	(7,206)	(7,861)	(7,970)
18	Non-Bankable Volumes (GWh)	[redacted]			[redacted]			119				0	0	0	0	0	0	0	0	0	0
19	Volumes (Banked) or Withdrawn from Bank (GWh)	[redacted]			[redacted]			(3,758)				2,743	5,127	5,501	5,818	1,424	0	0	0	0	0
20	Net Surplus/(Deficit) (GWh)	[redacted]			[redacted]			119				0	0	0	0	(4,574)	(6,659)	(7,048)	(7,206)	(7,861)	(7,970)
21	Net RPS Positions (%)	[redacted]			[redacted]			30.0%				33.0%	33.0%	33.0%	33.0%	27.1%	24.5%	24.0%	23.8%	23.0%	22.8%
22	Cumulative Banked Volumes (GWh)	[redacted]			16,855			20,612				17,869	12,743	7,242	1,424	0	0	0	0	0	0
23	Forecast Failure Rate (%) for New Projects not yet online	0%			0%			0%				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
24	Forecast Failure Rate (%) for Existing Generation	0.0%			0.6%			0.3%				0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%

Line #		
25	Total RPS Risk Adjusted Net Short (2011-2030) (GWh)	(41,317)

* Assumed annual targets are: 2011-2013 (20% annually), 2014 (21.7%), 2015 (23.3%), 2016 (25%), 2017 (27%), 2018 (29%), 2019 (31%), and 2020 (33%). These targets are illustrative only and not enforceable.

** The 2010 LTPP sales forecast extends only from 2018 through 2020. For purposes of extending this forecast past 2020, PG&E applied a 0.2% annual growth rate to the LTPP's "Adjusted Energy Demand/Consumption" forecast in years after 2020. (This 0.2% growth rate is equal to the average growth rate seen in the LTPP forecast over the 2018-2020 period.) The "Energy Demand/Consumption" amount was then adjusted for line losses to determine bundled retail sales.

*** PG&E considers an adequate bank of surplus RPS procurement to be a voluntary margin of procurement. However, in accordance with Decision 13-11-024, PG&E will not seek in its 2013 RPS Solicitation to procure Portfolio Content Category 2 and 3 RPS products to build and maintain an adequate bank.

Table 2: Alternate Renewable Net Short Calculation as of November 2013

Net Short Calculation Using PG&E Bundled Retail Sales Forecast

Line #		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
1	RPS Target	20.0%	20.0%	20.0%	21.7%	23.3%	25.0%	27%	29%	31%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
2	Voluntary Margin of Over-Procurement (GWh)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Aggregate Volumes (GWh)	14,833	14,511	17,424	22,011	23,718	24,076	25,327	24,253	23,773	23,157	22,704	20,371	20,048	19,782	19,654	19,043	18,706	18,600	17,996	17,939
4	Annual RPS Position (%)	19.8%	19.0%	[redacted]				32.2%	30.6%	29.8%	28.8%	28.0%	24.9%	24.3%	23.8%	23.4%	22.5%	21.9%	21.5%	20.6%	20.3%
5	Gross Surplus/(Deficit) compared to Annual Targets* (GWh)	(140)	(730)	[redacted]				4,078	1,269	(948)	(3,351)	(4,013)	(6,594)	(7,147)	(7,671)	(8,032)	(8,941)	(9,541)	(9,928)	(10,822)	(11,177)
6	Non-Bankable Volumes (GWh)	0	15	[redacted]				99	11	9	0	0	0	0	0	0	0	0	0	0	0
7	Volumes (Banked) or Withdrawn from Bank (GWh)	0	0	[redacted]				(3,978)	(1,259)	957	3,351	4,013	6,594	7,147	31	0	0	0	0	0	0
8	Net Surplus/(Deficit) (GWh)	(140)	(730)	[redacted]				99	11	9	0	0	0	0	(7,641)	(8,032)	(8,941)	(9,541)	(9,928)	(10,822)	(11,177)
9	Net Annual RPS Positions (%) with Use of Bank	19.8%	19.0%	[redacted]				27.1%	29.0%	31.0%	33.0%	33.0%	33.0%	33.0%	23.8%	23.4%	22.5%	21.9%	21.5%	20.6%	20.3%
10	Cumulative Banked Volumes (GWh)	0	0	[redacted]			16,855	20,833	22,092	21,135	17,784	13,772	7,178	31	0	0	0	0	0	0	0
11	Forecast Failure Rate (%) for New Projects not yet online	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
12	Forecast Failure Rate (%) for Existing Generation	0.0%	0.0%	0.1%	0.7%	0.5%	0.5%	0.4%	0.4%	0.3%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%

