

Pacific Gas and Electric Company

Moderator: Lee, Denise

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OPERATOR: This is Conference # 8679913

Operator: Hello and welcome to today's PG&E participants' webinar. My name is Ian and I'll be your web event specialist today.

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It is now my pleasure to turn the webcast over to Denise Lee. Denise, the floor is yours.

Denise Lee: Thank you Ian. Hi everyone, thank you for joining today's PG&E's webinar for the 2019 Tree Mortality Non-bypassable Charge Bundled Renewable Portfolio Standard Sale Solicitation. So today we have an agenda that I'll go over shortly. There it goes. So my name is Denise Lee. I'm on the Structured Energy Transactions team and Energy Procurement side of PG&E and I will be going over the introduction as well as the solicitation overview. Mark Muranishi will be going over the EEI Master Agreement confirm and then I'll go over our evaluation methodology as well as the bid submittal process in the bid form and then we'll go ahead and have a short intermission where you'll be placed on a brief hold, then we'll go over the Q&A.

So just to give an overview of what today's agenda is, this is for the Tree Mortality Solicitation. We have our traditional REC solicitation going on at the same time, but for purposes of this webinar, we will only be discussing the Tree Mortality Non-bypassable Charge Solicitation.

So anytime during the presentation, participants should email their questions to the solicitation mailbox at TMNBCrecreales@pge.com. We will try to go over all the questions and if we don't have time for anything after, we will address them in our Q&A document which will be posted on the solicitation website at pge.com/rfo/tmnbc. We will also post this copy of the presentation PowerPoint as well as an audio portion of the webinar on the website listed above as well.

So this presentation is intended to be a summary-level discussion of information and requirements established in the solicitation materials. To the extent that there any inconsistencies between the information provided in this presentation and the requirement from the solicitation materials, the solicitation materials will govern and we recommend that participants carefully review all of the materials on the solicitation website including the protocol and the EEI Master Agreement Confirmation. We also urge that participants ask any clarifying questions early on prior to submitting a bid into this solicitation.

So I'll go over the solicitation overview. This Tree Mortality Non-Bypassable Charge Bundled RPS Energy Sale is a direct result of a commission decision that was issued late last year in December of 2018 which ordered PG&E as well as other IOUs to make available for sale, the bundled renewable portfolio standard eligible energy and corresponding RECs generated from its existing Tree Mortality Power Purchase Agreement.

So with that, there are two existing PPAs that fall under that category. The first is Burney Forest Products, which has a contract capacity of 29 megawatt and initial delivery date of 11/01/2017 and an expected delivery date of 10/31/2022. The second existing PPA is with Wheelabrator Shasta with the contract capacity of 34 megawatts, initial energy delivery date of 12/02/2017 and an expected delivery end date of 12/01/2022. So they're

both five-year contracts and for purposes of what's for sale, it'll be the residual term.

So kind of go over the entire product attributes for what we're selling, line by line, just walk you guys through. The product for sale is the bundled RPS energy and associated RECs with the two PPAs that I had just listed. So it'll be unit-contingent unlike the traditional REC solicitation, which are by specific or not by specific facilities. So that's kind of one of the differentiating things about this. So pricing energy will be settled at day-ahead index, LMP and the REC will be a fixed price which you'll provide in the offer form for.

For the delivery term, like I had mentioned before, it'll be for the residual term of the PPA. So with Burney Forest Products, the PPA goes through 10/31/2022 and Wheelabrator Shasta goes through 12/01/2022 and the delivery start date will occur upon the final CPUC approval of the Tier 1 Advice Letter.

For quantity, the buyer receives full energy and REC output for the applicable TM PPA. So what we're saying in that is that no partial volumes will be accepted, it'll be the full output of the facility for the PPA that the participant is bidding into and the agreement that we'll be using is the attachment B which you can find on our solicitation website and it's the 2019 Tree Mortality Non-bypassable Charge Bundled RPS Energy Sale EEI Master Agreement Confirmation.

So PG&E intends to execute two sales agreements totaled one sales agreement per Tree Mortality Power Purchase Agreement. So the solicitation schedule target dates I have listed here. We have the participants' webinar today, we launched last week, Monday, March 25th. This will be due on April 17th by 1 PM and participants must submit their bids through the platform Power Advocate. PG&E intends to notify qualified participants on 04/22/2019 and this date is aligned with the notification for our other REC solicitation which is the traditional REC.

