

ReMAT Stakeholder Forum on the Market Adjusting Pricing Mechanism

September 24, 2014



Notes on Submitting Comments/Feedback

- **Please submit comments/feedback via email to the following inbox:**
 - **SCE:** re-mat@sce.com
 - **SDG&E:** SDG&EFiT@semprautilities.com
 - **PG&E:** feed-intariffs@pge.com
- **Use the webex chat function to submit comments/feedback to the host (Marci Palmstrom)**

Legal Disclaimers: Anti-Trust Guidelines & Document Conflict

Anti-trust:

- All participants in today's meeting shall comply with anti-trust guidelines. These guidelines direct meeting participants to avoid discussions of topics or behavior that would result in anti-competitive behavior, including restraint of trade and conspiracy to create unfair or deceptive business practices or discrimination, allocation of production, imposition of boycotts and exclusive dealing arrangements.

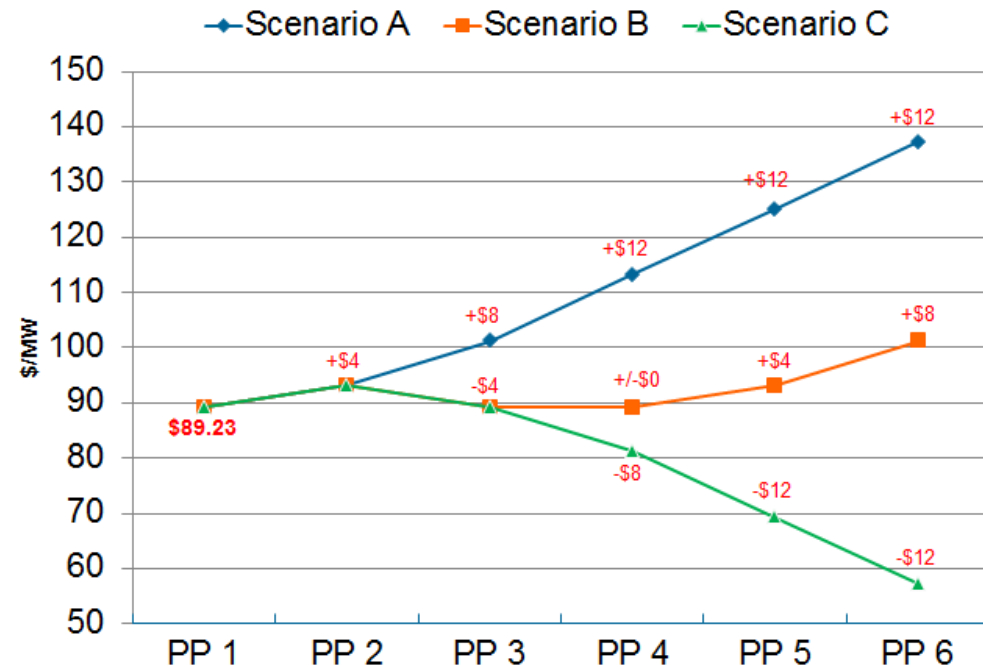
Document Conflict:

- This presentation is intended to be a summary level discussion of the market adjusting pricing mechanism established for the ReMAT program. To the extent that there are any inconsistencies between the information provided in this presentation and the requirements in the ReMAT Tariff and PPA, the ReMAT Tariff and PPA shall govern.

ReMAT Pricing Overview & Illustration

Subscription for Program Period (PP)	Price Adjustment
< 20%	Price Increase
20-99%	No adjustment
>=100%	Price Decreases

- **Starting Price:** \$89.23/MWh
- **Subscription %** = Total MWs that accepted price / MWs available per bi-monthly Program Period.
- **Price Increases:** +\$4, then +\$8, then +\$12 (cap), assuming an uninterrupted series of increases (Scenario A)
- **Price Decreases:** -\$4, then -\$8, then -\$12 (cap), assuming an uninterrupted series of decreases (Scenario C)
- **Series of Adjustments:** Adjustment resets to +/- \$4 if there is an interruption to the series of increases or decreases (Scenario B)
- **Market Depth Requirement** Price cannot adjust if less than five projects from five different unaffiliated Applicants are in the ReMAT Queue for a Product Type



