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April 3, 2009

ELECTRONIC DELIVERY

California Energy Commission
Docket Office, MS-4
Re: Docket No. 02-REN-1038 and No. 03-RPS-1078
1516 Ninth Street
Sacramento, CA 95814

02-REN-1038

DOCKET

03-RPS-1078

DATE April 03 2009

RECD. April 03 2009

**RE: March 26th, 2009 Renewables Committee Staff Workshop on 2006 RPS
Procurement Verification Data Review**

PG&E is pleased to provide comments regarding the 2006 RPS Procurement Verification Data Review workshop of March 26, 2009. Please feel free to call me with any questions or concerns.

Sincerely,

Attachment

PG&E Comments in Response to the March 26th, 2009 Renewables Committee Staff Workshop on 2006 RPS Procurement Verification Data Review in Dockets No. 02-REN-1038 and No. 03-RPS-1078

On March 26, 2009, the CEC staff convened a public workshop to present the staff's review of 2006 Renewables Portfolio Standard (RPS) Procurement Verification Data. PG&E attended the workshop and appreciates the hard work the CEC has done to review and approve our 2006 submittal, particularly since the generation and reporting data for this period do not exist on a common database and required manual review. PG&E takes this opportunity to provide written comments on the issue that was described in Attachment B to the workshop notice and discussed at the workshop.

Attachment B presented "Questions Regarding Outstanding RPS Procurement Claims." One question was whether renewable procurement claimed by Southern California Edison (SCE) from the Mountain View I and II facilities towards its RPS targets, were properly claimed. This generation was contracted for by the Department of Water Resources (DWR) and following the energy crisis, the California Public Utilities Commission (CPUC) assigned these DWR contracts to Southern California Edison (SCE). The CEC has learned there are there have been competing claims to the Renewable Energy Credits (RECs) for the Mountain View I and II facilities for the years 2004 through 2006 by publicly owned utilities and electric service providers.

CEC staff became aware of this potential issue when comparing the various renewable energy reports for generation from the Mountain View facilities for the years 2004-2006. Staff reviewed the annual CEC RPS-Track Form submitted by SCE, reports by the wholesale REC marketers and load serving entities in their annual report pursuant to the SB 1305 Power Source Disclosure Program (PSDP) and annual generation data reported by the facility to the Energy Information Administration (EIA) or the CEC's Public Interest Energy Research – Renewables Program (PIER).

The CEC's analysis prompted PG&E to investigate whether a similar situation involving one of its renewable suppliers could have existed during the 2004-2006 period. During this time period, PG&E was assigned three DWR contracts from renewable generators, including Clearwood Electric Company, LLC, County of Santa Cruz, and Soledad Energy, LLC. The Clearwood Electric Company, LLC and County of Santa Cruz projects never came online and were terminated by DWR1. Accordingly, no generation was received from either of these projects. For Soledad, PG&E's CEC RPS-Track Form entries and its PSDP entries have been reviewed and compared on a facility-specific basis to ensure consistent reporting. PG&E has found no instances of double counting. However, it was discovered that deliveries from the Soledad Energy facility were reported in PG&E's 2004 and 2005 PSDP reports, but not in PG&E's 2004 and 2005 RPS-Track filings. The generation was 85,085,000 KWh for 2004, and 56,239,250 KWh for 2005. Additionally, deliveries from the Soledad Energy were neither itemized in

¹ See Clearwood Electric Company, LLC Termination and Settlement Agreement dated 1/23/2007, and County of Santa Cruz Termination Letter dated 1/1/2004.
http://www.cers.water.ca.gov/pdf_files/terminated_expired/terminated/clearwood/012307_clearwood_trmnt_n_and_stlmt_agrmnt.pdf

PG&E's 2006 PSDP nor its 2006 RPS-Track filings. The generation was 4,343,318 KWh for the month of January 2006. The contract was terminated on January 31, 2006².

Like Mountain View, Soledad Energy contracted to sell its power to the DWR but responsibility for the cost of deliveries was allocated to a public utility, in this case, PG&E. However, unlike Mountain View, Soledad Energy's contract does not contain any terms specifying that renewable energy credits are retained by the owner of the facility. Under its contract with DWR, Soledad Energy was required to generate energy at the plant's maximum capability and schedule it to DWR, to refrain from selling any of its contract capacity to any other party unless the power had first been offered to and rejected by DWR, and to deliver energy free of all liens, claims and encumbrances. The DWR contract did not separate renewable attributes from the underlying generation. (See, "Amended and Restated Non-Firm energy Purchase Agreement" dated June 27, 2002, sections 2.01 (b) and 10.01.). PG&E purchased "bundled" renewable power on behalf of its customers from Soledad Energy during the contract term. Therefore, PG&E concludes that this renewable generation should have been allocated to PG&E's customers.

Like CEC staff, PG&E also relied on manual comparisons to report its RPS procurement and PSDP data during 2004-2006. To maintain a consistent analytical approach throughout the CEC's 2006 RPS procurement verification process, PG&E's Track Form results should be amended to include Soledad Energy's generation in the amount of 85,085,000 KWh in 2004, 56,239,250 KWh in 2005, and 4,343,318 KWh in 2006. This will assure that PG&E's customers are properly credited with renewable deliveries already paid for in rates.

PG&E would welcome the opportunity to provide the CEC staff with further information to confirm its reported data and to discuss what formal steps the CEC staff would like PG&E to take to make these changes to past years' RPS Track Forms.

² See Soledad Termination Letter dated 1/25/2006. Contracts and termination letters are available on CDWR CERS website at http://www.cers.water.ca.gov/expired_terminated_contracts.cfm