

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**RESOLUTION E-4376
November 19, 2010**

REDACTED

R E S O L U T I O N

Resolution E-4376. Pacific Gas and Electric Company (PG&E) requests approval of a power purchase agreement as amended (PPA) between PG&E and El Dorado Irrigation District for the purchase of hydroelectric energy.

PROPOSED OUTCOME: This Resolution approves cost recovery for PG&E's renewable energy power purchase agreement with El Dorado Irrigation District for hydroelectric generation.

ESTIMATED COST: The estimated total costs of the power purchase agreement are between \$66,000,000 and \$110,000,000, depending on hydroelectric conditions.

By Advice Letter 3658-E filed on April 27, 2010.

SUMMARY

PG&E's renewable power purchase agreement (PPA) with the El Dorado Irrigation District comply with the Renewables Portfolio Standard (RPS) procurement guidelines and is approved.

Pacific Gas and Electric Company (PG&E) filed Advice Letter (AL) 3658-E on April 27, 2010, requesting California Public Utilities Commission (Commission) review and approval of the PPA to procure hydroelectric power from an existing El Dorado Irrigation District (EID) hydroelectric facility located in Pollock Pines, California.

The EID PPA was bilaterally negotiated after the close of PG&E's 2009 RPS Solicitation. The contractual start date for the 10-year PPA begins in May 2011,

to coincide with the 2010/2011 hydroelectric cycle. However, under the PPA PG&E began procuring generation from the EID facility in May, 2010.

The EID PPA is consistent with PG&E's 2009 RPS Procurement Plan. Deliveries from the 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 summarizes the EID PPA:

Generating Facility	Tech	Contract Term	Capacity (MW)	Expected Deliveries (GWh/yr)	Contractual Online Date	Project Location
EID	Hydro	10 years	21	58-99	May 16, 2011 ¹	Pollock Pines, CA

BACKGROUND

Overview of RPS Program

The California RPS Program was established by Senate Bill (SB) 1078, and has been subsequently modified by SB 107 and SB 1036.² The RPS program is codified in Public Utilities Code Sections 399.11-399.20.³ The RPS program administered by the Commission requires each utility to increase its total procurement of eligible renewable energy resources by at least one percent of retail sales per year so that 20 percent of the utility's retail sales are procured from eligible renewable energy resources no later than December 31, 2010.⁴

¹ This date refers to the contractual start date for the purposes of the 10-year contract term.

² SB 1078 (Sher, Chapter 516, Statutes of 2002); SB 107 (Simitian, Chapter 464, Statutes of 2006); SB 1036 (Perata, Chapter 685, Statutes of 2007).

³ All further references to sections refer to Public Utilities (Pub. Util.) Code unless otherwise specified.

⁴ See § 399.15(b)(1).

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.htm> and <http://www.cpuc.ca.gov/PUC/energy/Renewables/decisions.htm>.

NOTICE

Notice of AL 3658-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section 3.14 of General Order 96-B.

PROTESTS

No protests to this advice letter were filed.

DISCUSSION

PG&E requests Commission approval of this renewable energy contract

On April 27, 2010, Pacific Gas and Electric Company (PG&E) filed AL 3658-E requesting Commission approval of its long-term renewable procurement contract with the El Dorado Irrigation District (EID) to procure energy from its hydroelectric plant located at Pollock Pines, California. The PPA was bilaterally negotiated after the close of PG&E's 2009 Solicitation. The project is interconnected to the California Independent System Operator (CAISO) controlled grid at PG&E's switchyard located adjacent to the Pollock Pines hydroelectric plant. Generation from the EID facility is expected to contribute between 58 to 99 gigawatt-hours (GWh) of energy annually towards PG&E's Annual Procurement Target (APT) depending on hydro conditions.

Prior to executing the agreement with PG&E, EID had been selling energy at day-ahead pricing under a short-term contract.⁵ Beginning in May 2010, shortly after PG&E filed AL 3658-E, PG&E began procuring generation from the EID facility at market prices. Pursuant to the EID PPA, PG&E will pay EID a one-time true-up settlement payment for the Green Attributes produced after PG&E

⁵ AL 3658-E at 2.

began taking deliveries from the facility and prior to Commission approval of the EID PPA. PG&E did not receive Commission approval of the EID contract prior to taking deliveries under the PPA.