Current Expected Need Scenario (Compliance Period)

Line #		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
13	Compliance Period Requirement		20.0%			23.3%			30.0%			33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
14	Voluntary Margin of Over-Procurement (GWh)		0			0			0			0	0	0	0	0	0	0	0	0	0
15	Aggregate Volumes (GWh)		46,767			69,805			96,511			22,704	20,371	20,048	19,782	19,654	19,043	18,706	18,600	17,996	17,939
16	RPS Position (%)	[redacted]							30.3%			28.0%	24.9%	24.3%	23.8%	23.4%	22.5%	21.9%	21.5%	20.6%	20.3%
17	Gross Surplus/(Deficit) (GWh)	[redacted]							1,048			(4,013)	(6,594)	(7,147)	(7,671)	(8,032)	(8,941)	(9,541)	(9,928)	(10,822)	(11,177)
18	Non-Bankable Volumes (GWh)	[redacted]							119			0	0	0	0	0	0	0	0	0	0
19	Volumes (Banked) or Withdrawn from Bank (GWh)	[redacted]							(930)			4,013	6,594	7,147	31	0	0	0	0	0	0
20	Net Surplus/(Deficit) (GWh)	[redacted]							119			0	0	0	(7,641)	(8,032)	(8,941)	(9,541)	(9,928)	(10,822)	(11,177)
21	Net RPS Positions (%)	[redacted]							30.1%			33.0%	33.0%	33.0%	23.8%	23.4%	22.5%	21.9%	21.5%	20.6%	20.3%
22	Cumulative Banked Volumes (GWh)	[redacted]				16,855			17,784			13,772	7,178	31	0	0	0	0	0	0	0
23	Forecast Failure Rate (%) for New Projects not yet online		0%			0%			0%			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
24	Forecast Failure Rate (%) for Existing Generation		0.0%			0.6%			0.3%			0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%

Line #		
25	Total RPS Risk Adjusted Net Short (2011-2030) (GWh)	(66,082)

* Assumed annual targets are: 2011-2013 (20% annually), 2014 (21.7%), 2015 (23.3%), 2016 (25%), 2017 (27%), 2018 (29%), 2019 (31%), and 2020 (33%). These targets are illustrative only and not enforceable.

** PG&E considers an adequate bank of surplus RPS procurement to be a voluntary margin of procurement. However, in accordance with Decision 13-11-024, PG&E will not seek in its 2013 RPS Solicitation to procure Portfolio Content Category 2 and 3 RPS products to build and maintain an adequate bank.

G. Confidentiality

Explain if confidential treatment of specific material is requested. Describe the information and reason(s) for confidential treatment consistent with the showing required by D.06-06-066, as modified by D.08-04-023.

In support of this Advice Letter, PG&E has provided the confidential information listed below. This information includes the PPSAs and other information that more specifically describe 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 – Consistency with Commission Decisions and Rules and Project Development Status

Appendix B – 2012 Solicitation Overview

Appendix C1 – Independent Evaluator Report (Confidential)

Appendix D – Contract Summary

Appendix F1 – First Power Purchase and Sale Agreement

Appendix F2 – Second Power Purchase and Sale Agreement

Appendix G – Projects' Contribution Toward RPS Goals

Public Attachment

Appendix C2 – Independent Evaluator Report (Public)

II. Consistency with Commission Decisions

A. RPS Procurement Plan

1. Identify the Commission decision that approved the utility's RPS Procurement Plan. Did the utility adhere to Commission guidelines for filing and revisions?

PG&E's 2012 Renewable Procurement Plan ("2012 RPS Plan") was conditionally approved in D.12-11-016 on November 14, 2012. Consistent with the decision, PG&E submitted a final version of its 2012 RPS Plan on November 29, 2012. In this plan, PG&E

stated that it may pursue the sale of excess RPS products through either a competitive solicitation or bilateral contracts. Further, PG&E included that it would consider such sales if the value of the sales was greater than value of banked procurement.

2. Describe the Procurement Plan's assessment of portfolio needs.

The goal of PG&E's 2012 RPS Plan is to procure approximately 1,000 GWh per year of RPS-eligible deliveries offering high portfolio value through new long-term contracts. In addition, based on deliveries from current projects, PG&E projects a bank of surplus procurement at the end of the first compliance period.

3. Discuss how the Project is consistent with the utility's Procurement Plan and meets utility procurement and portfolio needs (e.g. capacity, electrical energy, resource adequacy, or any other product resulting from the project).

