RENEWABLES PORTFOLIO STANDARD

2014 SOLICITATION PROTOCOL

Pacific Gas and Electric Company®

January 5, 2015

(Issuance Date)

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I. INTRODUCTION AND OVERVIEW

The California Renewables Portfolio Standard Program ("RPS Program") was established by California Senate Bill 1078, effective January 1, 2003. In 2011, Senate Bill 2 (1x)[1] made significant changes to the RPS Program, most notably extending the RPS goal from 20% of retail sales of California's investor owned utilities ("IOUs"), electric service providers ("ESPs"), and community choice aggregators ("CCAs") by the end of 2010, to 33% of retail sales of IOUs, ESPs, CCAs and publicly owned utilities by 2020. SB 2 (1x) also modifies or changes many details of the RPS program, including creating portfolio content categories for RPS procurement.

An Eligible Renewable Energy Resource ("ERR") is a facility that has been certified by the California Energy Commission ("CEC") as meeting the applicable criteria set forth in Public Utilities Code ("PUC") Sections 399.12 subdivision (e) and 399.12.5. This document (the "Solicitation Protocol") describes the process by which PG&E seeks, evaluates, and accepts Participant's offers to provide electricity from ERRs meeting criteria set forth herein in order to satisfy PG&E's RPS requirements.

A. Solicitation Overview

PG&E requests that interested parties that meet the criteria established in this document submit, in accordance with the directions in this Solicitation Protocol, one or more offers (each an "Offer") to sell to PG&E the Product, as defined below, generated by existing ERRs or planned ERRs.

For purposes of this Solicitation Protocol, the term "Project" refers to the ERR described in an Offer. The electricity generated by a Project, together with all capacity and any other attributes required by the California Public Utilities Commission ("CPUC" or "Commission") and/or the California Energy Commission ("CEC") to count the electricity toward PG&E's RPS compliance and Resource Adequacy requirements, is called the "Product." Product is further defined in the PPA. An entity submitting an Offer in response to the Solicitation Protocol is hereby defined as a "Participant."

In order to meet and sustain a 33% compliance target beginning in 2020, PG&E is seeking to procure up to 1,600 GWh of renewable energy under long-term Power Purchase Agreements ("PPAs") or Renewable Energy Credit ("REC") Purchase Agreements ("REC PPA" and collectively with the PPA, the "Agreements"). PG&E may procure as little as zero GWh, or as much as 1,600 GWh of renewable energy. PG&E's current load forecast assumes substantial volumes of load will be served by community choice aggregation, direct access and distributed generation. If that load forecast is correct, PG&E will be well positioned to meet its 33% RPS requirement well into the middle of the next decade, and will have little or no RPS need. However, if expected load reductions do not occur, PG&E

[1] Senate Bill (SB) 2 (1x) (Simitian), Stats. 2011, ch.1 (effective December 10, 2011).

may have a need for and procure renewable energy from this RFO. PG&E's execution of Agreements is dependent on whether PG&E and the shortlisted bidders can reach mutual agreement on specific and definitive terms, some of which may differ significantly from those in the form Agreements. PG&E reserves the right not to execute any Agreements.

As more fully described in PG&E's 2014 RPS Plan, for purposes of meeting its goal of procuring between zero and 1,600 GWh per year, PG&E is seeking Products from Projects that commence renewable energy deliveries to PG&E beginning in 2020 and onwards.

RPS offers with energy storage whose storage component can be counted towards the CPUC's energy storage procurement targets are encouraged.[2] PG&E will only consider offers whose energy storage component can charge from the ERR.

B. RPS Website and Communications Between PG&E and Participants

To access PG&E's website where all Solicitation Protocol documents, information, announcements and Questions and Answers are posted and available for Participants to download, go to www.pge.com/rfo and click on "2014 Renewables RFO."

All Offer submittal information pertaining to this RFO will be hosted on the Power Advocate site. In order to participate in this RFO, Participants must register through Power Advocate at the Public Registration Link: https://www.poweradvocate.com/pR.do?okey=46159&pubEvent=true. PG&E strongly encourages Participants to register with Power Advocate well before Offers are due. PG&E will be posting the detailed instructions for submitting Offer(s) and using the online platform on PG&E's website prior to Offer submittal.

To promote accuracy and consistency of the information provided to all Participants, PG&E encourages Participants to submit any inquiries via e-mail directed to RenewableRFO@pge.com. With respect to matters of general interest raised by any Participant, PG&E may, without reference to the specific Participant raising such matter or initiating the inquiry, post the questions and responses on its website. PG&E may, in its sole discretion, decline to respond to any e-mail or other inquiry, and will have no liability or responsibility to any Participant for failing to do so.

Any exchange of material information regarding this RFO between Participant and PG&E must be submitted to both PG&E and the Independent Evaluator ("IE").

PG&E will hold a public Bidders' Webinar to provide an opportunity for Participants to ask questions.

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[2] *See* CPUC Decision 13-10-040 for discussion of requirements.

II. SOLICITATION GOALS

A. PG&E's Renewable Resource Needs

As further described in Section IV.C., Portfolio Content Categories, PG&E is seeking bundled renewable energy products or RECs from ERRs to meet its RPS Program obligations. The optimal Offers will be those with the best combination of market value, portfolio adjusted value, viability, and contribution to the other criteria specified in this Solicitation Protocol. A discussion of PG&E's overall RPS need and procurement goals is included in the 2014 RPS Plan.

III. SOLICITATION SCHEDULE AND PROCESS

A. Solicitation Schedule

The table below summarizes the estimated Solicitation schedule. Further details of each event in the schedule are provided below.

Table III.1: PG&E Solicitation Schedule

DATE	EVENT
Ongoing	Participant may register online at PG&E's website for general information or for the Bidders' Webinar, as applicable
T January 5, 2015	PG&E issues Solicitation
January 6, 2015	Deadline for Participant to submit registration for Bidders' Webinar
January 7, 2015	General Bidders' Webinar (3 PM – 5 PM PPT)
January 28, 2015	Stage 1: Introductory Letter, Attachment D and Attachment L[3] for Offer(s) are due into Power Advocate in format requested in Section VI. D Bid Submittal Process. Offers will not be accepted after 1:00 P.M. PPT
February 4, 2015	Stage 2: Attachment I, Attachment J1 through J6 for Offer(s) are due into Power Advocate in format requested in Section VI. D Bid Submittal Process. Offers will not be accepted after 1:00 P.M. PPT
April 2, 2015	PG&E notifies Shortlisted bidders and requests Offer Deposit
April 6, 2015	Participant notifies PG&E whether it accepts Shortlist position from PG&E by 12:00 P.M. PPT
[T + 14 + 120 days] April 7, 2015	PG&E submits Shortlist to Commission and Procurement Review Group ("PRG")
April 20, 2015	Participants that accepted Shortlist position posts Offer Deposit and submits signed Confidentiality Agreement
[T+ 14 + 150 days] May 7, 2015	PG&E submits report on evaluation criteria and selection process; Independent Evaluators submit preliminary reports

[3] Includes the Phase II study or equivalent and if applicable the interconnection agreement.

DATE	EVENT
TBD	PG&E and Participants negotiate and execute Agreements subject to Regulatory Approval;
TBD+ 90 days	PG&E submits Agreements for Regulatory Approval
[T+ 14 + 485] days April 6, 2016	PG&E 2014 RPS Solicitation Shortlist Expires

PG&E may change this schedule at any time for any reason, subject to CPUC concurrence if PG&E determines that such concurrence is necessary. The Solicitation schedule may be affected by, among other things, the deliberations of the PRG, negotiations with selected Shortlisted Participants, and proceedings before the CPUC, including, but not limited to, proceedings to obtain Regulatory Approval, as such term is defined and explained in Section XIV. PG&E will endeavor to notify Participants of any schedule change, but will have no liability or responsibility to any Participant for failing to do so.

B. Request for Offer ("RFO" or "Solicitation") Process

1. Online Registration. Go to www.pge.com/rfo and click on Request to be added to PG&E's RFO Distribution List. PG&E announces the RFO on this public website and through e-mail sent to the general RFO distribution list.

