



**FILED**

07-20-10  
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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company  
for Approval of Agreements Related to the  
Novation of the California Department of Water  
Resources Agreement with GWF Energy LLC,  
Power Purchase Agreement with GWF Energy II  
LLC, and Associated Cost Recovery  
(U 39 E)

Application No. 09-10-022  
(Filed October 16, 2009)

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And related matter

Application 09-10-034  
(Filed October 30, 2009)

**EX PARTE NOTICE OF GWF ENERGY LLC AND  
CALPINE CORPORATION**

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July 20, 2010

Pursuant to Rule 8.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (the “Commission”), GWF Energy LLC (“GWF”) and Calpine Corporation (“Calpine”) submit this notice of ex parte communications.

On July 15, 2010, Duane Nelsen, President of GWF, Bill Kissinger, partner at Bingham McCutchen, and Dan Richard of Dan Richard Advisors L.L.C., on behalf of GWF; and Jeffery P. Gray, partner at Davis Wright Tremaine, on behalf of Calpine, met with Robert Kinosian, advisor to Commissioner Bohn, regarding the above-captioned consolidated proceeding. The meeting began at 10:15 am and lasted approximately 30 minutes. This meeting and the additional meetings noted below all took place at the Commission’s San Francisco offices located at 505 Van Ness Ave., San Francisco California. GWF and Calpine initiated the communication for all four meetings. There were no written materials provided at any of the meetings.

GWF and Calpine representatives discussed the Proposed Decision (“PD”) issued April 20, 2010 and subsequently revised by the assigned Administrative Law Judge as well as the results of the All Party meeting that occurred on July 14, 2010. They noted that the All Party meeting had made clear that the GWF and Calpine transactions (and the specific Upgrade projects associated with both) that PG&E had placed before the Commission for approval were strongly supported by their communities and provided good value for ratepayers.

Representatives for both parties urged the Commission to take up the PD at the next meeting on July 29, 2010 and to approve the applications at this meeting. They suggested that further delay in the Commission’s consideration of the projects could be harmful to the projects and, to that end, the PD should be further modified to approve both the GWF and Calpine Transactions outright rather than be made the subject of a subsequent Tier 1 advice letter filing

by PG&E that was dependent in any way on the outcome of the Commission's handling of other pending PG&E applications for new capacity.

Later that morning, this same group, joined by Joseph E. Ronan, Jr., Senior Vice President, Government & Regulatory Affairs for Calpine, met with Andrew Campbell, advisor to Commissioner Ryan, regarding the above-captioned consolidated proceeding. The meeting began at 11:00 am and lasted approximately 30 minutes. All the same topics noted above were covered at this meeting.

In addition, the Calpine and GWF representatives specifically responded to the questions Commissioner Ryan had asked during the All Party meeting. On the issue of whether the new capacity was necessary to maintain reliability, the representatives noted that there was no doubt about the future need for new capacity and that the manner in which the PDs proposed to procure it was a sensible approach to putting new steel in the ground.

On the question of whether the novation projects would help the State meet its energy resource goals, the representatives indicated that the GWF Tracy and Calpine Los Esteros projects were precisely the kind of projects required to support the State's energy resource goals. They pointed to the letter provided by the CAISO in support of the two projects, the way in which both units capture waste heat that would otherwise be lost to the atmosphere, the manner in which the transactions shrink DWR's footprint and, finally, the way in which both projects make use of existing infrastructure and brownfield sites.

The Calpine and GWF representatives also noted that the contracts are a good value. Although neither party has access to comparative cost data for other PG&E proposals before the Commission, they noted that the report of the Independent Evaluator ("IE") finding the prices are reasonable together with TURN's assessment that the "lower need" portfolio, if selected by the

Commission, provided the best ratepayer value both, individually and together, underscore the conclusion that the Calpine and GWF transactions provide good value to ratepayers.

Finally, the representatives for Calpine and GWF noted that approval of the transactions were consistent with the loading order and do not crowd out energy efficiency. Indeed, the projects support the loading order by providing the kind of backstop necessary to allow the more efficient integration of renewable resources into the portfolio. Regarding energy efficiency, the projects quintessentially advance this goal because, once completed, both will make use of exhaust heat that is otherwise lost to the atmosphere. For the Tracy Project, fully 90 MW of the total comes from making use of the exhaust heat.

At 11:30 am, this same group then met with Karen Shea, advisor to Commissioner Simon, regarding the above-captioned consolidated proceeding. The meeting lasted approximately 40 minutes. At 12:15 pm, this same group met with Michael Wheeler, advisor to Commissioner Grueneich. The meeting lasted approximately 40 minutes. All the same topics noted above were covered at both meetings.

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DATED: July 20, 2010

Respectfully Submitted,

GWF Energy LLC

By: \_\_\_\_\_ /s/

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DATED: July 20, 2010

Respectfully Submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of “ EX PARTE NOTICE OF GWF ENERGY LLC AND CALPINE CORPORATION” by using E-Mail Service, sending the entire document as an attachment to an e-mail message to all known parties of record to this proceeding who provided electronic mail addresses as set forth in the attached list.

Executed on July 20, 2010 at San Francisco, California.

/s/Todd O. Edmister  
Todd O. Edmister

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