Pacific Gas and Electric Company

Moderator: Blaevoet, Michael

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01:00 PM PT

OPERATOR: This is Conference # 8427768

Operator: Ladies and gentlemen, thank you for standing by and welcome to the PG& E's 2021 Distribution Investment Deferral Framework RFO conference call. At this time, all participants are in a listen-only mode. If you require any assistance, please press star zero.

I would now like to hand the conference over to you first speaker today, Ms. Sandy Burns. Ma'am, you may begin.

Sandy Burns: Thank you and good afternoon everyone and welcome to our webinars for the 2021 distribution investment deferral claim or DIDF RFO. And for those of you who has been on CBS calls, this is our third annual DIDF RFO. So, we have made some improvements and enhancements that hopefully will help improve the success of the process.

So, this is Sandy Burns, and I'm in our structured energy transactions group in the energy policy and procurement organization at PG&E. And my team is running the DIDF RFO. And I am joined here by Mini Damodaran, and she is a senior grade innovation engineer and the integrated grid planning and innovation team.

And she works on the technical support with the operational requirements of the deferral projects for the DER. And she is also responsible for the DER project implementation. I'm also joined by Michael Blavevoet, who is also in the structured and the transaction group in PG&E and doing a whole lot of work on RFO.

So, I'm going to take care of the introduction to this presentation which includes a lot of the housekeeping and administrative item. And then I'm going to turn it over to Mini to talk about the distribution services we need and what was planned on procure.

And then she'll turn it over to Michael to give an introduction and an overview of the RFO. And also discussed not to involve on how to submit an offer.

And then I'm just going to take care of some housekeeping item for the webinar. So, we're not taking questions during the presentation, but we will do a Q&A session at the end. So it says please save all the questions for Q&A session, but I encourage you to email them during the presentation and as soon as they come to your mind to the Didfrfo@pg&e.com mailbox and then we'll answer questions at the end of the webinar.

So just email the questions to the box, and you'll see there's no chat function here. It's all to the email box. And we will post a list of attendees on PG&E website. So, if you don't want your name or your company name published send us an email by the 21st.

So, here's the disclaimer. This presentation is intended to provide a summary of the information and requirements in the RFO material, but you really need to read all the documents carefully including the foreign contract. So, you understand your obligations if you sign a contract with us.

And to the extent there are any inconsistencies between the summary information here today and what's in the RFO contract or the written RFO materials, those written material cover.

So as with all our other RFO's, we have an independent evaluator monitoring the solicitation. And the primary function of the independent evaluator is to make sure that our RFO process is fair and transparent and that we treat all participants equally and consistently.

And the independent evaluator monitors or evaluate what we've done to make sure we implemented the methodology as we described in our RFO material, and that we treat everyone consistently. And then at the end of the process, the independent evaluator will report some RFO in any proposed transaction for the CPC and to the procurement with E-group when we file them for approval.

So, the independent evaluator sees everything. He sees all the offer data and all the communication to the participants. He listens in co-negotiation, so he is the participants to the process. And for this RFO, the independent evaluator is segue consulting and Ellen Taylor. Ellen Taylor of segue consulting. And he is on the phone as well.

So, everything you need should be on RFO website. So that includes all the RFO document, detailed instructions for submitting an offer, offer form, and then other backup data that you described here on the conference call.

And then again, any communication to be directed to the DIDF RFO mailbox with a copy to the independent evaluator. And then we also post any updates. So, if there's updated forms, updates to the schedule on your FFC [?], those announcement on the website.

So, this is just a high-level timeline of how we got to where we are today, and it's actually a process that takes several months, probably about 9 months from start to finish. So, in the spring of last year, we started our distribution planning process kind of identifying just what the needs were on the distribution system overall.

And we put those in a report called the grid need assessment report. And then we go to a stakeholder process where we look at those, the needs and the wires and back -- would meet those needs and we go through a screening process to figure out which ones of them might be deferable by distributed energy resources.

And then we have a stakeholder a process called the distribution planning advisory group where we discussed those potential opportunities and what might be needed for deferral by DERs. And then we have a process of that PEC, where we file our plans either to solicit DERs for distribution deferral and now a separate vice letter for which opportunities we don't think are deferable.

And we filed those at the commission last November. The vice letters were approved in December and now we're at the point where we're doing the RFO for DER. And then it will take a couple of years then to actually have those DER built and deferred the wires.

Okay so the one thing that new this year is that the CPC directed us to also put forward one opportunity that include utility ownership and a utility ownership RFO is more complex and more time consuming. So that RFO -- that opportunity is on a different schedule.

So, what we're going to talk about here today is just the opportunity for third party only ownership and you'll hear more about those projects for many. That will pass San Miguel, Calistoga, Ripon, Zamora and [inaudible].

So, the schedule for those, we issued the RFO last week. Today is the webinar, and then you have a little bit over a month to submit offers via power advocate. At the same time, you submit your offer, you are directed to send a flash drive to the independent evaluator for him to review.