2. PG&E issues the Solicitation on the date in
3. Table III.1: PG&E Solicitation **Schedule**.

4. Bidders' Webinar. PG&E will hold a Bidders' Webinar, on the date and time shown in
5. Table III.1: PG&E Solicitation **Schedule**. Call-in information will be provided on the Solicitation website before the Bidders' Webinar. Call-in to the Bidders' Webinar is encouraged but not required. Interested Participants are asked to register in advance for the Bidders' Webinar using the link https://www.surveymonkey.com/s/ZXGCXVM.

6. Offers Due. Participant's Offer(s) must be submitted to the online platform at Power Advocate by the times and dates shown in
7. Table III.1: PG&E Solicitation **Schedule**. Participant's Offer(s) must follow the format and include the documents described in Section VI. Failure to submit the requested documents and failure to follow the noted format may disqualify the Participant's Offer(s). Given the short time frame between Offer Submittal and PG&E selection of a Shortlist, it is imperative that each Participant's Offer be complete at the time of submission. Participant's failure to provide all required information may prevent PG&E from being able to evaluate and rank the Offer and thus, prevent the Offer's inclusion on PG&E's Shortlist.

8. PG&E Selects Shortlist. PG&E intends to select a Shortlist of Offers for negotiations. The Shortlist and results of subsequent negotiations will be shared with PG&E's PRG

(see Section XI). Each Participant selected for the Shortlist will be required to post an Offer Deposit, in accordance with Section V, and to execute a Confidentiality Agreement in the form attached hereto as Attachment G.

9. PG&E and Shortlisted Participants Finalize Agreements. PG&E and Participants selected to PG&E's Shortlist will negotiate and may finalize their Agreements. PG&E will confer with the PRG at this stage of the process.

10. PG&E and Participants Execute Agreements. After PG&E has conferred with the PRG, PG&E and the Participants may sign their Agreements. The effectiveness of each Agreement is subject to the CPUC's approval of the Agreement and any other conditions precedent set forth in the particular Agreement. PG&E reserves the right not to execute any or some of the Agreements.

11. PG&E Submits Agreements for Regulatory Approval. PG&E will seek approval from the CPUC for each Agreement.

IV. ELIGIBILITY REQUIREMENTS

PG&E will consider all timely Offers from either existing or new generating facilities. Projects must meet the following criteria:

A. Eligible Renewable Energy Resources

To participate in the Solicitation, the Participant's Project must employ one or more new or existing ERRs as a generation source. The CEC is responsible for certifying ERRs and verifying the Project's eligibility for the RPS Program. If a Participant has not already done so, the Participant should begin the process of establishing certification of an existing generation facility or pre-certification of a facility that is not yet on-line.

The CEC has published Guidebooks to explain its criteria for the RPS eligibility of renewable energy resources and its process for certification. The Participant is responsible for reading and becoming familiar with each of these Guidebooks, which are updated periodically. The internet link to the CEC's webpage for announcements and documents under the RPS Program, including these Guidebooks, is: http://www.energy.ca.gov/renewables/.

For Projects using a combination of renewable and non-renewable fuel, Participant must be able to deliver only renewable energy that qualifies for PG&E's RPS compliance goals to PG&E. In other words, Participant must be able to separate the renewable and non-renewable components of energy generated from the Project in order to participate in the RFO.

B. Minimum Project Capacity

The minimum size for Projects to bid into the RFO is 0.5 megawatts ("MW") capacity. Offers for As-Available and Baseload Products must be from Projects with a capacity of

0.5 MW or greater. Offers for Dispatchable Products must be 25 MW or greater to enable them to be efficiently incorporated into PG&E's system dispatch protocol.

C. Portfolio Content Categories

PG&E will consider Offers that meet the criteria for inclusion in the portfolio content category described in PU Code §399.16(b)(1) ("Category 1"), the portfolio content category described in PU Code §399.16(b)(2) ("Category 2"), or the portfolio content category described in PU Code §399.16(b)(3) ("Category 3"). PG&E generally prefers Category 1 products to Category 2 products given the higher compliance value and the reduced complexity and greater certainty involved in negotiating Category 1 transactions. PG&E will also consider procurement of competitive Category 2 and 3 products. Although PG&E does not include an integration adder in its evaluation process, PG&E notes that Category 2 and 3 products may reduce integration and other operational challenges associated with typical Category 1 procurement.

PG&E directs Participants to review CPUC Decision 11-12-052, available at http://docs.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/156060.htm, which provides detailed guidance concerning the criteria required for generation from an ERR to be counted as Category 1, Category 2, and Category 3.

The requirements are subject to change as required to maintain consistency with state law.

1. Category 1 Product

Product that is certified as eligible for the California RPS may be eligible as a Category 1 Product if the ERR from which the electricity is procured or the generation from that ERR:

(i) has its first point of interconnection to the Western Electricity Coordinating Council (WECC) transmission grid within the metered boundaries of a California balancing authority ("CBA") area; or

(ii) has its first point of interconnection with the electricity distribution system used to serve end-user customers within the metered boundaries of a CBA area; or

(iii) is scheduled into a CBA without substituting electricity from another source provided that, if another source provides real-time ancillary services required to maintain an hourly or sub-hourly import schedule into the CBA, only the fraction of the schedule generated by the facility from which the electricity is procured is Category 1; or

(iv) is scheduled into a CBA pursuant to a dynamic transfer agreement between the balancing authority where the generation facility is interconnected and the CBA into which the generation is scheduled.

RECs from Category 1 Product must not be unbundled from the energy and transferred to another owner. PG&E directs Participants to D.11-12-052 for further detail, including documentation requirements required for a Product to be eligible as Category 1.

Participants may submit Unit Contingent Offers for Category 1 Product from the three types of products listed below:

- As-Available
- Baseload
- Dispatchable

The term "Unit Contingent" means that generation must be from the specific Project identified in the Offer.

In addition to the product definitions which may be found in the PPA, the product types have the following meaning:

"As-Available" means intermittent energy and capacity deliveries that are subject to a fuel source not controlled by the generator. The Projects that may provide an As-Available Offer are: (1) wind; (2) solar; (3) run-of-river hydro; or (4) any other technology that PG&E determines qualifies.

"Baseload" means energy and capacity delivered on a twenty-four (24) hours per day, seven (7) days per week schedule (*i.e.* "24x7") with an annual capacity factor of at least 80 percent. This minimum requirement is meant to take into account maintenance and forced outages.

"Dispatchable" means energy and capacity available for delivery on a day-ahead and intra-day schedule with a monthly availability factor of at least 95 percent in each of the months of June through and including September and other monthly factors as stated in the PPA. A Project providing a Dispatchable product must have a minimum run time of eight (8) hours per day.

As-Available and Baseload products including an energy storage component will be referred to as "As-Available plus storage" and "Baseload plus storage", respectively.

2. <u>Category 2 Product</u>

Product that is certified as eligible for the California RPS may be eligible as a Category 2 Product if the ERR from which the electricity is procured is firmed and shaped with substitute electricity providing incremental electricity scheduled into a California Balancing Authority ("CBA") within the same calendar year as the generation from the ERR. PG&E directs Participants to D.11-12-052 for further detail, including documentation requirements for a Product to be eligible as Category 2.

Category 2 Offers must include firming and shaping service to a California Independent System Operator ("CAISO") interface point. Offers to deliver at the Project's busbar will not be accepted. Agreements for substitute energy firming and shaping services must be at least five years in duration. Participants offering a Category 2 Product should provide the delivery profile of the firmed and shaped product in their Offer and specify the CAISO delivery point. PG&E's preferred delivery profile is all hours (7X24), with the exception that no energy is requested during off-peak hours in Q2 (April, May and June).

3. Category 3 Product

Product that is certified as eligible for the California RPS may be eligible as a Category 3 Product if the ERR from which the electricity is procured does not meet the definition of a Category 1 or 2 Product. Specifically, Participants may offer a REC-only product that is unbundled from delivered energy. Participants may offer RECs from a single facility (unit-contingent), or from a pool of resources.

D. Interconnection Status

Each Project must have applied for interconnection through the CAISO Interconnection Process, or through the host utility if not interconnecting to the CAISO controlled transmission system. In order to participate in this RFO, Participants must have a Phase II Study from the CAISO, or equivalent, and remain active in the applicable interconnection process.[4] Participants must submit the applicable interconnection study with any applicable appendices with the Offer; if an interconnection agreement for the Project exists, it should be submitted along with the Phase II Study. It is through this process that costs of connecting a renewable resource to the grid can be determined. Solely providing a general transmission plan is not acceptable.

