



**Biomethane Request for Offers
in Support of the
2019 System Reliability RFO
Distributed Generation Enabled
Microgrid Services (“DGEMS”) Phase
Solicitation Protocol**

Issuance Date: January 10, 2020

Table of Contents

I. OVERVIEW	1
A. OVERVIEW	1
B. BIOMETHANE RFO COMMUNICATION	1
C. SCHEDULE	2
D. DISCLAIMERS FOR REJECTING OFFERS AND/OR TERMINATING THIS RFO	3
II. RFO PRODUCT AND GOALS	3
A. PRODUCT ATTRIBUTES.....	3
III. EVALUATION CRITERIA.....	4
A. QUANTITATIVE EVALUATION	4
B. QUALITATIVE EVALUATION	4
IV. REQUIRED INFORMATION.....	5
A. SUBMISSION OVERVIEW.....	5
V. CONFIDENTIALITY	5
VI. PROCUREMENT REVIEW GROUP REVIEW	6
VII. REGULATORY APPROVAL	6
VIII. DISPUTE RESOLUTION.....	6
IX. TERMINATION OF THE RFO-RELATED MATTERS	7
X. BIDDER’S REPRESENTATIONS AND WARRANTIES.....	8

LIST OF ATTACHMENTS

Attachment A: Term Sheet for PG&E Electric Fuels Biomethane RFO

Attachment B: North American Energy Standards Board (“NAESB”) NAESB Base Contract for Sale and Purchase of Natural Gas

Attachment C: North American Energy Standards Board (“NAESB”) NAESB Special Provisions to the Base Contract for Sale and Purchase of Natural Gas

I. Overview

A. Overview

Pacific Gas and Electric Company (“PG&E”) is issuing this Biomethane Request for Offers (“RFO”) to support the Distributed Generation Enabled Microgrid Services (“DGEMS”) Phase of PG&E’s 2019 System Reliability RFO issued on December 11, 2019.

This Biomethane RFO is intended to solicit offers (“Offers”) from bidders (“Bidders”) to procure incremental biomethane, to be used as fuel to produce electricity in the event that a project executed from the DGEMS RFO requires methane as a fuel to produce electricity.

This Solicitation Protocol describes the process by which PG&E seeks, evaluates, and accepts Offers in the Biomethane RFO from selected Bidders (“Sellers”).

PG&E intends to contract for the biomethane to support the DGEMS RFO using an agreement based on a North American Energy Standards Board (“NAESB”) Base Contract for the Sale and Purchase of Natural Gas (“NAESB Base Contract”), NAESB Special Provisions to the Base Contract for Sale and Purchase of Natural Gas (“NAESB Special Provisions”), and the Term Sheet which, for Bidders reaching mutual agreement with PG&E (“Successful Bidders”), will be documented as a confirmation to the NAESB Base Contract and NAESB Special Provisions (“Transaction Confirmation”). The NAESB Base Contract, NAESB Special Provisions and the Transaction Confirmation are collectively referred to as “the Agreement Documents”.

This Solicitation Protocol describes the procedures a Bidder must follow in order to participate in the RFO. Capitalized terms used in this Solicitation Protocol but not defined herein, have the meanings set forth in the Term Sheet.

More information on the 2019 System Reliability RFO, DGEMS phase, can be found here: <https://www.pge.com/System Reliability RFO-DGEMS>

More information on California Public Utilities Commission (“CPUC”) Decision D.19-11-016 can be found here: [D. 19-11-016](#).

All transactions resulting from this RFO are subject to CPUC approval as well as U.S. Bankruptcy Court approval in connection with Bankruptcy Case Nos. 19-30088 (DM) and 19-30089 (DM).

B. Biomethane RFO Communication

To promote efficiency and consistency of the information provided to all Bidders, PG&E encourages Bidders to submit any inquiries related to the Biomethane RFO via e-mail to BiomethaneRFO@pge.com. With respect to matters of general interest raised by any Bidder, PG&E may, without reference to the specific Bidder raising such matter or initiating the inquiry, reply to all parties on the RFO distribution list with the questions

and responses. PG&E may, in its sole discretion, decline to respond to any email or other inquiry.