And then it's about 2 to 3 weeks for us to review the offers and identify a shortlist for which will pursue negotiations. And then we expected to do our negotiations in March through May time frame. So, we can file any transactions for commission approval that seems working.

And that data is set by the commission. They directed us to complete the RFO from start to finish, from the time it was approved in December 15th to the time of vice letter as 6 months. So that's what driving the time frame.

And then we have a separate schedule for Blackwell and that's the project where we will solicit ownership for the party offers and utility ownership offers and those will compete head-to-head. So that was in the lower schedule. About mid-April, we expect issue more detailed specifications in a term sheet for IOU ownership including the type of resources were interested in. And any kind of details backs on how they need to be built etcetera.

So, then we will have a separate webinar for that project, and tentatively scheduled for April 20th. And then it features on a different schedule all along. The mid will be doing June, we will evaluate operators in July.

And then we're allowing more months to complete the negotiation. If we have a utility ownership project just because those projects can be more complex, but we expect that portion of the RFO to be done by year end and then the transaction filed for PEC approval.

But again, we're not going to talk about that one today because we'll have a separate webinar for that one in April. Okay so now I'm going to turn it over to Mini, and she's going to talk about the distribution needs in the local areas and the services that we're trying to procure to defer the distribution investment.

Mini Damodaran: Alright, thank you Sandy for the great introduction and also RFO timeline and schedule. Just wanted to give a quick check on if everyone can hear us okay. So, we can confirm that. Alright, let me switch over to the distribution services needed section.

This year we do have 7-project under the data and here at the locations of all the project we have gotten. There are about 7 project this year and this webinar we are going to cover only the first 5 because the last 2 have customer confidential information and we are planning not to cover that here, but will be provided to those of you who signed up the NDA.

And the map on the right-hand side have provided all the locations of where these projects are located, all the way from Napa county down to the current county spread out throughout. And we do have some projects that have multiple need, for example the first 2 has -- the first one has 2 needs, the second has 3, and the third one has 2 needs, the rest have single needs which are sold by a single deferral project.

And I am going to start off with the first one, which is the Willow Pass deferral opportunity. This one does have 2 needs as I mentioned before and there's a slight delay in the presentation, but here it is. We do have a tables that has outlined all the technical and operational requirements.

We will be going over these in detail at a later stage but wanted to point out that we have a combined need of at least 0.3 megawatts across Willow Pass feeder 1101 and 1102, and a combined need of at least 5.1 megawatts across the Willow Pass feeders 2107 and 2108.

These are the 2 needs that we are looking to procure the ER4 and both of them come live on the online date is 2023. Let me move over to the next slide and in here we have map. Okay, I think there's a slight delay here, give me a second.

Alright. The Willow Pass bank one, the substation itself is located in the Contra Costa county as you can see in the map. It's kind of small in the map, but I have a blown-up zoomed in view on the right-hand side. There is Willow Pass bank one with its associated feeders 1101 and 1102 in the map and they are represented by the blue line as well as the brown line.

And there's a little triangle which is not very clear in this view, but they will look at it in a zoomed in view on the next slide, but wanted to point out that we do have 2 feeders, which are 12.47kv feeder off of the Willow Pass bank one.

And moving on to the next slide. This is actually a zoomed in view, a better view of Willow Pass substation with the 2-consumer bank. One represented by the blue triangle and the other one adjacent to it represented by a peach color triangle and the Willow Pass bank one has two feeders feeding off of it, the blue colored line and the brown line is 1101 and 1102.

The Willow Pass 2107 is in lavender and 2108 is in the peach color. The next one here is just another view of the same thing, but it actually shows the yellow area that is highlighted here shows the Willow Pass substation bank and the area that's been filled by that bank.

Moving on, I will go over the technical and operational requirements at Willow Pass bank one which is the first need in this particular deferral project. And what I wanted to point out is that we do have the details listed in the table below, all the operational requirements, and the graph on the top is actually the hourly low profile in the peak year.

And it's a busy slide. So, let me focus a little and explain each and every part of the slide. It's actually the hours on the X-axis and the Y-axis the load and the hourly load profile for the summer months of June, July, and August are represented by the various colored line.

And the details of that is down below. So we do have 2 needs and we have listed them as requirement A and requirement B. Requirement A has the Willow Pass bank one, which is the day ahead need for about 0.3 megawatts between the month of June to August and on the weekend, Saturday and Sunday and it's between the hours of 2 PM to 8 PM and for about 2-hours.

And the number of costs expected is going to be 8 times a year. And I will go over the next second need at a later stage, but I wanted to move on to the next slide. Okay, I was actually going over the forecaster low data earlier, but this one here is actually a historical data or what's happening at Willow Pass bank one.

