

## Request for Offers

July 17, 2013

### Subject: PG&E’s Request for Offers (“RFO”) for 2014 Resource Adequacy (“RA”) and Import Energy

To Prospective Participant:

PG&E issues this Request for Offers (“RFO”) for 2014 Resource Adequacy (“RA”) and Import Energy Products as summarized in Table 1 below. Participation in this RFO requires the completion of the submittal documents noted in Table 1. Failure to provide the listed information may result in the proposal to be deemed non-conforming and thus may disqualify the proposal from further consideration. PG&E, at its sole discretion, may change the terms, requirements and schedule of this RFO.

**Table 1: List of 2014 RFO Products**

Product Number	Product	Type	Period (Delivery Term to be Individual Months)	Submittal Documents
1	System RA Capacity	Buy	July-September 2014	<ul style="list-style-type: none"> <li>• Standard RA Confirmation</li> <li>• System RA Offer Template</li> </ul>
2	Import RA Capacity	Buy	July-September 2014	<ul style="list-style-type: none"> <li>• Import RA Confirmation <b>NEW!</b></li> <li>• Import RA Offer Template</li> </ul>
3	WSPP Schedule C Firm Energy (Indexed On Peak, 6x16, Mon-Sat HE 7-22), Unspecified	Buy	July-September 2014	Firm Energy Offer Template
4	Bay Area Local RA	Sell	January-December 2014	<ul style="list-style-type: none"> <li>• Standard RA Confirmation</li> <li>• Local RA Offer Template</li> </ul>
5	Other PG&E Areas Local RA	Sell	January-December 2014	<ul style="list-style-type: none"> <li>• Standard RA Confirmation</li> <li>• Local RA Offer Template</li> </ul>
6	RA Exchange	Swap	July-September 2014	<ul style="list-style-type: none"> <li>• Standard RA Confirmation</li> <li>• RA Exchange Offer Template</li> </ul>
7	RA Import Allocation	Sell	January-December 2014	<ul style="list-style-type: none"> <li>• RA Import Allocation Confirmation <b>NEW!</b></li> <li>• RA Import Allocation Offer Template</li> </ul>

Offers to sell to PG&E or bids to buy from PG&E are referred to herein as “offers”.

## **Submittal Documents**

The accompanying RA Confirmation Agreements (“Confirmations”) set forth the terms and conditions to create and define Products 1, 2, 4, 5, 6 and 7. The Confirmations require successful participants to comply with the RA requirements as implemented by both the CPUC and CAISO. The Confirmation is specific to transactions executed under an EEI Master Agreement with a PG&E Collateral Annex and, as such, successful participants must have an EEI Master Agreement with a PG&E Collateral Annex in place with PG&E prior to execution of an unmodified Confirmation in this RFO. Modification of the Confirmation may be necessary for those participants with a WSPP Agreement or an EEI Master Agreement without a PG&E Collateral Annex. Participants with such agreements must modify the Confirmation to conform to their respective Master Agreement as applicable. The Master Agreement shall govern transactions entered into pursuant to this RFO except to the extent modified by the Confirmation. The Confirmation, when fully executed, shall become a Confirmation subject to the terms of the Master Agreement.

For Product 3, the terms and conditions creating and defining the Firm On-Peak Energy Product sought by PG&E are set forth in the WSPP Agreement, Schedule C Firm. Sellers are expected to already have an EEI Master Agreement or an acceptable WSPP Agreement with PG&E (each a “Master Agreement” for purposes of this RFO), and such Master Agreement shall govern Transactions between the Parties entered into pursuant to this RFO.

All Offer information with final pricing for the Products should be submitted to PG&E in the appropriate offer template as listed in Table 1 by July 30, 2013, 1 p.m. Pacific Prevailing Time (“PPT”). PG&E will notify and confirm by telephone and/or e-mail participants with winning offers.

## **Description of Products Sought and for Sale**

PG&E is seeking to buy System RA capacity for the individual months of July through September 2014. To the extent it has sufficient excess RA resources, PG&E will also consider Offers from LSEs to buy from PG&E Bay Area Local RA and/or Other Areas Local RA for the individual months of January-December 2014. Participants should submit the RA Confirmation and appropriate offer template as indicated in Table 1.

PG&E will consider purchases of Import RA for the individual months of July-September 2014 to the extent it has RA import capability or such capability is included in the offer. Participants seeking to sell Import RA to PG&E should use the Import RA Confirmation and Import RA offer template.

PG&E seeks WSPP Schedule C - Firm On-Peak Energy for the individual months of July-September 2014. The offer should be for Firm On-Peak Energy that is ‘unspecified’, meaning the generation cannot be matched to a specific facility at the time of transaction. PG&E is seeking indexed firm energy delivery to the scheduling points with the corresponding price indices shown in Table 2 below. Sellers must specify a scheduling point in each offer, along with

any associated (\$/MWh) premiums or discounts to the corresponding index. Participants seeking to sell Firm On-Peak Energy should submit the Firm Energy Offer template.

