

# **Distribution Investment Deferral Framework: Partnership Pilot Pilot Protocol**

**REVISIONS: 4/18/2023****P. 14: Table V: Application Deadlines for Candidate Deferral Locations**

Correction of date switch error to bring Protocol into alignment with other Solicitation Documents.

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## I. Introduction and Overview

### I.A. Overview

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Pacific Gas and Electric Company (“PG&E”) is issuing this Distribution Investment Deferral Framework (DIDF) Partnership Pilot (“Pilot”) in compliance with California Public Utilities Commission (“CPUC”) Decision (“D.”) 21-02-006. The Pilot is designed to procure Behind-the-Meter Distributed Energy Resources (DER) to avoid or defer utility distribution investments.

This Partnership Pilot Protocol sets forth the terms and conditions by which PG&E will seek Participants. An entity submitting an Application in response to this Pilot, hereinafter a “Participant,” agrees to be bound by all the terms, conditions and other provisions of this Pilot as contained in this Pilot Protocol and any changes or supplements to it that may be issued by PG&E. The obligations of the Participant are further described in Section VII.A, Agreement by Participant.

### I.B. Partnership Pilot Website and Communication

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PG&E has established the Partnership Pilot website at <http://www.pge.com/didf-partnership-pilot>. Participants may access and download all documents, announcements, and Q&As that are posted.

### I.C. Schedule Overview

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The expected schedule for the Pilot is listed in Table I below.

**Table I: PG&E Partnership Pilot Schedule**

Date	Activity
November 15, 2021	Advice Letter with final projects and Pilot details
December 15, 2021 – January 14, 2022	2 <sup>nd</sup> Prescreening Opportunity for Participants
January 18, 2022	Pilot Launch, subscription period for Tranche 1 for each project opens. PG&E will accept

	Applications from candidates on a first come first serve basis.
TBD	Participants' Webinar
Project Dependent (May 2022-December 2023)	Application Deadline

The schedule and documents associated with the Pilot are subject to change at PG&E's sole discretion at any time and for any reason. PG&E will endeavor to notify Participants of any changes to the Pilot , but shall not be liable for any costs or liability incurred by Participants or any other party due to a change or for failing to provide notice or acceptable notice of any change.

PG&E reserves the right to execute agreements resulting from this Pilot (each an "Agreement") with any individual Participant at any time.

#### **I.D. Events in the Pilot Schedule**

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- 1) Online Registration: Participants should register at the Pilot's website <http://www.pge.com/didf-partnership-pilot> to receive timely announcements and updates about this Pilot and other Pilot-related information via email. Online registration is not required, but is strongly recommended.
- 2) PG&E issues the Pilot Documents: All documents associated with the Pilot, including documents which Participants will need to prepare their Application, are posted to PG&E's public website under "Prescreening Documents" and "Application Documents."
- 3) Participants' Webinars: The Webinars will provide an overview of the Pilot and the requirements. Call-in information will be provided on the Pilot's website.
- 4) Applications Due: Applications must be received by PG&E by the dates and times listed in Table I. Participant package(s) must be submitted through the online platform, Power Advocate. Application(s) must include the documents described in Section V.A, Subscribing Process. PG&E encourages Participants to begin identifying customers and developing their Application early and to send questions regarding the preparation of their Application(s) to [PartnershipPilotDIDF@pge.com](mailto:PartnershipPilotDIDF@pge.com).

Fully completed Applications will be accepted in the order they are received.

- 5) PG&E Review: PG&E will inform Participants if their Application is complete, or if additional information is needed to complete the Application

PG&E may request a meeting or conference call to discuss a Participant's Application. The purpose would be to provide PG&E with a full understanding of the details of an Application and discuss missing information

- 6) PG&E Notification to Participants: PG&E will keep Tranche 1 open until all the needs have been filled. PG&E will notify any Participant who has subscribed to an opportunity when it has reached the minimum 90% of grid need for contract execution, or at the close of the subscription period, if it does not reach the acceptance threshold or the grid need.

## II. Pilot Goals

### II.A. PG&E Resource Needs

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PG&E is seeking to enter into Agreements with Participants for DERs ("Projects") that meet the specifications noted in Section IV, Eligibility Requirements.

There are six (6) locations for this Pilot, which are distribution deferral opportunities located in PG&E's planning area. PG&E is seeking to procure approximately of 7 + MW of distribution capacity from third-party owned projects over the six deferral locations.