For example, what we are seeing here as the customer composition. So by Willow Pass bank one and that is represented by the number of counts in the middle of the table and on the right hand side of the table is actually the peak load demand or load that has been broken by the different customer class suggest agricultural, commercial, industrial, residential and other.

And the pie-chart on the left hand side is a clear indication of a large population of that customer class being residential and a big chunk of the peak then lowered, so it's actually a residential customer class which is shown on the right hand side pie chart. Okay, now moving on to the next slide. This is actually an hourly low profile at Willow Pass bank one on a particular date.

For example, in this case it was a peak load day on August 15th and each hour is actually broken by the different customer class and the portion of the peak load that is contributed by the different customer class. For example, a big chunk of the load is from the grey shade or the great block which is from the residential customer and the orange one is actually from the commercial and industrial.

Okay. So that and see a low profile and the next one here is actually a good overview of what's going on at that bank both historical on the left-hand side of the table and the forecasted data on the right-hand side. On the left hand side, you'll see the up load peak load on August 15th was 8.87 megawatt and they've installed the ER, sold out the for example of approximately 1 megawatt and the energy storage for about 20KW.

And on the right-hand side is the forecasted data. For example, the need year in this case and the peak year is the 2020. And the peak load that is the one in ten years is 10.11 megawatt.

The incremental ER growth that has been projected is listed down here and the PV is about 0.26 megawatts and there's about 4KW of energy storage and energy efficiency of about 0.07 megawatts and there's not much of

demand response or electric vehicle growth in this particular transformer bank area.

And that ends the presentation for the Willow Pass bank one which was our first need. The next slide here is actually for the Willow Pass bank 3, and it has the lower profile just like we had seen one for Willow Pass bank one and the big block of blue on the top about the facility of everything, which seems actually the dotted line is 5.1 megawatts and we are looking to procure the ER for the summer months and between the hours of two PM and 10 PM.

And moving on to the – since we have quite a few projects, I went through in detail the requirements as well as you know what is available for Willow Pass bank one and this was just a blurb about Willow Pass bank 3. We have provided all this material in the RFO materials that's been posted on the website as well.

And the next project that we are going to look at is San Miguel, which is the second deferral opportunity. And the next slide here actually list all the requirements that is required for San Miguel bank 2. We are looking at a combined need of at least 3.5 megawatt across San Miguel feeder is 1104, 1105, 1106, and 1107.

And at least 1 megawatt of 3.5 should be processed in San Miguel 1104 feeder. And then we also have a small need of 0.6 megawatt that must be a source of Paso Robles 1107. That is the third need. So, we do see that there are three need, this just in the DNA facility name column, and the rest of the details are available, and I will move on to the next one to explain or if there's any differences.

I believe in this case this year we have tried something different, where we are providing some options for the requirement A, which I will cover in the next couple of slides.

Okay, San Miguel bank one is located in San Luis Obispo County, and we do have the map on the right hand side, which gives an indication of where San Miguel bank one is as well as the feeders that feed off of it, 1104, 1105, 6, and 7. They're all in different colors. In this case, they have only shown the 2 feeders that have the names listed, okay.

And there are other map provided in the RFO material as well if you want to refer to them, alright. Moving on to San Miguel bank one, I think one big thing I wanted to point out here is that this is the base so profile, which means the energy storage may be a big problem because it is already a constraint location.

And if there is any energy storage that come in, it would also need an energy source, separate energy source. So just wanted to point that out. And as mentioned before, this is an hourly lower profile at San Miguel bank 1 and the facility rating is the dotted line and all that go above it during the summer months are shown here.

And the details about the technical requirements are listed in the table below. The first row for example is the requirement A, which is 3.5 megawatts and it is a day ahead of the call that we are expecting, the dispatch to be day ahead. And all days of the week, Monday through Sunday and the timing is between the blue lines here, there are arrows that are represented of what the timing would be.

And it's the long duration need of about 10 hours and hence we decided to actually provide some couple of options. So, one option of course, this would be able to procure the whole thing which is 3.5 megawatt for the entire 10-hour duration. If there is an opportunity that [?] could solve that need, we would welcome that.

Otherwise, that is there are another option that you have provided which I will turn over to the next slide to go over that. The second option that we have provided, the two requirements A1 and A2. A1 for example would be 1.3 megabyte for 5 hours and 2.2 megawatt for the 10-hours, and then the tabular back to the previous slide to show you what that I believe I did have blocks the table or I just missed.

So, the red or kind of a yellowish in color on the top is the 1.2 megawatt need and I believe it's 1.3 megawatt and then the blue junk of 10-hour overload that has been anticipated would be 2.3. So, we are also looking at second option if possible, but both made a run and A2 need to be met in order to solve this need, the grid need of 3.5.

Moving on to the second requirement for this particular deferral project would be San Miguel 1104, and again this is the hourly low profile at San

Miguel 1104. And the overloading occurs for about I believe it's 2 megawatts and from about 5 PM to about 10 PM for 4 hours.