For RPS offers with storage, PG&E does not require that the storage component of the Project has yet been studied. However, PG&E's willingness to execute an Agreement may depend on whether the Participant can obtain confirmation from the CAISO or host utility that the storage component will not affect the interconnection timeline or the reimbursable portion of network upgrade costs identified in the Phase II study.

In addition, repowering projects must provide confirmation that their plans can be accommodated under the existing interconnection agreement or that they have received their completed Phase II studies for the project at the time of offer submittal. The CAISO's explanation of its Generator Interconnection Procedures ("GIP"), including its interconnection study timeline, can be viewed at: http://www.caiso.com/planning/Pages/GeneratorInterconnection/GeneratorInterconnectionApplicationProcess/Default.aspx.

[4] For existing and repowered facilities, a completed CAISO repowering assessment and PTO interconnection facilities study is deemed as "equivalent" to the Phase II study within the CAISO territory. For more information regarding interconnection information for existing and repowering facilities, please view the CAISO Technical bulletin http://www.caiso.com/Documents/TechnicalBulletin-GeneratorUnitRepoweringSep12_2013.pdf.

Projects must obtain a wholesale interconnection agreement. Note that Electric Rule No. 21 is not under FERC jurisdiction and does not result in a wholesale interconnection agreement. Wholesale procedures, both the CAISO and PG&E Wholesale Distribution Tariff generation interconnection procedures can also be viewed on the PG&E website at: http://www.pge.com/wholesale/.

PG&E has a preference for resources that can contribute to PG&E's Resource Adequacy ("RA") requirement. In order to contribute toward PG&E's RA compliance obligation, Projects must have been deemed deliverable by the CAISO as of the proposed date specified by the Seller. This date does not have to be the same date as the commencement of the delivery term. PG&E is accepting offers for fully deliverable, partially deliverable, and energy-only projects. A project that bids its resource as Full Capacity Deliverable Status (FCDS) or Partial Capacity Deliverability Status (PCDS) must have applied for deliverability and have a completed deliverability study. Providing documentation that an application or request for FCDS or PCDS has been submitted through any CAISO annual process is not sufficient unless there is a finding of deliverability at the time of Offer submittal. Resources that have successfully applied and received FCDS or PCDS through any CAISO annual process must provide evidence of this designation otherwise they will be treated as energy-only.

E. Environmental Permitting Status

Projects must have achieved, at a minimum, the "application deemed complete" (or equivalent) status under the land use entitlement process by the agency designated by the California Environmental Quality Act or National Environmental Policy Act as the lead agency to be eligible to participate in the RFO.[5]

F. Delivery Term

PG&E is primarily seeking Offers with a term of at least 10 years and a preference of 10-15 years. Offers for short-term extensions of existing projects may be considered to the extent the deliveries are eligible for banking under statute and applicable CPUC decisions.[6]

G. Existing Projects

PG&E will consider any timely Offer from an existing ERR generating facility ("Existing Project"). If the existing ERR is a Qualifying Facility ("QF"), meaning a generation facility meeting the requirements of the Federal Energy Regulatory Commission's ("FERC") rules (18 Code of Federal Regulations Part 292) implementing the Public Utility Regulatory

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[5] Local government uses the term "application deemed complete" (California Government Code § 65943); California Energy Commission uses the term "data adequate" (Title 20 CCR § 1709); Bureau of Land Management uses the term "completed application" (43 CFR 2804.25).

[6] *See, e.g.,* Cal. Pub. Util. Code § 399.13(a)(4)(B); D.12-06-038.

Policies Act of 1978 (16 U.S.C.A. 796, *et seq.)*, the Offer must also include: (1) the full name of the QF as well as the QF identification number or any other information that the Participant deems sufficient for PG&E to identify the QF project; and (2) the load serving entity with the existing QF contract; and (3) the date on which any existing power purchase agreement ("Existing PPA") will terminate.

PG&E will consider Offers that would require termination of an Existing PPA to which PG&E is a party and PG&E will incorporate into its evaluation any resulting net customer impacts associated with the early termination of an Existing PPA. An expansion or repowering of an existing project will be considered a new project for evaluation purposes.

If Participant proposes to replace the Existing PPA, the Offer must clearly quantify any proposed increase of energy, and, if applicable, expansion of capacity from the Existing Project above the amount provided for in the Existing PPA.

If a Participant proposes an extension to an Existing PPA, the competitiveness of that offer can be improved by including a price reduction for the deliveries during the term of the Existing PPA.

V. TERMS FOR RFO PARTICIPATION

A. Binding Nature of Offer

The "RPS Solicitation Protocol Terms and Conditions" attached hereto as Attachment A requires the Participant to agree to be bound by all of the terms of this Solicitation Protocol and to make specified representations and warranties to PG&E. Any response to this Solicitation Protocol must be acknowledged by selecting "Yes" on the Acknowledgement Section of Attachment D of the Offer Form and by an Acknowledgement that the information provided in Participant's Offer is true and correct to the best of the Participant's knowledge as of the date such information is provided. If a Participant is submitting an Offer jointly with other entities, and the Offer is Shortlisted, PG&E may require as part of the Shortlisting process additional representations and warranties from all entities involved in the joint Offer and additional documentation.

B. No Guarantee of Offer or Agreement

PG&E welcomes Offers under this Solicitation and anticipates executing Agreements. However, PG&E's request for Offers through the publication of this Solicitation Protocol does not constitute an offer to buy and creates no obligation to execute any Agreement as a consequence of this Solicitation. PG&E shall retain the sole discretion to reject any Offer at any time on the ground that it does not conform to the terms and conditions of this Solicitation Protocol. PG&E also retains the discretion, at any time, in its sole judgment, to:
(a) reject any Offer on the basis that it does not provide sufficient customer benefit or that it would impose conditions that PG&E determines are impractical or inappropriate;
(b) formulate and implement appropriate criteria for the evaluation and selection of Offers;

(c) negotiate with Participants to maximize customer benefit; (d) modify this Solicitation Protocol as necessary to improve the Solicitation and to comply with applicable law or other direction provided by the CPUC or any other regulatory entity with applicable jurisdiction; (e) terminate the RFO should the CPUC not authorize PG&E to purchase Products in the manner proposed in this Solicitation Protocol. Notwithstanding the above, PG&E reserves the right to suspend or terminate this Solicitation at any time for any reason whatsoever. PG&E will not be liable, by reason of any of the above actions, to any Participant submitting an Offer in response to this Solicitation.

Under no circumstances shall PG&E be bound by the terms of any Participant's Offer or Agreement until all the terms of the conditions precedent set forth in the fully-executed Agreement have been satisfied or waived upon mutual agreement of PG&E and the party (or parties) to the Agreement. Two conditions precedent of note are the requirement that the Agreement (i) receives CPUC Approval (as defined in each Agreement); and (ii) that the CPUC authorizes rate recovery to PG&E for any payments made under the Agreement.

C. Offer Deposit

If a Participant's Offer is selected for PG&E's shortlist for continued evaluation and negotiation ("Shortlisted"), then the Participant must provide to PG&E a collateral deposit ("Offer Deposit"), in the amount of $3.00 per each kilowatt ("kW") of Project capacity. The Offer Deposit is intended to secure the obligation of each Participant during the Offer negotiation period and to insure that each Offer has been carefully considered. The Offer Deposit must be posted with PG&E by April 20, 2015 after Participant accepts a position on PG&E's Shortlist, and maintained until the termination of negotiation with PG&E or as otherwise provided pursuant to the terms of the Agreement negotiated by PG&E and Participant.