PG&E requests that the Commission issue a resolution containing the following findings:

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 an eligible renewable energy resource 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 Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.) ("RPS"), Decision ("D.") 03-06-071 and D.06-10-050, or other applicable law.
3. Finds that all procurement and administrative costs, as provided by Public Utilities Code section 399.14(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 2009 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 costs that may arise from the PPAs are 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 covered procurement subject to the EPS because the generating facilities have a forecast capacity factor of less than 60% each and therefore are not baseload generation under paragraphs 1(a)(ii) and 3(2)(a) of the Adopted Interim EPS Rules.

Energy Division reviewed the bilaterally negotiated EID PPA on multiple grounds

- Consistency with bilateral contracting rules
- Consistency with PG&E’s 2009 RPS Procurement Plan
- Comparison to the results of PG&E’s 2009 RPS Solicitation
- Consistency with least-cost best-fit methodology identified in PG&E’s RPS Procurement Plan
- Procurement Review Group participation
- Consistency with RPS standard terms and conditions
- Contribution to minimum quantity requirements
- Compliance with the Interim Emissions Performance Standard
- Cost containment
- Project viability
- Independent Evaluator review
- Cost reasonableness evaluation

Consistency with Bilateral Contracting Rules

In D.09-06-050, the Commission determined that bilateral contracts should be reviewed according to the same processes and standards as contracts that are the result of a competitive solicitation.⁶ Accordingly, Energy Division reviewed the

⁶ The current process set forth for seeking Commission approval for an RPS contract is that RPS contracts, of any length greater than one month in duration, must be submitted

Footnote continued on next page

bilaterally negotiated EID PPA using the same standards used to review PPAs resulting from an annual solicitation.

The EID PPA is consistent with the bilateral contracting guidelines established in D.09-06-050.

Consistency with PG&E's 2009 RPS Procurement Plan

California's RPS statute requires that the Commission review the results of a renewable energy resource solicitation submitted for approval by a utility.⁷ PG&E's 2009 RPS procurement plan (Plan) was approved by D.09-06-018 on June 8, 2009.⁸ 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 compliance mechanisms established by the Commission, and a bid solicitation protocol setting forth the need for renewable generation of various operational characteristics.⁹

The stated goal of PG&E's 2009 Plan was to procure approximately 1-2 percent of retail sales volume or between 800 and 1,600 GWh per year of renewable energy. PG&E noted a preference for projects capable of providing near-term deliveries to help meet its 20% goal. The PPA is consistent with PG&E's stated procurement goals and preferences. If approved, generation from the EID facility will contribute towards PG&E's RPS requirement starting in 2011.

The EID PPA is consistent with PG&E's 2009 RPS Procurement Plan approved by D. 09-06-018.

for approval by advice letter, unless special conditions warrant filing an application (for example, if the PPA does not include the required standard terms and conditions).

⁷ See §399.14.

⁸ See, D.09-06-018.

⁹ See, §399.14(a)(3).

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

The LCBF decision directs the utilities to use certain criteria in their bid ranking.¹⁰ The decision offers guidance regarding the process by which the utility ranks bids in order to select or "shortlist" the bids with which it will commence negotiations. PG&E's bid evaluation includes a quantitative and qualitative analysis, which focuses on four primary areas: 1) determination of a bid's market value; 2) calculation of transmission adders and integration costs; 3) evaluation of portfolio fit; and 4) consideration of non-price factors. PG&E's 2009 RPS solicitation protocol included an explanation of its LCBF methodology.

While the EID PPA resulted from bilateral negotiations and therefore did not compete directly with other RPS projects in a solicitation, PG&E explained that it examined the value of the EID PPA using the same LCBF protocols it employed for developing its 2009 RPS solicitation shortlist. PG&E asserts that the PPA is competitive relative to other offers PG&E received in its 2009 RPS solicitation and with other RPS procurement opportunities recently executed and under negotiation.

PG&E asserts that its decision to execute the EID PPA is consistent with PG&E's 2009 RPS solicitation least-cost, best-fit cost protocols.

Independent Evaluator Review

The Commission requires the use of an Independent Evaluator (IE) to ensure that the solicitation process results in projects that are shortlisted and contracted with in a consistent and objective manner. Specifically, the IE's role is to review bid evaluation, monitor negotiations, and review the resulting PPA. PG&E retained Arroyo Seco Consulting (Arroyo) as IE for PG&E's 2009 RPS Solicitation. Pursuant to D.09-06-050, an IE also oversees bilateral negotiations and performs an independent evaluation of bilateral agreements. PG&E submitted an IE Report with AL 3658-E.