IOU Pricing To-Date: As-Available Peaking*



*Prices for **As-Available Non-Peaking** and **Baseload** Product Types have remained at \$89.23/MWh

IOU Allocation and Procurement (up to Program Period 5)

IOU	Total IOU Allocation	AB 1969 Capacity	ReMAT Capacity Subscribed			Remaining Available Capacity		
			P	NP	B	P	NP	B
PG&E	219	87	16.8	9.2	0.8	27	35	43
SCE	226	99.9	12	1.3	0	30.7	40.3	41.7
SDG&E	49	17.4	10.3	0	2.3	0	10.3	8.1

- **Available MW in each Program Period's Product Type:** 5MW (PG&E and SCE) and 3 MW (SDG&E)
- **Program Capacity:** At the program start, each IOU's capacity was divided evenly among 3 Product Types: As-available Peaking, As-available Non-Peaking and Baseload.
- **PPA Award Process:** Non-negotiable PPAs are awarded on a bi-monthly basis based on price acceptance, ReMAT Queue Number and available capacity in that Product Type.

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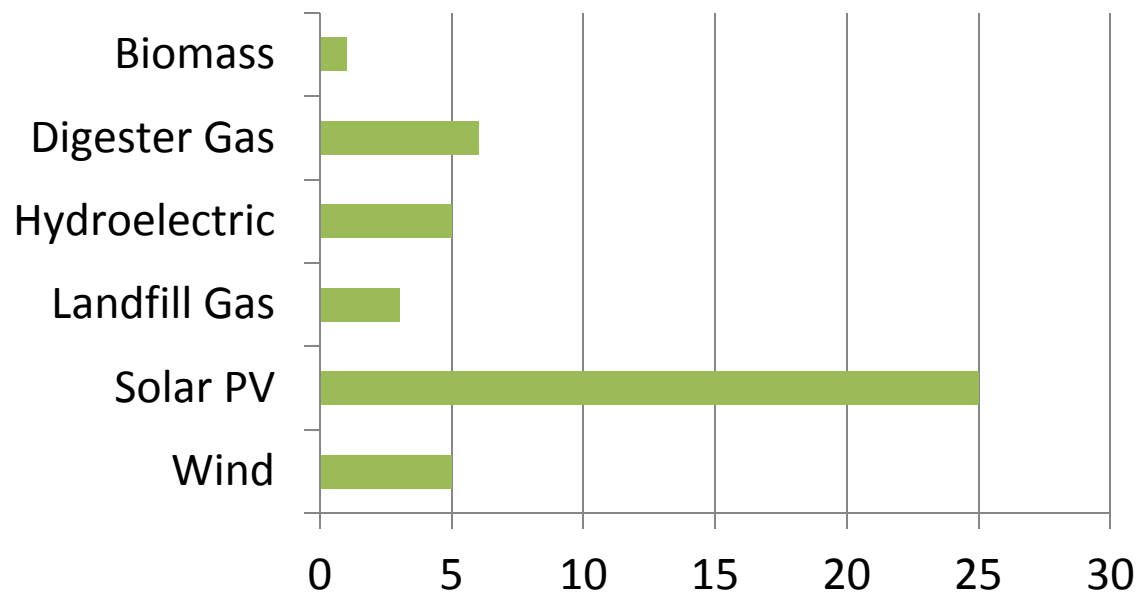
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ReMAT STAKEHOLDER SURVEY RESULTS