Any exchange of material information regarding this RFO between Bidder and PG&E must be submitted to both PG&E and the Independent Evaluator (“IE”). The IE is an independent, third party evaluator who is required by CPUC Decision 14-12-048 to ensure this RFO is conducted in a fair and equitable manner. The Independent Evaluator for this RFO is Merrimack Energy whose email address is MerrimackIE@merrimackenergy.com. The IE should be copied on all communication between PG&E and any Bidder.

C. Schedule

The RFO schedule is subject to change to conform to any CPUC and U.S. Bankruptcy Court requirements, but otherwise is at the discretion of PG&E. PG&E will notify interested/participating Bidders of any schedule changes. PG&E will have no liability or responsibility to any Bidder for any change in the schedule or for failing to provide notice of any change.

Please submit the Offers via email to BiomethaneRFO@pge.com, with a copy to the IE, by 5:00 p.m. Pacific Prevailing Time on January 31, 2020.

Offers must contain:

- A completed Biomethane Term Sheet, with mark ups if applicable; and
- Evidence that the biomethane from Bidder’s project(s) will be Exempt Biomethane per the California Air Resources Board Cap and Trade Regulations; or evidence that the biomethane from Bidder’s project(s) will be eligible under the California Renewable Portfolio Standard (“RPS-eligible”).

Initial Submission

Interested Bidders that do not have a NAESB Base Contract in place with PG&E on behalf of its Electric Fuels function (“PG&E – Electric Fuels”) are required to submit a completed and signed NAESB Base Contract and a completed and signed NAESB Special Provisions in addition to the completed Biomethane Term Sheet and evidence of biomethane exemption or RPS-eligible status referenced above.

Selected Offers

PG&E will notify Bidders whose Offers are selected for further negotiations (“Selected Offers”) by 5:00 p.m. Pacific Prevailing Time on February 7, 2020. Notification to the Bidders with Selected Offers will be provided via email.

PG&E will select Offers according to the evaluation criteria described in Section III, “Evaluation Criteria”. Offers other than the Selected Offers may, at the sole discretion of PG&E, be placed on a waitlist to be selected, in order of evaluation results and selection constraints, should any Selected Offers be eliminated from the RFO process. PG&E will engage in limited negotiations with Bidders with Selected Offers.

Execution and Regulatory Approval.

Following limited negotiations with Bidders with Selected Offers, PG&E will determine the Selected Offers that are ready for Agreement Documents execution (“Successful Offers”), if any, and PG&E will require the Successful Bidders to execute a Transaction Confirmation, in addition to the other Agreement Documents if not previously executed.

Once PG&E and the Bidders with Selected Offers execute the Transaction Confirmation, if any, resulting from this RFO, PG&E will submit Agreement Documents to the CPUC for approval via an advice letter filing and to the U.S. Bankruptcy Court for approval. The transaction will not become effective unless both the CPUC and U.S. Bankruptcy Court has approved it. Additional regulatory approval information is provided in Section VII, Regulatory Approval.

D. Disclaimers for Rejecting Offers and/or Terminating this RFO

This RFO does not constitute an offer to buy and creates no obligation to execute any agreement or to enter into a transaction under an agreement as a consequence of any aspect of the RFO. PG&E shall retain the right at any time, at its sole discretion, to reject any Offer on the grounds that it does not conform to the terms and conditions of this RFO and reserves the right to request information at any time during the solicitation process.