1. Form of Offer Deposit

The form of the Offer Deposit may be either: (a) a cash deposit through a wire transfer; or (b) a Letter of Credit (as defined below). Wiring instructions for cash will be provided in the Shortlist notification.

a. For cash deposits through a wire transfer PG&E will pay interest on each cash deposit calculated on a monthly basis and compounded at the end of each calendar month, from the date on which the cash is fully deposited to the date of returning the cash deposit to the Participant. The applicable interest rate will be the rate per annum equal to the Monthly Federal Funds Rate (as reset on a monthly basis, as of the first day of the month, based on the latest month for which such rate is available) as reported in Federal Reserve Bank Publication H.15-519 or its successor publication ("Interest Rate"). The Interest Rate shall be calculated based on a three hundred sixty (360) day year and shall be payable upon the return of the cash deposit.

b. In lieu of a cash deposit, the Participant can provide, per the directions above, an Offer Deposit using an irrevocable standby letter of credit, in the form attached hereto as Attachment B: (a) issued either by (i) a U.S. commercial bank, or (ii) a U.S. branch of a foreign commercial bank that meets the following conditions: (A) it has sufficient assets in the U.S. as determined by PG&E, and (B) it is acceptable to PG&E in its sole discretion; (b) for which the issuing U.S. bank or foreign bank, must have a Credit Rating of at least A- from S&P or A3 from Moody's, with a stable outlook designation. In the event the issuer is rated by both rating agencies and the ratings are not equivalent then the lower rating will apply. If the Letter of Credit is issued by a branch of a foreign bank, PG&E may require changes to the form Letter of Credit included as Attachment B. All costs of the Letter of Credit shall be borne by Participant. The Letter of Credit should be sent by overnight delivery to:

Pacific Gas and Electric Company
77 Beale Street, Mail Code B28L
San Francisco, CA 94105
Attn: Manager, Credit Risk Management

2. Return of Offer Deposit

The Offer Deposit will be returned to Participant by PG&E under one or more of the following conditions:

a. Upon execution of the Agreement and Seller's submission of the collateral required under the Agreement;

b. PG&E's rejection of the Offer subsequent to Shortlist selection; or

c. In the course of negotiation, if PG&E and Participant cannot agree on the terms of the Offer and Agreement; provided that Participant has not unilaterally withdrawn the Offer as submitted through the Solicitation, or breached this Solicitation Protocol.

3. Forfeiture of Offer Deposit

The Participant will forfeit the Offer Deposit in its entirety due (i) to any material misrepresentation in information submitted in Participant's Offer or (ii) breach of this Solicitation Protocol. In the event that Participant forfeits the Offer Deposit, PG&E will be entitled to draw upon the Offer Deposit in its entirety as payment for direct and indirect damages incurred in connection with the Participant's misrepresentation or breach of this Solicitation Protocol.

4. Offer Deposit as Security Under Agreement

PG&E shall be able to retain any cash deposit or draw on any Letter of Credit provided as an Offer Deposit as security under the Agreement in the event that Participant fails to provide additional security and/or agrees to PG&E's retention of the Offer Deposit as Project Development Security or Pre-Delivery Term Security in accordance with the terms of the executed Agreement, if applicable.

D. Shortlisting by PG&E

Participant may participate in the RPS Program solicitation of any number of load serving entities. Participant's Offer to sell generation from a Project may be the same or different from its offer to sell such generation to another load serving entity. If Participant's Offer is selected for one or more RPS Program solicitation shortlists, then the following terms will govern the disposition of Participant's Offer under this Solicitation Protocol.

1. Selection to PG&E's Shortlist

(i) If PG&E notifies Participant that it has been included on PG&E's Shortlist, then Participant must comply with all terms of this Solicitation Protocol relating to Offers selected for PG&E's Shortlist, including but not limited to submission of an Offer Deposit (pursuant to Section V.C.) and a completed Taxpayer Identification Number (W-9) form (Attachment F).

E. Safety

PG&E is committed to providing safe utility (electric and gas) service to its customers. As part of this commitment, Agreements arising under this RFO will require generating facilities to be operated and maintained in a safe, reliable and efficient manner that reasonably protects the public health and safety of California residents, business, employees and the community.

VI. SUBMITTAL PROCESS OVERVIEW, REQUIRED INFORMATION, AND SUBMITTAL DEADLINE

A. Submittal Process Overview

You will need to register through the online platform Power Advocate prior to the submission deadline to submit an Offer in this RFO. The registration details and the submission information will be provided on PG&E's RFO website at: www.pge.com/rfo.

All Offers must be submitted on the Power Advocate site by the dates and times specified in

Table III.1: PG&E Solicitation **Schedule**. Power Advocate will not accept any Offers made after the dates and times specified in Table III.1

Submitted Documents: Documents will only be accepted through Power Advocate. Power Advocate functions in most browsers; however, it may not work as well in browsers older than Internet Explorer version 8.

Please make sure that your submittals do not contain any special characters such as *&# in the file name. Submission of offers by any means other than Power Advocate is not acceptable. PG&E also reserves the right to contact selected Participants during the evaluation process to clarify any Offers.

B. Need for Complete Offer Packages

Given the date on which PG&E must submit to the CPUC its Shortlist, the Shortlist report on evaluation criteria and selections, and the Independent Evaluator's preliminary report, it is imperative that each Participant's Offer be complete at the time of submission. Participant's failure to provide all required information may prevent PG&E from being able to evaluate and rank the Offer and thus, may prevent the Offer's inclusion on PG&E's Shortlist.

C. Number of Offers Allowed Per Seller and Required Offer Variations

An Offer refers to a particular project at a particular site. An Offer variation refers to changes in an Offer for the same site. For example, if an Offer is for a wind project on a certain site, the Offer variations may include 10-, 15- and 20-year PPA terms. Seller is required to submit one a offer variation that fully complies with the form PPA and credit requirements (the "Primary Offer Variation").

The Primary Offer Variation must also reflect PG&E's unlimited right to economically curtail the resource (consistent with resource operating constraints). For this Primary Offer Variation, the offer's contract price should include the assumption that all curtailed energy will be paid at the contract price. Seller is also required to submit at least one other offer variation that caps the annual number of hours that PG&E may economically curtail (the "Secondary Offer Variation"). For the Secondary Offer Variation, the Seller may specify a different price to be paid for the hours that may be curtailed.

Sellers offering as-available or base-load products with storage should include as their Primary Offer Variation a bid that does not include the storage component.

There is no limit on the number of Offers allowed per Seller. However, each Offer's pricing must be independent—the Offer price for one project may not be dependent on whether PG&E elects to execute a PPA with a different project. PG&E requests that Participants select their most competitive and viable projects for submission.

D. Bid Submittal Process:

As applicable, files should be provided in Microsoft Word or Excel, without password-protection. The Participant shall not provide documents in other electronic formats, unless specifically requested. Adobe Acrobat or other such pdf files or non-editable files are ONLY acceptable if the document is a picture, diagram, map, or other preprinted brochure/material or signature pages. To the extent possible, pdf files should be provided in a searchable format.

Each project (and all project variations) must be saved into a single zip file. Please name the zip file with the Project name and include the Participant's name (a short acronym is fine) in the electronic file name for each zip file. This will allow PG&E to easily keep each Participant's electronic files separate from those of other Participants.

Offers must contain all of the required information and must be submitted in accordance with these instructions and associated due dates. Participant must complete the following documents, which are located in the Attachments, with Offer-specific information and include each one in its Offer.

Participants offering energy and/or RECs from operational facilities can exclude Attachment J3 and J4 related to construction of a new facility. PG&E reserves the right to request copies of documents listed in a Participant's Offers(s) but not already included in electronic received.

Joint Offers: If Participant is submitting a joint Offer with another Participant, each Participant will need to be registered as a separate Participant in Power Advocate from any other entity submitting an offer and PG&E may require additional documentation or conditions, such as retaining separate legal counsel, restricting the sharing of certain information, or requiring all parties to the joint Offer to execute a modified confidentiality agreement and agree to modified Protocol Terms and Conditions.

Contents:

1. Introductory Folder   Format: MS Word

Provide an Introductory Letter with project information (e.g., technology, capacity, product type, etc.) and a description of any offer variation, if applicable. One Offer variation must be with the form PPA without modification and that complies with the credit requirements. Address any potential changes to the project due to an Offer variation in the information below. A separate Offer Form is required for an Offer variation; however, to reduce duplication, an entirely new package is not required.

2. Offer Form Folder   Format: MS Excel

Offers that meet the definition of a Category 1 product must complete Offer Form D1. Category 2 and 3 products must complete Offer Form D2. Please provide all applicable information requested in the Offer Form.

A separate Attachment D must be filled out in its entirety and submitted for each discrete Offer submitted.

Once a Seller has entered the requisite data in the Offer Form, they should click on the "Validation" tab on the Offer Form to ensure that they have provided the required information.

Participants of Offers for Product from a new or existing ERR must complete the Project Viability Calculator score worksheet, including detailed notes supporting Participant's score for each criteria in the calculator.