Survey Participants

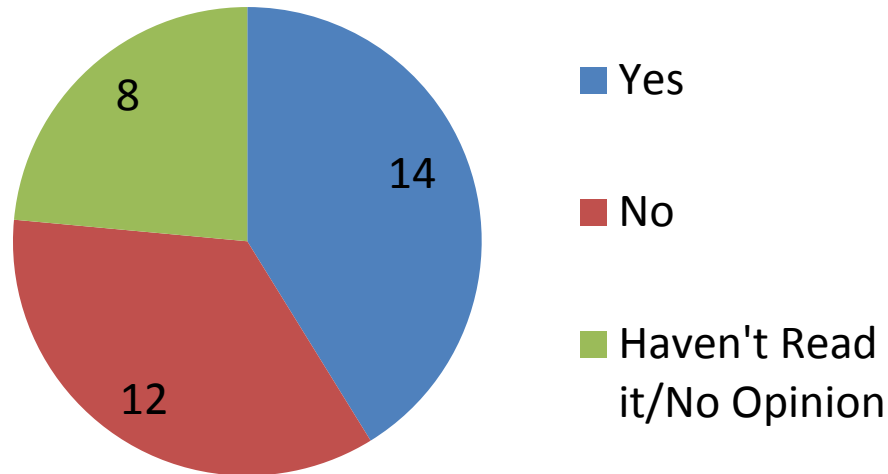
Technologies in Project Pipeline¹



Responses by Project Territory	
PG&E	20
SCE	10
SDG&E	4
Total	34

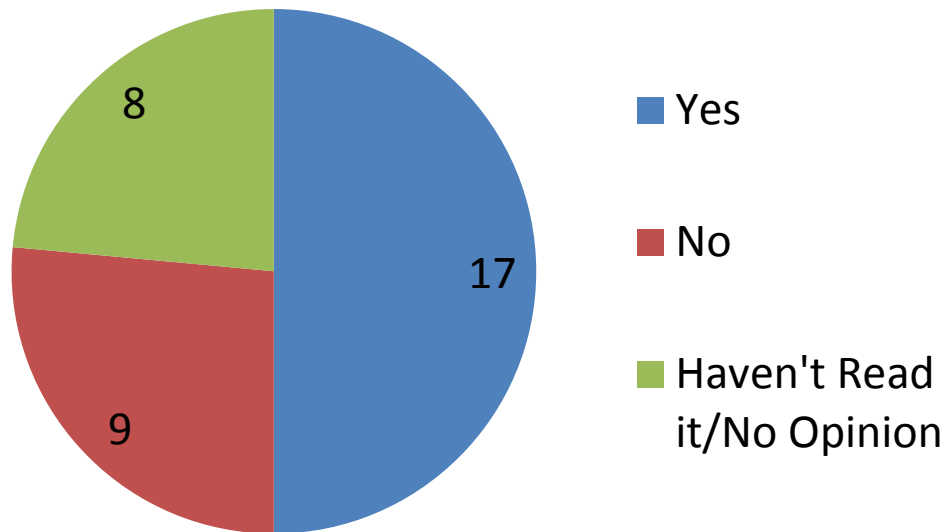
¹ The number of respondents that identified the technology in their project pipeline. Some respondents selected more than one technology.

1. Is the ReMAT Tariff overall clear and easy to follow?



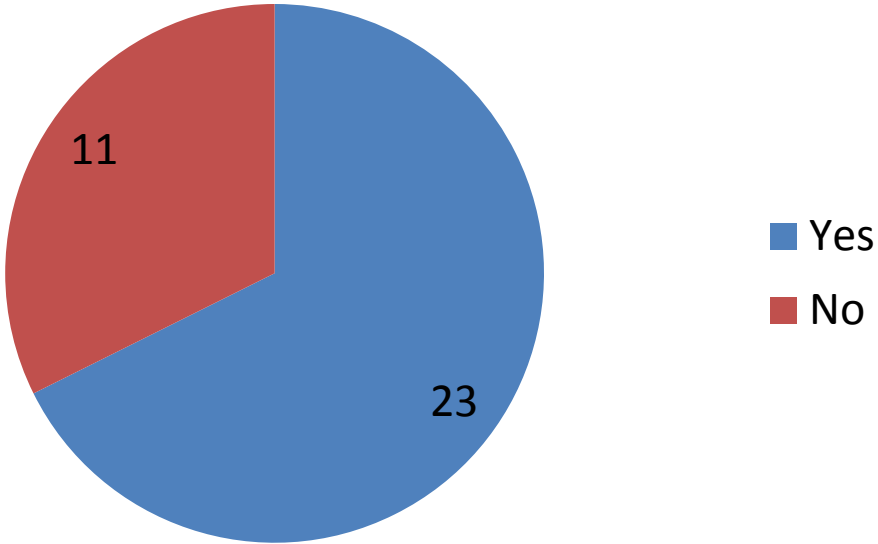
- “The available webinar presentations provide a needed overview of the REMAT tariff”
- “As clear as any other tariff, which is not saying much.”
- “Yes, however it required some in depth review and additional practical experience with it to more fully comprehend the logistics of the tariff.”
- One respondent requested clarification on tariff language on affiliates for allowing a price adjustment if a developer has a minority interest in the Applicant LLC.