So PG&E intends to execute agreement in May of 2019, which would be subject to CPUC approval and we plan on filing a Tier 1 Advice Letter no later than 60 days upon or after execution.

So with this solicitation, we will have an independent evaluator involved throughout the entire process. The primary role of the independent evaluator is to ensure fair and equitable treatment for all potential counterparties as well as to review the methodology described for how we will evaluate this. The IE will also provide the IE report which will be included in the advice letter that we file to CPUC for approval. So our IE for the Tree Mortality Solicitation is Lewis Hashimoto of Arroyo Seco Consulting and his email address is listed here arroyosecoconsulting@gmail.com.

So with that, I'm going to pass it along to Mark Muranishi. He will discuss the master agreement confirm.

**Mark
Muranishi:**

Good afternoon everybody. So my name is Mark Muranishi as Denise mentioned. I'm also part of the Structured Energy Transaction Team at PG&E. I'm gonna give you guys a quick overview of the confirmation that's associated with the solicitation. This agreement is located on our solicitation website. So if you guys haven't seen it, you guys can go there. It should be linked. So some quick general guidelines related to the agreement. So this is the EEI Master Agreement Confirmation; however, participants are not required to have an EEI Master Agreement in place with PG&E in order to submit a bid.

There is a possibility that if we don't have one in place at the time of bid submittal, we may require one prior to execution. So if you are a party out there who doesn't have any existing EEI Master Agreement in place with us at PG&E, we recommend you guys reach out to us as soon as possible to get that in place if you guys are thinking about participating the solicitation.

And the last thing in terms of general guidelines here is, we have a strong preference for standardized agreements. We will consider edits to the agreements in certain sections and those sections are listed below, so that would be the green attributes price section as well as the credit terms.

So giving you guys a quick overview of product delivery, so as you guys are aware these are the products that was found as a bundled product, so that bundle product includes both energy and green attributes. So energy deliveries will begin upon CPUC approval. As mentioned earlier, we're

expected to file a Tier 1 Advice Letter for that approval. So once that approval is final, we would begin energy deliveries.

In terms of scheduling obligations, PG&E or a qualified third party designated by PG&E will be the scheduling coordinator. For energy deliveries, the energy will be delivered at the applicable Pnode or pricing node for the specific facility associated with the Tree Mortality PPA. So in this case, we have two facilities that were selling the product from, so that would be Burney Forest Products or Wheelabrator Shasta.

In regards to the green attributes delivery, so those will be transferred to buyer, we will transfer their rigid certificates associated with any delivered energy within a month within 25 business days of two things. So the first is the deposit of those rigid certificates into PG&E's account and then also buyer's payment of the monthly cash settlement amount which I'll go over on the next slide, but effectively there are two conditions for us to trigger our deliveries, so that will be one: PG&E receives the rigid certificates into R account and to buyer's payment of PG&E's invoice.

So the last point I want to touch on associated with delivery, how to do with some of the unit-contingent structure and nature of the product, so sales, delivery and convenience obligations for the product under this agreement are limited solely to the product delivered from the project, so the project in this case would be whatever applicable facility was under the Tree Mortality PPA and all deliveries would be pursuant to that PPA.

So for example if the Tree Mortality Power Purchase Agreement between PG&E and a specific facility generated 50,000 megawatt hours, almost 50,000 RECs, then those 50,000 megawatt hours and RECs would be transferred to buyer. If that facility didn't generate anything within the specific month then nothing would be transferred and the buyer would not pay for anything. So effectively buyers are only paying for what they receive.

So looking at the monthly cash settlement amount, so this would be the amount that buyer is obligated to pay under the agreement, it's a pretty simple calculation. So I'll walk you guys through it really quick. It's the sum of $A + B - C$. So A would be the sum overall hours of the calculation period of the applicable energy price for each hour of delivered energy

multiplied by the full output of delivered energy for the facility during that hour. So effectively, this is covering the energy portion of the settlement, so it'll be whatever delivered energy there was during the specific hour within the whole month times of the energy price for that specific hour, so that'll be the LMP or the LMP index price. So if you wanted to B that'll cover the green attributes portion which is equal to the green attributes price multiplied by the quantity of green attributes associated with the delivered energy for the applicable calculation period. And C here is effectively the same as A, so because it's $A + B - C$, A and C net out and you're left with B. So effectively the monthly cash settlement amount will be equal to the green attributes price multiplied by the amount of green attributes delivered by.