The Offer Form includes an electronic signature box, which must be checked, by which Participants agree to the terms and conditions of the Protocol identified in Attachment A. The offer form also includes the Project Viability Calculator and Supplier Diversity Questionnaire.

3. Transmission and Interconnection Folder — Format: pdf or MS Word

Please include your Phase II or equivalent interconnection study with applicable appendices. If you have any interconnection agreement, please submit that as well. For existing or repowered projects that do not include an increase to existing capacity, please provide your interconnection agreement.

Please provide the requested information in Attachment L related to the transmission requirements of the Project. Exclude for existing projects that do not include an increase to existing capacity.

4. Term Sheet Folder — Format: MS Word

For each Offer, please submit a detailed term sheet, using the template provided in Attachment I. The term sheet lists the most significant terms and conditions in PG&E's form Agreements. Seller should populate the term sheet by indicating whether Seller agrees to PG&E's form Agreement language for each term or by noting any changes to the form language requested by the Seller. Prior to completing the term sheet, Seller should carefully review the form Agreements. Please note the shaded sections in the form Agreements, which indicate terms that may not be modified in accordance with and as specified in CPUC Decisions (D.) 04-06-014, D.07-02-011, D.07-11-025 and D.11-01-025. Participants offering Product Category 1 or 2 Offers should review the PPA in Attachment H1. Participants offering Product Category 3 Offers should review the REC Agreement in Attachment H2. If a Product Category 2 Offer is Shortlisted, PG&E will provide a modified PPA to better reflect the structure of the Product Category 2 transaction.

5. Project Description Folder

Please include the attachments below in this folder.

ATTACHMENT	TITLE	DESCRIPTION	FORMAT
J1	Project Description	Please describe the existing or proposed Project, single-spaced, and include the requested information	MS Word
J2	Other Project Attributes	Please describe other characteristics of the Project requested. [For Offers with energy storage, provide description of operating parameters and/or limitations associated with the dispatch of the energy storage component.]	MS Word
J3	Site Control	Please provide information relating to the Project's location and generation-tie line ("Gen-Tie") route as requested	MS Word, PDF and GIS compatible
J4	Project Milestone Schedule	Exclude for existing projects that do not include an increase to existing capacity	MS Word
J5	Experience and Qualifications	Please describe the Participants' experience and staff qualifications, including but not limited to information requested	MS Word
J6	Supplemental CEC filing	Please provide the requested information	MS Word

E. Attachment Submission Deadline

Attachments are to be submitted during various dates of the RFO process and are to follow the folder structure as identified above. Participants should follow the guideline presented in the table below regarding submission.

Table VI.1: Attachment Submission Schedule

SUBMISSION DATE	ATTACHMENT
January 6, 2015	• Bidders' Webinar Registration
Stage 1: January 28, 2015, 1:00 P.M. PPT	• Introductory Letter • Attachment D1 or D2: Offer Form, as applicable • Attachment L[7] Transmission and Interconnection
Stage 2: February 4, 2015, 1:00 P.M. PPT	• Attachment I: Term Sheet and Attachment J1 to J6: Project Information
April 20, 2015	Shortlisted Bidders Only • Attachment B: Form of Letter of Credit • Attachment E: all items listed under Section A, Participant Organizational Information • Attachment G: Confidentiality Agreement • Attachment F: Request for Taxpayer ID Number (W-9)
Negotiation Period TBD	Shortlisted Bidders Only • Attachment H1 or H2: Forms of Power Purchase Agreement or Renewable Energy Credit Purchase Agreement • Attachment E: all items listed under Section B, Participant Financial Information • Attachment M: Additional Project Information

[7] Includes the Phase II study or equivalent and if applicable the interconnection agreement.

Participants should review the applicable form Agreements. Detailed mark-ups of the form Agreements are not required with Participant's Offer, but Participant should be familiar with the terms and conditions in order to provide the detailed term sheet requested.[8] All executed documents must include the accompanying Microsoft Word file.

Attachment A (Solicitation Protocol Terms and Conditions) and Attachment K (Detailed Least Cost Best Fit Evaluation Criteria) do not need to be submitted.

VII. OFFER PRICING

A. Pricing for Power Purchase Agreements

Offers must be made in the following units:

Table VII.1: Product Pricing Units

Product	Price Units
As-Available	$/MWh
Baseload	$/MWh
As-Available or Baseload Offers with Dispatchable Storage	$/MWh for RPS-eligible product, plus an additional $/MWh for all delivered energy as long as storage is functioning according to contractual obligations[9]
Dispatchable, no storage	Capacity: $/kW-year Energy: $/MWh
REC	$/MWh

Participants will enter prices into the Offer Sheet (Attachment D). Except for Dispatchable products, the price should be an all-in-price for the product.

[8] The applicable PPA for power from projects that meet D.11-02-052's definition of a Category 1 product is Attachment H1. If shortlisted, Participants offering a Category 2 product will use a customized, modified form of Attachment H1. Participants should consider form H1 when developing their term sheet. The applicable PPA for Category 3 products is Attachment H2.

[9] PPA terms and conditions for projects with storage will be negotiated on a case by case basis. As long as storage is operating as agreed to in the PPA, PG&E will pay the RPS-eligible product + Storage price for all delivered MWh. If the storage resource is not operating as required, PG&E will pay the RPS-eligible product only price for all delivered MWh.

B. Pricing for As-Available and Baseload Products

For As-Available and Baseload products, Sellers will be paid for renewable energy and capacity delivered, in $/MWh, according to the Time of Delivery ("TOD") schedule shown in Table VII.2 below, which reflects the relative value of the energy and capacity during the respective periods. Different TOD factors will apply if the project is fully deliverable or energy-only. For example, Sellers that offer a fully deliverable product that provides energy and capacity will be paid their contract price times a TOD factor of 2.2304 for each Peak hour of energy delivery from July 1 to September 30. Similarly, Sellers will be paid their contract price times a TOD factor of 0.9299 for each Night Hour of delivery from April 1 to June 30.

Table VII.2: Time of Delivery (TOD) Periods & Factors

TOD FACTORS FOR EACH FULLY DELIVERABLE TOD PERIOD			
Period	**1. Peak**	**2. Shoulder**	**3. Night**
Jul – Sep	2.2304	0.8067	0.9569
Oct – Mar	1.1982	0.7741	0.9399
Apr – Jun	1.1941	0.6585	0.9299
TOD FACTORS FOR EACH ENERGY ONLY TOD PERIOD			
Period	**1. Peak**	**2. Shoulder**	**3. Night**
Jul – Sep	1.4514	0.8317	1.0144
Oct – Mar	1.2855	0.8312	1.0092
Apr – Jun	1.1327	0.7036	0.9977

Definitions:

1. **Peak** = hours ending 16-21 (Pacific Prevailing Time (PPT)) all days in the applicable Monthly Period.

2. **Shoulder** = hours ending 7-15 PPT all days in the applicable Monthly Period.

3. **Night** = hours ending 1-6, 22, 23 and 24 PPT all days in the applicable Monthly Period.

C. Pricing for Dispatchable Products

For Dispatchable products, capacity payments will be paid based on demonstrated availability. To receive the full fixed payment in a given month, the Project will have to demonstrate an Availability Factor at or above the specified Minimum Availability for that month specified in the PPA. To improve the potential value of its Offer, the Participant has the option, but not the obligation, to offer higher Minimum Availability Factors.

D. Pricing for Storage Products

For RPS Offers with dispatchable storage charging from the ERR facility only, Sellers will be paid for renewable energy delivered, in $/MWh with no TOD factors applied. The Contract Price submitted by the Participant should reflect the fact that TOD factors will not be applied in determining payments under the PPA. In addition to the aforementioned payment, a storage price in $/MWh may be specified by Seller for the storage resource. For RPS offers with storage where PG&E cannot dispatch the storage component, Sellers will be paid in the same manner as discussed in Section VII.B ($/MWh with TOD factors applied).