PG&E retains the discretion, subject to, if applicable, the approval of the CPUC and the U.S. Bankruptcy Court, to: (a) reject any Offer for any reason, including, but not limited to, the basis that an Offer is the result of market manipulation or is not cost competitive or any other applicable reason; (b) modify this RFO and the Term Sheet as it deems appropriate to implement the RFO and to comply with applicable law or other decisions or direction provided by the CPUC; and (c) terminate the RFO should the CPUC not authorize PG&E to procure the biomethane in the manner proposed in this RFO. In addition, PG&E reserves the right to either suspend or terminate this RFO at any time if such suspension is required by or with the approval of the CPUC. PG&E will not be liable in any way, by reason of such withdrawal, rejection, suspension, termination or any other action described in this Solicitation Protocol to any Bidder, whether submitting an Offer or not.

II. RFO Product and Goals

PG&E is seeking to procure biomethane up to 2.5 Billion Cubic Feet per year; provided that the volume will be determined by PG&E in its sole discretion after the conclusion of the 2019 System Reliability RFO – DGEMS phase, estimated to be late January 2020.

A. Product Attributes

1. Term: Up to ten (10) years beginning as early as May 1, 2020 but no later than August 1, 2020.
2. Price: Fixed price, in US\$ per MMBtu.

3. Quantity: Up to 2.5 Bcf/year.
4. Biomethane must meet the gas quality specifications set forth in PG&E's gas tariffs on file with the CPUC¹.
5. Bidders must ensure that the biomethane can be connected to the local gas distribution/transmission pipeline in the Bidder's project location and delivered to PG&E Citygate or an interconnection point on PG&E's gas system².
 - a. For those projects delivering to an interconnection point on PG&E's gas system and not PG&E Citygate, PG&E will procure the rest of the intra-state pipeline transportation needed for delivery to PG&E Citygate. The evaluation of those projects will reflect any incremental costs of pipeline procurement.
6. PG&E has the rights to current and future environmental, green, renewable credits associated with the production and use of such biomethane and the displacement of other fuel sources.
7. Bidders shall designate whether the biomethane is eligible either as Exempt Biomethane as defined in the Cap and Trade regulations or as Biomethane as defined in the California Energy Commission's Renewable Portfolio Standard Eligibility Guidebook.
8. At the time of Offer submittal, Bidders must have documentation showing that any projects are on track to be interconnected to meet the 2020 online date.

III. Evaluation Criteria

PG&E will evaluate Offers using the evaluation criteria outlined below.

A. Quantitative Evaluation

PG&E will use the following equation to calculate the value of each Offer: $(A + B) - (C)$ where:

- A. The market value, in dollars, of fossil-based natural gas delivered over the Delivery Period at PG&E Citygate, which equals the fossil price at PG&E Citygate multiplied by the offered volume over the Delivery Period less any incremental transportation charges associated with delivering the Biomethane to the PG&E Citygate from the Delivery Point selected in the Term Sheet
- B. The value, in dollars, of any Renewable Portfolio Standard (RPS)-eligible renewable energy credits (RECs) (if any) that the electric energy generated from the biomethane may produce over the Delivery Period
- C. The contract cost, in dollars, which equals the offer price multiplied by the offered volume over the Delivery Period

B. Qualitative Evaluation

PG&E will apply a qualitative adjustment factor for Bidders that have acceptable credit with PG&E and minimize proposed edits to the form of Agreement Documents.

1. Credit

¹ https://www.pge.com/tariffs/assets/pdf/tariffbook/GAS_RULES_21.pdf

² Information on PG&E Citygate and to connect to PG&E pipelines can be found on [California Gas Transmission](#)

PG&E may consider the Bidder's capability to perform all of its financial and financing obligations under the Agreement Documents and PG&E's overall credit concentration with the Bidder or its banks, including any of Bidder's affiliates or guarantors.

2. Other Qualitative Considerations

In addition to the criteria specifically listed above, PG&E may consider other qualitative factors that could impact the value of Offers, including, but not limited to PG&E's past commercial experience with a Bidder; Bidder concentration; and the existence of an acceptable NAESB agreement between PG&E and Bidder.

IV. Required Information

A. Submission Overview

All Offer submittal information pertaining to this RFO will be communicated via email.