So even though the duration is 4 hours, which is what is represented by the blue block. It could be a little after or before and so that's why we have the time between 5 to 10 PM.

And the third requirement, which is coming up here would be at Paso Robles 1107, and it's a small need up about 0.6 megawatts which is for, I believe for the month of July and we are looking at older months both June through September or July, August, and September, I apologies.

I believe that ends the second requirement. Moving on, we are going to look into a Calistoga, which is the third deferral opportunity this year. The technical and operational requirements are listed in the table below. We do have 2 needs that they're identified and forecasted and combined need of at least 1.3 should be across the Calistoga feeders 1101 and 1102.

And 3.0 megawatt, must be sourced at Calistoga feeder 1102. Let me move on to the next slide here. Alright and the Calistoga substation is located in Napa county and map on the right-hand side shows the substation Calistoga bank one and the associated feeders. Feeder in the blue is 1101 and 1102 is feeder which is in brown color.

They both are 0.47KV feeder. And moving on to the next slide here to show the technical and operational requirements at Calistoga bank 1. There's also just like before we have the dotted line represented by the facility rating and to need, one is Calistoga bank 1 and overloading of about 1.5 megawatts in the summer months and between 2 PM and I believe it is 6 PM for about 5 hours.

Moving on to the next slide here. There is a slight delay, give me a second. Alright. So this is the second need at Calistoga 1102 and the hourly profile is provided and just like in the previous case, we have also given an option of actually splitting this need into two blocks.

The one in red on the top as well as the one in the bottom as it is as longer duration need, and I will go over the options in the next slide, just wanted to point that out. Okay.

Female Speaker: All right. Calistoga 1102, here are the two options. Option one would be to provide the whole 8-hour need with a 3 megawatt or split that up into 2 megawatts for 5 hours and 1 megawatt for 8 hours, but both the requirements B1 and B2 must be met in order to meet the comment in a cumulative 3 megawatt grid.

Okay and moving on to the next one which is the Ripon[?] deferral opportunity, so this is the fourth deferral opportunity this year and we have Ripon substation in the San Joaquin county, the map on the left shows that and the map on the right hand side is zoomed in view of the actual location of where the main occurs and it's just at the Viera feeder 1707 which is connected to Viera [?] bank 2 and represented by the lavender color here.

Move on to the next slide to go over some of the technical and operational requirements so very straight forward one where we have a single need at Viera 1707 and the traditional investment is that Ripon 1705 and there's only one requirement for about 2.7 megawatts and it's a day ahead need for the entire weekday and weekend all days between 3 PM and 10 PM for 5 hours and the number of calls would be 102 calls per year.

Female Speaker: Okay, pretty straightforward.

Female Speaker: And I believe the next one would be the last one of the deferral opportunity that I will cover today which is Zamora[?] deferral opportunity.

Female Speaker: Okay.

Female Speaker: And here is Zamora bank 1 with -- along with Cedar[?]. So Zamora is in the yolo county and on the right hand side you can see the Zamora bank 1 along with the two feeders 1105 and 1106 and the requirements are also listed down the loop, let me go over it in the next slide.

Female Speaker: Okay, the technical and operational requirements at Zamora bank 1 is listed here. Again, this is a very flat based load as it can see the low profiles pretty flat and hence energy storage maybe a big issue here unless it comes with the excellent energy source and since we have a long duration you know we are open to looking at opportunities so in solving this need, the new technologies out there.

Female Speaker: Okay.

Female Speaker: It's a single need and for about 1.1 megawatts during the month of I think I believe it's week days only and the number of calls is 40 something here. Moving onto the next slide. I brought in the customer compositions served by Zamora because I thought that was unique and different. We do have a split of customers you know between agricultural customer and residential customers, but a big chunk of the peak day load was actually dominant by the agricultural customer so just wanted to point that out.

I believe that hence the you know the requirements that we are looking to procure so we just looked at the first five DER[?] opportunities at Willow Pass bank 1, San Miguel bank 2, Calistoga bank 1, Ripon 1705, Zamora bank 1, Green Brey[?] bank 2 as well as Blackville bank has customer confidential information, but have similar information provided that the RFO material will have the NDA signed. Now, I believe we would have a separate webinar for Blackville bank at a later stage.

Female Speaker: Okay, at this point I would like to you know hand this to Michael Blaevoet who is going to -- who is actually a senior analyst in the structured energy transactions group and he worked on implementation of various solicitations for procuring and selling wholesale power products including the distribution investment deferral RFOs, so take it away Michael.

Michael Blaevoet: Great, thanks Mini. Yes, I'll be giving an overview of the solicitation, the products we're looking to buy and the requirement for offers an eligibility, perform contract, how we're going to evaluate offers, and then finally the offer package materials. So this year's RFO is very similar to the last two digits[?] RFOs. We are procuring distribution capacity only for either generation or load which is what we need to defer distribution investment upgrade. We're looking to purchase any -- so we're not looking to purchase any market products like resource adequacy, energy, ancillary services, recks, or other attributes and all of those will be retained by the seller.

