

GREENHOUSE GAS ALLOWANCE

REQUEST FOR OFFERS

Introduction

Pacific Gas and Electric Company (“PG&E”) is seeking offers from sellers (“Participants”) of California Carbon Allowances (CCAs) on the Intercontinental Exchange (ICE) for compliance with the California Air Resources Board (ARB) Cap-and-Trade program.

PG&E seeks offers of ICE CCA Vintage 2013 Futures with June 2013 or December 2013 expiry dates, for transaction as ICE block trades on a single day (“Trade Date”) between June 12 and June 25, 2013. PG&E will notify eligible Participants on the morning of the Trade Date, and Participants will have one hour to submit their Offers. PG&E will not announce the date in advance.

The terms and conditions of the Request for Offers are set forth in this Protocol.

Participant Requirements

Participants must meet the following eligibility conditions as of June 7, 2013 and for the duration of any transaction entered into pursuant to this RFO:

1. Have a Compliance Instrument Tracking System Service (CITSS) User ID and CITSS Account for holding and transferring CCAs
2. Be fully enabled to transact block trades of Vintage 2013 CCAs on ICE, meeting all requirements of Eligible Contract Participants as required by ICE and any other pre-requisites for purchasing or selling CCAs on ICE.
3. Be authorized to transfer full title and ownership of CCAs to PG&E

Please direct questions about CITSS registration to the [CITSS Help Desk](#), and questions about ICE to the [ICE Help Desk](#).

To submit an Offer, Participants must:

- 1) Submit before 1:00 p.m. (PPT) on Friday, June 7, 2013, a completed Notice of Intent (NOI) form containing information needed by PG&E to confirm Participant’s eligibility, as well as contact information for primary and secondary traders authorized to submit the block trade if accepted by PG&E on the Trade Date.
- 2) PG&E will acknowledge receipt of the NOI and confirm Participant’s eligibility to submit an Offer.
- 3) On the morning of the Trade Date, submit a completed Offer Form to PG&E no later than the Offer Deadline as set forth herein. The Offer must include final volumes and final pricing for the Product or Products indicated in the applicable table(s) in the Offer Form. Participant’s duly authorized representative who has full power and authority to enter into a transaction pursuant to this RFO must electronically sign the Offer Form before it is submitted. Email the electronically signed form back to

the GHG RFO mailbox at GHGRFO@pge.com. PG&E will consider only those Offers submitted via e-mail to the GHG RFO mailbox.

4) Upon receipt of the Offer, PG&E may, at its election, accept the Offer within the time set forth herein by orally accepting the Offer to the Participant.

5) Within 15 minutes of PG&E’s oral acceptance of the Offer, the Participant must send the trade reflecting PG&E’s accepted terms to the ICE Help Desk for processing as a block trade. Upon notification from ICE, PG&E will confirm the trade via reply email to ICE and the Participant.

Description of Products Solicited

Product sought are ICE physically delivered California Greenhouse Gas Emissions Allowances (“California Carbon Allowances”) where each is an allowance issued by the California Air Resources Board representing one metric ton of CO2 equivalent under California Assembly Bill 32 "California Global Warming Solutions Act of 2006" and its associated regulations, rules and amendments, all together known as the "California Cap-and-Trade Program".

The vintage sought by PG&E in this RFO is **2013 only**.

The ICE V13 CCA contracts sought are **Jun13** and **Dec13**:

CONTRACT SYMBOL	FTD	LTD	FND	LND	FDD	LDD
Jun13	1/2/13	6/25/13	6/25/13	6/25/13	6/28/13	6/28/13
Dec13	8/29/11	12/24/13	12/24/13	12/24/13	12/30/13	12/30/13

<https://www.theice.com/productguide/ProductSpec.shtml?specId=6747556#expiry>

FTD: First Trading Day LTD: Last Trading Day
 FND: First Notice Day LND: Last Notice Day
 FDD: First Delivery Day LDD: Last Delivery Day

Delivery must occur according to the terms of the ICE contract, for compliance with ARB Cap-and-Trade regulations. Please take note of all product specifications as described on [ICE’s website](#).

Offer Size & Structure

Offers must be in blocks of 25 ICE contracts, representing 25,000 CCAs each. Failure to follow this requirement may result in PG&E rejecting the Offer. PG&E may accept any number of blocks of a qualifying Offer in PG&E’s oral acceptance.

Participant may submit multiple Offers; however, all Offers must be separately executable by PG&E (e.g. no mutually exclusive or linked Offers).

Pricing

Participants must price each offer independently and must provide pricing in \$0.01/CCA increments.

Failure to follow this requirement may result in PG&E rejecting the offer.