The deferral opportunities are:

1. Coalinga No. 1 Bank 2
2. Embarcadero 1116
3. Embarcadero 1118
4. Rocklin 1105
5. Belle Haven Bank 4
6. Anita 1105

The expected performance and operational requirements for the deferral opportunities are listed below in Table II. For each one of the Deferral Needs, all of the expected performance and operational requirements need to be met in order to defer the planned investment.

There are Deferral Needs that contain Grid Need information that is confidential per CPUC D.14-05-016 and therefore redacted and kept confidential. In order to obtain access to the confidential Grid Need materials located on Power Advocate, Participants must send a fully completed and executed Non-Disclosure and Use of Information Agreement to PG&E via email at [PartnershipPilotDIDF@pge.com](mailto:PartnershipPilotDIDF@pge.com).

Table II: Expected Performance and Operational Requirements for Tranche 1

Deferral Need	Grid Need Location	Targeted Procurement (MW)	Delivery Month Range	Calls/Year	Delivery Hour Range	Hours Duration	Delivery Day Range	In-Service Date
Coalinga No. 1 Bank 2	Coalinga No. 1 Bank 2							
Embarcadero (SF Z) 1116	Embarcadero (SF Z) 1116	0.11	Jul-Oct	22	12PM-4PM	2	Mon-Sun	4/1/2026
Embarcadero (SF Z) 1118	Embarcadero (SF Z) 1118	0.38	Jan-Dec	22	11AM-5PM	5	Mon-Sun	6/1/2025
Rocklin 1105	Del Mar Bank 2	0.34	Jun-Aug	23	5PM-8PM	2	Mon-Sun	5/1/2025
Belle Haven Bank 4	Belle Haven Bank 3	3.21	Apr-Oct	154	9AM-9PM	11	Mon-Sun	5/1/2024
Anita 1105	Nord Bank 1	1.23	Jun-Aug	70	5PM-10PM	4	Mon-Sun	6/1/2024
	Nord Bank 2	1.39	Jun-Sep	60	5PM-10PM	4	Mon-Sun	6/1/2024
	Anita Bank 1	-	-	-	-	-	-	-

Additional information for the deferral opportunities:

1. Coalinga No 1 Bank 2 – One grid need, located on Coalinga No 1 Bank 2. Participants must complete and execute Non-Disclosure and Use of Information Agreement before PG&E can provide confidential grid need information for Coalinga No 1 Bank 2.
2. Embarcadero (SF Z) 1116 – One grid need, located on Embarcadero (SF Z) 1116.
3. Embarcadero (SF Z) 1118 – One grid need, located on Embarcadero (SF Z) 1118.
4. Rocklin 1105 – One grid need, located on Del Mar Bank 2.
5. Belle Haven Bank 4 – One grid need, located on Belle Haven Bank 3.

6. Anita 1105 – Three grid needs located on Nord Bank 1, Nord Bank 2, and Anita Bank 1. PG&E encourages, but does not require, that Participants submit an Application for all grid needs. PG&E is only soliciting Nord Bank 1 and Nord Bank 2 in Tranche 1.

## II.B. Deferral Values and Tranche Budgets

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Deferral Value: The distribution deferral values represent the net present value of deferring the annual revenue requirement associated with the tradition distribution investment for one year. The revenue requirement recovers the capital cost of the distribution upgrade, plus any associated O&M and overheads, such as taxes and depreciation. The deferral value is calculated using the Real Economic Carrying Charge (RECC) methodology as described in PG&E’s Demo B final report, section 8.2<sup>1</sup>.

The deferral values for Tranche 1 are listed below:

- Coalinga No 1 Bank 2: \$472,000
- Embarcadero 1116: \$190,000
- Embarcadero 1118: \$186,000
- Rocklin 1105: \$106,000
- Anita 1105: \$390,000
- Belle Haven Bank 4: \$543,000

Tranche Budgets: Tranche budgets are 85% of the deferral value of each deferral candidate. Tranche budgets are split into three payments: Deployment, Reservation, and Performance payments. Per D.21-02-006, the Deployment budget is worth 20% of the total budget, Reservation is worth 30% and Performance budget is worth 50%.