And all grid needs have a day ahead dispatch requirement which we will define a bit more in a later slide. So the distribution capacity needs to be available during the specified monthly range, hourly range, and for the hours of duration specified, for example 3 hours of distribution capacities could be called on from 2 PM to 5 PM during the hourly range

that would be stated in the contract from 2 PM to 8 PM. The call for distribution service may occur during any or all of the month specified in the monthly range, for example there may be calls for distribution service in June and July but not in August. And we are -- we're also looking for offers that have 6 and 7 year delivery terms beginning in 2023 or 2024 depending on the grid need and PG&E is looking to procure about 25.4 megawatts distribution capacity across all the four locations.

So this year we did not set up predetermined offer sizes. We are allowing participants to submit this with any amount up to 200% of a grid need with a minimum offer size of 0.5 megawatt except for grid needs that are less than 0.5 megawatts, the grid need would act as the minimum allowable offer size. And we also encourage participants to submit offers that are flexible by indicating whether their offer pricing may be applied to project sizes above or below the project size specified in their offer. And by doing this, it would allow PG&E to facilitate combinations of offers, potential grid load need changes due to an updated load forecast for potentially even procuring a buffer to address loaded forecasting uncertainty which is just an inherent challenge with this type of service and need.

Also there is no limit on the number of bids each participant can submit and PG&E strongly encourages each participant to submit at least one offer that satisfies the entire combines need at each grid need location that have been submitted for and submitting an offer that covers the full need would not leave that bid dependent on the submission of a bid from another participant to cover the remaining capacity need. So turning to what kind of resources are eligible to bid into this RFO, it can be any distributed energy resources including renewable or nonrenewable distributed generation, energy storage, energy efficiency, demand response, permanent load shift or electric vehicles and the projects can either be in front of the meter or behind the meter and can be dispatchable or non dispatchable. Also you can offer one resource type or portfolio or aggregation of resources, but for the extent possible we really encourage you try and submit an offer that meets the full grid needs for each location that you're bidding on.

So moving on to the next slide. We're now on to measurement and verification. So we're asking that you submit a measurement and verification plan with your offer and this is really not a concern as much of

a concern for front of the meter resources because we expect you to have a kyphometer, but it may be more of an issue for behind the meter project so you know we ask that you submit a plan for how it might require a customized approach for behind the meter resources. And for interconnection, you have to commit to one of the specified bidders that are fed from the substation for each grid need and we're not requiring any particular status in the interconnection process but we do want you to be able to demonstrate that regardless of where you are in the process. You can meet the interconnection requirements and be online in either 2023 or 2024 depending on the location.

Then, the next topic is about incrementality. So we really want to ensure that resources we procure are going to meet the need and we don't want to double count megawatts that are already accounted for or that we you know already expect to show up in the future and you have to demonstrate your response for the questions in appendix B, how you're offered incremental. And for energy efficiency, participants can choose to have their project evaluated for incrementality in two ways so they may choose to be evaluated on a project Pacific bases or you can have your offer evaluated on a pre specified overlap factor. And if the overlap factor option is selected, the saving value of the offer will be discounted by 10% to reflect the overall -- the overlap between the participants proposal in energy efficiency resources that are projected to be deployed in the local area in the absence of an offer. And yeah all other resources -- resource types must go through the product specific review.

Okay, so projects you know they may pass the test that says the resource is now already sourced through another method or another channel or another program and therefore would be incremental, fully incremental and if you don't pass that screen, the resource -- and the resource maybe already you know sourced through an existing program. Then we look at whether the resource is providing an incremental service that we are now already getting through an existing program or tariff. So a fully incremental resource might be a new energy efficiency technology that we are not already employing a new program or could be an add on to an existing resource such as the addition of dispatching you know dispatchable storage to an existing PD resource and you can refer to table 4. -- 41 in the solicitation protocol for more examples of what is considered incremental.

So now we'll move on to the contract, so these couple of slides led a high level overview of the contract, so please make sure to fully review and understand the obligations that are in the contract. So the product that you're providing in this distribution service is in accordance with the operating parameters. Participants are free to monetize other revenue streams and they are free to operate the resource how you want outside of the delivery periods when we call on you and the contract would have a list of hours that you are required to be available for dispatch including the duration of hours within that hourly range and the days of the week that you have to be available and the limitations on how many times we might call you during a particular month. So if you are committed to either generate or reduce load, PG&E will give you a day ahead notice at 8 in the morning with dispatch instruction for the following day.

