

**PACIFIC GAS AND ELECTRIC COMPANY**

**Moderator: Mark Muranishi**  
**February 21, 2018**  
**2:00 p.m. ET**

Operator: This is Conference # 5049087

Operator: Hello and welcome to today's webcast. My name is (Megan) and I will be your event specialist.

All lines have been placed on mute to prevent any background noise. Please note that today's webcast is being recorded. During the presentation we'll have a question and answer session and instructions on how to do so will be given at the appropriate time. If you would like to view the presentation in a full screen view, click the full screen button in the lower right hand corner of your screen. Press the escape key on your keyboard to return to your original view. For optimal viewing and participation please disable your pop up blockers.

And finally, should you need technical assistance as a best practice we suggest you first refresh your browser. If that does not resolve the issue, please click on the support option in the upper right hand corner of your screen for online troubleshooting.

It is now my pleasure to turn today's program over to Mark Muranishi. The floor is yours.

Mark Muranishi: Thank you. My name is Mark Muranishi and I am PG&E's lead for the 2018 Bundled RPS Energy Sale Solicitation. I want to welcome everybody to today's participants' webinar.

The purpose of this webinar is to provide an overview of the 2018 Bundled RPS Energy Sale Solicitation, which launched on February the 13th, last Tuesday. We will not be discussing any other solicitations here. We will only be focusing on the 2018 Bundled RPS Energy Sale Solicitation during the webinar. This includes the Q&A at the end, which will be specifically steered towards this solicitation. So just a quick high overview of the topics. I'll walk through an overview of the solicitation as well as the EEI (confirms).

And at a high level describe our evaluation methodology. You'll also be hearing from Heather Haj, who will be taking us through the bid form and bid submittal process. Once we finish the presentation we'll have a break and during that time we'll collect all the questions that are submitted to the solicitation mailbox.

Once we gather those questions, we'll have a Q&A session at the very end of the presentation. If you have any questions throughout the presentation please send them to [recsoliciations@pge.com](mailto:recsoliciations@pge.com) and we'll collect them for the Q&A session at the end. You can see the e-mail address on the slide. Depending on the number or complexity of the questions, we may not address all the questions during the Q&A portion of the webinar.

We will be compiling a document with a full list of questions that are asked and we'll be posting it to the solicitation Web Site within a few days of the webinar. If we don't get to your question in the webinar, it will be included in the Q&A document on the Web Site. Finally, we are recording this webinar and the slide and audio file will be posted to the Web Site within a few days following.

So this presentation is meant to be a summary level presentation. We will not be getting into all of the detailed information of the solicitation. But we'll be focusing on the main highlights that govern the solicitation. To the extent that there are any conflicts between what's discussed during the presentation and the solicitation material, the solicitation materials will govern.

We highly encourage every potentially bidder to carefully review the protocol for the solicitation. We have a strong preference for a standardized

agreement, so we urge everyone to review the short form of agreement that is posted to the solicitation Web Site as Attachment B. Please review in its entirety and ask any clarifying questions before you submit an offer or I should say bid, before you submit a bid.

OK, so now moving into an overview of the solicitation. So PG&E is conducting a solicitation to sell bundled RPS eligible energy and corresponding renewable energy credits or RECs pursuant to a confirmation. Sales will be associated with energy generated with an individual calendar years and those calendar years will be 2018, 2019, 2020, 21 -- 2021 and 2022.

There will be no rollover volumes from one year to the next. Please note that we are selling eligible RPS energy and RECs from resources that qualify as power content category or PCC 1. PG&E does not represent or warrant that -- the to the PCC designation of the product in this solicitation. The location of energy deliveries would be at the NP15 or the SP15 default load aggregation point or DLAP.

The price of the transaction will be the NP15 or SP15 day ahead index price plus a REC price to be specified by the buyer. The form of agreement will be the confirm under the EEI master agreement. For any bidders that do not have an executed EEI master agreement with PG&E, the form of agreement will be the (long form). So taking a look at the solicitation schedule.

So we launched the solicitation on February 13th, which was last Tuesday. And currently, we are holding a participants' webinar here on February 21st. So all bids will be due by 1:00 pm on February 27th, which is next week. We will notify qualified bidders of their status by March 6th. And March 23rd is PG&E's target execution date for any agreements in the solicitation.

We'll submit the execute of agreements for CPUC approval via advice letter no later than 60 days after execution. Please note that the execution timeline occurs shortly after bids are due. We do have an independent evaluator that will be monitoring all of the activity in the solicitation. The (IE's) tasked with monitoring the valuation process and ensuring that we use the methodology

that prescribed in the solicitation protocol and to ensure fair and equal treatment of all potential bidders.