Table 2

<b>CAISO Scheduling Points</b>	<b>Payment Indices</b>
MALIN500	COB Peak ICE
NOB	NOB N-S Peak ICE
PVWEST	Palo Verde Peak ICE

For the individual months of July-September 2014, PG&E will consider RA Exchanges for PG&E to sell SP26 RA and buy NP26 RA. Participants should submit the RA Confirmation and RA Exchange Offer template with the information to exchange SP26 RA for NP26 RA. A positive exchange price means that the seller will pay PG&E for the exchange.

PG&E will sell RA Import Allocation for the individual months of January-December 2014 to the extent the allocation rights are available.

**RA Quantities**

Offers to sell must indicate the specific unit providing the RA Product and may be for full or partial units. Offers to sell should be for individual months during the periods for each Product. Multiple and tiered offers may be submitted. Please clearly explain which offers, if any, are mutually exclusive. For example, an offer may state that PG&E may select any combination of offers up to a specified quantity. Unless specified otherwise, PG&E will assume an offer to sell can be selected in 1 MW increments regardless of the quantity offered. PG&E will sell RA in 1 MW increments.

**Offer Evaluation and Selection**

For participants that accept the Confirmation without material changes, PG&E will evaluate and select offers based on price. Due to its limited amount of RA import and Path 26 RA transfer capability, PG&E may not be able to accept all winning offers from resources outside of the ISO or south of Path 26. If such is the case, PG&E will accept the next best priced offer from in area resources or resources north of Path 26 respectively. To the extent winning offers have equal prices, other qualitative factors may be used to evaluate offers consistent with PG&E’s desired procurement in the RFO. These factors may include, among others, resources without once-through cooling and portfolio fit requirements such as Greenhouse Gas Requirements and Renewable Portfolio Standard. In filling its desired procurement, PG&E will accept partial offers, in increments specified in RA Quantities above. Material changes to the Confirmations may result in the consideration of an offer on a basis other than its price alone or in the rejection of an offer. PG&E will sell when conditions are economic to do so.

## Requirement for Review and Confidentiality

PG&E is required to consult with an external review group of non-market participants and CPUC staff (the “Procurement Review Group”, or “PRG”). In doing so, PG&E will review the offers under consideration in this RFO with the PRG. Offer information will be treated as confidential by the PRG pursuant to non-disclosure agreements executed between the PRG members and PG&E. Offer information will be treated as confidential by the CPUC in accordance with Section 583 of the California Public Utilities Code. Successful participants will be required to maintain the confidentiality of their transactions with PG&E in accordance with the terms of the Confirmation and Master Agreement. An Independent Evaluator will not oversee the RFO. As such, offers from PG&E affiliates will not be accepted or considered.

## Credit Requirements

Credit requirements shall be in accordance with the Master Agreement and with each Confirmation type. Please review the credit requirements section of each Confirmation for specific details. PG&E reserves the right to specify additional or different collateral requirements from those set forth herein or the Confirmation for any reason including, but not limited to, the specific characteristics of the offer or the participant, or further guidance, requirements, regulations, decisions or orders by the CPUC, California Energy Commission, PRG, or other governmental authority.

## Schedule for RFO

The table below provides the schedule for this RFO, which is subject to change at PG&E's discretion.

### RFO Schedule

Schedule	Date/Time
PG&E issues RFO	July 17, 2013
Deadline for participants to submit an Offer	July 30, 2013, 1 pm PPT
Offer evaluation, PRG review, negotiate definitive terms, and Confirmation execution if any	July 31 – September 30, 2013
RFO ends	September 30, 2013

## Submitting Offers and Contact Information

Email all offers to [PGERARFO@pge.com](mailto:PGERARFO@pge.com). In addition to firm pricing and the other offer information requested in the offer data form, participants should submit a markup of the Confirmation reflecting any proposed changes by 1 pm PPT on July 30, 2013. PG&E will acknowledge, by email, the receipt of all offers received. PG&E will not be responsible for any unsuccessful transmittal.

PG&E reserves the sole and discretionary right to reject any offer received in response to this RFO for any reason. Additionally, PG&E reserves the right, at its election, (a) not to enter into any Confirmations at the culmination of the RFO, and (b) to accept or reject any offers received after July 30, 2013, 1 pm PPT. PG&E reserves the right to modify the RFO terms and conditions at any time based on changing needs and market feedback. PG&E also reserves the right to rescind the RFO at any time prior to PG&E's execution of binding Confirmations. PG&E will not be liable for any costs the participant incurs in preparing or submitting its offer.

This RFO transmittal letter and other RFO documents are available for download at PG&E's RFO website:

[http://www.pge.com/b2b/energysupply/wholesaleelectricsuppliersolicitation/2014\\_RA\\_ImportEnergy\\_RFO/index.shtml](http://www.pge.com/b2b/energysupply/wholesaleelectricsuppliersolicitation/2014_RA_ImportEnergy_RFO/index.shtml)

Thank you for your consideration of this solicitation.