2. Are the price adjustment mechanism rules as outlined in the ReMAT Tariff clear and easy to follow?

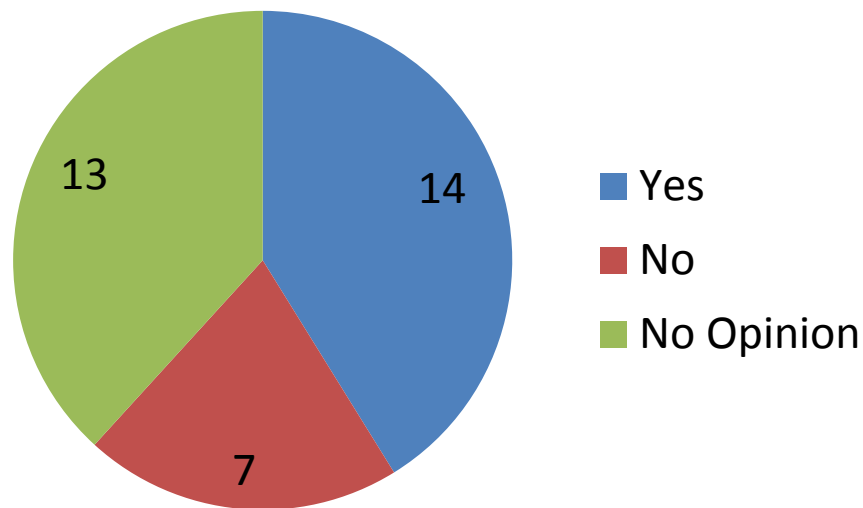


- “The price downward mechanism is understandable... The price upward mechanism is not very understandable, and doesn't work. Prices are responsive downward, but sticky upward (i.e., solicitations have not filled bucket but prices have remained the same for baseload and as-available non peaking).”
- “A bit too complicated.”
- “Clear, but not so easy to follow since very little info is released.”

3. Did you participate in any ReMAT webinars?

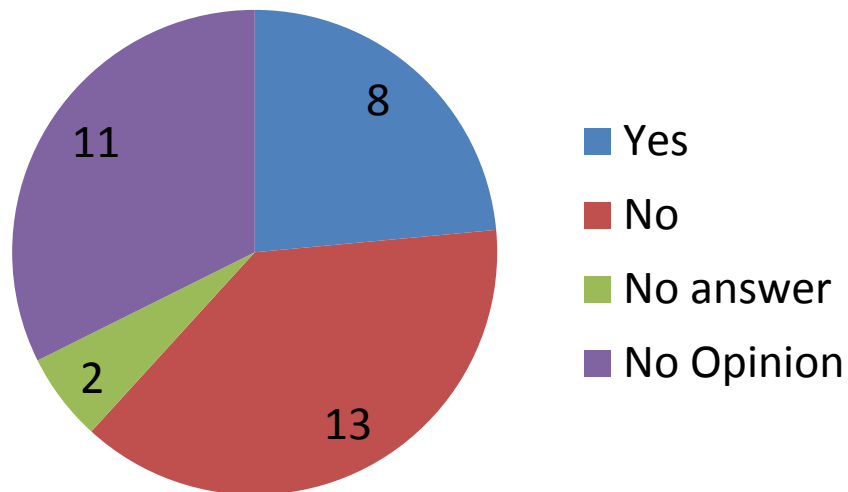


4. If you submitted a question as a registered user of the Accion ReMAT online platform, was it responded to in a timely manner?