Table III: Tranche 1 Budget Breakdown

Project Name	Deployment Budget	Reservation Budget	Performance Budget	Tranche Budget
Coalinga No 1 Bank 2	\$80,000	\$120,000	\$201,000	\$401,000
Embarcadero 1116	\$32,000	\$49,000	\$81,000	\$162,000
Embarcadero 1118	\$32,000	\$48,000	\$79,000	\$159,000
Rocklin 1105	\$18,000	\$27,000	\$45,000	\$90,000
Belle Haven Bank 4	\$92,000	\$138,000	\$231,000	\$461,000
Anita 1105 - Nord Bank 1	\$33,000	\$50,000	\$83,000	\$166,000

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<sup>1</sup> <http://drpwg.org/wp-content/uploads/2016/07/R1408013-PGE-Demo-Projects-A-B-Final-Reports.pdf>

Anita 1105 - Nord Bank 2	\$33,000	\$50,000	\$83,000	\$166,000
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## Technology Neutral Pro Forma (TNPF) Contract Prices

Contract payments are determined by the tranche budget and the grid need at each location. If Participant is awarded a contract, the contract payments will be based on the following contract prices found in Table IV below.

Table IV: Contract Payments

Project Name	Deployment Payment (\$/KW)	Reservation Payment (\$/kw-month)	Performance Payment (\$/kW/ Day)
Coalinga No 1 Bank 2	\$80	\$120	\$201
Embarcadero 1116	\$32	\$49	\$81
Embarcadero 1118	\$32	\$48	\$79
Rocklin 1105	\$18	\$27	\$45
Belle Haven Bank 4	\$92	\$138	\$231
Anita 1105: Nord Bank 1	\$33	\$50	\$83
Anita 1105: Nord Bank 2	\$33	\$50	\$83

## IV. Eligibility Requirements

Applications must meet the applicable specifications noted below.

### IV.A. Application Eligibility

1) Applications are for Projects located behind-the-meter, and may also be dispatchable or non-dispatchable.<sup>2</sup> Projects must be a DER, which may include but are not limited to:

- Demand Response
- Energy Storage<sup>3</sup>
- Energy Efficiency
- Permanent Load Shift
- Renewable Distributed Generation
- Non-Renewable Distributed Generation

<sup>2</sup> Behind-the-Meter projects, including those that export, are eligible but must comply with any other applicable tariff rules.

<sup>3</sup> Energy Storage charging restrictions will be determined during an interconnection study.



- Electric Vehicles

2) Applicant must have passed the pre-screening process

3) Applicants must be able to demonstrate that they have already acquired customers to meet the grid need. Applications will not be deemed complete without providing a signed Affidavit that customers have committed to participation with the Participant (See section IV.B below) .

#### IV.B. Application Process

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PG&E is accepting partial Applications and Applications greater than the full need. Applications cannot exceed 120% of the Grid Need MW amount and Applications cannot be less than 0.5 MW, except where the Grid Need itself is less than 0.5 MW , and then the grid need acts as the minimum allowable Application size. Each Grid Need Requirement must be available during the entire Delivery Hour Range as detailed in Table II.

PG&E must procure cost-effective DERs at the quantities in Table II that address the full needs in order to defer the traditional distribution upgrade that will otherwise be necessary in 2024, 2025, or 2026. **To the extent that a Participant is able to, each Participant is encouraged to submit an Application that addresses the entire need at each deferral location.** Not submitting an Application for the entire need will leave the consideration of a Participant's Application(s) dependent on other Participants providing complementary Applications that can be packaged into portfolios that meet the complete needs of the deferral opportunity.

Refer to Table II for a full list of the expected performance and operational requirements for each Grid Need.

#### IV.C. Resource Double Payment/Double Counting

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The goal of this Pilot is to acquire DERs that are incremental to both existing DERs and DERs that are projected to be adopted during the forecast horizon.

Only DERs that are categorized as wholly incremental or partially incremental will be considered eligible for the purposes of this Pilot. Energy efficiency Participants will have the option of having their Application evaluated for incrementality on a project-specific basis or having their Application evaluated based on a pre-specified overlap factor. If the overlap factor option is selected, the savings value of the Application will be discounted by 10% at Coalina No 1 Bank 2, Embarcadero 1116, and Rocklin 1105, and discounted by 5% at Embarcadero 1118,

Belle Haven Bank 4, and Anita 1105 to reflect the overlap between the Participant’s proposal and energy efficiency resources that are projected to be deployed in the local area in the absence of the Application. All other resource types must go through the project specific review.

Applications may be considered either fully incremental or partially incremental. Participants will be required to describe how their Project and customers are incremental to PG&E’s programs, tariffs, or other solicitations:

- PG&E’s Energy Efficiency (EE) program portfolio
- PG&E’s Demand Response (DR) program portfolio
- PG&E’s Self-Generation Incentive Program (SGIP)
- PG&E’s Net Energy Metering (NEM) program
- PG&E’s energy storage solicitations
- PG&E’s renewable generation solicitations

Table IV.1 below describes and provides examples for what PG&E considers to be wholly, partially, or non-incremental.

