

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Pacific Gas and Electric Company's
Humboldt WaveConnect Project

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Project No. 12779-000

PACIFIC GAS AND ELECTRIC COMPANY'S
ANSWER TO
MOTION TO INTERVENE
AND PROTEST
OF THE CITY AND COUNTY OF SAN FRANCISCO

Pursuant to Rule 213 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") Rules of Practice and Procedure, 18 C.F.R. § 385.213 (2006), Pacific Gas and Electric Company ("PG&E") hereby files its answer to the City and County of San Francisco's ("San Francisco" or "City") Motion to Intervene and Protest regarding PG&E's preliminary permit application for the proposed Humboldt WaveConnect Project No. 12779 ("Project").

BACKGROUND

PG&E is committed to the study and development of renewable energy sources to provide its customers reliable, economic power with minimal environmental impacts. Consistent with this commitment, PG&E is actively investigating the feasibility of cost effectively generating electricity from ocean waves. This new generation source holds significant potential to augment the Nation's supply of domestic renewable energy.

On February 27, 2007, PG&E filed a preliminary permit application to study the feasibility of developing a 40-megawatt wave power project off the coast of Humboldt County, California.¹ The proposed Project would consist of multiple wave energy conversion ("WEC") devices floating on the surface of the ocean, moored to the ocean floor and connected to an underwater junction box; a sub-sea transmission cable from the junction box to an onshore control station; and onshore infrastructure to deliver the project power to the grid. The Commission issued public notice of PG&E's preliminary permit application on April 17, 2007.

DISCUSSION

On June 15, 2007, San Francisco filed its Motion to Intervene and Protest ("Protest"), in which it states its strong support for the development of energy from waves, tides, and ocean currents ("new technologies") and "applauds efforts by PG&E to undertake study of these resources."² However, the City then urges the Commission to reject PG&E's permit application, on the ground that the Commission is currently reconsidering its preliminary permit policies as they apply to new technology projects. San Francisco notes that one of the options FERC is considering, in the context of its February 15, 2007 Notice of Inquiry ("NOI") on this topic, is to cease issuing permits for such projects,³ a position the City supports.⁴

¹ On the same date, PG&E also filed a permit application for the proposed 40-megawatt Mendocino WaveConnect Project No. 12781. Public notice of the application was issued April 6, 2007.

² San Francisco Protest at 3.

³ See *Preliminary Permits for Wave, Current and Instream New Technology Hydropower Projects, Notice of Inquiry and Interim Policy Statement*, 72 FR 9281 (March 1, 2007), FERC Stats. & Regs. ¶ 35,555 (Docket No. RM07-8-000) ("Notice of Inquiry") at P 15.

⁴ See San Francisco's April 30, 2007 comments (at 5) filed in the Notice of Inquiry proceeding:

[T]he Commission should adopt the policy, effective immediately, of declining to issue preliminary permits for wave, current, and instream new technology hydropower projects, until it has been conclusively and/or reasonably demonstrated that these new technologies are ready for commercial development.

PG&E stated in its April 30, 2007 Comments on the NOI that the Commission should continue to issue preliminary permits for new technology project proposals. PG&E supports permit issuance because it believes such issuance will lead to earlier commercial development of necessary offshore hydropower generation whereas the City's approach, if implemented, has the potential to stifle a burgeoning industry. Indeed, the great majority of commenters responding to the Commission's NOI support the continued issuance of preliminary permits.

Until a decision regarding NOI options has been reached, PG&E does not think FERC should prematurely reject pending new technology preliminary permit applications. Such rejection could result in applicants having to re-file at a later date. In addition to the cost burdens, re-filing creates the potential that a diligently prepared first-filed site application could unfairly lose that designation, and the associated tie-breaker advantage, to a later filed application. San Francisco has articulated no justification for this unnecessary and wasteful drill.

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CONCLUSION

For the reasons stated above, PG&E urges the Commission to disregard or deny San Francisco's merit-less recommendation that FERC reject PG&E's pending preliminary permit application for the Humboldt WaveConnect Project.

DATED: June 28 2007

Respectfully submitted,

PACIFIC GAS AND ELECTRIC COMPANY

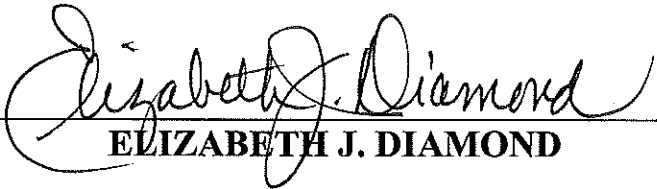
By: 
ANNETTE FARAGLIA

William V. Manheim
Annette Faraglia
PG&E Law Department
77 Beale Street, B30A-2479
San Francisco, CA 94105
Telephone: (415) 973-7145
Facsimile: (415) 972-5952
E-Mail: ARF3@pge.com

CERTIFICATE OF SERVICE

I hereby certify that I have this day served, by first class mail, the foregoing document upon all parties designated on the official service list compiled by the Secretary in FERC Project No. 12779-000 (Pacific Gas and Electric Company's Humboldt WaveConnect Project) in accordance with Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. §385.2010.

Dated at San Francisco, California, this 28th day of June, 2007.


ELIZABETH J. DIAMOND

THE FEDERAL ENERGY REGULATORY COMMISSION SERVICE LIST

Downloaded June 27, 2007

FERC DOCKET NO. P-12779

Total number of addressees: 10

Kerry O'Hara
Office of the Regional Solicitor
2800 Cottage Way Ste E1712
Sacramento CALIFORNIA 95825-1863
FOR: Arcata Fish and Wildlife Office
Status: REPS

Attorney Dan Hytrek
501 W. Ocean Blvd., Ste 4470
Long Beach CALIFORNIA 90802
Status: REPS

Director Jared Blumenfeld
San Francisco Public Utilities Comm.
11 Grove St
San Francisco CALIFORNIA 94102
FOR: San Francisco Public Utilities Comm.
Status: REPS

Barbara Hale Asst. General Man. for Power
San Francisco Public Utilities Comm.
1155 Market St 4th Flr
San Francisco CALIFORNIA 94103
FOR: San Francisco Public Utilities Comm.
Status: PRIN

Theresa L Mueller Deputy City Attorney
City Attorney's Office
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco CALIFORNIA 94102
FOR: City Attorney's Office
Status: PRIN

Attorney Annette Faraglia
Pacific Gas and Electric Company
77 Beale St B30A-2479
San Francisco CALIFORNIA 94105
FOR: Pacific Gas and Electric Company
Status: REPS

Deputy City Attorney Stephen Morrison
San Francisco, City & County of
1 Dr. Carlton B. Goodlett Place City Hall Rm 234
San Francisco CALIFORNIA 94102
FOR: City Attorney's Office
Status: REPS

Hydraulic Engineer David White
777 Sonoma Ave Ste 325
Santa Rosa CALIFORNIA 95404
Status: REPS

Roy Kuga Vice President
Pacific Gas and Electric Company
MC N13-1360
San Francisco CALIFORNIA 94177
FOR: Pacific Gas and Electric Company
Status: PRIN

Field Supervisor
Arcata Fish and Wildlife Office
1655 Heidon Road
Arcata CALIFORNIA 95521
FOR: Arcata Fish and Wildlife Office
Status: PRIN