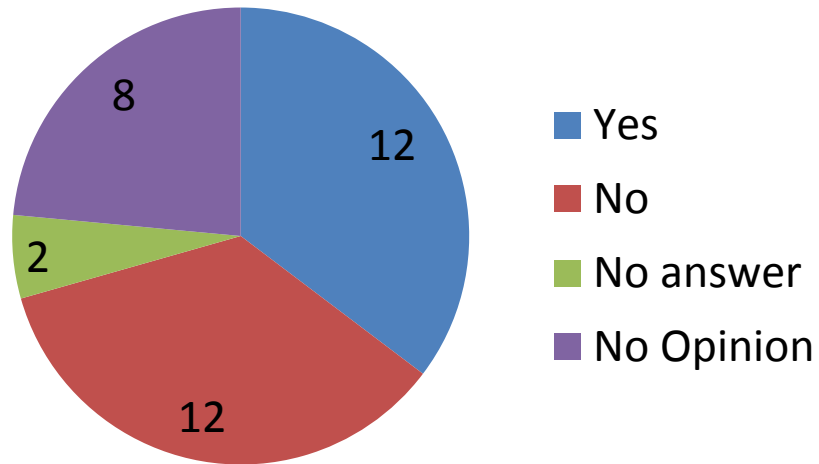
- “Staff has been excellent to work with.” (PG&E)
- “Within 3 days. Not sure if that is considered timely.” (PG&E)
- “Generally responded to in a timely manner, but on a few occasions the responses were more delayed than expected.” (PG&E)

5. Are the amounts for the price adjustment (\$4, \$8, and \$12) sufficient?



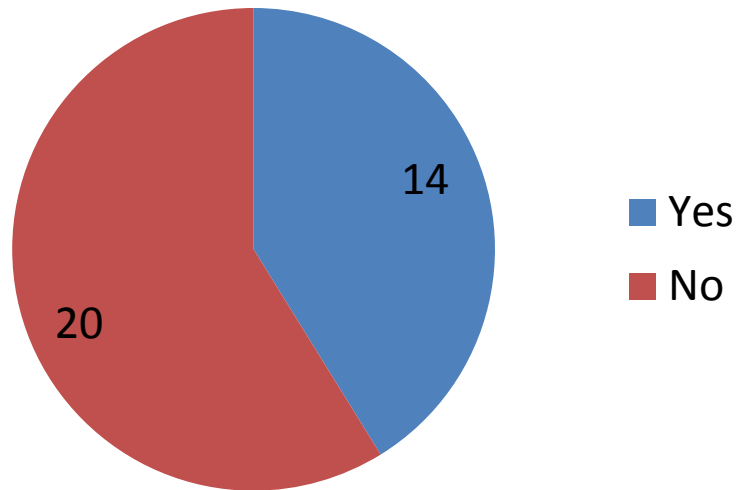
- 3 respondents prefer price adjustments capped at \$4.
- “No. Two projects can cause the price to drop by \$12 dollars, even if those projects cant really build the project at that price. At best, this can take 4 months to reverse”