Examples:

Table IV.1: Description and Examples of Incrementality

Category	Example	Incremental
Not already sourced through another program, tariff, solicitation	A new, front-of-the meter renewable generator that is not already under contract to PG&E	Yes
	An “add-on” Application to any already deployed DER that would allow that already-deployed DER to provide the distribution services solicited (for example, a demand response Application that utilizes existing thermostats, distributed generation, energy storage, or electric vehicles).	Yes, if the existing resources without the “add on” were not capable of providing the distribution service. This would also include the addition of dispatchable storage to an existing, non-dispatchable behind-the-meter solar resource, or the provision of dispatchable distribution service from an SGIP storage resource that is not dispatchable under its current tariff.
	A new load modifying demand response Application that provides the local distribution services	

Category	Example	Incremental
	<p>solicited (for example, an appliance direct load control program).</p> <p>An energy efficiency measure or targeted customer group that is not already included in PG&amp;E's energy efficiency program portfolio.</p>	
Partially sourced through another program, tariff, solicitation	<p>Applicationing an enhanced incentive to increase uptake of a DER in an area over what would be expected under the base program, tariff, solicitation (for example, converting an existing energy efficiency co-pay program to a direct install program or Applicationing enhanced incentives to increase uptake of distributed generation or energy storage in a local area).</p>	<p>Yes, but only the portion (if any) that is not currently being compensated for by the existing base program, tariff, solicitation.</p> <p>There would be a high bar in this case for the vendor to show that the enhanced incentive will increase uptake.</p>
Wholly sourced through another program, tariff, solicitation	<p>Participant submits Application for rooftop PV that is already compensated under NEM tariff without material enhancement such as adding energy storage.</p> <p>Participant submits Application for distributed generation or energy storage that is already compensated for under SGIP without material enhancement such as committing capacity to dispatch pursuant to a distribution services agreement.</p> <p>Participant submits Application for distribution services from an existing front-of-the-meter solar resource</p> <p>Participant submits Application for EE or DR program that is already in</p>	<p>No, distribution services have already been compensated for under existing programs or tariffs.</p> <p>No, Absent the addition of an additional service, resource is already sourced through an existing channel.</p>

Category	Example	Incremental
	PG&E's EE or DR portfolio without material enhancement.	

#### **IV.D. Customer Eligibility**

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To determine whether a customer is connected to the Grid Need feeder, Participants should follow the steps provided below. The DRP Data Access Portal is a useful tool for Participants to get a directional understanding of a customer's feeder.

How to use DIDF DRP Access Portal:

- 1) Log in to the Portal <https://www.pge.com/b2b/distribution-resource-planning/grid-needs-assessment-map.html> with existing PG&E credentials or create a new account.
- 2) Search for the Partnership Pilot Grid Need under the "Candidate Deferral" layer.
- 3) Utilize the "Demand Forecast Scenario" layer and the "GNA Scenario" layer to access additional locational information on the Grid Need deficiencies.

Utilize the User Guide for any questions: [https://www.pge.com/b2b/distribution-resource-planning/downloads/integration-capacity/PGE\\_DIDF\\_Map\\_User\\_Guide.pdf](https://www.pge.com/b2b/distribution-resource-planning/downloads/integration-capacity/PGE_DIDF_Map_User_Guide.pdf).

#### **IV.E. Measurement and Verification (M&V)**

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PG&E's TNPF Appendix VIII includes proposed measurement and verifications methods that vary by technology. PG&E's TNPF employs existing M&V protocols adopted by the California Independent System Operator (CAISO) and the CPUC for dispatchable, behind the meter resources. For Energy Efficiency that the TNPF also employs a meter-based approach to M&V.

Because this is a pilot program, PG&E is allowing Participants to submit redlines to the M&V plan listed in PG&E's TNPF. If no changes are necessary, Participants must note this through an email to PartnershipPilotDIDF@PGE.com.

#### **IV.F. Participant Affidavits**

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Participants must demonstrate that they have acquired sufficient customers in order to meet the MW that they have applied for, before the Application is deemed complete, and before a TNPF contract is executed. The Affidavit demonstrates to PG&E that Participants have communicated with their selected customers to ensure their participation with the Pilot. Participants will input their customer's information into the Offer Form including their expected energy reduction and any demand reduction programs they may be currently enrolled in.

