



PG&E's Petition for Modification of D.10-07-045 Regarding the Oakley Power Plant **FILED**
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DRA Position: The Commission should deny PG&E's Petition to Modify (PFM) D.10-07-045 and implement the Oakley project only if the conditions ordered in D.10-07-045 are met.

Background: The Commission rejected the Oakley project in July 2010

- The Commission approved GWF Tracy and Los Esteros Upgrades in D.10-07-042 on the condition that the Oakley Project was rejected.
- PG&E filed a petition to modify D.10-07-045 requesting the Commission reverse its decision and approve the Oakley project.
- The Commission ordered in D.10-07-045 that the Oakley project could only be proposed again via an application under certain conditions:
 - An approved power plant project fails.
 - PG&E retires a Once Through Cooled (OTC) plant of comparable size 3 years early.
 - Final results of CAISO 33% renewable integration study demonstrates significant negative reliability risk.

PG&E has not met any of the conditions required by the Commission to pursue the Oakley project

- PG&E misleads the Commission that its PFM represents a two year delay in the project.
 - The PFM extends the "guaranteed commercial availability date" which only provides the project developer more flexibility.
 - The PFM attempts to re-litigate PG&E's approved need found in LTPP D.07-12-052.
 - Oakley is not needed in 2016.
 - The Commission cannot reverse a decision that vested the right of private parties in the GWF Tracey and Los Esteros proceeding.
- PG&E's primary motivation seems to be to rate base the capital cost of the Oakley power plant for the benefit of shareholders, not for ensuring system reliability for ratepayers.
 - The revenue requirement for Oakley is greater than \$1.5 billion.
 - PG&E currently has a 40% reserve margin (not including 2,333 MW of approved new capacity: Colusa, Russell City, Mariposa, Marsh Landing, GWF Tracey, Los Esteros).
 - PG&E's load forecast is down and exports are overstated.
 - PG&E's approved need is fulfilled.
 - LTPP proceeding (R.10-05-006) will define where, when, and what types of resources are needed going forward.