6. Is the frequency of the price adjustment mechanism time period (bimonthly) sufficient?



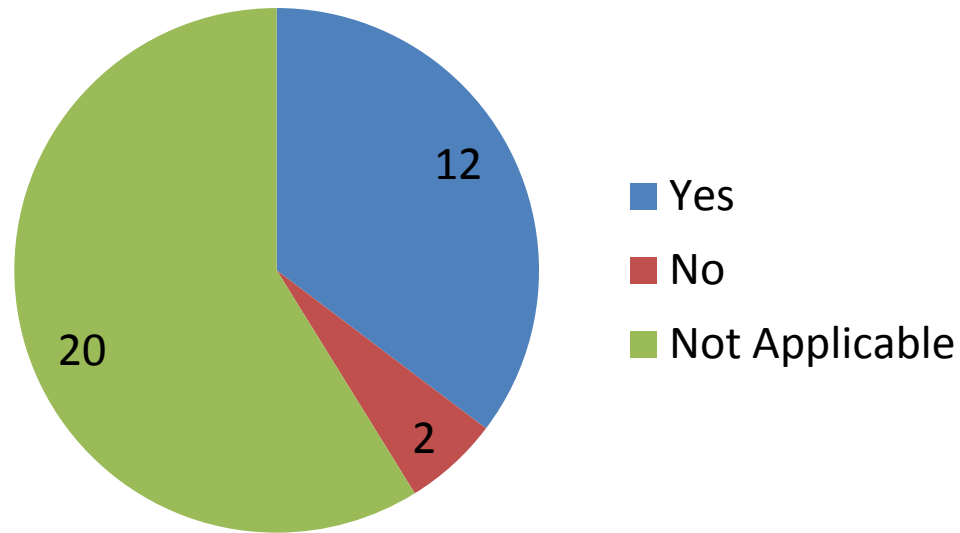
- 5 respondents prefer monthly instead of bi-monthly
- “Monthly adjustment would allow the ReMAT price to more easily reach the market equilibrium.”
- “In conjunction with the very low capacity allocation for each program period, the time between puts an undue burden of additional risk on project development as there are real costs being incurred on site control and interconnection upgrade costs...”

7. Have you submitted a ReMAT Program Participation Request (PPR)?

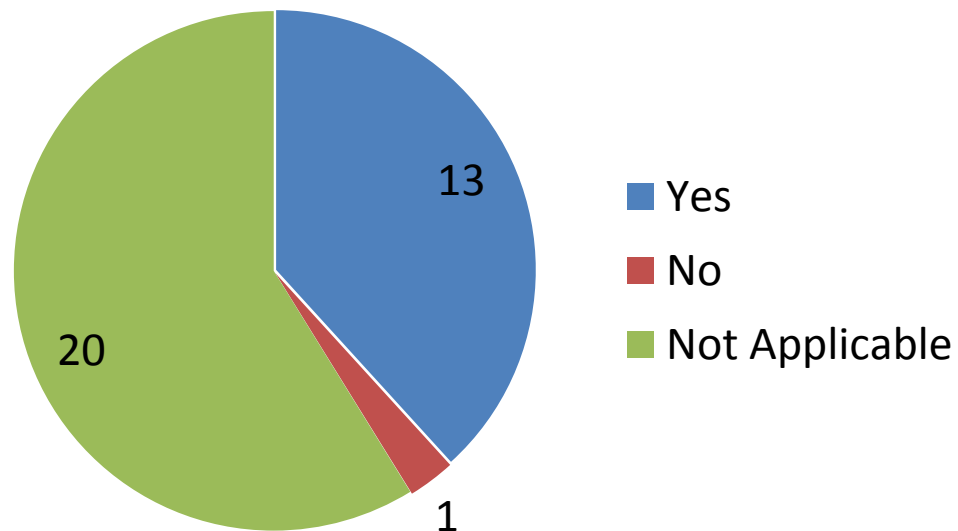


- “We are waiting for the Rule 21 process.”
- “The award process makes it impossible to estimate the likelihood of a contract being offered, we have less risk in other projects where there is a higher number of awards relative to bidders”
- “Waiting for Bio-energy SB1122”
- “Because the milestones occur so quickly, it is difficult for my company to complete internal project reviews. This makes it very difficult to meet the ReMAT PPR milestones.”
- Two general comments about not being prepared to participate at this time.