## V. Application Submittal Process

### V.A. Subscribing Process Overview

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All Applications must be received by the dates and times specified in Table V.

#### **Submitting Documents:**

Participants will be accepted into the subscription process based on the date they submit completed necessary documents to Power Advocate. If a grid need receives enough Applications to exceed the procurement cap, Aggrators will be accepted based on when their completed documents were submitted. If the necessary documents are not complete upon submission, their spot will not be held until the documents are completed and resubmitted. Participants can submit an Application for either a portion or all of the grid need.

#### **Necessary documents include:**

- Offer Form
- Participant Affidavit
- Filled out TNPF and red lines (if applicable) to the M&V plan

Once a Participant's complete Application is received by PG&E, the evaluation process is initiated, and PG&E will confirm that all necessary documents have been accurately submitted. If the documentation is not submitted in its entirety the Application is deemed incomplete and will not hold the Participants place.

The Subscription Period starts at the launch of the Pilot on January 18, 2022, and ends on the earlier of 1) the Reservation Deadline which is different for each deferral location or 2) when PG&E has received complete Applications for 120% of grid need. PG&E will begin executing TNPF contracts with successful Participants when it has received complete Applications for at

least 90% of grid need at a particular location. Table V illustrates the Subscription Launch and Reservation Deadlines. The Maximum Subscription Duration reflects the days from the Subscription Launch to Reservation Deadline. The first come first serve subscription period may end before the Reservation Deadline. As an example, with Embarcadero 1116, the Subscription period will end when PG&E reaches its Grid Need which may be well in advance of the April 3, 2023 deadline depending on how many Participants subscribe. See Table V for more details.

Table V: Application Deadlines for Candidate Deferral Locations

Project Name	Subscription Launch	Reservation Deadline	Maximum Subscription Duration (Days)	Contingency Date	In-Service Date
Coalinga No 1 Bank 2					
Embarcadero 1116	1/18/2022	<del>4/3/2023</del> 4/1/2024	440	<del>6/3/2023</del> 6/1/2024	4/1/2026
Embarcadero 1118	1/18/2022	<del>4/1/2024</del> 4/3/2023	804	<del>6/1/2024</del> 6/3/2023	6/1/2025
Rocklin 1105	1/18/2022	3/1/2023	407	5/1/2023	5/1/2025
Belle Haven Bank 4	1/18/2022	5/2/2022	104	7/2/2022	5/1/2024
Anita 1105	1/18/2022	3/1/2023	407	5/1/2023	6/1/2024

Upon the receipt of the Application, the following verification will be conducted:

- Check that Participant has passed the Aggregator pre-screening process
- Check that Participant has filled out the Affidavit, Application, and provided PG&E with redlines to the TNPF or acceptance of the TNPF as written
- Check if the customers listed in the Application are active within PG&E's territory
- Perform a geographical eligibility check by verifying if the customer service account address is within the deferral project area;
- Check for adherence to Incrementality rules; and
- Check for duplication of Customers in different Participant(s) Applications

All Applications **must** be submitted electronically through Power Advocate. Prior to submitting an Application, Participants must register with Power Advocate. PG&E strongly encourages Participants to register with Power Advocate well before Applications are due. PG&E will post detailed instructions on the Partnership Pilot DIDF website for submitting Application(s) and using the online platform. Power Advocate registrants should be listed under the entity submitting the Application, the Participant, not its consultants.

#### Power Advocate Links:

Deferral Locations	Power Advocate Link	Event ID
Coalinga No 1 Bank 2 (Participants must submit NDA before access is granted)	<a href="https://www.poweradvocate.com/pR.do?okey=130364&amp;pubEvent=true">https://www.poweradvocate.com/pR.do?okey=130364&amp;pubEvent=true</a>	130364
Embarcadero (SF Z) 1116	<a href="https://www.poweradvocate.com/pR.do?okey=130374&amp;pubEvent=true">https://www.poweradvocate.com/pR.do?okey=130374&amp;pubEvent=true</a>	130374
Embarcadero (SF Z) 1118	<a href="https://www.poweradvocate.com/pR.do?okey=130365&amp;pubEvent=true">https://www.poweradvocate.com/pR.do?okey=130365&amp;pubEvent=true</a>	130365
Rocklin 1105	<a href="https://www.poweradvocate.com/pR.do?okey=130381&amp;pubEvent=true">https://www.poweradvocate.com/pR.do?okey=130381&amp;pubEvent=true</a>	130381
Belle Haven Bank 4	<a href="https://www.poweradvocate.com/pR.do?okey=130382&amp;pubEvent=true">https://www.poweradvocate.com/pR.do?okey=130382&amp;pubEvent=true</a>	130382
Anita 1105	<a href="https://www.poweradvocate.com/pR.do?okey=130383&amp;pubEvent=true">https://www.poweradvocate.com/pR.do?okey=130383&amp;pubEvent=true</a>	130383

Power Advocate functions in most browsers; however, it may not work as well in browsers older than Internet Explorer version 8.

