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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 Agreements with Existing Qualifying Facilities and Associated Cost Recovery. (U 39 E)	A.10-10-004 (Filed October 8, 2010)

OPENING BRIEF OF CAMS JUNIPER (CALIFORNIA), LLC, DOUBLE C LIMITED, HIGH SIERRA LIMITED, AND KERN FRONT LIMITED IN SUPPORT OF PACIFIC GAS AND ELECTRIC COMPANY'S APPLICATION FOR APPROVAL OF THREE POWER PURCHASE AGREEMENTS WITH EXISTING QUALIFYING FACILITIES

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January 10, 2011

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I. INTRODUCTION

Pursuant to Rule 13.11 of the Rules of Practice and Procedure ("Rules") of the California Public Utilities Commission ("Commission"), CAMS Juniper (California), LLC ("CAMS"), Double C Limited, High Sierra Limited, and Kern Front Limited respectfully submit this joint opening brief in support of the Application of Pacific Gas and Electric Company ("PG&E") for Approval of Three Power Purchase Agreements ("PPAs") with Existing Qualifying Facilities ("QFs") and Associated Cost Recovery ("Application") in the above-captioned proceeding.

CAMS employs 100 employees, located in the State of California, who directly support the commercial management and Operations and Maintenance ("O&M") activities of the three cogeneration facilities that will generate the energy purchased under the PPAs. Double C Limited, High Sierra Limited and Kern Front Limited are the counterparties to the PPAs, and the counterparties to the expiring power purchase agreements for these cogeneration facilities, described further below.

II. BACKGROUND

The three separate replacement PPAs with PG&E govern the sale of energy and capacity from three cogeneration facilities: (1) the Double C Cogeneration Facility (PG&E Log No.

25C241); (2) the Sierra Cogeneration Facility (PG&E Log No. 25C242); and (3) the Kern Cogeneration Facility (PG&E Log No. 25C188).[1] The Double C Cogeneration Facility is a 48 MW cogeneration facility located in Kern County, near Bakersfield, California. The facility commenced operation on March 14, 1989. The Seller currently sells energy and 47 MW of firm capacity to PG&E under a Standard Offer No. 2 ("SO2") firm capacity contract that expired May 9, 2010, but was extended pursuant to D.07-09-040. The existing, extended power purchase agreement will expire on May 9, 2011.

The Sierra Cogeneration Facility is a 48 MW cogeneration facility located in Kern County, near Bakersfield, California. The facility commenced operation on February 24, 1989. The Seller currently sells energy and 47 MW of firm capacity to PG&E under an SO2 firm capacity contract that expired March 26, 2010, but was extended pursuant to D.07-09-040. The existing, extended power purchase agreement will expire on March 26, 2011.

The Kern Cogeneration Facility is a 48 MW cogeneration facility located in Kern County, near Bakersfield, California. The facility commenced operation on January 7, 1989. The Seller currently sells energy and 47 MW of firm capacity to PG&E under an SO2 firm capacity contract that expires May 27, 2014.

The three PPAs substantially conform to the pro forma power purchase agreement for Utility Pre-Scheduled Facilities approved by the global settlement of QF cogeneration issues included in proceedings A.08-11-001, R.06-02-013, R.04-04-003, R.04-04-025 and R.99-11-022 ("CHP Settlement").

[1] The counterparties to the PPAs are Double C Limited, High Sierra Limited and Kern Front Limited, as discussed above, and PG&E's "Cogeneration and Small Power Production Semi-Annual Report" dated July 2010 identifies the facilities as such. However, for consistency with Application 10-10-004, this brief identifies the facilities as they are listed in the Application.