The Proposed PPSAs are for the sale of energy and RECs in 2013. PG&E's 2012 RPS Plan provides that PG&E will continue to assess the value to PG&E's customers of sales of excess procurement and consider such sales if the value of the sale is greater than value of banked procurement.[3] The Transactions meet those criteria.

4. Describe the preferred project characteristics set forth in the solicitation, including the required deliverability characteristics, online dates, locational preferences, etc. and how the Project meets those requirements.

In accordance with its 2012 RPS Plan, PG&E has negotiated these PPSAs bilaterally and compared them to other market alternatives and the value of a banked product.

5. Sales

a) For Sales contracts, provide a quantitative analysis that evaluates selling the proposed contracted amount vs. banking the RECs towards future RPS compliance requirements (or any reasonable other options).

PG&E's sale of 142,440 MWh of bundled renewable energy and green attributes through the PPSAs reduces overall RPS compliance costs for PG&E customers with a negligible reduction in PG&E's RPS position. To evaluate the value of selling surplus procurement versus the value of banking RECs towards use in future RPS compliance periods, PG&E compared the prices of the green attributes under these Transactions against the prices for recently executed transactions for unbundled RECs capable of replacing the sold volume. The prices for green attributes under these Transactions are higher than the prices PG&E recently observed for RECs that could be used to replace the sold volume.

b) Explain the process used to determine price reasonableness, with maximum benefit to ratepayers.

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[3] PG&E's 2012 RPS Plan at 16-17.

PG&E validated the competitiveness of these offers through outreach to power marketers and renewable developers. These offers were competitive with the limited other alternatives in the market.

6. Portfolio Optimization Strategy

a) Describe how the proposed procurement (or sale) optimizes IOU's RPS portfolio (or entire energy portfolio). Specifically, a response should include:

i. Identification of IOU's portfolio optimization strategy objectives that the proposed procurement (or sale) are consistent with.

ii. Identification of metrics within portfolio optimization methodology or model (e.g. PPA costs, energy value, capacity value, interest costs, carrying costs, transaction costs, etc.) that are increased/decreased as a result of the proposed transaction.

iii. Identification of risks (e.g. non-compliance with RPS requirements, regulatory risk, over-procurement of non-bankable RPS-eligible products, safety, etc.) and constraints included in optimization strategy that may be decreased or increased due to proposed procurement (or sale).

The PPSAs are consistent with PG&E's objective of minimizing customer costs while achieving and maintaining RPS compliance. Through the timely sale of excess RPS-eligible energy at a competitive price, the PPSAs reduce the total cost impact of the RPS program to customers. Further, the sale of surplus non-bankable RPS products included in the PPSAs provides additional value for customers. Given PG&E's current long RPS position at this late stage of Compliance Period 1, it is highly unlikely that the PPSAs will jeopardize PG&E's ability to meet Compliance Period 1 requirements.

b. Description of how proposed procurement (or sale) is consistent with IOUs overall planned activities and range of transactions planned to optimize portfolio.

As stated in the 2012 RPS Plan, PG&E's strategy to minimize customer costs includes examining opportunities to sell banked surplus procurement as well as any RPS products that cannot be counted as surplus procurement and banked for future use. The PPSAs include both banked surplus and any available non-bankable RPS products.

B. Bilateral contracting – if applicable

1. Discuss compliance with D.06-10-019 and D.09-06-050.

The PPSAs resulted from bilateral negotiations between PG&E and Tenaska. To address the issue of bilateral contracting, the Commission developed guidelines pursuant to which 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." 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. 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 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 ("AMF"); and (4) the contract is deemed reasonable by the Commission.[4] The Commission noted that it would be developing evaluation criteria for bilateral contracts, but that the above four requirements would apply in the interim.[5]

On June 19, 2009, the Commission issued D.09-06-050 establishing price benchmarks and contract review processes for short-term and bilateral RPS contracts. D.09-06-050 provides that bilateral contracts should be reviewed using the same standards as contracts resulting from RPS solicitations.

The PPSAs satisfy the requirements listed above and the requirements of D.09-06-050. The PPSAs are being submitted for approval via this Advice Letter. The PPSAs' terms are at least one month in duration. Finally, the PPSAs are reasonable when considered against the standards used for evaluation given PG&E's current needs and the proposed pricing associated with this transaction.

2. Specify the procurement and/or portfolio needs necessitating the utility to procure bilaterally as opposed to a solicitation.

PG&E's ability to negotiate bilateral transactions allows PG&E to meet market needs. In this case, it allows PG&E to capitalize on the opportunity to sell a product at a competitive price, both in terms of comparison to market alternatives as well as compared to the value of a banked product. The Commission expressly authorized the sale of excess RPS products through bilateral transactions in D.12-11-016. In addition, the Commission approved PG&E's 2012 RPS Plan, which allows for the sale of RPS Products.