Each Application should be uploaded as a “Commercial” and “Administrative” document type in Power Advocate. If submitting an Application for more than one location, you must submit separate Applications at the respective Power Advocate sites. Please make sure that file names for your submittals do **not** contain any special characters such as \*&#, and please keep file names short, but do include short references to Participant’s name (such as an acronym).

**Electronic Document Formats:** Electronic documents must be submitted as Microsoft Word, Microsoft Excel, or pdf files, as identified in Section V.C, Required Information. To the extent possible, pdf files should be provided in a searchable format. The Participant should not provide documents in other electronic formats, unless specifically requested.

#### **V.C. Required Information**

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Each Participant’s Application(s) must be complete at the time of submission. Participant’s failure to provide all required information will prevent the Participant from reserving a space as PG&E evaluates the completed applications on a first come first serve basis.

Application must contain all required information and must be organized in accordance with these instructions.

### **1. Application**

A separate Application is required for each Grid Need Location.

Participants wishing to submit an Application for Coalinga No 1 Bank 2 will need to email PG&E a fully completed and executed Non Disclosure Agreement in order to be granted access to the Power Advocate link for these Grid Needs listed above in Section V.A.

Upon receiving access to the Power Advocate site, Participants will be able to download the Partnership Pilot Protocol, Application, and Load Forecast Data.

**Table VI.1: PG&E DIDF Partnership Pilot Application**

<b>Title</b>	<b>Description</b>	<b>Format</b>
Offer Form	Provide the requested information. This includes identification of participating customers.	MS Excel
Participant Affidavit	Attesting to the validity of the information provided.	PDF
Technology Neutral Pro Forma (TNPF)	Completed TNPF with redlines in the M&V plan, or attestation that the M&V plan is accepted as is	MS Word

### **Application Process for Future Tranches**

This Protocol describes the process by which PG&E will seek DER contracts for Tranche 1. The end result will be a TNPF contract with successful participants that will have a one year delivery term.

**When PG&E begins the Subscription Period for Tranche 2, PG&E expects to give priority to Participants that have executed contracts in Tranche 1.**

## **VII. Terms for Pilot Participation**

### **VII.A. Agreement by Participant**

Each Participant submitting an Application shall provide their electronic signature of a duly authorized officer of Participant in the Application. By providing such signature the Participant (a) agrees to be bound by all terms, conditions and other provisions of this Pilot and any changes or supplements to it that may be issued by PG&E, and (b) makes the following representations and warranties:

1. Participant has read, understands, and agrees to be bound by all terms, conditions and other provisions of the Partnership Pilot.
2. Participant has had the opportunity to seek independent legal and financial advice of its own choosing with respect to the Pilot Protocol and all necessary documents.



3. Unless otherwise specified in the Application, Participant is not PG&E, an affiliate of PG&E, PG&E Corporation, or any of their affiliates.
4. Participant has obtained all necessary authorizations, approvals and waivers, if any, required of Participant as a condition of: (i) submitting its Application
5. Participant is submitting its Application subject to all applicable laws including, but not limited to, D.17 -02-007, the Federal Power Act and all amendments thereto, and Public Utilities Code section 454.5, and all amendments thereto.
6. Participant represents that it has carefully considered the terms and conditions of its Application and that it is submitting its Application in good faith, such that PG&E may reasonably expect Participant to enter into a definitive Agreement
7. Participant has not engaged in and will not engage in communications with any other Participant in the Pilot concerning any terms contained in Participant's Application, unless explicitly authorized by PG&E, and has not engaged in activities in violation of State or Federal antitrust laws or other unlawful or unfair business practices in connection with the Pilot ("Prohibited Communication Activities").

Notwithstanding the foregoing, Participant may engage in communications with its advisors, counsel, experts or employees who have a need to know the content of the communications and have agreed to keep such information confidential (collectively, "advisors"). In addition, Participant may engage in communications with other Participants submitting an Application in the Pilot and their advisors ("Other Participants"), so long as: (1) such Other Participants are under common ownership and control with Participant; (2) Participant and Other Participants do not engage in Prohibited Communication Activities; and (3) in the event Participant and Other Participant share a common advisor, Participant has, prior to sharing communications with such Other Participant and the common advisor, provided PG&E with (a) notice of such Other Participant and common advisor and (b) an attestation that Participant has not and will not engage in Prohibited Communication Activities with either the Other Participant or the common advisor.