8. Have you participated in a ReMAT Program Period?

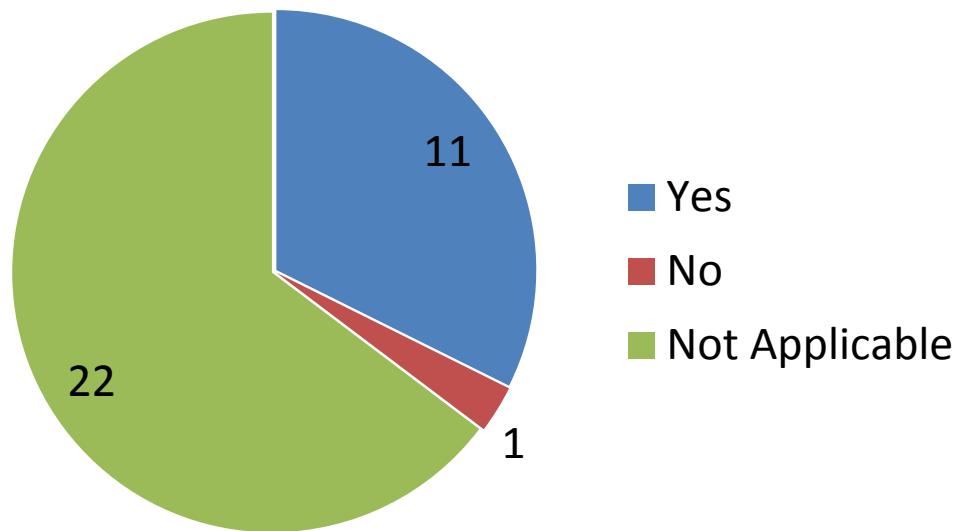


9. Were you able to clearly see the available Contract Price for the applicable Program Period and Product Type?



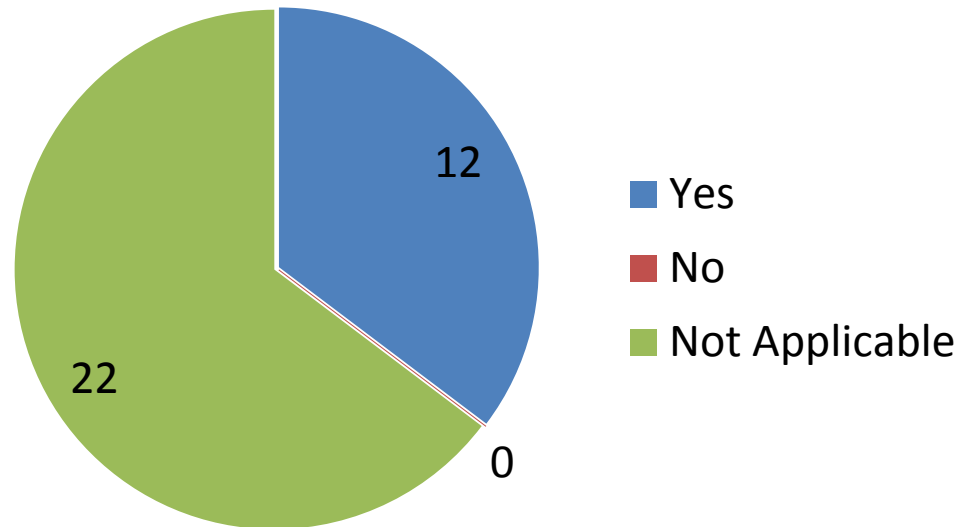
“Yes, although you had the price mislabeled [with] 1000x more than the real offer price.” (PG&E - mistakenly had kWh, not MWh, displayed via online platform)

