

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

Agenda Item 29
Agenda ID #12994
RESOLUTION E-4656(rev.1)
June 12, 2014

REDACTED

R E S O L U T I O N

Resolution E-4656. Pacific Gas & Electric Company requests approval of a renewable energy power purchase agreement with Diablo Winds, LLC.

PROPOSED OUTCOME: This resolution approves cost recovery for the long-term renewable energy power purchase agreement between Pacific Gas & Electric Company and Diablo Winds, LLC. The power purchase agreement is approved without modification.

SAFETY CONSIDERATIONS: The agreement approved by this resolution will not alter PG&E's existing agreement or any facility operations. Because this agreement does not require a change in PG&E's facility operations, there are no incremental safety implications associated with approval of this agreement beyond the status quo.

ESTIMATED COST: Costs of the power purchase agreement are confidential at this time.

By Advice Letter 4362-E filed on February 18, 2014.

SUMMARY

Pacific Gas & Electric Company's (PG&E) renewable energy power purchase agreement (PPA) with Diablo Wind Power, LLC (Diablo Winds) complies with the Renewables Portfolio Standard (RPS) procurement guidelines and is approved without modification.

PG&E filed Advice Letter (AL) 4362-E on February 18, 2014, requesting California Public Utilities Commission (Commission) review and approval of a fifteen year renewable energy PPA between PG&E and Diablo Winds, a wholly-owned subsidiary of NextEra Energy Resources, LLC (NextEra). The PPA was procured through PG&E's 2012 RPS solicitation. Pursuant to the PPA, RPS-

eligible generation will be purchased from the Diablo Winds facility. The Diablo Winds facility's capacity is 18 megawatts (MW) and is located in Alameda County, California.

This resolution approves the Diablo Winds PPA. PG&E's execution of this PPA is consistent with PG&E's 2012 RPS Procurement Plan (RPS Plan), including its resource need, which the Commission approved in Decision 12-11-016. In addition, RPS deliveries under the Diablo Winds PPA are reasonably priced and fully recoverable in rates over the life of the PPA, subject to Commission review of PG&E's administration of the PPA.

The following table provides a summary of the Diablo Winds PPA:

Table 1: Summary of Diablo Winds PPA

Generating Facility	Technology Type	Capacity (MW)	Expected Deliveries (GWh/yr)	Contract Start Date	Term (Years)	Location
Diablo Winds	Wind, existing	18	62	June 30, 2016	16	Alameda County

BACKGROUND

Overview of the Renewables Portfolio Standard Program

The California RPS program was established by Senate Bill (SB) 1078, and has been subsequently modified by SB 107, SB 1036, and SB 2 (1X).¹ The RPS program is codified in Public Utilities Code Sections 399.11-399.31.² Under SB 2 (1X), the RPS program administered by the Commission requires each retail seller to procure eligible renewable energy resources so that the amount of electricity generated from eligible renewable resources be an amount that equals an average of 20 percent of the total electricity sold to retail customers in

¹ SB 1078 (Sher, Chapter 516, Statutes of 2002); SB 107 (Simitian, Chapter 464, Statutes of 2006); SB 1036 (Perata, Chapter 685, Statutes of 2007); SB 2 (1X) (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session).

² All further references to sections refer to Public Utilities Code unless otherwise specified.

California for compliance period 2011-2013; 25 percent of retail sales by December 31, 2016; and 33 percent of retail sales by December 31, 2020.³

Additional background information about the Commission's RPS Program, including links to relevant laws and Commission decisions, is available at <http://www.cpuc.ca.gov/PUC/energy/Renewables/overview> and <http://www.cpuc.ca.gov/PUC/energy/Renewables/decisions.htm>.

NOTICE

Notice of AL 4362-E was made by publication in the Commission's Daily Calendar. PG&E states that copies of the ALs were mailed and distributed in accordance with Section IV of General Order 96-B.

PROTESTS

PG&E's AL 4362-E was not protested.

DISCUSSION

Pacific Gas & Electric Company requests approval of a renewable energy power purchase agreement with Diablo Winds, LLC.

On February 18, 2014, PG&E filed AL 4362-E requesting Commission approval of a long-term PPA with Diablo Winds. The Diablo Winds PPA concerns generation from the 18 MW Diablo Winds facility which began operating in 2004, and has been certified by the California Energy Commission (CEC) as an RPS-eligible facility. Pursuant to the Diablo Winds PPA, PG&E will receive approximately 62 gigawatt-hours (GWh) of RPS-eligible deliveries annually.

