

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

Order Instituting Rulemaking to Promote Policy and Program Coordination and Integration in Electric Utility Resource Planning.	Rulemaking 04-04-003 (Filed April 1, 2004) (QF Issues)
Order Instituting Rulemaking to Promote Consistency in Methodology and Input Assumptions in Commission Applications of Short-Run And Long-Run Avoided Costs, Including Pricing for Qualifying Facilities.	Rulemaking 04-04-025 (Filed April 22, 2004) (QF Issues)
Order Instituting Rulemaking Into Implementation of Pub. Util. Code § 390.	Rulemaking 99-11-022 (Filed November 11, 1999)

**ADMINISTRATIVE LAW JUDGES' RULING  
PROVIDING NOTICE OF  
JOINT MOTION FOR SETTLEMENT AGREEMENT**

On April 18, 2006, Pacific Gas and Electric Company (PG&E) and the Independent Energy Producers Association (IEPA) filed a Joint Motion for approval of a Settlement Agreement and contract amendments (Amendments) executed by the owners and operators of Qualifying Facilities (QFs) that currently have power purchase agreements with PG&E. PG&E and the QFs who have executed the Settlement Agreement state that the Settlement Agreement and Amendments would fairly and equitably resolve several contested issues currently pending in Rulemaking (R.) 04-04-003, R.04-04-025, and R.99-11-022 with respect to those QFs that have elected to execute the Agreement.

In addition to the issues pending in the above proceedings, the Settlement Agreement and Amendments also state that the Amendments for renewable QFs are conditioned on a Commission finding that PG&E will continue to receive full credit for its purchases from QFs of energy and capacity toward meeting PG&E's Renewables Portfolio Standard (RPS) requirements. This issue was identified for resolution in R.06-02-012, the Commission's Order Instituting Rulemaking to Develop Additional Methods to Implement the California Renewables Portfolio Standard Program. In the Order Instituting Rulemaking (OIR) for R.06-02-012, the Commission identified certain RPS implementation issues to be determined in that proceeding, including:

2. The potential for use of unbundled and/or tradable renewable energy credits (RECs) for compliance with RPS requirements, including the characteristics or attributes of any RECs allowed for RPS compliance and the status of RECs associated with renewable energy generated by qualifying facilities (QFs) and utility-funded distributed generation.<sup>1</sup>

The proposed Settlement Agreement, if approved, would resolve this issue, in part, with respect to those QFs that have executed the Amendments. In order to provide notice to all parties who could be affected by the Commission's approval of the Settlement Agreement, this ruling is being served on the service lists in R.04-04-026 and R.06-02-012.

**IT IS RULED that:**

1. All interested parties to Rulemaking (R.) 06-02-012, the Commission's Order Instituting Rulemaking to Develop Additional Methods to Implement the

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<sup>1</sup> Order Instituting Rulemaking 06-02-12, February 16, 2006, p. 2.

California Renewables Portfolio Standard (RPS) Program and R.04-04-026, the Commission's original RPS Rulemaking, are put on notice that the proposed Settlement Agreement will resolve an issue that have been identified for resolution in R.06-02-012, and, to provide notice to affected parties, this ruling shall be served on the following service lists: R.06-02-012 and R.04-04-026.

2. Comments on the Settlement Agreement may be filed on or before June 1, 2006 and reply comments may be filed on or before June 15, 2006.

3. Comments should be filed with the Commission's Docket Office and served on the service lists in R.04-04-025 and R.04-04-003.

Dated May 18, 2006, at San Francisco, California.

/s/ JULIE M. HALLIGAN

Julie M. Halligan  
Administrative Law Judge

/s/ BRUCE DEBERRY by JMH

Bruce DeBerry  
Administrative Law Judge

/s/CAROL A. BROWN by JMH

Carol A. Brown  
Administrative Law Judge

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judges' Ruling Providing Notice of Joint Motion for Settlement Agreement on all parties of record in R.04-04-003, R.04-04-025, R.99-11-002, R.04-04-026, and R.06-02-012 or their attorneys of record.

Dated May 18, 2006, at San Francisco, California.

/s/ FANNIE SID  
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Fannie Sid

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.