So now we'll review how the payment is structured and go over the delivery of services. So this is a reliability product, it's critical that you deliver when we call on you and that you were available to respond to our dispatch during those time periods. So for dispatchable resources, we have a fixed price and a variable price and for non dispatchable resources we have a fixed price only, so your fixed price or your fixed payment in any month is essentially your contract capacity, finds your contract price if you deliver every time you're called on. Now, that payment is adjusted based on whether or not you deliver -- you delivered when you're called -- when we called on the resource.

So if you delivered a 100% of the time then your delivered services adjustment factor is one and you get your full payment, but if you drop below 90% in any given month then the table shows that there is a fairly substantial reduction in your payment and you're going to get a 50% reduction if you are between 80% and 90% for a month and zero payment if you're between 75% and 80% and if you're below 75% you're going to -- PG&E money because we really depended on you for distribution reliability and there is financial consequences if you -- if you don't believe her in any month.

So the next slide you're turning to is on the project site and customers which is really focused on behind the meter projects. As a seller, you're responsible for making sure you acquire the customers that you need to meet the capacity requirements and you can remove or replace

or change customers in the program during the delivery term as you -- as you've done it you know as long as you've done it safely. And the seller must also provide PG&E with a list of customers and satisfy incrementality criteria prior to the initial delivery date and any changes to the initial customer list must also continue to satisfy incrementality criteria and marketing materials that reference PG&E are also subject to prior approval and again the seller is responsible for getting the customers and signing up those customers.

So turning to performance assurance, this is a standard in all of our contract. We are expecting all bidders or all projects with signed contracts, the post project development securities in the form of a letter of credit or cash after we execute the agreement and it's been approved by the CPC. So the amounts of development security are 40 dollars per kilowatt for new resources and 25 for existing resources and then we also have a whole delivery term security throughout the term of the contract to make sure you're committed to performing throughout the whole term and in the event of default that amount can be used to pay or compensate for any liquidated damages.

And then now on few conditions precedent in the contract, the first condition precedent is that the contract is subject to commission approval. So a CPC approval has not occurred within 6 months from the time we filed the contract, then either party can terminate the agreement and walk away with no fault and you know it doesn't happen automatically but either party is free to walk away if we waited more than 6 months and we also have another series of conditions precedent whereby we won't accept delivery and start paying you until several things have occurred and that includes the project needs to be complete and constructed and certified by an independent engineer that the project is operable and construction is in accordance with safety requirements.

And you must pass an initial performance test demonstrating that you are capable of delivering at least 85% of the contract capacity that you promised and you'll need to have provided us with a list of sites and customers in your portfolio as well. For now, I'll go over events of default so this early termination provision was added last year due to the amount of uncertainty associated with the inner connection and sellers don't have an internet connection study in most cases at the time we execute the contract.

So the seller has an option to terminate the contract early if the interconnection study results are not received within 120 days or they indicate interconnection cost or beyond the pre specified threshold that we agreed upon in the contract. And if you terminate early for that reason, then you're subject to a you know reduced damage payment. And then for events of default, once the contract is signed it is an event of default subject to termination and payment of damages. If you fail to meet two criteria or two critical milestones and if you fail to meet your online dates and then during the delivery term if you -- if you average less than 80% of what we ask you you know during any calendar year that's an event of default as well.

And if the results of your performance tests show that you can't deliver at least 85% of the contract capacities that's also an event of default. So we'll turn to evaluation methodology and criteria, so our evaluation process includes quantitative and qualitative factors related to your offer. One of the biggest factors in our evaluation is the cost effectiveness of the offer, the cost effectiveness of the offer relative to the benefit of differing the new feeder bank upgrade that we would otherwise build.

And we look at the fixed and variable costs of your contract payment plus our administrative costs associated with managing the contract and then now for the qualitative factors, project buy ability is one of the most important aspects of an offer and we want to know that you're capable of bringing your project online and operating it during the delivery time because the projects are really for reliability and cost competitiveness is critical so we also really want to -- you know we also really care about whether you're commercially viable as well though. And we also look at other factors like your ability to serve the full need, whether your offers renewable or nonrenewable with a qualitative preference for renewables and if it's a viable technology the counterparty concentration and the supply chain responsibility and then the safety.

So onto the next slide, this is for the distribution deferral values and in our protocol we have the capital investments listed out for each grid need which is the unit cost for typical projects and there are associated O&M and overhead costs which are used to determine the deferral value and the deferral values really represent the net present value of deferring the annual revenue requirements associated with the traditional distribution investment and the formula used to compute the

deferral values as referenced in our solicitation protocol infection 2B.So you can see you know the deferral values listed here and you're gonna want to make sure that the net present value of your offers are cost effective and below these deferral value cost caps.

All right, so now I'll be going over our offer submittal process and walking through the offer forms as posted on our website. So all offers must be submitted via the online platform power advocate and there's a link on our RFO webpage which is also on the slide coming up here and as Sandy mentioned at the beginning of our presentation offers for third party only opportunities are due by February 19th at 1 PM Pacific time and offers for Blackwell are due by June 14th at 1 PM Pacific time and you also need to submit all of your offer materials via a USB flash drive mailed to our independent evaluator, Allen[?] Taylor at FedWay Consulting by February 20th for third party offers and June 15th for Blackwell. And we will be considering offers that -- you know will only be considering offers that meet the deadline and our complete and conforming.