The Diablo Winds facility is located in Alameda County and has its first point of interconnection with the California Independent System Operator (CAISO), a California balancing authority. PG&E is currently procuring generation from the Diablo Winds facility previously had been contracted to PG&E under an existing long-term RPS PPA that expires in 2016. The PPA under consideration has a term of fifteen years and begins deliveries on June 30, 2016.

³ D.11-12-020 established a methodology to calculate procurement requirement quantities for the three different compliance periods covered in SB 2 (1X) (2011-2013, 2014-2016, and 2017-2020).

PG&E requests that the Commission issue a resolution that:

1. Approves the PPA in its entirety, including payments to be made by PG&E pursuant to the PPA, subject to the Commission's review of PG&E's administration of the PPA.
2. Finds that any procurement pursuant to the PPA is procurement from eligible renewable energy resources for purposes of determining PG&E's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California RPS (Public Utilities Code Section 399.11 et seq.), D.03-06-071, D.06-10-050, D.11-12-020, D.11-12-052 or other applicable law.
3. Finds that all procurement and administrative costs, as provided by Public Utilities Code Section 399.13(g), associated with the PPA shall be recovered in rates.
4. Adopts the following finding of fact and conclusion of law in support of CPUC Approval:
 - a. The PPA is consistent with PG&E's 2012 RPS procurement plan.
 - b. The terms of the PPA, including the price of delivered energy, are reasonable.
5. Adopts the following finding of fact and conclusion of law in support of cost recovery for the PPA:
 - a. The utility's costs under the PPA shall be recovered through PG&E's Energy Resource Recovery Account.
 - b. Any stranded cost that may arise from the PPA is subject to the provisions of D.04-12-048 that authorize recovery of stranded renewables procurement costs over the life of the contract. The implementation of the D.04-12-048 stranded cost recovery mechanism is addressed in D.08-09- 012.
6. Adopts the following findings with respect to resource compliance with the Emissions Performance Standard (EPS) adopted in R.06-04-009:
 - a. The PPA is not a form of covered procurement subject to the EPS, because the generating facility has an expected capacity factor of less than 60 percent and, therefore, is not baseload generation under paragraph 1(a)(ii) and 3(2)(a) of the adopted Interim EPS Rules.

7. Adopts a finding of fact and conclusion of law that deliveries from the PPA shall be categorized as procurement under the portfolio content category specified in Section 399.16(b)(1)(A), subject to the Commission's after-the-fact verification that all applicable criteria have been met.

Energy Division Evaluated the Diablo Winds PPA on the Following Criteria:

- Consistency with PG&E's 2012 RPS Procurement Plan
- Consistency with PG&E's Least-Cost, Best-Fit requirements
- Consistency with RPS Standard Terms and Conditions
- Consistency with Portfolio Content Category Requirements
- Consistency with Long-Term Contracting Requirement
- Independent Evaluator (IE) review
- Price Reasonableness and Value
- Project viability Assessment and Development Status
- Compliance with the Interim Greenhouse Gas Emissions Performance Standard
- Procurement Review Group Participation
- Public Safety

Consistency with PG&E's 2012 RPS Procurement Plan

California's RPS statute requires the Commission to direct each utility to prepare an annual RPS Plan and then review and accept, modify, or reject the Plan prior to the commencement of a utility's annual RPS solicitation.⁴ The Commission must then accept or reject proposed PPAs based on their consistency with the utility's approved Plan.

The Diablo Winds PPA was executed on December 16, 2013. At the time PPA was executed, the most recent Commission-approved Plan was PG&E's 2012 Plan, which was conditionally approved in D.12-11-016. Pursuant to statute, PG&E's Plan includes an assessment of supply and demand to determine the optimal mix of renewable generation resources, consideration of flexible

⁴ Pub. Util. Code, § 399.14.

compliance mechanisms established by the Commission, and a bid solicitation protocol setting forth the need for renewable generation of various operational characteristics.⁵

In PG&E's 2012 RPS Plan, PG&E stated that it seeks to procure about 1,000 GWh of new generation in its 2012 RPS solicitation, with a preference for long-term contracts that qualify as a Portfolio Content Category (PCC) 1 product with initial RPS deliveries starting in 2019-2020.