3. Describe why the Project did not participate in the solicitation and why the benefits of the Project cannot be procured through a subsequent solicitation.

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[4] Resolution E-4216 at 5.

[5] *Id.*

PG&E did not solicit offers to sell bundled energy and green attributes from PG&E as part of its 2012 RPS RFO. PG&E focused its 2012 RPS RFO on the procurement of additional RPS energy with deliveries occurring beyond the second compliance period. The benefits of this sale cannot be procured through a future solicitation. The Buyer needs this Category 1 RPS energy for its first compliance period obligations which end December 31, 2013.

C. Least-Cost, Best-Fit (LCBF) Methodology and Evaluation

1. Briefly describe IOU's LCBF Methodology and how the Project compared relative to other offers available to the IOU at the time of evaluation.

As discussed above, PG&E did not solicit sale offers through its RFO. PG&E validated the competitiveness of this offer through outreach to power marketers and renewable developers. This offer was competitive with these limited other alternatives in the market.

2. Indicate when the IOU's Shortlist Report was approved by Energy Division.

The 2012 Shortlist Report has not been approved, although a draft resolution was issued on November 19, 2013.

D. Compliance with Standard Terms and Conditions (STCs)

1. Does the proposed contract comply with D.08-04-009, D.08-08-028, and D.10-03-021, as modified by D.11-01-025?

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 and D.07-02-011, as modified by D.07-05-057 and D.07-11-025. These terms and conditions were compiled and published in D.08-04-009. Additionally, the non-modifiable term related to Green Attributes was finalized in D.08-08-028 and the non-modifiable terms related to Tradable Renewable Energy Credits ("TRECs") were finalized in D.10-03-021, as modified by D.11-01-025.

2. The non-modifiable standard terms and conditions in the three PPAs conform exactly to the "non-modifiable" terms set forth in Attachment A of D.08-04-009, as modified be D.08-08-028 and by Appendix C of D.10-03-021, as modified by D.11-01-025. **Using the tabular format, provide the specific page and section number where the RPS non-modifiable STCs are located in the contract.**

The locations of non-modifiable terms in the two PPSAs are indicated in the table below:

NOTE: This table applies to both PPSA's because the section and page number references from both contract documents are identical, except as noted below for STC 17 "Applicable Law"		
Non-Modifiable Term	**Contract Section Number**	**Contract Page Number**
STC 1: CPUC Approval	2.8	3 - 4
STC 2: Green Attributes and RECs • Definition of Green Attributes • Conveyance of Green Attributes	 2.14 3.2(a)	 4 - 5 6
STC 6: Eligibility	6.1(a)	8
STC 17: Applicable Law	9.3(a)	10 in App. F1 10–11 in App. F2
STC REC 1: Transfer of RECs	6.1(b)	8
STC REC 2: WREGIS Tracking of RECs	6.1(c)	8

3. **Provide a redline of the contract against the utility's Commission-approved pro forma RPS contract as Confidential Appendix E to the filed advice letter. Highlight modifiable terms in one color and non-modifiable terms in another.**

No redline is provided since the PG&E Pro forma PPA was not used. Instead, the EEI Master Power Purchase and Sale Agreement was used.

E. Portfolio Content Category Claim and Upfront Showing (D.11-12-052, Ordering Paragraph 9)

1. **Describe the contract's claimed portfolio content category.**

2. **Explain how the procurement pursuant to the contract is consistent with the criteria of the claimed portfolio content category as adopted in D.11-12-052.**

PG&E will sell energy and associated RECs generated from California-based CEC certified eligible renewable energy resources ("ERRs") that have their first point of interconnection with the CAISO balancing authority. Accordingly, the PPSAs involve a product that fits within the product content category established under Pub. Util. Code 399.16(b)(1). Furthermore, as defined under D.10-03-021, as modified by D.11-01-025, the proposed PPSAs are bundled transactions since both renewable energy and its associated RECs are being sold together.

3. Describe the risks that the procurement will not be classified in the claimed portfolio content category.

There is no known risk that the electric power would not be categorized as Portfolio Content Category One.

4. Describe the value of the contract to ratepayers if:

1. Contract is classified as claimed

2. Contract is not classified as claimed

PG&E has addressed this in confidential Appendix A, Section I. H.

5. Use the table below to report how the procurement pursuant to the contract, if classified as claimed, will affect the IOU's portfolio balance requirements, established in D.11-12-052.