10. Were the instructions for how to accept or reject a Program Period's price for your PPR(s) clear?

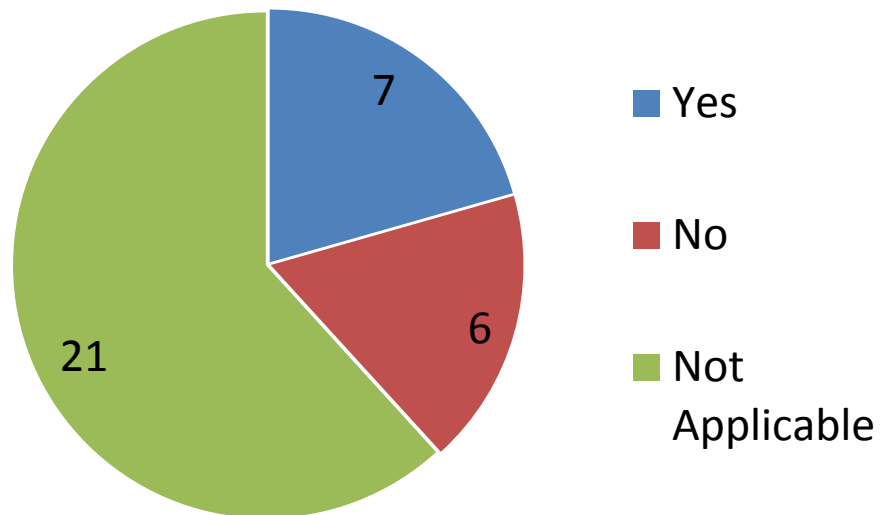


“Generally yes, but there was one program period where mistakenly delivered emails caused inappropriate confusion about the status of projects' acceptance or rejection of the Program Period price. This was not well managed.” (PG&E - Experienced a bug with online platform)

11. Did you receive confirmation of your final price selection?



12. Did you receive notification of the Program Period's outcome?



- "SCE does not give out much info and it is not timely."
- "Just as it affected our PPR" (SDG&E)
- "Very delayed notifications which seemed to be not in accordance with the program guidelines" (PG&E)

13. Any further feedback/concerns with the ReMAT price adjustment mechanism or Program Period process?²

- “...ReMAT like other programs does not fit the development cycles and other constraints of developers like the interconnection process it should be a year round accessible program.” (moved from question 5 comment)
- “Change the upward price adjustment mechanism. If the solicitation doesn't fill, the price should be adjusted upward until it does. Now the price stays the same...”
- “The starting price needs to be higher than \$89.00/MW to really launch projects.” (digester gas respondent)
- “We would prefer an "open until filled" procurement process. This drip, drip, drip, of one or two projects available to a queue of bids, and then a two month wait and price adjustment, is frustrating.”
- “The primary concern...is the requirement that there be five eligible projects in a category in order for any price change to occur between cycles...As a result, the offer price remains unchanged [in non-peaking category] due to the five-entrant requirement.”
- 2 comments suggesting that the program be extended and capacity added.

² Some responses were abbreviated for presentation purposes with all substantive feedback maintained.

13. (Continued)³

“Generally, the program seems well conceived, but has several shortcomings ...

- The allocation of only 5MW per category per program period, without any flexibility to stretch marginally beyond that to accommodate the variety and randomness of project sizes is a flaw. If there is a 3MW project and a 2.05MW project in the queue, only one participant has an opportunity to get a PPA awarded in a single program period while all of the other participants continue to expend capital while the Program Period price declines exponentially.
- The program does not sufficiently deter speculation... the lost capacity does not go back to the next in the queue at the price that PPA was offered, but instead gets added back to the tail end, so other viable participants are adversely impacted by such participants.
-there isn't an alignment between interconnection related activities and the program requirements. It is unreasonable to assume that a developer should incur \$500k in interconnection upgrade cost obligation, along with a lot of other program costs and development costs prior to being awarded a path toward a revenue agreement with the utility, and continue to wait in 2 month increments for potentially 1 or 2 candidates in the queue to be awarded a contract...”

³ One respondent’s feedback abbreviated for presentation purposes with all substantive comments maintained.

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References

PG&E: www.pge.com/rfo/remat

SCE: <https://www.sce.com/wps/portal/home/procurement/solicitation/remat>

SDG&E: www.sdge.com/regulatory-filing/654/feed-tariffs-small-renewable-generation

CPUC: <http://www.cpuc.ca.gov/PUC/energy/Renewables/hot/feedintariffs.htm>