The Diablo Winds PPA fits PG&E's stated RPS procurement goal of an additional 1,000 GWh annually. Additionally, the PPA is long-term and the RPS deliveries are expected to satisfy the criteria of PCC 1. Any deliveries from the Diablo Winds PPA that are in excess of PG&E's RPS procurement quantity requirement (PQR) can be banked by PG&E and used to satisfy future RPS compliance needs.

The Diablo Winds PPA is consistent with PG&E's 2012 RPS Procurement Plan, as approved by D.12-11-016.

PG&E's RPS Portfolio Need

The California RPS Program was established by SB 1078 and has been recently modified by SB 2 (1X), which became effective on December 10, 2011. SB 2 (1X) made significant changes to the RPS Program.⁶ SB2 (1X) established new RPS procurement targets such that retail sellers must procure " . . . from January 1, 2011 to December 31, 2013...an average of 20 percent of retail sales . . . 25 percent of retail sales by December 31, 2016, and 33 percent of retail sales by December 31, 2020."⁷

PG&E currently projects that its existing RPS portfolio will provide enough RPS generation to meet its needs in Compliance Period (CP) 1 (2011-2013) and CP 2 (2014-2016). Beginning in CP 3 (2017-2020), PG&E has stated that it has a need to procure additional RPS generation. The Diablo Winds PPA is contracted to begin delivering RPS-eligible energy on June 30, 2016 which aligns with PG&E's RPS need. RPS deliveries from the Diablo Winds PPA that are generated during the latter part of 2016 may be banked by PG&E for future RPS compliance.

⁵ Pub. Util. Code, § 399.14(a)(3).

⁶ The Commission opened Rulemaking (R.) 11-05-005 (May 5, 2011) to implement the new RPS law.

⁷ See § 399.15(b)(2)(B), SB 2 (1X).

RPS generation from the Diablo Winds PPA fits the portfolio need requirements of PG&E's RPS portfolio.

Consistency with PG&E's Least-Cost Best-Fit (LCBF) Methodology

The basic components of PG&E's LCBF evaluation and selection criteria and process for RPS PPAs were established in the Commission's LCBF Decisions D.03-06-071 and D.04-07-029. Consistent with these decisions, the four main LCBF evaluation steps undertaken by PG&E are:

1. Determination of market value of bid;
2. Calculation of transmission adders and integration costs;
3. Evaluation of portfolio fit; and
4. Consideration of non-price factors.

The LCBF decisions direct the utilities to use certain criteria in their bid selection. The decisions offer guidance regarding the process by which the utility ranks bids in order to select or "shortlist" the bids with which it will commence negotiations.

The Diablo Winds PPA was executed on December 16, 2013, and submitted for Commission approval on February 18, 2014. As a result, PG&E examined the reasonableness of the Diablo Winds PPA using the same LCBF methodology that they used for assessing RPS transactions received in the 2012 RPS solicitation. When compared against offers from PG&E's RPS solicitation and offers executed by PG&E in the previous 12 months using LCBF, the Diablo Wind PPA compares favorably for price, value, viability, and need. See Confidential Appendix A for more details.

PG&E adequately examined the reasonableness of the Diablo Winds PPA utilizing its LCBF methodology that was in place during the time that the PPA was being negotiated and executed.

Consistency with RPS Standard Terms and Conditions

The Commission adopted a set of standard terms and conditions (STCs) required in RPS contracts, three of which are considered "non-modifiable." The STCs were compiled in D.08-04-009 and subsequently amended in D.08-08-028. More recently in D.10-03-021, as modified by D.11-01-025.

The Diablo Winds PPA includes the Commission adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, D.10-03-021, as modified by D.11-01-025.

Consistency with Portfolio Content Category Requirements

In D.11-12-052, the Commission defined and implemented PCCs for the RPS program and authorized the Director of Energy Division to require the investor-owned utilities to provide information regarding the proposed contract's PCC classification in each AL seeking Commission approval of an RPS contract. The purpose of the information is to allow the Commission to evaluate the claimed PCC of the proposed RPS PPA and the risks and value to ratepayers if the proposed PPA ultimately results in renewable energy credits in another PCC.