VIII. EVALUATION OF OFFERS

PG&E will base its evaluation of Offers upon the information contained in the submitted Offer forms. This evaluation will identify the Projects with which PG&E will enter into negotiations, that is, "Shortlisted Projects." Participants are required to submit accurate figures, descriptions and calculations with their Offers. The least-cost, best-fit evaluation criteria that are described in more detail in Attachment K include Market Valuation, Transmission Network Upgrade Costs, Location, RPS Portfolio Need, Energy Firmness, Integration Costs, Curtailment, Project Viability, Contribution to RPS Goals, and Supplier Diversity. In accordance with Attachment K of this Protocol, PG&E may also consider additional qualitative aspects of offers. In addition, PG&E will consider in its evaluation any limitations on Product Categories 2 and 3 for use towards RPS compliance requirements.

Each Offer will be assessed on each of the criteria described in this Section VIII, and further detailed in Attachment K of this Solicitation Protocol.

A. Market Valuation

Market Valuation compares an Offer's costs to its market value. Pursuant to D.12-11-016, NMV is calculated for each Offer as follows:

Net Market Value: R = (E + C) – (P + T + G + I)

Adjusted Net Market Value: A = R + S

Where:

E = Energy Value
C = Capacity Value
P = Post-Time-Of-Delivery (TOD) Adjusted Power Purchase Agreement (PPA) Price
T = Transmission Network Upgrade Cost
G = Congestion Cost
I = Integration Costs
S = Ancillary Service Value

The risks and uncertainties associated with an Offer's costs and benefits will be considered as part of Market Valuation. These costs and benefits do not include the costs and benefits associated with an Offer's impact on PG&E's portfolio positions.

1. Energy Value

PG&E will assess the market value of the energy deliveries based on the hourly generation profile of the Offer, initial energy delivery date, delivery term of the Transaction, and delivery location. If an Offer includes energy storage that is dispatchable by PG&E, the incremental energy value from being able to shift the energy given the operational constraints of the energy storage provided in the Offer will be assessed as well. The market value of the energy will be based on the appropriate forward price curves for the corresponding Trading Hub. The Loss multipliers will be used to incorporate losses specific for the location. For REC-only Offers, the energy value will be zero. With Buyer Curtailment, the energy value will include the expected value of Buyer Curtailments for avoiding (presumably negative) wholesale market spot price for the generation from the project.

2. Capacity Value

The value of capacity, including local reliability benefits, associated with each Offer will be determined based on the projected monthly quantity of qualifying capacity. Resources with an expected finding of full capacity deliverability from the CAISO will be attributed the capacity value. To the extent that an Offer provides flexible capacity, the capacity that is expected to count for flexible RA will be evaluated at the projected monthly premium for flexible RA and added to the Capacity Benefit. It will be assumed that the qualifying capacity is zero for energy-only deliveries. For REC-only Offers, the capacity value will also be zero.

3. Ancillary Services

Ancillary Services (A/S) value will be assessed based on the A/S capability of the Offer. For Offers that provide PG&E the ability to schedule A/S and receive market revenues, the incremental benefit of having A/S capability will be captured, not to be double counted with the Energy Value.

4. Post-Time-Of-Delivery (TOD) Adjusted Power Purchase Agreement (PPA) Price

PG&E will calculate the Post-TOD Adjusted PPA Price, including debt equivalence costs,[10] based on the hourly generation profile of the Offer, initial energy delivery date, delivery

[10] Debt equivalence is a term used by credit rating agencies to describe fixed financial obligations. The debt-like character of PPAs affects the credit rating agencies' view of the Utility's creditworthiness. Debt equivalence costs are the additional revenue requirements associated with rebalancing the Utility's capital structure to offset the incremental debt equivalence.

term of the Transaction, the Offer's contract price. For Dispatchable products, fixed payment calculated from the fixed capacity and Offer's fixed capacity price ($/kw-yr) under the Offer will be also added to the Post-TOD Adjusted PPA price after being levelized by the energy quantity.

5. Transmission Network Upgrade Cost

Transmission availability and transmission-related costs will be part of the Offer's Market evaluation. PG&E will use results from Participants' interconnection studies. Network upgrades include all facilities necessary to: (i) reinforce the transmission system after the point where a project's electricity first interconnects with and enters the subject utility's transmission grid; and (ii) transmit or deliver the full amount of generation from the Project. Network upgrades include transmission lines, transformer banks, special protection systems, substation breakers, capacitors, and other equipment needed to transfer power to the consumer. Network upgrades are typically upfront funded by Participants, and partially refunded after commercial operation. The refundable portion of the costs of network upgrades are included in transmission rates and paid by customers. Transmission cost adders reflect the cost of incremental, refundable network upgrades borne by customers. For projects that are fully deliverable, PG&E will consider the refundable portion of both reliability and deliverability network upgrades. For energy-only Projects, PG&E will consider only the refundable portion of reliability network upgrades when calculating a transmission adder. Any transmission cost adders attributed to the Project will also be considered in bid ranking.

Direct Assignment (or Gen-Tie Facilities): The Participant shall include in its bid price the estimated cost of all the facilities needed to interconnect the renewable energy generation facility to the first point of interconnection with the transmission system grid. These facilities are referred to as direct assignment facilities, or "gen-ties." Direct assignment facilities include the transformer bank used to step-up the generation output to transmission voltage, the outlet line between this step-up transformer bank and the transmission system, and protection and communication facilities needed for interconnection and safe operation of the generator. Since these costs are in the bid price, they are not included in the calculation of the transmission adder.

6. Congestion Cost

Congestion cost will be calculated based on the hourly generation profile of the Offer, initial energy delivery date, delivery term of the Transaction, and delivery location. The Congestion Cost will be positive if the project is located in an area where the transmission lines are constrained due to serving loads outside of the area from the generation within the area. The Congestion Cost will be negative if the project is located in an area where the transmission lines are constrained due to serving loads within the area from the generation outside of the area. Congestion Cost multipliers will be used to incorporate congestion costs specific for the location. For REC-only Offers, the Congestion Cost will be zero.

7. Integration Cost

8. Pursuant toD.14-11-042, an interim integration cost adder for intermittent resources will be used in the 2014 RPS Solicitation. For a description of the integration cost adder methodology, see Attachment K to this Protocol . Market Valuation for Offers With Storage

PG&E evaluates the market value from dispatchable storage bundled in an Offer for its ability to (1) shift renewable energy to more valuable hours; (2) provide A/S from stored energy and storage capacity; and (3) provide flexible RA using the energy storage constraints PG&E requests that Seller provide. For detail on the valuation of offers with storage, see Attachment K.

B. Portfolio Adjusted Value

Portfolio Adjusted Value ("PAV") consists of several components: (1) Location; (2) RPS Portfolio Need; (3) Energy Firmness; and (4) Curtailment. Attachment K provides a more detailed description of the PAV.

1. Location

PG&E has a preference for projects in its service territory. This preference is influenced by constraints in the market that may limit the amount of capacity in SP15 that PG&E can count toward its RA requirement. Capacity located closer to PG&E's load is likely to have more value for PG&E's bundled electric portfolio, even when market forward prices indicate that energy delivered farther away has greater Market Value. The long-term risk for PG&E's customers is less when resources are located within PG&E's service territory rather than outside of PG&E's service territory. The calculation of PAV effectuates this by adjusting the value of energy and capacity for offers from resources in SP15. Offers for RPS energy from resources in NP15 will have an equal or higher PAV than comparable offers from resources in SP15.

2. RPS Portfolio Need

To meet its zero to 1,600 GWh per year procurement target, PG&E seeks long-term Category 1 offers with contract start dates in 2020 and onwards. Category 2 and 3 offers (limited by procurement volume constraints) will also be considered if they are competitive. PG&E will consider how an offer contributes to PG&E's overall portfolio need for RPS energy. Offers that deliver RPS energy only in periods when PG&E's portfolio needs RPS energy will have higher PAV and rank better than comparable offers that deliver RPS energy in periods when PG&E's portfolio does not need RPS energy.

3. Energy Firmness

PG&E's Net Market Value calculation of Energy Value uses energy forward price curves that are associated with firm energy. Offers in the RPS RFO are typically not for firm energy. To value the energy benefit for an offer from a resource that has uncertainty in the minute-by-minute production of energy, a risk-adjusted multiplier is used in calculating

PAV. Offers that deliver RPS energy with greater firmness will have higher PAV and rank better than equivalent offers that deliver RPS energy with less firmness.