Per PG&E's 2012 Preliminary Annual 33% RPS Compliance Report, amended and filed on November 15, 2013, PG&E's current Portfolio Balance Requirements are listed in the table below. Given that the proposed PPSAs only involve sales volumes in 2013, they will have no effect on PG&E's Portfolio Balance Requirements in future compliance periods.

Forecast of Portfolio Balance Requirements	**Compliance Period 2 (2014-2016)**	**Compliance Period 3 (2017-2020)**
PCC 1 Balance Requirement *CP 2 = 65% of RECs applied to procurement quantity requirement* *CP 3 = 75% of RECs applied to procurement quantity requirement*		
Quantity of PCC 1 RECs (under contract, not including proposed contract)	13,598,449 MWh	26,373,869 MWh
Quantity of PCC 1 RECs from proposed contract	0	0
Quantity of PCC 2 RECs	0	0
Quantity of PCC 2 RECs (under contract, not including proposed contract)	0	0
Quantity of PCC 2 RECs from proposed contract	0	0

PCC 3 Balance Limitation *CP 2 = 15% of RECs applied to procurement quantity requirement* *CP 3 = 10% of RECs applied to procurement quantity requirement*		
Quantity of PCC 3 RECs (under contract, not including proposed contract)	0	0
Quantity of PCC 3 RECs from proposed contract	0	0

F. Long-Term Contracting Requirement

D.12-06-038 established a long-term contracting requirement that must be met in order for an IOU to count RPS procurement from contracts less than 10 years in length ("short-term contracts") toward RPS compliance.

In D.12-06-038, the Commission adopted a threshold standard pursuant to SB 2 1X that requires load serving entities to sign long-term contracts in each compliance period equal to at least 0.25% of their expected retail sales over that same compliance period. The proposed PPSAs are short-term sales contracts, which are not subject to the long-term contracting requirement. As documented in PG&E's amended 2012 Preliminary Annual 33% RPS Compliance Report filed on November 15, 2013, PG&E has significantly surpassed its long-term contracting requirement of 193,713 MWh.[6]

1. **Explain whether or not the proposed contract triggers the long-term contracting requirement.**

As short-term sales transactions, these PPSAs do not trigger the long-term contracting requirement.

2. **If the long-term contracting requirement applies, provide a detailed calculation that shows the extent to which the utility has satisfied the long-term contracting requirement. If the requirement has not yet been satisfied for the current compliance period, explain how the utility expects to satisfy the quantity by the end of the compliance period to count the proposed contract for compliance.**

[6] The results of PG&E's long-term contracting requirement are reported in the Procurement Detail portion of the 2012 Preliminary Annual 33% RPS Compliance Report.

The long-term contracting requirement does not apply as these PPSAs are short-term sales transactions.

G. Tier 2 Short-term Contract "Fast Track" Process – if applicable

1. **Is the facility in commercial operation? If not in commercial operation, explain the IOU's basis for its determination that commercial operation will be achieved within the required six months.**

2. **Describe and explain any contract modifications to the Commission-approved short-term pro forma contract.**

The PPSAs are short-term contracts (less than 24 month) but PG&E is not seeking Fast Track approval.

H. Interim Emissions Performance Standard

In D.07-01-039, the Commission adopted a greenhouse gas Emissions Performance Standard (EPS) which is applicable to electricity contract for baseload generation, as defined, having a delivery term of five years or more.

1. **Explain whether or not the contract is subject to the EPS.**

Pursuant to D.07-01-039, the proposed PPSAs are not subject to EPS as they have delivery terms shorter than five years.

2. **If the contract is subject to the EPS, discuss how the contract is in compliance with D.07-01-039.**

See Section H.1 above.

3. **If the contract is not subject to EPS, but delivery will be firmed/shaped with specified baseload generation for a term of five or more years, explain how the energy used to firm/shape meets EPS requirements.**

See Section H.1 above.

4. **If the contract term is five or more years and will be firmed/shaped with unspecified power, provide a showing that the utility will ensure that the amount of substitute energy purchases from unspecified resources is limited such that total purchases under the contract (renewable and non-renewable) will not exceed the total expected output from the renewable energy source over the term of the contract.**

See Section H.1 above.

5. **If substitute system energy from unspecified sources will be used, provide a showing that:**

a. **the unspecified energy is only to be used on a short-term basis; and**

b. **the unspecified energy is only used for operational or efficiency reasons; and**

c. **the unspecified energy is only used when the renewable energy source is unavailable due to a forced outage, scheduled maintenance, or other temporary unavailability for operational or efficiency reasons; or**

d. **the unspecified energy is only used to meet operating conditions required under the contract, such as provisions for number of start-ups, ramp rates, minimum number of operating hours.**

Substitute system energy from unspecified sources will not be used.