In AL 4362-E, PG&E claims that the product procured pursuant to Diablo Winds PPA will be classified as PCC 1. To support its claim, PG&E asserts that the Diablo Winds PPA requires NextEra to provide both the energy and renewable energy certificates associated with generation from the PPA. PG&E also states in the AL that the facility is interconnected directly to the CAISO transmission system, a California balancing authority area.

Consistent with D.11-12-052, PG&E provided information in AL 4362-E regarding the expected portfolio content category classification of the renewable energy credits to be procured pursuant to the Diablo Winds PPA.

Consistency with Long-Term Contracting Requirement

In D.12-06-038, the Commission established a long-term contracting requirement that must be met in order for retail sellers to count RPS procurement from contracts less than 10 years in duration for compliance with the RPS program.⁸ In order for the procurement from any short-term contract(s) signed after June 1, 2010 to count for RPS compliance, the retail seller must execute long-term contract(s) in the same compliance period in which the short-term contract(s) is signed. The volume of expected generation in the long-term contract(s) must be sufficient to cover the volume of generation from the short-term contract(s).⁹

⁸ For the purposes of the long-term contracting requirement, contracts of less than 10 years duration are considered "short-term" contracts. (D.12-06-038).

⁹ Pursuant to D.12-06-038, the methodology setting the long-term contracting requirement is: 0.25% of Total Retail Sales in 2010 for the first compliance period; 0.25% of Total Retail Sales in 2011-2013 for the second compliance period; and 0.25% of Total Retail Sales in 2014-2016 for the third compliance period.

Because the Diablo Winds PPA is considered greater than 10 years in length, the PPA may be construed as counting toward the minimum quantity requirements that the Commission established in D.12-06-038.

Independent Evaluator Review

PG&E retained independent evaluator (IE) Arroyo Seco Consulting Group (Arroyo) to oversee its 2012 RPS solicitation and to evaluate the overall merits of each PPA submitted to the CPUC for approval. Arroyo compared the price and value of the Diablo Winds PPA against competing offers from PG&E's 2012 RPS solicitation using Arroyo's proprietary evaluation model. Based on this comparison, Arroyo opines that the Diablo Winds PPA ranks low for price and moderate to high for value when compared against relevant peer groups of competing proposals. Additionally, Arroyo opines that the Diablo Winds PPA ranks very high for viability when compared against competing offers from PG&E's 2012 RPS Solicitation. See Confidential Appendix B for a detailed explanation of the IE's findings.

Consistent with D.06-05-039, an independent evaluator oversaw PG&E's RPS procurement process. Additionally, an independent evaluator oversaw PG&E's negotiations with NextEra and compared the costs, value and viability of the Diablo Winds PPA against peer groups consisting of alternative competing proposals currently or recently available to PG&E.

The independent evaluator recommends that the Commission approve the Diablo Winds PPA.

Price Reasonableness and Value

The Commission's price reasonableness review for RPS PPAs includes a comparison of the proposed PPA's price against other RPS offers received in recent RPS solicitations and against contracts executed in the 12 months prior to the proposed PPA's execution date. Using this analysis and the confidential analysis provided by PG&E in AL 4362-E, the Commission determines that the price and value of the Diablo Winds PPA are reasonable. See Confidential Appendix A for a price and value comparison of the Diablo Winds PPA against the appropriate cohorts.

The Diablo Winds PPA ranks favorably for price and value when compared against RPS offers from PG&E's 2012 RPS solicitation and contracts executed by PG&E 12 months prior to executing the Diablo Winds PPA.

Payments made by PG&E under the Diablo Winds PPA are fully recoverable in rates over the life of the PPA, subject to Commission review of PG&E's administration of the PPA.

Project Viability Assessment

The generation to be delivered pursuant to the Diablo Winds PPA is from an online and operating facility that has been certified by the CEC as RPS-eligible.

It is reasonable to expect that Diablo Winds facility will be able to meet the terms and conditions in the PPA.

Compliance with the Interim Greenhouse Gas Emissions Performance Standard

California Pub. Util. Code §§ 8340 and 8341 require that the Commission consider emissions costs associated with new long-term (five years or greater) baseload power contracts procured on behalf of California ratepayers.¹⁰

D.07-01-039 adopted an interim EPS that establishes an emission rate for obligated facilities at levels no greater than the greenhouse gas (GHG) emissions of a combined-cycle gas turbine power plant. Generating facilities using certain renewable resources are deemed compliant with the EPS.¹¹

The Diablo Winds PPA is not covered procurement subject to the EPS because the generating facility has a forecast annualized capacity factor of less than 60 percent and therefore is not baseload generation under paragraphs 1(a)(ii) and 3(2)(a) of the Adopted Interim EPS Rules.