8. Participant will promptly notify PG&E of any change in circumstances that may affect its ability to fulfill the terms of its Application, at any time from Application submission to PG&E's execution of an applicable Agreement, or Participant's withdrawal of the Application.

A BREACH BY ANY PARTICIPANT OF THE REPRESENTATIONS AND WARRANTIES IN SECTION VII.A OF THIS PILOT PROTOCOL, IN ADDITION TO ANY OTHER REMEDIES THAT MAY BE AVAILABLE TO PG&E UNDER APPLICABLE LAW, IS GROUNDS FOR IMMEDIATE DISQUALIFICATION OF SUCH PARTICIPANT FROM PARTICIPATION IN THE PILOT AND, DEPENDING ON THE NATURE OR

SEVERITY OF THE BREACH, MAY ALSO BE GROUNDS FOR TERMINATING THE APPLICATION IN ITS ENTIRETY.

#### **VII.B. PG&E's Reservation of Rights**

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This Pilot Protocol is an invitation to submit Applications to PG&E; it does not constitute an offer to buy and creates no obligation to execute any Agreement or to enter into a transaction under an Agreement as a consequence of the Pilot. PG&E reserves the right to request information from a Participant at any time during the pilot process. PG&E reserves the right, in its sole discretion, to reject any Application at any time for any reason, including but not limited to grounds that the Application does not conform to the terms and conditions of this Pilot or contains terms that are not acceptable to PG&E. PG&E also retains the discretion, in its sole judgment, at any time; (a) to formulate and implement new or additional criteria for the evaluation and selection of Applications; (b) to negotiate with any Participant; or (c) to modify this Pilot as it deems appropriate to implement the Pilot and to comply with applicable law or other direction provided by the CPUC. In addition, PG&E reserves the right to either suspend or terminate this Pilot at any time for any reason. PG&E will not be liable in any way, by reason of such withdrawal, rejection, suspension, termination or any other action described in this paragraph to any third party, including any Participant. PG&E will not reimburse the Participant for its expense of participating in this Pilot under any circumstances.

#### **VII.C. Safety**

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PG&E is committed to providing safe utility (electric and gas) service to its customers. As part of this commitment, PG&E requires that the Participants recognize safety is of paramount importance. In connection with this Pilot and executed Agreement, Participants will be required to meet certain safety standards, provide safety information related to the technology for the Project, and provide information regarding safety history, including for the entities that will construct, operate, or maintain the Project(s).

A Participant's obligations with respect to safety may vary based on the particular Agreement and Project and product type, as well as the commercial relationship of the entities involved in the transaction. The Agreement will contain specific requirements intended to ensure that the Participant and the entities that construct, operation, or maintain the Project, as applicable, do so in a safe, reliable and efficient manner that protects the public health and safety of California residents, business, employees, and the community. Participants will be responsible for any fees and costs associated with meeting PG&E's safety requirements in the Pilot and the Agreement.

### **X. Subscription Notification to Participants**

The Pilot schedule set forth in Section I.C, Schedule Overview, may be modified at PG&E's sole discretion.

## XII. Credit

The Participant must post collateral to PG&E to mitigate PG&E's risk in the event that the Project is not constructed or placed into commercial operation, or the Participant is otherwise unable to meet the conditions of the Agreement. Participant is required to post collateral in the form of cash or letter of credit from a reputable U.S. bank in the following amounts and by the time discussed below:

Project Development Security: \$40/kW, due within five (5) Business Days following the execution of an Agreement.

Delivery Term Security: \$40/kW, due by the online date. The participant can elect to apply the unused portion of the PDS to DTS and provide additional collateral as needed. The PDS and DTS amounts are determined by multiplying \$40.00 per kW by the contract capacity (in kW) of the DER project.