So the last portion of the confirmation that I want to touch on was associated with credit. So you guys can look into the confirmation itself to get the details on the specific credit requirements, but want to give you guys a high-level overview.

So again here we're looking at a bundle product, so there is electric energy and green attributes. For the electric energy portion, the credit requirements, those will be governed by the EEI agreement, that will be the EEI Master Agreement. Because this is priced at index, it's likely that you know that will be minimal to zero and for the green attributes portion, the exposure amount will be equal to the greater of A or B below. So there are some formulas in here but the one thing I do specifically want to point out is that the exposure amount for the green attributes portion is facility specific. So for example, so for Burney Forest Products, the collateral requirements or amount will be different than for the Wheelabrator Shasta.

So just to go walk you guys through the specific sub-bullets here, so it'll be the greater of A or B, where A is equal to the green attributes price multiplied by whatever the fixed amount is less 15% at times of volume of delivered green attributes and that fixed amount can then be found in the third sub-bullet there which is facility specific and B in this case would be the green attributes price multiplied by 10% of the fixed amount. So the fixed amount that depending on the facility as I mentioned earlier and those are listed here: For Burney Forest Products would be 100,000 and for Wheelabrator Shasta would be 150,000. So the last bullet here is under this agreement, seller or PG&E will not be obligated to post collateral.

So with that, I'll pass it onto Denise, who's going to walk you guys through the evaluation methodology.

Denise Lee: Thank you Mark. So the bills received for the Tree Mortality Solicitation will be evaluated primarily by quantitative criteria which is the price. PG&E may also evaluate using qualitative criteria and just as an example of some qualitative criteria that we may use would include: Counterparty credit worthiness, extent of agreement modifications, buyer concentration, acceptable EEI Master Agreement between PG&E and the participants, and previous commercial experience with the counterparty. Like Mark said before though we are not requiring that an EEI Master Agreement is in place at that time of submittal.

So I'll quickly go over the bid submittal process as well as the bid form. So all bids must be submitted via the online platform of Power Advocate. Only accepted participants are permitted to submit this. So you can register through the link provided in this presentation, it's also listed in the solicitation website and we strongly encourage all participants to register in advance of 1Bid are due on April 17th at 1 PM.

PG&E will also only consider bids that are submitted by the deadline and complete. So a few documents that must be included and considered in a complete package are the attachment A, which is the bid form as well as the confirm and actually I think I'm going through, sorry I'm getting ahead of myself. I'm going to rewind.

Mark So I think the one big thing to point here is that all participants can submit
Muranishi: up to a total of two bids?

Denise Lee: All right.

Mark So you know effectively it's one bid per facility or per applicable Tree
Muranishi: Mortality Power Purchase Agreement. So those two bids that will be submitted in the same form. So you guys will see that in the attachment and Denise will walk you guys through with that looks like.

Denise Lee: Yeah, thank you. Brokers can also submit on behalf of multiple counterparties, but must designate the name of the counterparty in the bid

form and PG&E will not accept bids that are contingent on the selection of the specified delivery areas. So by submitting a bid into the solicitation, each participant is also required to bid by the confidentiality obligation specified in Section 5 of the solicitation protocol.

So within Power Advocate, we have some documents that are made available to participants upon receiving an executed attachment C confidentiality agreement, we're calling this as the data room and once PG&E receives executed confidentiality agreement from the participant, we can give you access to the following information which is executed version of the existing Tree Mortality Power Purchase Agreement for both Burney and Wheelabrator as well as the historical generation data broken down by month for the facilities.

So required bid submission forms, this is I think where I was jumping ahead. A bid package must be in the format as specified in the Tree Mortality protocol and is also listed below. Within a complete package the following documents to be included: Complete bid form which is the attachment A in an excel format. A red line of the EEI Master Agreement Confirmation which is the attachment B and that should be in a word format and documentation of entity legal status from the California Secretary of State which can be provided via screenshot in word or PDF format.