¹⁰ "Baseload generation" is electricity generation at a power plant "designed and intended to provide electricity at an annualized plant capacity factor of at least 60%." Pub. Util. Code § 8340 (a).

¹¹ D.07-01-039, Attachment 7, p. 4.

Procurement Review Group Participation

The Procurement Review Group (PRG) was initially established in D.02-08-071 to review and assess the details of the IOUs' overall procurement strategy, solicitations, specific proposed procurement contracts and other procurement processes prior to submitting filings to the Commission as a mechanism for procurement review by non-market participants.

According to PG&E, participants in its PRG included representatives from the 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. The Diablo Winds PPA was presented to the PRG at PG&E's March and November 2013 PRG meetings.

Pursuant to D.02-08-071, PG&E's Procurement Review Group participated in the review of the Diablo Winds PPA.

Public Safety

Public Utilities Code Section 451 requires that every public utility maintain adequate, efficient, just, and reasonable service, instrumentalities, equipment and facilities to ensure the safety, health, and comfort of the public.

Local, state and federal agencies that have review and approval authority over the Diablo Winds facility are charged with enforcing safety, environmental and other regulations including decommissioning. Section 3.9(a) of the PPA requires NextEra to "acquire all permits and other approvals necessary for the construction, operation and maintenance of the Project." The safety provisions in the Diablo Winds PPA clarify that the burden of safe operations resides with NextEra, the entity with control over on-site decisions, and protect PG&E customers against bearing the cost of imprudent or unsafe operations. The safety provisions do not provide PG&E with rights to enforce or dictate safe operations of the Project as those rights reside with the governmental authorities with safety and permitting oversight over the Project.

NextEra has indicated that no past safety violations have been found by any entity. PG&E has validated NextEra's report through a search of the California Occupational Safety and Health Administration database and a general internet search. Additionally, there are no expected changes to the structure or operations of the Diablo Winds facility as it currently exists pursuant to the PPA.

Miscellaneous Environmental Issues

Staff also notes that compliance with the Migratory Bird Treaty Act¹², Bald and Golden Eagle Protection Act¹³ and Endangered Species Act¹⁴, among others, by the operator, NextEra, is required. This wind basin in Alameda County has been the subject of studies¹⁵ and litigation related to potential non-compliance with the aforementioned federal Acts. In addition, the California laws, including the Wildlife Protection Act of 1990 (Fish and Game Code Sections 355-357) also apply and must be followed.

RPS ELIGIBILITY AND CPUC APPROVAL

Pursuant to Public Utilities Code Section 399.13, the CEC certifies eligible renewable energy resources. Generation from a resource that is not CEC-certified cannot be used to meet RPS requirements. To ensure that only CEC-certified energy is procured under a Commission-approved RPS PPA, the Commission has required standard and non-modifiable “eligibility” language in all RPS PPAs. That language requires a seller to warrant that the project qualifies and is certified by the CEC as an “Eligible Renewable Energy Resource,” that the project’s output delivered to the buyer qualifies under the requirements of the California RPS, and that the seller uses commercially reasonable efforts to maintain eligibility should there be a change in law affecting eligibility.¹⁶

The Commission requires a standard and non-modifiable clause in all RPS PPAs that requires “CPUC Approval” of a PPA to include an explicit finding that “any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), D.11-12-020 and D.11-12-052, or other applicable law.”¹⁷

¹² 16 U.S.C. 703-711.

¹³ 16 U.S.C. 668-668d.

¹⁴ 16 U.S.C. 1531-1544.

¹⁵ <http://www.altamontsrc.org/>.

¹⁶ See, e.g. D.08-04-009 at Appendix A, STC 6, Eligibility.

¹⁷ See, e.g. D.08-04-009 at Appendix A, STC 1, CPUC Approval.

Notwithstanding this language, the Commission has no jurisdiction to determine whether a project is not an eligible renewable energy resource, nor can the Commission determine prior to final CEC certification of a project, that “any procurement” pursuant to a specific contract will be “procurement from an eligible renewable energy resource.”

