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California Energy Commission
Docket Office, MS-4
1516 Ninth Street
Sacramento, CA 95814

Re: Docket No. 09-IEP-1E

Docket Office:

Please find attached PG&E's comments on the workshop held April 16, 2009, regarding "Present and Future Central Station Renewable Plant Costs".

Please contact me should you have any questions. I can be reached at 415/973-6126.

Sincerely,

DAN PATRY

Attachment

PACIFIC GAS AND ELECTRIC COMPANY RESPONSE TO THE APRIL 16TH, 2009 IEPR COMMITTEE WORKSHOP ON PRESENT AND FUTURE CENTRAL STATION RENEWABLE ENERGY FACILITY PLANT COSTS

Docket No. 09-IEP-1E

PG&E would like to take this opportunity to thank the Commission for its investigation into the important question of renewable resources. In the past PG&E has relied upon the analysis provided by the Commission as both a direct input and a common industry-wide set of assumptions for use in PG&E's modeling and forecast efforts. PG&E believes that the plan put forth by the Commission should yield useful results to both resource planners and policymakers.

PG&E encourages Commission staff, and its hired consultant, KEMA, to pursue the plan as outlined at the workshop. Although these issues were discussed, PG&E would like to reiterate the importance of including the following elements in the Commission's analysis:

- An examination of the cost drivers for various renewable technology costs.
- The generation of a cost range rather than a single point cost, given the uncertainties around renewable technology development, permitting, construction, and integration.
- The inclusion of CO2 costs associated with each technology, to the extent CO2 is emitted by a particular technology.
- An assessment of the integration costs when comparing the cost of renewable technologies.
- An assessment of land and transmission costs on a consistent basis for all technologies.

PG&E is very interested in understanding some of the preliminary trends — for example the increasing trend of wind costs, as well as the rapid decrease in solar costs — as presented by KEMA. PG&E recommends that the cost trends put forth be explained and supported in a manner that allows for users of the report to draw insightful conclusions about the future. For instance, it would be very useful for the report to identify key indicators that provide insight into when costs are likely to increase or decrease for a particular technology. This kind of insight helps ensure a robust common set of assumptions is available to resource planners and policymakers.

PG&E looks forward to the results in July.