4. Curtailment

PG&E prefers offers that provide PG&E flexibility in scheduling a resource's generation. PG&E values the flexibility associated with Buyer Curtailment. While the 2014 RPS Form PPA requires unlimited Buyer Curtailment, for which the Seller will be compensated, D.14-11-042 requires, and PG&E will consider, Secondary Offer Variations that provide fewer hours of Buyer Curtailment, t For offer variations that do not include full Buyer Curtailment, PG&E will evaluate the reduction in value of reduced optionality with respect to Buyer Curtailments to PG&E's portfolio. The reduced value may include increases to the portfolio's costs for imbalance energy charges from the CAISO, extreme volatility in spot market prices for ancillary services, and similar costs associated with limited operational flexibility and challenges to managing the portfolio.

C. Project Viability

The CPUC developed a Project Viability Calculator ("PVC") with stakeholder participation from utilities, renewable project developers and ratepayer advocates. The CPUC's PVC, along with background on its development, instructions for use and criteria scoring guidelines can be found on http://www.cpuc.ca.gov/PUC/energy/Renewables/procurement.htm and in the PVC itself.

PG&E will evaluate the project viability of each offer using the June 2, 2011 CPUC adopted version of the PVC. Participants are requested to self-score each of their offers using the PVC in Attachment D1 and provide supporting documentation for each score. PG&E will review all submissions and adjust self-scores as appropriate. For background, a project's viability score is based on weighted scores in three categories: (1) Company/Development Team; (2) Technology; and (3) Development Milestones. The Project Viability assessment results in a score ranging from 0 to 100 points with 100 being the highest possible score. Offer information required by PG&E for evaluation of project viability is described in this 2014 Solicitation Protocol Section VI. The Participant's claims in all three categories are verified to the extent possible using publicly available data and/or PG&E data.

D. RPS Goals

The RPS Goals evaluation will take into account the Offer's support of the CPUC's and Legislature's RPS program benefits and goals and the state's biomass energy goals, as further described in Attachment K.

E. Energy Storage Procurement Targets

PG&E will take into account the Offer's contribution to meeting PG&E's energy storage procurement targets, established in D.13-10-040.

F. Supplier Diversity

It is the policy of PG&E that Diverse Business Enterprises ("DBE") such as Women-, Minority- and Service Disabled Veteran-owned Business Enterprises ("WMDVBE") and Lesbian, Gay, Bisexual, and Transgender-owned Business Enterprises ("LGBT") shall have the maximum practicable opportunity to participate in the performance of Agreements resulting from this Solicitation. PG&E encourages Participants to carry out PG&E's policy and contribute to PG&E's supplier diversity goal of reaching greater than 30 percent of all procurement with DBEs. The Supplier Diversity evaluation will take into account the Participant's status as a DBE, intent to subcontract with DBEs, and the Participant's own Supplier Diversity Program.

Supplier Diversity is a consideration in the selection process. If Participant is selected and a PPA is negotiated, the PPA will include a requirement to make good faith efforts toward meeting the contracted supplier diversity target, and successful bidder(s) will be expected to report payments made to DBEs to support the project upon request but no less than annually.

G. Credit

Following Shortlisting, PG&E may consider the Participant's capability to perform all of its financial and financing obligations under the Agreements and PG&E's overall credit concentration with the Participant or its banks, including any of Participant's affiliates.

H. Contract Tenor

PG&E prefers long-term transactions to match the portfolio's long-term RPS need, and therefore is seeking Agreements with delivery periods primarily 10 years or greater. A countervailing consideration is that longer-term transactions may pose greater project risk because of uncertainty in market conditions. PG&E therefore has a preference for offers with delivery periods of 10 to 15 years rather than delivery periods lasting 20 years or more.

I. Modifications

PG&E will assess the materiality and cost impact of any of Participant's proposed modifications to Solicitation requirements and the applicable Agreement or term sheet. PG&E strongly encourages Participants to only make those changes to the Agreement that address particular technology, project development or operational issues. PG&E will give additional consideration to Participants that agree to take on additional risk beyond what is specified in the form PPA, such as Seller agreement to be responsible for CAISO imbalance charges. The specially-marked Agreement terms are non-modifiable by Commission order and shall not be modified.

J. Counterparty Concentration

PG&E may consider the volume of energy already under contract from a particular counterparty, as well as offers received in this RFO.

K. Resource Diversity

PG&E may consider resource diversity, on a qualitative basis, on its portfolio.[11]

L. Other Qualitative Considerations

In addition to the criteria specifically listed above, PG&E may consider other qualitative factors that could impact the value or viability of bids, including, but not limited to: safety issues that affect performance; PG&E's past commercial experiences with a counterparty; project size; and the location of a generation resource.

IX. CREDIT

Participants that execute an Agreement with PG&E, whether the Project is new or existing, 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 Seller is otherwise unable to meet the conditions of the Agreement prior to the start of the delivery term. PG&E will retain the Project Development Security or Pre-Delivery Term Security to cover the liquidated damages due to PG&E in the event the Participant defaults under the terms of the Agreement prior to the start of the Delivery Term. All Project Development Security or Pre-Delivery Term Security must be in the form of Letter of Credit or cash. If providing a Letter of Credit, please review carefully the Letter of Credit requirements set forth in the applicable Agreement. PG&E at its sole discretion may modify the security requirements depending on the status of the facility and commencement of the delivery term.

A. New Resource Project Development Security

Product Category 1 and 2 Credit Requirements: Participants that execute a PPA for Product Category 1 or 2 transactions must post Project Development Security, as follows:

a) in the amount of $15/kW which must be posted within five (5) business days following the date on which the Agreement is executed and maintained until

b) thirty (30) days following CPUC Approval, as defined in the form Agreements, at which time the security must increase to **$90/kW** for baseload and dispatchable and **$60/kW** for intermittent resources, and maintained until Delivery Term Security is posted.

Product Category 3: Participants that execute a REC Agreement, which is a Product Category 3 transaction, must post Project Development Security as follows:

[11] Per Decision 04-07-029, a utility can use resource diversity as a qualitative attribute in its bid evaluation.

a) in the amount of $15/kW which must be posted within five (5) business days following the date on which the Agreement is executed and maintained until

b) thirty (30) days following CPUC Approval, as defined in the form Agreements, at which time the security must increase to **$50/kW** and maintained until Delivery Term Security is posted pursuant. For pooled REC offers, PG&E will assume that RECs are delivered at 100% capacity factor for purposes of calculating the Project Development Security.

B. Existing Resource Pre-Delivery Term Security

Pre-Delivery Term Security requirements are the same for Product Category 1, 2 and 3 offers from existing resources. Sellers must post Pre-Delivery Term Security as follows:

a) the amount of $15/kW which must be posted within five (5) business days following the date on which the Agreement is executed and maintained until

b) thirty (30) days following CPUC Approval, as defined in the form Agreements, at which time the security must increase to **$25/kW** and maintained until Delivery Term Security is posted.

C. Delivery Term Security

In order to commence the Delivery Term, the Participant must post collateral in the form of cash, Letter of Credit, or guaranty acceptable to PG&E, in the amounts indicated in the Performance Assurances Standards table below, and maintain it until the end of the Delivery Term, as such term is defined in the Agreement.

The Delivery Term Security will be based upon 6, 9 or 12 months of the minimum expected revenue from the Project during the Delivery Term, as set forth in Table IX.1 below. The minimum expected revenue is calculated using the average Contract Price and the average quantity of energy based on contractual Guaranteed Energy Production during the Delivery Term, which is the minimum energy production required under the PPA. (See Section 3.1 of the form PPA, Attachment H1). Guaranteed Energy Production is 80 percent of expected Contract Quantity for solar and wind, and 90 percent for other technologies. Participants can calculate the amount of Delivery Term Security applicable to the Offer by using the calculator in Attachment D of this Solicitation Protocol. Participants must be able to demonstrate their financial ability to provide such security.

Table IX.1

Term		
10 Yr Contract	**15 Yr Contract**	**20 Yr or Greater Contract**
Delivery Term Security: 6 months minimum expected revenue of the Project	Delivery Term Security: 9 months minimum expected revenue of the Project	Delivery Term Security: 12 months minimum expected revenue of the Project

Delivery term security is the same for Product Category 1, 2, or 3 Offers.