Therefore, while we include the required finding here, this finding has never been intended, and shall not be read now, to allow the generation from a non-RPS-eligible resource to count towards an RPS compliance obligation. Nor shall such finding absolve the seller of its obligation to obtain CEC certification, or the utility of its obligation to pursue remedies for breach of contract. Such contract enforcement activities shall be reviewed pursuant to the Commission’s authority to review the utilities’ administration of such contracts.

CONFIDENTIAL INFORMATION

The Commission, in implementing Pub. Util. Code § 454.5(g), has determined in D.06-06-066, as modified by D.07-05-032, that certain material submitted to the Commission as confidential should be kept confidential to ensure that market sensitive data does not influence the behavior of bidders in future RPS solicitations. D.06-06-066 adopted a time limit on the confidentiality of specific terms in RPS contracts. Such information, such as price, is confidential for three years from the date the contract states that energy deliveries begin, except contracts between IOUs and their affiliates, which are public.

The confidential appendices, marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

No comments were received.

FINDINGS AND CONCLUSIONS

1. The Diablo Winds power purchase agreement is consistent with PG&E's 2012 Renewables Portfolio Standard Procurement Plan, as approved by D.12-11-016.
2. Renewables Portfolio Standard generation from the Diablo Winds power purchase agreements fits the portfolio need requirements of PG&E's Renewables Portfolio Standard portfolio.
3. PG&E adequately examined the reasonableness of the Diablo Winds power purchase agreement utilizing its least-cost best-fit methodology that was in place during the time that the power purchase agreement was being negotiated and executed.
4. The Diablo Winds PPA includes the Commission adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, D.10-03-021, as modified by D.11-01-025.
5. Consistent with D.11-12-052, PG&E provided information in Advice Letter 4362-E regarding the expected portfolio content category classification of the renewable energy credits to be procured pursuant to the Diablo Winds power purchase agreement.
6. Because the Diablo Winds power purchase agreement is considered greater than 10 years in length, the power purchase agreement may be construed as counting toward the minimum quantity requirements that the Commission established in D.12-06-038.
7. Consistent with D.06-05-039, an independent evaluator oversaw PG&E's Renewables Portfolio Standard procurement process. Additionally, an independent evaluator oversaw PG&E's negotiations with NextEra and compared the costs, value and viability of the Diablo Winds power purchase agreement against peer groups consisting of alternative competing proposals currently or recently available to PG&E.
8. The independent evaluator recommends that the Commission approve the Diablo Winds power purchase agreement.
9. The Diablo Winds power purchase agreement ranks favorably for price and value when compared against Renewables Portfolio Standard offers from PG&E's 2012 Renewables Portfolio Standard solicitation and contracts

executed by PG&E 12 months prior to executing the Diablo Winds power purchase agreement.

10. Payments made by PG&E under the Diablo Winds power purchase agreement are fully recoverable in rates over the life of the power purchase agreement, subject to Commission review of PG&E's administration of the power purchase agreement.
11. It is reasonable to expect that Diablo Winds facility will be able to meet the terms and conditions in the power purchase agreement.
12. The Diablo Winds power purchase agreement is not covered procurement subject to the Emissions Performance Standard because the generating facility has a forecast annualized capacity factor of less than 60 percent and therefore is not baseload generation under paragraphs 1(a)(ii) and 3(2)(a) of the Adopted Interim Emissions Performance Standard Rules.
13. Pursuant to D.02-08-071, PG&E's Procurement Review Group participated in the review of the Diablo Winds power purchase agreement.
14. The Diablo Winds power purchase agreement will not alter PG&E's existing facility operations, and there are no incremental safety implications associated with approval of this agreement beyond the status quo.
15. The confidential appendices, marked "[REDACTED]" in the public copy of this Resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.
16. Advice Letter 4362-E should be approved effective today.

THEREFORE IT IS ORDERED THAT:

1. Pacific Gas & Electric Company's Advice Letter 4362-E requesting Commission review and approval of a power purchase agreement with Diablo Winds, LLC is approved without modification.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held in San Francisco on June 12, 2014; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

Confidential Appendix A

Price/Value Reasonableness, Need, and Viability

[REDACTED]

Confidential Appendix B

Independent Evaluator Conclusions and Recommendations

[REDACTED]

Confidential Appendix C

Diablo Winds PPA Major Contract Provisions

[REDACTED]