It is the (IE's) responsibility to report on the process and propose transaction to the PUC when we file the agreements for PUC approval. The (IE) may review all bid data in addition to communication with participants. The independent evaluator or the solicitation is Arroyo Seco Consulting and the contact information for Lewis Hashimoto is located on the slide.

So let's take a look at an overview of the EEI confirm. So first I want to give you some general guidelines. So one thing we want to make apparent is that bidders are not required to have an executed EEI master agreement in place with PG&E to submit a bid. And as we noted earlier, PG&E has a strong preference for a standardized agreement and also limited edits to the agreement.

We consider a majority of the confirm non negotiable and request that bidders limit edits to the following sections, which would be quantity, green attributes price, the energy delivery period, delivery point and also credit terms. In terms of product delivery, energy deliveries will begin up on CPUC approval. If that CPUC approval occurs prior to the start of the energy delivery period energy deliveries would began at the commencement of the energy delivery period.

PG&E or a qualified third party designated by PG&E will be the scheduling coordinator under this transaction. In terms of location, all energy deliveries will occur at the NP15 or SP15 DLAB, whichever is specified by buyer. And for the applicable energy delivery month, green attributes or the RECs will be transferred within 25 business days following the date when the (regional) certificates are deposited into PG&E's (regional) account.

And the date buyer has completed payment of the monthly cash settlement amount. In other words buyer payment is required before the transfer of RECs to buyer. (Regional) certificates are created approximately 90 days after the end of the generation period, so the transfer of RECs will occur approximately four months following energy deliveries.

For example RECs associated with January energy deliveries would likely be transferred to the buyer in May. So a quick overview of the monthly cash settlement amount. This will be the payment from sellers to buyer. So the monthly cash settlement amount is equal to the sum over all hours of the calculation period of the applicable energy price for each hours of delivered energy multiplied by the quantity of delivered energy during that hour.

Plus the green attributes or REC price multiplied by the quantity of green attributes associated with the delivered energy. Minus the sum over all hours of the calculation period, the applicable energy price for each hour of delivered energy multiplied by the quantity of delivered energy during that hour. Buyer will receive seller's invoice for this monthly cash settlement amount approximately four months following the calculation period.

So now I want to give a quick overview of the credit terms. So in terms of posting collateral investment grade counterpart is not required to post collaterals so long as they maintain investment grade status throughout the term of the agreement. For non investment grade counterparties, the standard is to post collateral equal to 15 percent of the volume of undelivered RECs multiplied by the green attributes or REC price.

So under previous agreements, where PG&E was not the scheduling coordinators, the 15 percent collateral posting requirement would apply to both energy and RECs. However, the way we structured this agreement, the collateral posting requirement is only for 15 percent of the undelivered REC value. So PG&E will entertain -- or may entertain counterparties specific credit terms following the determination of qualified bids.

Taking a look at the evaluation methodology. So PG&E will evaluate base for each delivery year independently, which may result in a selection of non consecutive delivery years from one bidder. For example, a bidder interested in product deliveries from 2018 through 2020 would submit one bid form, which Heather will walk through later, with three non contingent bids for 2018, 2019 and 2020.

Depending on the valuation, PG&E may select the bids submitted for the 2018 delivery year and the bid for the 2020 delivery year, but not the bid for 2019. In terms of quantitative criteria, PG&E will consider price as the sole criteria. Volumes offered will be dependent on bid pricing, which may result in no volumes being executed under the solicitation.

In terms of the qualitative criteria, PG&E may apply an adjustment for counterparties that have acceptable credit with PG&E and minimized proposed edits in the form of agreement. PG&E may also consider buyer concentration, existence of an acceptable EEI master agreement with PG&E and prior experience with this specific counterparty. Now I'll pass it over to Heather, who is going to walk through the bids submittal process and the bid form.

Heather Haj: Thank you, Mark. This is Heather Haj speaking and I am now going to outline some key points regarding the bid submission process. All bids must be submitted through the power advocate platform. And in order to submit a bid through power advocate, you must be registered. The bid due date is February 27th at 1:00 pm, but we highly encourage preregistering for the bid event in advance preferably at your earliest convenience.

You can follow the link to the bid event here in order to register with power advocate. The link is also available on our Web Site. As soon as you register, an approval request will be placed in our queue and we are checking frequently for pending approvals.

If for some reason you still have not received approval after a couple of business days, please send us an e-mail in case there is any technical issues going on with power advocates. We will only accept one – we will only be accepting bids that are complete and confirming to our guidelines. Please check all your bid documents for completeness and consistency prior to submission on power advocate.

Please note, we are only accepting one bid per counterparty per delivery year. For brokers submitting on behalf of a counterparty, please ensure to designate the counterparty name in the bid form. Just another reminder that all bids

submitted are non contingent, so we will not be accepting bids that are contingent on the selection of a specific delivery year or years.