X. CONFIDENTIALITY/SECURITIES AND EXCHANGE COMMISSION DISCLOSURE

A. Confidentiality

Except with PG&E's prior written consent, no Participant shall disclose its participation in this Solicitation (other than by attendance at any meeting held by PG&E with respect to the Solicitation) or collaborate on, or discuss with any other Participant or potential Participant bidding strategies or the substance of any Offer(s), including without limitation the price or any other terms or conditions of any Offer(s).

Except as provided below, all information and documents clearly identified by Participant as "Confidential" on the page(s) on which confidential information appears shall be considered confidential information. PG&E shall not disclose such information and documents to any third parties except for PG&E's or PG&E Corporation's, officers, directors, employees, agents, counsel, accountants, advisors, or contractors who have a need to know such information and have agreed to keep such information confidential and except as provided below.

Notwithstanding the foregoing, it is expressly contemplated that the information and documents submitted by Participant in connection with this Solicitation will be provided to the CPUC, its staff, the Independent Evaluator, and the PRG for their review. PG&E will seek confidential treatment under D.06-06-066, any successor orders, and/or pursuant to California Public Utilities Code § 583 and General Order 66-C of the CPUC, with respect to any Participant-supplied non-public Solicitation information and documents ("Participant's Confidential Information") that are submitted by PG&E to the CPUC for the purpose of obtaining Regulatory Approval, as discussed in Section XIV. PG&E will also seek confidentiality and/or non-disclosure agreements with the PRG applicable to confidential information submitted by Participants in connection with the Solicitation. PG&E cannot, however, ensure that the CPUC will afford confidential treatment to Participant's Confidential Information, or that confidentiality agreements or orders will be obtained from and/or honored by the PRG or the CPUC.

PG&E retains the right to disclose any information or documents provided by Participant, including Participant's confidential information, to the CPUC, the PRG, CEC and to any other entity in order to comply with any applicable law, regulation, or any exchange, control area or CAISO rule, or order issued by a court or entity with competent jurisdiction over PG&E at any time even in the absence of a protective order, confidentiality agreement or nondisclosure agreement, as the case may be, without notification to Participant and without liability or any responsibility of PG&E to Participant.

As provided in Section III.A once a Participant is selected for PG&E's Shortlist, the Participant must execute a Confidentiality Agreement (Attachment G) and return such

Confidentiality Agreement, along with the required Offer Deposit within ten (10) business days of notification of their selection in order to continue to participate in the Solicitation.

B. Securities and Exchange Commission Disclosure

For each Participant who enters into an Agreement with PG&E, Generally Accepted Accounting Principles and Securities and Exchange Commission rules require PG&E to evaluate if the Participant's financial information must be consolidated by PG&E. Some general guidelines for determining whether consolidation must occur include:

(i) Determination if the Participant is a variable interest entity under Generally Accepted Accounting Principles;
(ii) Determination of allocation of risk and benefits;
(iii) Proportion of total project output being purchased by PG&E;
(iv) Proportion of expected remaining project life being committed to PG&E; and
(v) Pricing provisions of the Agreement; that is, does the Agreement contain fixed long-term prices or does pricing vary over the term of the Agreement based on market conditions or other factors.

Following Shortlisting, if PG&E determines that consolidation is required, PG&E may require the following during every calendar quarter for the term of an Agreement:

(i) Complete financial statements and notes to financial statements; and
(ii) Financial schedules underlying the financial statements, all within fifteen (15) days of the end of each quarter.

Participant's information provided to PG&E for purposes of consolidation shall be treated confidentially and only disclosed on an aggregate basis with other similar entities for which PG&E has power purchase contracts. The information will only be used for financial statement purposes and shall not be otherwise shared with internal or external parties.

XI. PROCUREMENT REVIEW GROUP REVIEW

Following completion of the evaluation and rankings of Offers, PG&E will submit the results of the evaluation and its recommendations to its PRG. Such information will include at least the all-in cost ranking of Offers, an explanation of the application of transmission cost adders and other integration costs, the use of non-price evaluation criteria, and PG&E's recommendations based on such information. PG&E has no obligation to obtain the concurrence of the PRG with respect to any Offer.

PG&E assumes no responsibility for the actions of the PRG, including actions that may delay or otherwise affect the schedule for this Solicitation, including the timing of the selection of Participants and the obtaining of Regulatory Approval.

XII. SHORTLIST NOTIFICATION TO PARTICIPANTS

The Solicitation schedule set forth in Section III may be modified at PG&E's sole discretion. PG&E expects to be able to provide an e-mail notification to Participants whose Offers have been Shortlisted and invite the Shortlisted Participants to conduct discussions and negotiations with PG&E regarding Participant's Offer. PG&E anticipates notifying those Participants not selected to the Shortlist shortly thereafter. As previously stated, PG&E also reserves the right to contact selected Participants during the evaluation process to clarify any Offers. PG&E also reserves the right to ask shortlisted participants additional information not already provided in the Offer package.

XIII. EXECUTION OF AGREEMENT

By submitting an Offer Deposit upon Shortlisting, Participant agrees to enter into an Agreement that substantially reflects the proposed commercial terms set forth in this Solicitation Protocol, but to which Participant may propose modifications in the Term Sheet. PG&E, in its sole discretion, will determine whether any proposed modifications of the Agreement are acceptable and reserves the right to decline to execute any Agreement with a selected Participant.

XIV. REGULATORY APPROVAL

As described in each Agreement, Participant's obligation to deliver, and PG&E's obligation to purchase, product from Participant's project are expressly conditioned on the occurrence of Regulatory Approval and other conditions precedent set forth in the executed Agreement. As used within this Solicitation Protocol and in the context of the Solicitation, "Regulatory Approval" means at a minimum, a final and non-appealable order or orders of the CPUC, without conditions or modifications unacceptable to the Parties, or either of them, which does the following:

1. Approves the Agreement with Participant in its entirety, including payments to be made by PG&E, subject to CPUC review of PG&E's administration of the Agreement, and finds PG&E's entry into the Agreement is reasonable.

2. Authorizes PG&E to recover approved payments and/or revenue requirements in utility rates.

3. Finds that any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California RPS (Public Utilities Code Section 399.11 *et seq.*), Decision 03-06-071, or other applicable law.

XV. DISPUTE RESOLUTION

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

By submitting an Offer, Participant agrees that the only forums in which Participant may assert any challenge with respect to the conduct or results of the Solicitation is the CPUC's RPS Order Instituting Rulemaking ("OIR") docket, R.11-05-005[12] or 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:
www.cpuc.ca.gov/PUBLISHED/Agenda_resolution/47777.htm.

Participant further agrees that other than through the ADR process, the only means of challenging the conduct or results of the Solicitation is a protest to an Advice Letter Filing seeking approval of one or more Agreements entered into as a result of the Solicitation, that the sole basis for any such protest shall be that PG&E allegedly failed in a material respect to conduct the Solicitation in accordance with this Protocol, and the exclusive remedy available to Participant in the case of such a protest shall be an order of the CPUC that PG&E again conduct any portion of the Solicitation that the CPUC determines was not previously conducted in accordance with the Solicitation 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 such a protest or ADR process, the Solicitation and any related regulatory proceedings related to the Solicitation, including the RPS OIR, will continue as if the protest had not been filed, unless the CPUC has issued an order suspending the Solicitation or PG&E has elected to terminate the Solicitation.

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 protest to an advice letter filing with the CPUC resulting from the Solicitation.

[12] Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program, Rulemaking 11-05-005.

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. Nothing in this Protocol is intended to prevent any Participant from informally communicating with the CPUC or its staff regarding this Solicitation or any other matter.

XVI. TERMINATION OF THE SOLICITATION – RELATED MATTERS

PG&E reserves the right at any time, in its sole discretion, to terminate the Solicitation 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 Solicitation may include the assertion of any Waived Claims by a Participant or a determination by PG&E that, following evaluation of the Offers, there are no Offers that provide adequate customer benefit.

PG&E reserves the right to change the Offer evaluation criteria for any reason, to terminate further participation in this process by any Participant, to accept any Offer or to enter into any Agreement, to evaluate the qualifications of any Participant, and to reject any or all Offers, 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 Offer.

In the event of termination of the Solicitation for any reason, PG&E will not reimburse Participant for any expenses incurred in connection with the Solicitation except the Offer Deposit as expressly provided in Sections V, as applicable. PG&E shall have no obligation to reimburse any Participant's expenses regardless of whether such Participant's Offer is selected, not selected, rejected or disqualified.