III. DISCUSSION

A. The Three PPAs Provide Significant Benefits to PG&E and Ratepayers and Should Be Approved

CAMS, Double C Limited, High Sierra Limited and Kern Front Limited support the Application and respectfully request that the Commission expeditiously approve all three PPAs. As set forth in the Application, the PPAs govern power sales from three unique, dispatchable cogeneration facilities that are able to provide PG&E with cost-saving operational flexibility. For instance, many cogeneration facilities provide base-load-type power on a continuous basis and, under federal law, PG&E is required to take energy from such cogeneration facilities even during minimum load periods or other periods when energy is unneeded. Due to operational flexibility, the Double C, Sierra and Kern Cogeneration Facilities, however, can be ramped up or ramped down as directed, thus ensuring that these dispatchable cogeneration facilities are producing and delivering energy to PG&E during periods when such operation is needed, economical or environmentally advantageous in PG&E's management of its resource portfolio. When cogeneration units can provide operational flexibility, it works to the benefit of PG&E and its ratepayers. Allowing PG&E to take advantage of it is prudent, rational and in the public interest.

In addition, cogeneration facilities under traditional QF contracts have no obligation to forecast their production or to produce or deliver power according to a predetermined schedule. PG&E is therefore forced to forecast these cogeneration facilities based on historical output and other factors, which do not produce forecasts as accurately as the procedures under the current rules of the California Independent System Operator ("CAISO"). Under the proposed PPAs, however, the Double C, Sierra and Kern Cogeneration Facilities would all forecast their availability in accordance with the CAISO rules. Furthermore, PG&E would also have the right

under the PPAs to schedule the Double C, Sierra and Kern Cogeneration Facilities in accordance with these forecasts, thus ensuring that PG&E has the information and optionality needed to schedule its generation resources in the most efficient and economical manner possible.

Finally, as set forth in the Application, the dispatchability of the Double C, Sierra and Kern Cogeneration Facilities could help PG&E reduce the level of greenhouse gas ("GHG") emissions produced by its generation assets. Under existing QF contracts, PG&E does not have the flexibility to schedule or dispatch down assets. PG&E therefore could not prevent those assets from producing energy and GHG emissions during periods when other, less GHG-intensive generation assets are available. Under the three PPAs, PG&E would be able to schedule the Double C, Sierra and Kern Cogeneration Facilities during periods when such facilities would reduce overall GHG emissions on the system, thus providing greater environmental benefits then a traditional, gas-fired generator. Accordingly, for the foregoing reasons, CAMS, Double C Limited, High Sierra Limited and Kern Front Limited respectfully request that the Commission approve the Application and the three PPAs.

B. AReM's Protest to the Application is Both Improper and Moot and Should Be Disregarded

On November 12, 2010 the Alliance for Retail Energy Markets ("AReM") filed a protest to the Application, objecting to PG&E's request to apply the cost allocation provisions of the CHP Settlement to the three PPAs. AReM's entire protest is based on a faulty premise that the CHP Settlement was flawed and had not yet been approved by the Commission. The Commission did not find the Settlement to be flawed and approved it on December 16, 2010. Thus, AReM's protest is improper and moot and should therefore be disregarded.

IV. CONCLUSION

For the reasons set forth above, CAMS, Double C Limited, High Sierra Limited and Kern Front Limited respectfully request that the Commission approve all three PPAs without modification.

Respectfully Submitted,

Date: January 10, 2011

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Certificate of Service

I hereby certify that I have this day served a copy of the:

OPENING BRIEF OF CAMS JUNIPER (CALIFORNIA), LLC, DOUBLE C LIMITED, HIGH SIERRA LIMITED, AND KERN FRONT LIMITED IN SUPPORT OF PACIFIC GAS AND ELECTRIC COMPANY'S APPLICATION FOR APPROVAL OF THREE POWER PURCHASE AGREEMENTS WITH EXISTING QUALIFYING FACILITIES

on all known parties to A10-10-004 by sending a copy via electronic mail and by mailing a properly addressed copy by first-class mail with postage prepaid to each party named in the official service list without an electronic mail address.

Executed on January 10, 2011, at Los Angeles, California.

/s/ Susan Benjamin
Susan Benjamin

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