



BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Application of Pacific Gas and Electric
Company for Approval of Three Power
Purchase Agreement Amendments With
Existing Qualifying Facilities and Associated
Cost Recovery.

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Application 11-01-023

**RESPONSE OF THE UTILITY REFORM NETWORK
TO THE APPLICATION OF PG&E FOR THREE
QF PPA AMENDMENTS**



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March 4, 2011

**RESPONSE OF THE UTILITY REFORM NETWORK
TO THE APPLICATION OF PG&E FOR THREE
QF PPA AMENDMENTS**

I. Introduction

Pursuant to Rule 2.6 of the Commission's Rules of Practice and Procedure, The Utility Reform Network (TURN) files this response to the application by Pacific Gas and Electric Company for approval of amended power purchase agreements (PPA) with three existing qualifying facilities (QF). PG&E filed the application on January 28, 2011 and it was noticed in the daily calendar on February 2, 2011.

TURN generally strongly supports amending must-take contracts to allow for scheduling and dispatchability. TURN at this point simply requests an additional three weeks to review the confidential PPAs so as to evaluate whether there are any terms of conditions that are not reasonable or beneficial to ratepayers.

II. Issues in Dispute

PG&E explains that the proposed amendments provide significant economic and reliability benefits. The three existing PPAs with natural gas-fired cogenerators are all must-take contracts with fixed capacity payments and variable energy payments for all output. The amendments allow PG&E to schedule the output so that it need not take the energy when it is uneconomic or unnecessary. PG&E calculates an economic benefit of approximately \$26 million over the remaining duration of the contracts (until 2019-2021), as well as operational and environmental benefits.

TURN generally strongly supports amending must-take contracts with fossil cogenerators so as to allow for more economic dispatch and reduce any potential need to curtail renewable resources.

However, due to several logistical and staffing constraints, TURN has not yet obtained and reviewed the underlying confidential contracts and amendments. TURN would like to review the actual terms and conditions of the contracts and the assumptions underlying PG&E's valuation of the benefits of the amended contracts. It is our belief that these proposed amendments are the first QF amendments executed since the filing of the QF/CHP Settlement. TURN believes that once we get the underlying documents we should be able to perform this review within approximately two weeks. Thus, TURN requests that the CPUC allow us to update this response with any additional information prior to any future prehearing conference, at least three weeks from the date of this response.

III. Proceeding Categorization and Need for Hearings

TURN agrees with PG&E that this proceeding should be categorized as rate setting. TURN can provide a recommendation concerning hearings after review of the confidential information.

Likewise, TURN can provide input on a procedural schedule in advance of a prehearing conference.

March 4, 2011

Respectfully submitted,
THE UTILITY REFORM NETWORK

By: _____ /S/ _____

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CERTIFICATE OF SERVICE

I, Larry Wong, certify under penalty of perjury under the laws of the State of California that the following is true and correct:

On March 4, 2011, I served the attached:

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on all eligible parties on the attached list **A.11-01-023** by sending said document by electronic mail to each of the parties via electronic mail, as reflected on the attached Service List.

Executed this March 4, 2011, at San Francisco, California.

/S/
Larry Wong

Service List for A.11-01-023

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