I. Procurement Review Group (PRG) Participation

1. List PRG participants (by organization/company).

The Procurement Review Group ("PRG") for PG&E includes the Commission's Energy Division and Division of Ratepayer Advocates, Department of Water Resources, Union of Concerned Scientists, The Utility Reform Network, the California Utility Employees, and Jan Reid, as a PG&E ratepayer.

2. Describe the utility's consultation with the PRG, including when information about the contract was provided to the PRG, whether the information was provided in meetings or other correspondence, and the steps of the procurement process where the PRG was consulted.

The first PPSA was presented to the PRG on November 12, 2013, and the second was presented via e-mail on November 27, 2013.

3. For short-term contracts, if the PRG was not able to be informed prior to filing, explain why the PRG could not be informed.

N/A

J. Independent Evaluator (IE)

The use of an IE is required by D.04-12-048, D.06-05-039, 07-12-052, and D.09-06-050.

1. Provide name of IE.

The Independent Evaluator is Charles Adkins of Ventyx LLC.

2. Describe the oversight provided by the IE.

The IE reviewed e-mails exchanged between PG&E and the counterparty. The IE also participated on phone calls between PG&E and the counterparty.

3. List when the IE made any findings to the Procurement Review Group regarding the applicable solicitation, the project/bid, and/or contract negotiations.

The IE did not provide any findings to the PRG related to these PPSAs. The IE recommends in his report that the Commission approve the two PPSAs.

4. Insert the public version of the project-specific IE Report.

The public version of the IE report is attached to this Advice Letter as Appendix C2.

III. Project Development Status

Since these Projects are already commercially operable, this section is not applicable.

IV. Contingencies and/or Milestones

Describe major performance criteria and guaranteed milestones, including those outside the control of the parties, including transmission upgrades, financing, and permitting issues.

The terms of the PPSAs are conditioned on the occurrence of CPUC Approval, as it is defined in the Proposed PPSAs.

V. Safety Considerations

1. What terms in the PPA address the safe operation, construction and maintenance of the Project? Are there any other conditions, including but not limited to conditions of any permits or potential permits, that the IOU is aware of that ensure such safe operation, construction and decommissioning?

These Transactions cover the resale of energy and RECs purchased under existing PPAs. These Projects are existing resources currently performing under existing PPAs with PG&E. The two PPSAs that are the subject of this advice letter have no impact on the underlying PPAs and, through these PPSAs, PG&E has no visibility on any potential safety matters related to the generation of the energy.

2. What has the IOU done to ensure that the PPA and the Project's operation are: consistent with Public Utilities Code Section 451; do not interfere with the IOU's safe operation of its utility operations and facilities; and will not adversely affect the public health and safety?

See Section V.1 above.

3. If PPA or amendment is with an existing facility, please provide a matrix that identifies all safety violations found by any entity, whether government, industry-based or internal with an indication of the issue and if the resolution of that alleged violation is pending or resolved and what the progress or resolution was/is.

See Section V.1 above.

4. **If PPA or amendment is with an existing facility, will the PPA or amendment lead to any changes in the structure or operations of the facility? Any change in the safety practices at the facility? If so, with what federal, state and local agencies did the developer confer or seek permits or permit amendments for these changes?**

See Section V.1 above.

VI. REQUEST FOR COMMISSION APPROVAL

PG&E requests that the Commission issue a resolution no later than March 27, 2014, that:

1. Approves the PPSAs in their entirety.
2. Finds that these PPSAs are consistent with PG&E's CPUC approved RPS Plan and that the sale of the bundled renewable electricity and green attributes under the PPSAs is reasonable and in the public interest;
3. Finds that all costs of the PPSAs, including broker fees associated with the Transactions, are fully recoverable in rates over the life of the PPSAs, subject to CPUC review of PG&E's administration of the PPSA;
4. Finds that the PPSAs are reasonable;
5. Finds that the payments received by PG&E pursuant to the PPSA shall be credited to PG&E customers through PG&E's Energy Resource Recovery Account over the life of the PPSAs, subject to CPUC review of PG&E's administration of the PPSAs;
6. Finds that deliveries under the two PPSAs are deliveries under the first portfolio content category specified in Section 399.16(b)(1)(A); and
7. Any other and further relief as the Commission finds just and reasonable.

Protests:

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than January 8, 2014, which is 20 days after the date of this filing. Protests must be submitted to:

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

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

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

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

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

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

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Rule 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Rule 3.11).

Effective Date:

PG&E requests that the Commission issue a resolution approving this Tier 3 advice filing by March 27, 2014.