Electronic Documents: The electronic documents for the attachments must be in a Microsoft Word, Excel file or Adobe Acrobat PDF file as applicable. For each document, please include the Bidder's company name in each file name.

V. Confidentiality

No Bidder shall collaborate on or discuss with any other Bidder or potential Bidder Offer strategies, the substance of any Offer(s), including without limitation, the price, the volume, available volumes, or any other terms or conditions of any Offer(s), or whether PG&E has Selected Offers or not.

All information and documents in Bidder's Offer that have been clearly identified and marked by Bidder as "Proprietary and Confidential" on each page on which confidential information appears shall be considered confidential information. PG&E shall not disclose such confidential information and documents to any third parties except for PG&E's 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 described below. In addition, Bidder's Offer will be disclosed to the IE.

PG&E expects that the information and documents submitted by Bidder in connection with this RFO, including Bidder's confidential information and all Agreement Documents, may be provided to the CPUC, its staff, and the Procurement Review Group ("PRG"), as established pursuant to Decision 02-08-071, and also to the U.S. Bankruptcy Court as required by the court's orders in Bankruptcy Case Nos. 19-30088 (DM) and 19-30089 (DM). PG&E retains the right to disclose any information or documents provided by Bidder to the CPUC, the PRG, and the U.S. Bankruptcy Court in the filings or in order to comply with any applicable law, regulation, or any exchange, control area or California Independent System Operator ("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 Bidder and without liability or any responsibility of PG&E to Bidder. PG&E cannot ensure that the CPUC or U.S. Bankruptcy Court will afford confidential treatment to Bidder's confidential information, or that confidentiality agreement or orders will be obtained from and/or honored by the PRG, the California Energy Commission ("CEC"), the CPUC or the U.S. Bankruptcy Court. By submitting an Offer, Bidder agrees to adhere and be bound by the confidentiality provisions described in this section.

The treatment of confidential information described above shall continue to apply to information related to Selected Offers.

VI. 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 Procurement Review Group ("PRG") members. PG&E will consider any alternative recommendations proposed by the PRG. PG&E, in its sole discretion, shall determine whether any alternatives proposed by the PRG should be adopted. 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 Offers and the obtaining of Regulatory Approval.

VII. Regulatory Approval

The effectiveness of the Agreement Documents for the purchase and sale of the biomethane is expressly conditioned on PG&E's receipt of final and non-appealable approval of the Agreement Documents from both the CPUC and the U.S. Bankruptcy Court ("Regulatory Approval").

VIII. Dispute Resolution

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

By submitting an Offer, Bidder agrees that the only processes for Bidder's assertion of any challenge with respect to the conduct or results of the RFO are:

- (i) the process established for 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. 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, or

(ii) a protest to an advice letter filing seeking approval of one or more transactions entered into as a result of the RFO, provided that the sole basis for any such protest can be that (a) PG&E allegedly failed in a material respect to conduct the RFO in accordance with this Solicitation Protocol, and (b) the exclusive remedy available to Bidder in the case of such a protest is an order of the CPUC that PG&E again conduct any portion of the RFO that the CPUC determines was not previously conducted in accordance with the Solicitation Protocol.

By submitting an Offer, Bidder 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 RFO and any related regulatory proceedings related to the RFO, will continue as if the protest had not been filed, unless the CPUC issues an order suspending the RFO or PG&E has elected to terminate the RFO.

Bidder agrees to indemnify and hold PG&E harmless from any and all claims by any other Bidder asserted in response to the assertion of a Waived Claim by Bidder or as a result of a Bidder's protest to an advice letter filing with the CPUC resulting from the RFO.

Except as expressly provided in this Solicitation Protocol, nothing, including Bidder'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 regarding this RFO. Nothing in this Solicitation Protocol is intended to prevent any Bidder from informally communicating with the CPUC or its staff regarding this RFO.