And now I'll go over the bid form that's which is attachment A, and this document can be accessed on the solicitation website. So the bid form has you know some formulas embedded in the backend, so be sure and enable macros before entering any input into the spreadsheet. Make sure that it is submitted and saved in .xlse format. No other formats will be accepted. And each cell with the yellow background is required to be filled out. So I included another screenshot of what the bid form looks like. So you can kind of take a look at the top bars where you want to enable the content to ensure that the macros are enabled and all of the input that are highlighted in yellow are required fields.

At the top, there's a percentage of that basically indicates what percent is complete and how much needs to be filled out. I think the important piece is kind of highlighted and encircled in red which is the pricing information for the facility that you're interested in bidding into. As mentioned before,

participants can submit up to two bids and they'll be submitted in a single offer form.

So there are two sections for each facility: Burney Forest Products and Wheelabrator Shasta and you should select within the dropdown which facility or facilities you are interested in bidding into. All of the product attributes that are greyed out are you know those don't change and that's why they're greyed out. The only input for the facility that you're providing is whether or not you're bidding into it and then the fixed price for the REC.

For those participants that are submitting an offer for two bids, one for each facility, participants must specify whether the bids are mutually exclusive. So what that means is if PG&E accepts both bids submitted that being for Burney as well as for Wheelabrator Shasta, so participant must specify whether or not they can actually execute contracts on both the awarded bids. So this dropdown will show up only if the dropdown is selected yes for both Wheelabrator and Burney above.

Mark Muranishi: And then just one point of clarification that too is PG&E will not be accepting bids that are contingent on the acceptance of another. So you can't say I need to have both Burney and Wheelabrator accepted. Proceed?

Denise Lee: Yeah. That's a good clarification and excellent. So the bid form also includes, I didn't include a screenshot, but there are additional attestations within the bid form and then below the attestation is the bid form like file name generator. This will pull directly from input that you included, so be sure that when you fill out the bid form, you're going from top to bottom and this is at the very bottom. The instructions are you click the button, generate file name, and it'll generate in the cell below in number two and we want to be sure that you copy that file name and be sure to save the document with that file name. So this file name that's generated should match the document name that you submit to us via Power Advocate.

So communications and website, just to go over where you can find all of the information for the solicitation. As I mentioned before, the solicitation website is pge.com/rfo/tmnbc where you can find the schedule that we went over, documents, and instructions for Power Advocate, the Q&A as well as any other announcements and updates. So I recommend checking periodically to see if there are any new updates and then all

communications regarding this solicitation should be sent to TMNBCrecreales@pge.com with a copy to the IE at arroyosecoconsulting@gmail.com.

With that, we will check the mailbox for any incoming questions. If you haven't done so already, go ahead and send questions to the TMNBCrecreales@pge.com mailbox and we'll put you on a brief hold as we review those questions and then discuss the Q&A shortly after.

Ian, are we live?

Operator: Yes, you are live. You may now continue.

Denise Lee: Okay, thank you.

So we received some questions in the mailbox and we'll go over them one by one and like I said before, if we haven't touched upon any or answered the questions to the entirety, then feel free to follow up via the mailbox TMNBCrecreales@pge.com and we will post the Q&A following this presentation on the solicitation website as well as any other questions that come in for the remainder of the solicitation, we will look to update that document periodically. So with that Mark will start off with the first question.

Mark Muranishi: So the first question we got was, can I bid for only 10% of the output of one of the facilities? So in this case, the product that we found is actually the full bundled energy and REC output of the facility, so we are not accepting partial volumes or a specific portion of that output.

Denise Lee: Okay and the second question we received is, what is the historical annual output of each site? So PG&E will provide that information is available via Power Advocate and you can access that data upon us receiving an executed version of the confidentiality agreement. Once we receive that we will provide you with access to that information in Power Advocate and it can be located via the downloads tab.

Mark Muranishi: The confidentiality agreement is available on our website as attachment C, so you guys can find out there.

Denise Lee: The third question is, what are the contractual guarantees of output? So there are no contractual guarantees for the solicitation. The buyer receives the full bundled energy and REC associated with the facility that they're bidding into.

So those are all of the questions we received. Thank you everyone for your time and look forward to your participation. Thank you.

Operator: Thanks to all participants for joining us today. We hope you find this webcast presentation informative.

This concludes our webcast. You may now disconnect. Have a good day.