

May 9, 2007

Ms. Raquel Rodriguez
California Energy Commission
Docket Unit, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512

**SUBJECT: PG&E'S 2004 LONG TERM RFO PROJECTS
RUSSELL CITY ENERGY CENTER AMENDMENT
(01-AFC-7C)**

Dear Ms. Rodriguez:

Enclosed for filing with the California Energy Commission are one original and 12 (Twelve) copies of a letter dated May 9, 2007 from Pacific, Gas, and Electric Company entitled **PG&E'S LONG TERM RFO PROJECTS**. Please docket in the **RUSSELL CITY ENERGY CENTER AMENDMENT (01-AFC-7C)** proceeding.

Sincerely,



Marguerite Cosens
Administrative Assistant
GalatiBlek



**Pacific Gas and
Electric Company**

Les Guliasi
Director
State Agency Relations

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Docket Unit
1516 Ninth Street
Sacramento, California 95814

SUBJECT: PG&E'S 2004 LONG TERM RFO PROJECTS

Docket Unit

Pacific Gas and Electric Company (PG&E) provides the following information to the California Energy Commission (CEC) to clarify its role in several generating projects being considered for certification by the CEC. The California Public Utilities Commission (CPUC) approved PG&E's execution of power purchase agreements pursuant to its 2004 Long Term Request For Offers (RFO) for the following generation projects.

- Bullard Energy Center, City of Fresno – Applicant and Developer is Bullard Energy Center, LLC
- Eastshore Energy Center, City of Hayward – Applicant and Developer is Eastshore Energy, LLC a wholly-owned subsidiary of Tierra Energy
- Panoche Energy Center, County of Fresno – Applicant and Developer is Panoche Energy Center, LLC
- Russell City Energy Center Amendment, City of Hayward – Applicant and Developer is Russell City Energy Company, LLC
- Starwood-Midway Project, County of Fresno – Applicant and Developer is Starwood Power-Midway, LLC

For each of these projects, PG&E is neither the Applicant nor the Developer. Additionally, PG&E will be neither the future owner nor operator. Therefore, PG&E is not a party to these Application For Certification (AFC) proceedings.

Pursuant to the 2004 Long Term RFO process, the CPUC authorized PG&E to enter into an agreement to purchase the Colusa Generating Station after it is constructed. E&L Westcoast LLC is the Applicant and Developer of the Colusa Generating Station, but PG&E will be the owner and operator and, therefore, had petitioned to intervene as a formal party to the Colusa AFC proceedings.

Similarly, pursuant to the 2004 Long Term RFO process, the CPUC approved PG&E's replacement of certain generating units at the Humboldt Bay Power Plant located in Eureka, California. The replacement project is entitled the Humboldt Bay Repowering Project (HBRP). PG&E is the Developer and will be the owner and operator of this facility. Therefore, PG&E is the Applicant in the HBRP AFC proceeding before the CEC.

Whether PG&E is an Applicant, Developer, owner or operator, because it is an owner of electric transmission assets, PG&E is subject to FERC's Order No. 2004 Standards of Conduct for Transmission Providers. The core principle behind the Order 2004 Standards of Conduct is that transmission providers must treat all transmission customers, affiliated and non-affiliated, on a non-discriminatory basis and cannot operate its transmission system to give a preference to any affiliates. In particular, affiliated transmission customers (such as a utility's marketing and sales unit) may not be given preferential access to information about the transmission provider's transmission system or information gathered by the transmission provider about a third party's transmission (including interconnection) system. Therefore PG&E's Transmission Planning Group may not provide preferential access to transmission information to any PG&E-affiliated developer. All developers, affiliated or non-affiliated, should obtain transmission information through the interconnection process available to third-party bidders. PG&E has not worked privately with any developer to direct the developer where to propose interconnection to the PG&E transmission grid or where to site new generation. For more information concerning FERC's Order No 2004 Standards of Conduct for Transmission Providers, see <http://www.ferc.gov/legal/maj-ord-reg/land-docs/order2004.asp>.

As described above, in 2004, PG&E published a Long Term Request For Offers, in which it solicited offers to procure needed energy from new generation resources. Ultimately through the use of an Independent Auditor and in consultation with PG&E's Procurement Review Group (PRG)¹ it was determined that the agreements related to the new generation described above were in the best interests of PG&E's customers. The CPUC approved all of the agreements on November 30, 2006. The CPUC approval process, including testimony from PG&E, the Independent Auditor, and other interested parties and agencies, is described in detail and available for review at the website: <http://apps.pge.com/regulation/search.aspx>; Search for Testimony under the case Long Term RFO Solicitation.

As described in PG&E's testimony the 2004 Long Term RFO did not specify the location of any project. However, the RFO did request offers to replace PG&E's existing facility at Humboldt Bay, which is located in the transmission constrained

¹ The PRG consists of non-market participants that represent the public interest and at the time of the 2004 Long Term RFO included Staff members of the California Energy Commission.

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Humboldt load pocket. The San Francisco Bay Area (Bay Area) also experiences transmission constraints and electricity delivered into the Bay Area region was also advantageous. The Russell City Energy Center and the Eastshore Energy Center deliver power into the Bay Area region.

PG&E will docket this letter in the AFC proceedings for all of the 2004 Long Term RFO projects currently being considered by the CEC in order to provide clarification of PG&E's role in each of these projects.

Sincerely,

A handwritten signature in cursive script that reads "Les Guliassi" followed by the initials "JJFG".

Les Guliassi
Director
State Agency Relations

BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION OF THE
STATE OF CALIFORNIA

Amendment to the APPLICATION
FOR CERTIFICATION OF THE
RUSSELL ENERGY CENTER
POWER PLANT PROJECT

Docket No. 01-AFC-7C
PROOF OF SERVICE
(Revised 4/9/07)

INSTRUCTIONS: All parties shall 1) send an original signed document plus 12 copies OR 2) mail one original signed copy AND e-mail the document to the web address below, AND 3) all parties shall also send a printed OR electronic copy of the documents that shall include a proof of service declaration to each of the individuals on the proof of service:

CALIFORNIA ENERGY COMMISSION
Attn: Docket No. 01-AFC-7C
1516 Ninth Street, MS-4
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docket@energy.state.ca.us

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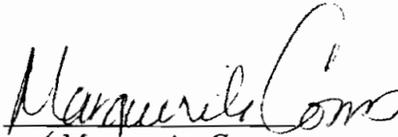
DECLARATION OF SERVICE

I, Marguerite Cosens, declare that on May 9, 2007, I deposited copies of the attached **PG&E'S 2004 Long term RFO Projects** in the United States mail at Sacramento, California with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above.

OR

Transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service list above.

I declare under penalty of perjury that the foregoing is true and correct.


(Marguerite Cosens)