IX. Termination of the RFO-Related Matters

PG&E reserves the right at any time, in its sole discretion, to terminate the RFO for any reason without prior notification to Bidders and without liability to, or responsibility of, PG&E or anyone acting on PG&E's behalf. Without limitation, grounds for termination of the RFO may include the assertion of any Waived Claims by a Bidder or a determination by PG&E that, following evaluation of the Offers, there are no Offers that meet the requirements of this RFO.

PG&E reserves the right to terminate further participation in this process by any Bidder, to accept any Offer or to enter into any transaction relating to the RFO, 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 RFO for any reason, PG&E will not reimburse Bidder for any expenses incurred in connection with the RFO. PG&E shall have no obligation to reimburse any Bidder's expenses regardless of whether such Bidder's Offer is selected, not selected, rejected or disqualified, or if Bidder and PG&E fail to reach final or full

agreement regarding the terms and conditions of a Selected Offer. Unless earlier terminated, the RFO will terminate automatically upon the execution of one or more transactions by Bidders with Selected Bids. In the event that no transactions relating to this RFO are executed, then the RFO will terminate automatically on February 28, 2020 unless extended by PG&E for any reason.

X. Bidder's Representations and Warranties

1. By submitting an Offer and clicking "Yes" to the "Acknowledgment of Protocol" section of the Offer Form, Bidder agrees to be bound by the conditions of the RFO, and makes the following representations, warranties, and covenants to PG&E, which representations, warranties, and covenants shall be deemed to be incorporated in their entirety into each of Bidder's Offers. Bidder agrees that an electronic signature of a duly authorized representative of Bidder shall be the same as delivery of an executed original document for purposes of the Offer Form.
 - Bidder has read, understands and agrees to be bound by all terms, conditions and other provisions of this Solicitation Protocol;
 - Bidder has had the opportunity to seek independent legal and financial advice of its own choosing with respect to the RFO and this Solicitation Protocol, including the submittal forms and documents listed in this Solicitation Protocol;
 - Bidder has obtained all necessary authorizations, approvals and waivers, if any, required by Bidder to submit its Offer pursuant to the terms of this Solicitation Protocol and to enter into a transaction with PG&E;
 - Bidder's Offer complies with all applicable laws;
 - Bidder has not engaged, and covenants that it will not engage, in any communications with any other actual or potential Bidder in the RFO concerning this solicitation, price, volume or other terms in Bidder's Offer, or related matters and has not engaged in collusion or other unlawful or unfair business practices in connection with the RFO;
 - Any Offer submitted by Bidder is subject to only PG&E's acceptance, in PG&E's sole discretion;
 - Any transaction resulting from this RFO must receive both CPUC and U.S. Bankruptcy Court approval before it becomes effective; and
 - The information submitted by Bidder to PG&E in connection with the RFO and all information submitted as part of any Offer is true and accurate as of the date of Bidder's submission. Bidder also covenants that it will promptly update such information with PG&E upon any material change thereto.

2. By submitting an Offer, Bidder acknowledges and agrees:
 - That PG&E may rely on any or all of Bidder's representations, warranties, and covenants in the RFO (including any Offer submitted by Bidder);
 - That in PG&E's evaluation of Offers pursuant to the RFO, PG&E has the right to disqualify a Bidder that is unwilling or unable to meet any other requirement of the RFO, as determined by PG&E in its sole discretion.
3. BY SUBMITTING AN OFFER, BIDDER HEREBY ACKNOWLEDGES AND AGREES THAT ANY BREACH BY BIDDER OF ANY OF THE REPRESENTATIONS, WARRANTIES AND COVENANTS IN THESE RFO INSTRUCTIONS SHALL CONSTITUTE GROUNDS FOR IMMEDIATE DISQUALIFICATION OF SUCH BIDDER, IN ADDITION TO ANY OTHER REMEDIES THAT MAY BE AVAILABLE TO PG&E UNDER APPLICABLE LAW, AND DEPENDING ON THE NATURE OF THE BREACH, MAY ALSO BE GROUNDS FOR TERMINATING THE RFO IN ITS ENTIRETY.

ATTACHMENTS