According to the IE Report, Arroyo performed its duties reviewing the solicitation, monitored PPA negotiations, and has reviewed the proposed bilateral PPAs in comparison with the bids in PG&E's 2009 RPS Solicitation. In the IE Report for the EID PPA, Arroyo stated:

¹⁰ See, D.04-07-029

“Arroyo’s opinion is that the negotiations between PG&E and El Dorado Irrigation District were conducted fairly and resulted in a contract with reasonable terms and conditions. Arroyo agrees with PG&E that the proposed agreement merits Commission approval, based on the IE’s opinion that the contract will provide high net valuation, a low contract price, moderate fit with PG&E’s supply portfolio, and quite high project viability.”¹¹

Procurement Review Group (PRG) participation

The Procurement Review Group (PRG) was initially established in D.02-08-071 as an advisory group 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.¹² PG&E initially informed its PRG of the EID negotiations on February 12, 2010. Subsequent discussions on the status of PPA negotiations were held on April 9, 2010.

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

Consistency with RPS Standard Terms and Conditions

The EID PPA is based on PG&E’s 2009 RPS pro forma contract and complies with D.08-04-009, as modified by D.08-08-028. As a result, the EID PPA contains the required non-modifiable RPS standard terms and conditions.

The EID PPA includes the Commission adopted RPS “non-modifiable” standard terms and conditions.

¹¹ Arroyo Seco Consulting, “Advice Letter Report of the Independent Evaluator on a Bilateral Contract With El Dorado Irrigation District.” AL 3658-E, page H-3.

¹² The PRG for PG&E includes representatives of the California Department of Water Resources, the Commission’s Energy Division and Division of Ratepayer Advocates, Union of Concerned Scientists, The Utility Reform Network, the California Utility Employees, and Jan Reid, as a PG&E ratepayer.

Contribution to RPS Minimum Quantity Requirements for Short-term Contracts with Existing Facilities

D.07-05-028 established a "minimum quantity" condition on the ability of utilities to count an eligible short-term contract with an existing facility for compliance with the RPS program.¹³ In the calendar year that a short-term contract with an existing facility is executed, the utility must also enter into long-term contract(s) or contract(s) with new facilities equivalent to at least 0.25% of the utility's previous year's retail sales.

The PPA is considered a long-term contract because it is for 10 years or more in length. Therefore, the EID PPA will contribute to PG&E's minimum quantity requirement established in D.07-05-028.

Compliance with the Interim Greenhouse Gas Emissions Performance Standard (EPS)

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

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. The EPS applies to all energy contracts for baseload generation that are at least five years in duration.¹⁴

PG&E asserts that the EID PPA is not covered procurement subject to the EPS because the generating facility has a forecast annualized capacity factor of 43% which is less than 60% required for a baseload generation under paragraphs 1(a)(ii) and 3(2)(a) of the Adopted Interim EPS Rules.

¹³ For purposes of D.07-05-028, contracts of less than 10 years duration are considered "short-term," and facilities that commenced commercial operations on or after January 1, 2005 are considered "new."

¹⁴ "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. Utils. Code § 8340 (a).

The EID PPA meets the condition for EPS compliance established in D.07-01-039 because the generating facility has a forecast annualized capacity factor of 43% and therefore the facility is not considered a baseload generation.

Cost Reasonableness Evaluation

The Commission evaluates the reasonableness of each proposed RPS PPA price by comparing the price to a variety of factors including RPS solicitation results and other proposed RPS projects. Using this analysis, and as discussed further below, the EID PPA, is reasonably priced given the total costs of the contract, the project's high viability and near-term delivery dates. Confidential Appendix A includes a detailed discussion of pricing terms.

The total all-in costs of the PPA, estimated to be between \$66,000,000 and \$110,000,000, is reasonable based on its relation to bids received in response to PG&E's 2009 RPS Solicitation and other bilateral contracts.¹⁵

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

Cost Containment

While the actual price under the PPA is confidential, the price exceeds the 10-year 2009 MPR of \$84.48/MWh for projects with a 2011 commercial online date.¹⁶ Based on the expected generation over the contract term and estimated costs of the contract, the above-MPR costs of the EID PPA may range between approximately \$12-18 million.

Contracts that meet certain criteria are eligible for above-MPR funds (AMFs).¹⁷ The proposed PPA was bilaterally negotiated, and therefore does not meet the

¹⁵ The range of total expected costs reflects the potential for significant variance in hydrological conditions that may occur during the contract term.