Submission of a bid requires agreement of the confidentiality obligation specified in section five of the solicitation protocol, so please take a look at that. Now, just to review the bid package document. Bid package documents must be submitted in the format specified in the solicitation protocol. The document formats are also noted on our Web Site.

So the documents that you will need to submit would be a completed bid form, which is Attachment A as well as a redline of the agreement, which is Attachment B. Now in terms of the bid form, when you open up the bid form that is on our Web Site please ensure to hit the enable macros button at the top of the screen in order to enter your answers into the bid form.

Please save the document in the correct format, ensure that all of the cells that are highlighted in orange are filled out. So here is the snapshot of the bid form that you will be submitting. Just to reiterate a couple of key points here, each participant can only submit one bid form. Within this bid form, bidders may submit one volume and one price per delivery year.

So that would be a total of up to five bids. And going back to the bids, the non contingent each delivery year evaluated independently as Mark noted earlier. On our Web Site you will see a link to the specific solicitation with the solicitation schedule as well as all documents needed to submit a bid, so please take a look there.

And if you have further questions that we could not address during this webinar or that we will not address during the Q&A after please e-mail us at [recsolicitations@pge.com](mailto:recsolicitations@pge.com) and remember to copy the ID at [arroyosecoconsulting@gmail.com](mailto:arroyosecoconsulting@gmail.com).

Mark Muranishi: Thanks, Heather. So with that we are done with actually the main part of the presentation. We are going to take about a five to 10 minute break to allow anyone who wants to submit questions to do so please e-mail our REC Solicitations inbox. We are going to – we'll be back in about five to 10 minutes to answer those questions. You guys will be in the waiting room.

Operator: At this time we will be taking a short intermission. You'll be placed on music hold. Please remain on the line until our conference resumes.

Mark Muranishi: Hey, welcome back, everybody. So we got a couple of questions in our mailbox. So we'll summarize those questions and provide answers. So if we go to the first question that we got. It was regarding whether energies deliveries are firm or unit contingent? So all energy deliveries under the agreement will be firm.

As part of the confirm or agreement we will list out the specific facilities that we will be selling the energy and associated RECs from. We do have the right to adjust that list whether add or remove facilities from that list with at least three business days notice. So another question we received was regarding the pricing.

So if an index plus bid is selected will PG&E consider converting this bid into a fixed priced contract? For this solicitation, we are solely focused on the index plus pricing aspect. We will not be looking at fixed priced contracts. So we also had another question regarding the expected delivery period for 2018 volumes pending CPUC approval.

So as stated, we anticipate execution sometime in late March, we said March 23rd. Shortly after that, we will be filing an advice letter to the PUC via tier one. But we suggest all counterparties basically submit their anticipated or desired fixed quantity of volumes for 2018 into the solicitation and we will make a determination as to whether or not we can meet those deliveries.

The last question we received was regarding PG&E anticipates it's doing a bundled renewable energy sale in 2019 and beyond. So currently we do not have a compliance obligation to release a solicitation every year. However, PG&E, in terms of managing its portfolio, we will consider potentially issuing another solicitation in future years or later this year.

But we do not have that compliance obligation. So we also received another question regarding the predetermined schedule of energy whether or not parties could agree to energy deliveries for a specific hour delivered whether

that's on peak or off peak. So in this solicitation, we are focusing on specific quantities or energy deliveries associated with a certain compliance here.

So we are not solely focused on specific on peak hours. If a counterparty feels that this is required we can follow up after the solicitation in terms of bilateral negotiations. But for -- again, for this solicitation we are focusing on strictly fixed quantities over the entire compliance (year). So we also want to make one clarifying point on the selection of bids and our selection of bids.

As stated earlier if the counterparty is interested in multiple delivery years, so say a counterparty is interested in 2018, 2019, 2020, 2021 and 2022, so five delivery years, they would submit five non contingent independent bids into the solicitation. And either one, none or all of those bids could be selected depending on our evaluation process. So if you're a counterparty you may end up with only 2018 and 2019. Or you could end up with 2018, 19 through 2022.

So with that, that concludes our presentation. If you guys have any questions about the solicitation, we encourage you to ask those questions as early as possible. You can submit any questions to our recsolicitations@pge e-mail.

Please be sure to copy the independent evaluator on any correspondence. And as mentioned earlier, we will post this webinar presentation to our Web Site shortly following the presentation. And we will also post a audio recording of the webinar. Hope you guys enjoyed your time and look forward to receiving any questions and working with you in the future.

Operator: Thanks to all participants for joining us today. We hope you found this webcast presentation informative. This concludes our webcast; you may now disconnect. Have a good day.

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