So now move on to the required offer submission forms. So what is meant by complete is really that all of the offer submission forms must be submitted and they must be in the format specified in the protocol. This includes an introductory letter which gives us an overview of your company and what you're offering which should be in PDF format. You must also submit a fully completed offer form which is an excel format and you must also submit a fully completed Appendix B which we'd like in PDF format. And I'd also like to note that you know again that we must receive a fully executed NDA which is the Appendix C posted on our website in order for us to provide the offer form for Green Bray and you know this is again due to confidentiality of the Green Bray grid need information so you know we suggest submitting the NDA as early as possible.

So I'll now go through the offer form. So as mentioned there are two offer forms. The first is available on our website which is Appendix 1 and this allows participants to submit offers for the Willow Pass, San Miguel, Calistoga, Ripon, and Zamora deferral opportunities and the Appendix A2 is the offer form for Green Bray and as mentioned in order to receive this offer form you must first submit an NDA. Okay, so on this next slide, here are some of the different sections in the offer form that I'll run through and

as you open the offer form in your first tab you're going to see that it's the instruction tab.

So moving on to the next slide. You'll see there's a yellow bar at the top of the excel offer form and you're gonna want to make sure to enable content and as I said earlier you want to make sure to submit your offer form in excel format and no other formats will be accepted. And then, some additional offer form instructions, there is a cell legend which is very important to follow, so all cells that are colored in the orange are required inputs and once you've entered information into the orange cells they'll turn green which indicate that fields have been completed and all grayed out cells are for information only.

And then the next is the create offer tab and this is set up such that each grid deferral need location will get its own offer form meaning that you will need to submit a separate offer form for each grid need location separately so you'll also need to submit a separate offer form for each variant of an offer that you submit. And then once you've clicked the create offer button, you'll be prompted to select from a drop down for the deferral opportunity that you would like to create an offer for. And then once you selected one of the troll opportunities you will need to insert the megawatt value for your offer and then click the radio button that corresponds with that particular grid need location. After that you can click on the create button and your offer will be initiated and there's a note that was mentioned earlier that there is a you know minimum allowable offer size for each offer.

So participants can manually key in their offer size within this range but we -- so we still encourage participants to submit an offer for the full grid need and also one other thing to note is that if you submit an offer that exceeds the grid need you'll also need to submit an offer for the full need as well. And then after clicking the create button, the excel workbook will open up where you can start populating data for your offer and this offer form is a vertical offer forms where all your data will be entered, it'll be entered in from top down and information about the deferral opportunity selection you made will be auto populated in the first grade out section.

And then the next section is participant information, you'll need to provide your complete legal entity name and location, one authorized contact, developer information if it's different and then the owners of the

participant entity or project entity. And then under the project info section of the offer form, you will need to select your technology type which will be any of the front of the meter or behind the meter options and then right below that it asks you about incrementality of your evaluation and whether you'd like to go through the project specific review or if you prefer to select the pre specified overlap factor which is a drop down selection so you can choose one of those two options and that's only for energy efficiency projects.

So there's also a field for demand response or load shift projects where you can input the hours that you anticipate reducing load, but if it is not applicable just put in NA field and some technology selections may prompt the participant to you know provide generation or load profile on a separate tab which will get into more detail on that in a few slides. So now onto pricing, so depending on the deferral need you select whether it's a 6 or 7-year requirement, you will be able to enter your fixed price and if you select a technology type that has a variable price option you'll be able to enter that here as well and if your project is for energy efficiency will be able to input the price that will be paid after the first year when savings up and verified.

And then the next is the offer range option to indicate whether your offer pricing can be applied to a grid need megawatt range above or below the megawatt amount that you're -- that was made for your offer. And the primary goal of adding this option was to allow flexibility evaluating offers. And then onto offer exclusivity, so we'd also like participants to specify whether each offer is exclusive or inclusive of other offers and provide additional information about how it is written, that's really all that we're doing there. And then next year at the attestation section and it's also very important that the attestation section is fully completed as each of these fields are required to be filled out for the participants to remain qualified and eligible in this RFO.

And then next up we have the generation and load profile table mentioned just a few minutes ago that needs to be completed for front of the meter renewable distributed generation non dispatchable project behind the meter energy efficiency, behind the meter electric vehicles non dispatchable or behind the meter permanent load ship offers and you will need to enter the megawatt generation or load data only for the months and hours applicable to the grid need location selected and also if

applicable and through the annual degradation rate that should be applied to your offer.

