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

Application of Pacific Gas and Electric Company for Approval of Three Power Purchase Agreement Amendments With Existing Qualifying Facilities and Associated Cost Recovery (U39E).

Application 11-01-023  
(Filed January 28, 2011)

**ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING ADDITIONAL INFORMATION REGARDING APPLICATION**

On January 28, 2011, Pacific Gas and Electric Company ("PG&E") filed Application 11-01-023 seeking Commission approval of three power purchase agreement amendments (Amendments) between PG&E and three existing qualifying facilities. The Division of Ratepayer Advocates and The Utility Reform Network timely filed a protest and response, respectively, on March 4, 2011. PG&E filed a reply on March 14, 2011. On March 21, 2011, PG&E filed an amended application revising down the anticipated customer savings over the ten remaining years of the contracts from \$26 million (or \$2.6 million per year) to \$14 million (or \$1.4 million per year). On April 6, 2011, a prehearing conference ("PHC") was held during which parties discussed the scope and schedule of the proceeding.

As a result of the PHC and extensive review of PG&E's application, I have several remaining questions. PG&E is directed to file and serve (along with a concurrent motion to file under seal, if necessary), responses to the following requests for more information within seven (7) days of this ruling.

- 1) Please provide justification for the heat rate chosen for the three Amendments. For example, please provide a comparison to average heat rates of other peaker plants in PG&E's portfolio.
- 2) Please provide justification for the greenhouse gas emissions cap chosen by PG&E for the Amendments, specifically in relation to the greenhouse gas emissions and cost caps associated with the various pricing options available to legacy generators in the Qualifying Facility/Combined Heat and Power ("QF/CHP") Settlement.
- 3) Please provide an explanation for the reduction in customer savings in the amended application (\$14 million over the life of the Power Purchase Agreements (PPAs)) versus the original application (\$26 million over the life of the PPAs).
- 4) What is the reasoning behind the eligibility criteria detailed in Point 3 of the Hugh Merriam Declaration (Confidential Appendix A)?
- 5) In Point 6 of the Hugh Merriam Declaration, PG&E details the maximum number of hours for which it can schedule each of the generators under the Amendments. How does this cap compare to the scheduling cap provided for in other peaker PPAs?
- 6) If the three facilities in question were to be scheduled for the maximum number of hours under the contract, would GHG emissions reductions be realized when applying the accounting methodology approved in Section 4.8.1.3 of the QF/CHP Settlement?
- 7) Are there any stranded costs or cost allocation implications associated with cost recovery of these contracts?

**IT IS RULED** that Pacific Gas and Electric Company (PG&E) shall file and serve its response to questions herein within seven days of this ruling (along with a motion to file under seal, if necessary). PG&E shall entitle its response “Response to ALJ Request for Additional Information.”

Dated April 7, 2011, at San Francisco, California.

/S/ MELISSA K. SEMCER

Melissa K. Semcer  
Administrative Law Judge