¹⁶ See Resolution E-4298.

¹⁷ SB 1036 codified in § 399.15(d)(2) the following criteria: the contract was selected through a competitive solicitation, the contract covers a duration of no less than 10 years, the contracted project is a new facility that will commence commercial operations

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eligibility criteria for AMFs. Additionally, on May 28, 2009, the Director of the Energy Division notified PG&E that it had exhausted its AMF account, meaning PG&E is no longer required to sign contracts for power priced above the MPR, but may voluntarily choose to do so.

PG&E will voluntarily procure energy pursuant to the EID PPA at an above-MPR price.

Project Viability Assessment and Development Status

PG&E asserts that as an existing and operating facility the EID project is highly viable compared to projects bid into PG&E's 2009 RPS solicitation and all shortlisted projects. In AL 3658-E¹⁸, PG&E describes EID's long licensing and operating history, which most recently includes a new 40-year license issued by the Federal Energy Regulatory Commission on October 18, 2006.¹⁹ The independent evaluator verified the viability of the EID facility.

There is limited project viability risk associated with the EID PPA because the facility is operating and generating electricity.

PG&E Began Procuring Energy under the EID PPA Prior to Obtaining Commission Approval

PG&E filed the EID PPA with the Commission on April 27, 2010, and began procuring energy under the PPA on May 16, 2010, prior to obtaining Commission approval of the PPA. In general, the process this Commission requires is that a utility seeks approval of RPS contracts prospectively. PG&E accordingly placed itself at risk by incurring costs under the PPA before

after January 1, 2005, the contract is not for renewable energy credits, and the above-market costs of a contract do not include any indirect expenses including imbalance energy charges, sale of excess energy, decreased generation from existing resources, or transmission upgrades.

¹⁸ AL 3658-E at 12-13.

¹⁹ Additional information about the EID facility is available here:
<http://www.project184.org/about/about.html>

Commission approval was obtained, as the Commission could potentially deny or condition approval of the PPA.

Under the specific circumstances of this case, however, the Commission concludes that the advice letter should be approved, because there is no harm to ratepayers from PG&E's failure to submit the PPA for approval in a timely manner that would have allowed Commission approval prior to the start of the PPA. In this instance, PG&E discussed the project with its PRG, the PPA complies with Commission decisions, and we have determined that the price is reasonable. Our approval of this PPA is not precedential, and does not constitute any change in standard Commission procedures or practices.

RPS Eligibility and CPUC Approval

Pursuant to Pub. Util. Code § 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 contract, the Commission has required standard and non-modifiable "eligibility" language in all RPS contracts. 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.²⁰

The Commission requires a standard and non-modifiable clause in all RPS contracts 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.*), Decision 03-06-071, or other applicable law."²¹

²⁰ See, e.g. D. 08-04-009 at Appendix A, STC 6, Eligibility.

²¹ 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 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 a finding absolve the seller of its obligation to obtain CEC certification or the utility to pursue remedies for breach of contract. Contract enforcement activities shall be reviewed pursuant to the Commission’s authority to review the utilities’ administration of 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. In this case, where PG&E began taking delivery under the terms of the PPA, the contract may be released to the public after May 16, 2013, pursuant to Pub. Util. Code § 454.5(g), as described in D.06-06-066, and modified by D.07-05-032.

While the \$/MWh contract price is confidential at this time, this resolution includes information about the estimated costs of the EID contract as this information was disclosed by the seller, the El Dorado Irrigation District.²²

²² See, August 12, 2010 Agenda for the El Dorado Irrigation District Regular Meeting of the Board of Directors:

http://www.eid.org/doc_lib/01_board/packets/2010/20100412_p.pdf

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 comment on October 19, 2010.

On November 4, 2010, PG&E submitted timely comments.

PG&E comments that it supports Draft Resolution E-4376. However, PG&E takes issue with a finding in the draft resolution that PG&E should have obtained Commission approval prior to taking delivery under its power purchase agreement with El Dorado Irrigation District. PG&E states that it has existing, independent authority to purchase interim, short-term energy deliveries under its Conformed 2006 Long-Term Procurement Plan (LTPP). PG&E further explains that if the Commission ultimately decides not to approve the EID PPA, PG&E would submit the resulting short-term contractual obligation as part of its quarterly compliance filing, including justification for the need and process used to incur the obligation, consistent with Commission approved protocols.