Block Trade Requirements

Within 15 minutes after PG&E's acceptance of their offer(s), winning Participants will need to submit the transaction to the [ICE Help Desk](#) as a block trade. PG&E presumes that Participant understands all requirements for block trade transactions as explained in the [ICE Futures US Block Trade FAQs](#).

Credit Requirements

The credit requirements shall be in accordance with the requirements for clearing with ICE.

Offer Submittal Procedures

In order to minimize the amount of time we are asking Participants to hold their offer open, we have adopted a structured process with a relatively short time within which to determine the best mix of products and to contact the winning Participant(s). Given this short time frame, PG&E will not accept deviations from this process. Please read the description of this process below carefully, and if you have any questions, please e-mail the GHGRFO@pge.com mailbox.

On the Trade Date at the time specified herein, PG&E will announce the **Opening of the Offer Window** via email to the Primary and Secondary Traders provided in the NOI. PG&E will then call the Primary Trader, or, if necessary, the Secondary Trader, to verify availability to receive a phone call notification of PG&E's acceptance of all or part of the offer. PG&E will contact this person later if PG&E accepts all or part of that Participant's offer.

Participants will have one hour from the email notification to submit offers. PG&E must receive offers no later than the **Offer Deadline** specified herein. Offers must be final and binding until the time of **Notification of Participants** specified herein. PG&E will acknowledge receipt of Offers by reply email.

Participants are encouraged to send test Offer Form files to the above e-mail address. PG&E will work with Participants to test files during the week of June 3.

Only a final Offer Form that has been electronically signed by an authorized representative of the Participant and has been received by PG&E before the cutoff time shall constitute a qualifying offer. After the Offer Deadline, PG&E will not accept any additional information regarding or relating to this solicitation from Participants.

To recap, the critical offer submittal rules are:

After submittal, PG&E will not accept any additional e-mails, telephone calls, or other communications regarding a Participant's offer.

Qualifying offers may not include any modifications to the Offer Form.

Participants must maintain as submitted the volume(s), term(s), and pricing until the time of

Notification of Participants on the Trade Date.

PG&E may accept any number of blocks of a qualifying offer.

If the Participant’s offer, or any portion of the Participant’s offer, is accepted, PG&E shall contact Participant via telephone by the time of Notification of Participants as specified herein to verbally accept via a recorded line, after which Participant must submit the trade to ICE for execution as a block trade within 15 minutes. Participant’s Offer is null and void if PG&E fails to verbally confirm prior to the time of Notification of Participants on the Trade Date.

Confidentiality

Except as required by the Intercontinental Exchange (ICE) or by the Cap-and-Trade Regulations or any other applicable law, no Participant shall disclose its participation or its offer in this RFO or collaborate on, or discuss with any other Participant or potential Participant: 1) offer strategies; 2) the substance of any offer(s), including without limitation the price or any other terms or conditions of any offer(s); or (3) the status of any offer(s).

Summary of Schedule and Procedure for RFO

The table below provides the current and expected schedule and procedure for this RFO.

Prior to Trade Date	
May 31, 2013	PG&E issues Request for Offers
June 7, 2013, by 1:00 p.m. PPT	Deadline for Participant to submit Notice of Intent to GHGRFO@pge.com . Only Participants submitting a Notice of Intent will be eligible for the RFO.
June 10, 2013	PG&E confirms receipt of NOI and Participant eligibility
Trade Date	Some Date Between June 12 and June 25, 2013
Opening of the Offer Window: 8:30 a.m. PPT	PG&E distributes, via email and phone call to Primary and Secondary Trader, notice of the Opening of the Offer Window and the Offer Deadline.
Offer Deadline: 9:30 a.m. PPT	Deadline for eligible Participants to submit offers
Notification of Participants: By 10:30 a.m. PPT	PG&E notifies winning Participant(s) through telephone notification over recorded line.
Submittal of Block Trade: By 10:45 a.m. PPT	Winning Participant(s) submit block trade transaction to ICE Help Desk . PG&E will confirm the transaction upon notification from ICE.

Delivery Date	
Jun13: After June 25, 2013	Delivery for each contract expiry date shall be conducted in CITSS per the terms of the ICE contract
Dec13: After December 24, 2013	

Contact Information and Disclaimers:

Prospective Participants may contact PG&E via email with questions at: GHGRFO@pge.com

PG&E will not be responsible for any unsuccessful transmittal of Offer Forms or notices to or from PG&E via e-mail. 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) to not accept any offers for execution at the culmination of the RFO, and (b) to accept or reject any offers received after the Offer Deadline. PG&E reserves the right to modify the RFO terms and conditions at any time based on changing need and market feedback. PG&E also reserves the right to rescind the RFO at any time prior to PG&E's acceptance of offers. PG&E will not be liable for any costs the Participant incurs in preparing or submitting its offer.

Thank you for your participation in this solicitation.