Performance assurance is a routine commercial requirement intended to create an incentive for the developer to complete the project on time and ensure that the contractual performance of the project is met and maintained over the life of the contract. PDS and DTS amounts are needed as PG&E seeks to mitigate as much as possible any potential losses associated with a counterparty's non-performance. Since these projects are for local distribution reliability, there are real consequences for not coming on-line and delivering as promised. The performance assurance requirement helps mitigate the costs of replacing the defaulted DER contract. In determining the collateral requirements for DER projects PG&E takes into account many factors such as:

- Any upfront payments by PG&E for development of the project and the ability to collect back those payments if the project fails
- If there are no prepayments but project does not get developed, or is delayed, the costs necessary to correct the non-performance
- If the project is needed to address a regulatory mandated program and the project fails or is delayed, penalties that could be assessed
- If the project is developed and is operating, the potential losses if the project fails to continue to operate or is not operating per requirements

As shown above, there is a variety of uncertainties that needs to be addressed as part of the design of the credit requirements. Over time the cost of replacement as a proxy for damages can change significantly higher or lower. For this reason, requirements for the development and delivery term securities can vary over time. There are additional considerations such as cost of replacement of emerging technologies such as energy storage or the costs associated with a temporary solution based upon immediate need at the time of default plus the costs associated with a longer-term solution. Although It is difficult to determine the replacement costs prior to default, and it is possible that the amount PG&E is requiring may not be sufficient to cover those costs; the \$40/kW for PDS and DTS should help mitigate potential losses should

a DER project fail. PG&E may increase or decrease the requirements for future pilots if market conditions or costs of various products were to further fluctuate in the future.

#### **XIV. Waiver of Claims and Limitations of Remedies**

Except as expressly set forth in this Protocol, by submitting an Application, Participant knowingly and voluntarily waives all remedies or damages at law or equity concerning or related in any way to the Pilot, the Pilot Protocol and/or any attachments to the Pilot Protocol ("Waived Claims"). The assertion of any Waived Claims by Participant may, to the extent that Participant's Application has not already been disqualified, automatically disqualify such Application from further consideration in the Pilot or otherwise.

By submitting an Application, Participant agrees that the only forums in which Participant may assert any challenge with respect to the conduct or results of the Pilot is through the Alternative Dispute Resolution ("ADR") services provided by the CPUC pursuant to Resolution ALJ 185, August 25, 2005. The ADR process is voluntary in nature, and does not include processes, such as binding arbitration, that impose a solution on the disputing parties. However, PG&E will consider the use of ADR under the appropriate circumstances. Additional information about this program is available on the CPUC's website at the following link:

[http://docs.cpuc.ca.gov/published//Agenda\\_resolution/47777.htm](http://docs.cpuc.ca.gov/published//Agenda_resolution/47777.htm)

Participant further agrees that the sole basis for any such challenge shall be that PG&E allegedly failed in a material respect to conduct the Pilot in accordance with this Protocol, and the exclusive remedy available to Participant in the case of such a challenge shall be an order of the CPUC that PG&E again conduct any portion of the Pilot that the CPUC determines was not previously conducted in accordance with the Pilot Protocol. Participant expressly waives any and all other remedies, including, without limitation, compensatory and/or exemplary damages, restitution, injunctive relief, interest, costs, and/or attorney's fees. Unless PG&E elects to do otherwise in its sole discretion during the pendency of the ADR process, the Pilot and any related regulatory proceedings related to the Pilot, will continue as if the challenge had not been filed, unless the CPUC has issued an order suspending the Pilot or PG&E has elected to terminate the Pilot.

Participant agrees to indemnify and hold PG&E harmless from any and all claims by any other Participant asserted in response to the assertion of a Waived Claim by Participant or as a result of a Participant's challenge through the ADR process resulting from the Pilot.

Except as expressly provided in this Protocol, nothing herein including Participant's waiver of the Waived Claims as set forth above, shall in any way limit or otherwise affect the rights and remedies of PG&E.

## **XV. Termination of the Application - Related Matters**

PG&E reserves the right at any time, in its sole discretion, to terminate the Application for any reason whatsoever without prior notification to Participants and without liability of any kind to, or responsibility of, PG&E or anyone acting on PG&E's behalf. Without limitation, grounds for termination of the Application may include the assertion of any Waived Claims by a Participant or a determination by PG&E that, following review of the Applications, there are not sufficient Applications to defer Distribution investment. .

PG&E reserves the right to change the Application evaluation criteria for any reason, to terminate further participation in this process by any Participant, to accept any Application or to enter into any definitive Agreement, to evaluate the qualifications of any Participant, and to reject any or all Applications, all without notice and without assigning any reasons and without liability to PG&E or anyone acting on PG&E's behalf. PG&E shall have no obligation to consider any Application.

In the event of termination of the Application for any reason, PG&E will not reimburse the Participant for any expenses incurred in connection with the Application regardless of whether such Participant's Application is selected, not selected, rejected or disqualified.