

## DOCKETED

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*Comment Received From: Valerie Winn*

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## **Pacific Gas and Electric\_Hydro Update**

*Additional submitted attachment is included below.*

January 26, 2018

**VIA ELECTRONIC FILING**California Energy Commission  
Dockets Office MS-4  
Re: Docket No. 17-IEPR-14  
1516 Ninth Street  
Sacramento, CA 95814-5512**Re: PG&E Supplemental Comments on Joint Agency IEPR Workshop – Risk of Economic Retirement for California Power Plants**

In April 2017, Pacific Gas and Electric Company's (PG&E) Jim Gill appeared at the CEC's workshop on the risk of economic retirement for California Power Plants and shared information on PG&E's evaluation of the economics of PG&E's hydroelectric system. Given the passage of time since that testimony, PG&E provides an update on the DeSabra-Centerville Project, the Narrows Project, and the Potter Valley Project.

***Status of DeSabra-Centerville Project:*** On May 1, 2017, the opportunity for third-parties to submit to the Federal Energy Regulatory Commission (FERC) a Statement of Interest ended with a total of five parties having expressed interest in the project. PG&E subsequently submitted a proposal to FERC to proceed with an auction process. In June 2017, FERC indicated its support for PG&E's proposal and requested PG&E "complete the sale and transfer in a timely manner, making every effort to expedite it to the extent possible." In September 2017, PG&E issued a Request for Offers (RFO) seeking buyers for the DeSabra-Centerville Project as well as its Miocene Project (Lime Saddle & Coal Canyon powerhouses). PG&E received a number of proposals from interested parties in November. PG&E has since evaluated all initial proposals and has selected four finalists to engage in further due diligence and site visits. PG&E will be seeking final proposals by the end of March or early April 2018, depending on the complexity of the due diligence phase.

***Status of Utility-Owned Generation Assessment:*** PG&E continually evaluates all of its generation assets to ensure they provide positive generation benefit to our customers in the context of California's rapidly changing energy landscape. In 2017, PG&E's Power Generation team evaluated all 67 of PG&E's hydroelectric powerhouses based on criteria such as economic performance, operational risk, and complexity of implementing regulatory requirements. PG&E is continuing to assess its broader portfolio strategy given the results of the evaluation and other considerations. Concurrently, PG&E is continuing to pursue divestiture of generation assets that no longer make sense for its portfolio. PG&E recently announced that it has entered into negotiations for the potential sale and transfer of its Narrows Hydroelectric Project (12 megawatts) located on the Yuba River in Nevada County.

PG&E Supplemental Comments on Joint Agency IEPR Workshop – Risk of Economic Retirement for California Power Plants

January 26, 2018

Page 2

***Status of Potter Valley Project:*** PG&E is continuing to evaluate its options for the Potter Valley Project going forward. PG&E initiated the first step for FERC relicensing of the project by filing a Notice of Intent to relicense by the statutory deadline of April 14, 2017, and has continued to take the subsequent steps required to support the relicensing process. Initiating the relicensing process was necessary to preserve PG&E's options while it works with regional stakeholders to explore possible future scenarios for the project. The current FERC license for the project expires April 14, 2022, and the application for a new license is due by the statutory deadline of April 14, 2020.

Please let me know if you have any questions on this update.

Sincerely,

/s/

Valerie J. Winn