So moving on to the next section of the offer form which is the next tab and that's the supply chain responsibility section, pretty straight forward, so all fields in this tab need to be selected and filled out to be deemed complete. And then here in the next slide coming up, this one is the file name and it's very important that all these instructions are followed carefully so for each file name you'll need to select the generate file name button. This will create a customized file name for your particular offer which will be used in the submission of your offer package.

And then moving on to the last slide in this presentation is just some key takeaways on the offer form so I just want to make sure to touch one last time here. When you first submit the offer form, you will want to make sure that you enable content and macros and then again as I mentioned you will submit a separate offer form for each grid the location and we also ask that your file name is the same as the pre populated offer ID that's generated automatically and then make sure to pay attention to units throughout your offer form whether it's kilowatts or megawatts or kilo hours and megawatt hours and make sure all fields are filled out properly.

And then if there is something that is not applicable, please put NA and the data that's in these offer forms should match what we eventually put into the contract. And that does it for our presentation today, we're gonna take a brief intermission and will do Q&A next so please submit questions to our RFO mailbox which is didsrfo@pge.com and the operator will put you on a hold and after a few minutes we'll come back and answer any questions that we receive, so thank you, thank you everyone.

Operator: Ladies and gentlemen, as we take this short break your line will be on music hold again. Please continue to stand by. Ladies and gentlemen, please continue to stand by, we'll be back shortly. Ladies and gentlemen, thank you for your patience. We are now back. I'll hand the conference over to Ms. Mini Damodaran, mam you may begin.

Mini Damodaran: Yes, thank you. There was one question regarding the customer composition and lower profile that I went in detail for Willow Pass deferral projects and not the others and the reason was we were -- we had too many locations and projects and hence did not go over them in

detail during the webinar but these -- the information is certainly available on our websites. Especially those slides that follow -- have the say you know they have the same format that I've been through for Willow Pass bank 1, but it's available in Appendix S1 of the RFO material on our website. And I will hand it over to Michael who's going to answer some of the other questions that came in. Here you go Michael.

Michael Blaevoet: Great, thank you Mini. Yes, so a few other questions that came in so there was one about how many megawatts has been awarded in the past few -- RFOs, so we executed contracts for about 15 megawatts and those were executed to defer in investments in two locations. The next question came in about you know understanding how to evaluate the projects, again the project costs and deferral values set out in the protocol. So you know we just want to know again that these -- that the deferral values are cost caps and you know this is a competitive process and you know just because the -- you know your offer may come in under the cost cap it doesn't guarantee you'll get a contract. You know example could be if there is another offer at a lower price that's under the cost cap as well.

And then another question that came in was about you know emissions reductions and this is related to the -- a resolution in the protocol that was referenced and so you know with respect to emissions reductions yeah we don't really --you know we haven't typically received offers for nonrenewable project but if we did you know we would evaluate it on a case by case basis.

And then there were also some questions about you know how to go from the capital cost to the deferral value and how that computed and determined. So you know typically we just -- you know we refer folks to the DDOR[?] for the assumptions and methodology of calculating the LNBA[?] value and not the total value. And the LNBA is another way of expressing the cost cap and they are comparable and the LNBA is a simplified calculation and it's used kind of as a proxy and you know it is a competitive process and you know just to reiterate that if you're under the cost cap it doesn't mean you'll be -- you'll be awarded a contract in the RFO and I do also want to note that you know please refer to the deferral values that are listed in the solicitation protocol rather than the advice letter.

And I think that's all of the questions that we had as of right now, but you

know any questions that we -- that may have flowed in and we didn't end up getting to respond to right now during the slide Q&A. They'll flow into our Q&A dock that we post on our web page you know sometime over the next week or so.

Female Speaker: Hey Michael –

Michael Blaevoet: And –

Female Speaker: First, we're -- sorry can I interrupt you? There were a couple other procedural questions about the process. One of them was are you posting the slide? And the answer is yes, we will post the slides after the webinar. There was also a question about whether PG&E was share emails about our persistence. The answer to that question is no we're not hearing email but we do share the company name and the persistence so that general information is available. You want to look for direct contact.

And then there was another question about the NDA for Green Bray and I suggest him that we tack it because there doesn't seem to be a signature page so I just actually tack the document that is posted on Appendix B on a website and it does include a signature block so it should be there but you know feel free to contact us if you have issues with the document.

Michael Blaevoet: Great. Yeah, thanks Sandy for adding those in there and one last thing on the NDA so it's an editable word document. So only fields that are highlighted in yellow can be modified and you're going to want to save that document and insert your signature into the document. And yes, you have any other questions on you know the mechanics of doing that you can just feel free to reach out to us via email. I think that's all of the questions that came in as of right now yeah and thanks again Sandy for adding those in. If there's anything else that folks would like to know or have questions about, yeah please feel free to send an email to our RFO mailbox at didfrfo@pge.com and I think that's it, so you know we're looking forward to everyone participating and feel free to reach out if you have any other questions.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for your participation, you may now disconnect. Have a great day.