Staff carefully considered PG&E's comments and revised the resolution accordingly. In future filings where PG&E seeks approval of an RPS power purchase agreement, PG&E shall make explicit all contractual obligations and applicable Commission approval processes.

FINDINGS AND CONCLUSIONS

1. The El Dorado Irrigation District power purchase agreement is consistent with the bilateral contracting guidelines established in Decision 09-06-050.
2. The El Dorado Irrigation District power purchase agreement is consistent with Pacific Gas and Electric Company's 2009 Renewables Portfolio Standard Procurement Plan approved by Decision 09-06-018.
3. Pacific Gas and Electric Company asserts that its decision to execute the El Dorado Irrigation District power purchase agreement is consistent with PG&E's 2009 Renewables Portfolio Standard solicitation least-cost, best-fit cost protocols.
4. Pursuant to Decision 02-08-071, Pacific Gas and Electric Company's Procurement Review Group participated in the review of the El Dorado Irrigation District power purchase agreement.
5. The El Dorado Irrigation District power purchase agreement includes the Commission adopted RPS standard terms and conditions, including those deemed "non modifiable".
6. The El Dorado Irrigation District power purchase agreement will contribute to Pacific Gas and Electric Company's minimum quantity requirement established in Decision 07-05-028.
7. The El Dorado Irrigation District power purchase agreement complies with the Emissions Performance Standard established in Decision 07-01-039 because the generating facility has a forecast annualized capacity factor of 43% and therefore is not considered a baseload generation.
8. Pacific Gas and Electric Company will voluntarily procure energy pursuant to the power purchase agreement at a price that exceeds the applicable 2009 Market Price Referent.
9. The estimated total costs of the power purchase agreement are between \$66,000,000 and \$110,000,000, depending on hydroelectric conditions during the term of the agreement.
10. The costs of the El Dorado Irrigation District power purchase agreement are reasonable compared to offers from Pacific Gas and Electric Company's 2009 Renewables Portfolio Standard solicitation and recent bilateral agreements.
11. Payments made by Pacific Gas and Electric Company under this power purchase agreement are fully recoverable in rates over the life of the power

purchase agreement, subject to Commission review of Pacific Gas and Electric Company's administration of the power purchase agreement.

12. Procurement pursuant to the El Dorado Irrigation District power purchase agreement is procurement from eligible renewable energy resources for purposes of determining Pacific Gas and Electric Company'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.), Decision 03-06-071 and Decision 06-10-050, or other applicable law.
13. The immediately preceding finding shall not be read to allow generation from a non-RPS-eligible-renewable energy resource under this power purchase agreement to count towards an RPS compliance obligation. Nor shall that finding absolve Pacific Gas and Electric Company of its obligation to enforce compliance with this power purchase agreement.
14. The El Dorado Irrigation District project is a highly viable operating hydroelectric facility.
15. Pacific Gas and Electric Company began to take delivery under its power purchases agreement with El Dorado Irrigation District prior to receiving Commission approval for Advice Letter 3658-E.
16. Pacific Gas and Electric Company should have obtained Commission approval prior to taking delivery under its power purchases agreement with El Dorado Irrigation District. However, under the specific circumstances of this case there is no harm to ratepayers in PG&E's receipt of deliveries prior to CPUC Approval.
17. 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.
18. Pursuant to Public Utilities Code Section 454.5(g) and Decision 06-06-066, as modified by Decision 07-05-032, Pacific Gas and Electric Company's power purchase agreement with El Dorado Irrigation District may be released to the public after May 16, 2013.
19. Advice Letter 3658-E should be approved effective today.

THEREFORE IT IS ORDERED THAT:

1. Pacific Gas and Electric Company's Advice Letter 3658-E, requesting Commission review and approval of its power purchase agreement with El Dorado Irrigation District is approved.

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 on November 19, 2010; the following Commissioners voting favorably thereon:

PAUL CLANON
Executive Director

MICHAEL R. PEEVEY
President

DIAN M. GRUENEICH
JOHN A. BOHN
TIMOTHY ALAN SIMON
NANCY E. RYAN
Commissioners

Confidential Appendix A

Contract Summary

[REDACTED]

Confidential Appendix B

Excerpt from Confidential IE Report²³

[REDACTED]

²³ Arroyo Seco Consulting, "Confidential Appendix to the Advice Letter Report of the Independent Evaluator on the Proposed Contract with El Dorado Irrigation District." Pages H-53 - H-54.