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.11-05-005, and R.12-03-014. 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 to the General Order 96-B service list should be directed to PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Advice letter filings can also be accessed electronically at http://www.pge.com/tariffs.

Brian Cherry /IG

Vice President – Regulatory Relations

cc: Service List for R.11-05-005
Service List for R.12-03-014
Paul Douglas – Energy Division
Jason Simon – Energy Division
Adam Schultz – Energy Division
Shannon O'Rourke – Energy Division
Joseph Abhulimen – DRA
Karin Hieta _ DRA
Cynthia Walker – DRA

Limited Access to Confidential Material:

The portions of this Advice Letter marked Confidential Protected Material are submitted under the confidentiality protection of Section 583 and 454.5(g) 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 Amendment itself, price information, and analysis of the proposed RPS Amendment, 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.

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) #: **4329-E** **Tier:** 3

Subject of AL: **Power Purchase and Sale Agreement for Bundled Energy Sales Between Tenaska Power Services Co. and Pacific Gas and Electric Company**

Keywords (choose from CPUC listing): Compliance, Agreements, Portfolio

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other ______________________________

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: N/A

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: ☑ Yes ☐ No 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: Charles Post, (415) 973-9286

Resolution Required? ☑Yes ☐No

Requested effective date: **March 27, 2014** 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 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission
Energy Division
EDTariffUnit
505 Van Ness Ave., 4th Flr.
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

**DECLARATION OF CHARLES POST
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION
CONTAINED IN ADVICE LETTER 4329-E
(PACIFIC GAS AND ELECTRIC COMPANY - U 39 E)**

I, Charles Post, declare:

1. I am presently employed by Pacific Gas and Electric Company ("PG&E"), and have been an employee at PG&E since 2000. 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 and Sale Agreements ("PPSAs"). 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 buyers and sellers in general. Through this experience, I have become familiar with the type of information that would affect the negotiating positions of electricity buyers and sellers with respect to price and other terms, as well as with the type of information that parties 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 the redacted portion of Advice Letter 4329-E, Appendices A, B, C1, D, F1, F2, and G to PG&E's Advice Letter 4329-E submitted on December 19, 2013. By this Advice Letter, PG&E is seeking this Commission's approval of two PPSAs that PG&E has executed with Tenaska Power Services Co.

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, if applicable, 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, if applicable; (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 December 19, 2013 at San Francisco, California.

Charles Post

PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
Advice Letter 4329-E
December 19, 2013

IDENTIFICATION OF CONFIDENTIAL INFORMATION

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 (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
Document: Advice Letter 4329-E							
Appendix A	Y	Item V C) LSE Total Energy Forecast – Bundled Customer (MWh) Item VI B) Utility Bundled Net Open (Long or Short) Position for Energy (MWh) Item VII G) Renewable Resource Contracts under RPS program – Contracts without SEPs.	Y	Y	Y	This Appendix contains information on PG&E's sales forecast and PG&E's renewable net open position. This information would provide market sensitive information to competitors and is therefore considered confidential. In addition the Appendix contains price information, discusses, analyzes and evaluates the terms of the Power Purchase and Sales Agreements ("PPSAs"). Disclosure of this information would provide valuable market sensitive information to competitors. Release of this information would be damaging to negotiations.	For information covered under Item V C) the front three years of the forecast remain confidential for three years. For information covered under Item VI B) the front three years of the forecast remain confidential for three years. For information covered under Item VII G) remain confidential for three years after the commercial operation date, or one year after expiration (whichever is sooner).
Appendix B	Y	Item VIII A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids.	Y	Y	Y	This Appendix contains bid information and bid evaluations from the 2012 Solicitation. This information would provide market sensitive information to competitors and is therefore considered confidential. Furthermore, offers received outside of the 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.

PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
Advice Letter 4329-E
December 19, 2013

IDENTIFICATION OF CONFIDENTIAL INFORMATION

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 (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
Appendix C1	Y	General Order 66-C.	Y	Y	Y	Certain information has been obtained in confidence from the counterparties under an expectation of confidentiality. It is in the public interest to treat such information as confidential because if such information were made public, it would put the counterparty at a business disadvantage, could create a disincentive to do business with PG&E and other regulated utilities, and could have a damaging effect on current and future negotiations with other counterparty.	For information covered under General Order 66-C, remain confidential.
Appendix D	Y	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	Y	This Appendix contains bid information and discusses the terms of the PPSAs. Disclosure of this information would provide valuable market sensitive information to competitors. Release of this information would be damaging to negotiations with other counterparties and should remain confidential. Furthermore, the counterparty to the PPSAs has an expectation that the terms of the PPSAs will remain confidential. It is in the public interest to treat such information as confidential because if such information were made public, it would put the counterparty at a business disadvantage, could create a disincentive to do business with PG&E and other regulated utilities, and could have a damaging effect on current and future negotiations with other counterparty.	For information covered under Item VII G) remain confidential for three years after the commercial operation date, or one year after expiration (whichever is sooner). For information covered under Item VII (un-numbered category following VII G), remain confidential for three years. For information covered under General Order 66-C, remain confidential.

PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
Advice Letter 4329-E
December 19, 2013

IDENTIFICATION OF CONFIDENTIAL INFORMATION

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 (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
Appendices F1 and F2	Y	Item VII G) Renewable Resource Contracts under RPS program - Contracts without SEPs.	Y	Y	Y	These Appendices contain the PPSAs for which PG&E seeks approval in the Advice Letter filing. Disclosure of certain terms of the PPSAs would provide valuable market sensitive information to competitors. Release of this information would be damaging to negotiations with other counterparties and should remain confidential. Furthermore, the counterparty to the PPSAs has an expectation that the terms of the PPAs will remain confidential.	For information covered under Item VII G), remain confidential for three years after the commercial operation date, or one year after expiration (whichever is sooner).
Appendix G	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. This information should remain confidential for three years.	Remain confidential for three years.

Appendix C2
Independent Evaluator Report

VENTYX™

AN ABB COMPANY

Independent Evaluator Report

Advice Letter Filing of the REC Bilateral Contracts




December 6, 2013

SUBJECT: **Advice Letter Filing of REC Bilateral Contracts.**

Describe in detail the role of the IE throughout the solicitation and negotiation process.

Pacific Gas & Electric ("PG&E") retained Charles Adkins, of Ventyx LLC, to provide Independent Evaluator ("IE") Services for PG&E's Renewable Energy Credit ("REC") bilateral contract negotiations. On October 29, 2013, PG&E began negotiations to sell RECs to [redacted] and Tenaska. Specifically, Mr. Adkins participated in all contract negotiations to ensure that the negotiations were conducted in a fair and consistent manner. Mr. Adkins was involved throughout the process.

Mr. Adkins active involvement began on October 29, 2013. Mr. Adkins was attended the following conference calls:

- October 29, 2013: Two conference calls with [redacted] to discuss credit and general contract provisions;
- October 31, 2013: Conference call with [redacted] to discuss delivery and scheduling terms;
- November 5, 2013: Conference call with [redacted] to discuss increasing the volume;
- November 7, 2013: Mr. Adkins informed that the [redacted] deal will not be executed due to time constraints;
- November 8, 2013: Conference call with Tenaska to discuss delivery terms;
- November 12, 2013: Conference call with Tenaska to discuss general contract provisions;
- November 18, 2013: Conference call with Tenaska to finalize contract language;
- November 20, 2013: Final contract with Tenaska executed;
- November 25, 2013: Tenaska requested an additional volume of RECs; and
- November 27, 2013: Second contract with Tenaska executed.

Mr. Adkins monitored the contract negotiations. No substantive issues were raised. For the most part, the conference calls were used to clarify contract language and foster mutual understanding. While the negotiations with [redacted] proceeded smoothly and contract terms were mutually agreed to, PG&E and [redacted] were unable to execute the contract due to time limitations imposed by [redacted] other counterparty.

Mr. Adkins supports the two REC agreements with Tenaska and recommends approval of these two agreements.

How did the IOU conduct outreach to bidders, and was the solicitation robust?

Not applicable

Please evaluate the fairness of the IOU's bidding and selection process. (i.e. quantitative and qualitative methodology used to evaluate bids, consistency of evaluation methods with criteria specified in bid documents, etc.)?

Not applicable

If applicable, describe safeguards and methodologies employed by the IOU to compare affiliate bids or UOG ownership proposals. If a utility selected a bid from an affiliate or a bid that would result in utility asset ownership, explain and analyze whether the IOU's selection of such bid(s) was appropriate.

Not applicable

Based on the complete bid process, is (are) the IOU contract(s) the best overall offer(s) received by the IOU?

Not applicable

If the contract does not directly reflect a product solicited and bid in an RFO, is the contract superior to the bids received on the products solicited in the RFO? Explain.

Not applicable

Is the contract a reasonable way of achieving the need identified in the RFO?

Not applicable

Based on your analysis of the RFO bids, the bid process, and the overall market, does the contract merit Commission approval? Explain.

Not applicable

Based on the complete bid process, should some component(s) be changed to ensure future RFOs are fairer or provide a more efficient, lower cost option?

Not applicable

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

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