

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE



October 9, 2019

**Advice Letter 5635-E**

Erik Jacobson  
Director, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

**SUBJECT: 2019 Tree Mortality Non-Bypassable Charge Resource Adequacy Sales Solicitation: Power Purchase and Sale Agreement Between Pacific Gas and Electric Company and East Bay Community Energy Authority**

Dear Mr. Jacobson:

Advice Letter 5635-E is effective as of September 13, 2019.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph  
Deputy Executive Director for Energy and Climate Policy/  
Director, Energy Division

September 13, 2019

**Advice 5635-E**

(Pacific Gas and Electric Company ID U39 E)

Public Utilities Commission of the State of California

**Subject: 2019 Tree Mortality Non-Bypassable Charge Resource Adequacy Sales Solicitation; Power Purchase and Sale Agreement Between Pacific Gas and Electric Company and East Bay Community Energy Authority**

**I. Introduction****A. Identify the Purpose of the Advice Letter**

Pursuant to Decision (D.) 18-12-003, Pacific Gas and Electric Company (PG&E) hereby submits this advice letter to seek approval from California Public Utilities Commission (Commission or CPUC) of one power purchase and sale agreement (PPSA or Transaction) to sell Resource Adequacy (RA) capacity from PG&E's existing Tree Mortality (TM) power purchase agreements (TM PPAs) with Burney Forest Products and Wheelabrator Shasta to East Bay Community Energy Authority (EBCE or Buyer). This Transaction is the result of PG&E's TM Non-Bypassable Charge (NBC) Resource Adequacy Sales Solicitation (Solicitation).

**B. Background**

On December 21, 2018, the CPUC issued D.18-12-003 (TM NBC Decision) establishing a methodology to recover the net costs of the mandated TM PPAs, including Burney Forest Products and Wheelabrator Shasta, from all customers through a non-bypassable charge. On February 19, 2019, PG&E submitted its Advice Letter 5478-E, which included the TM NBC RA Sales Framework and Protocols as confidential Appendix C (TM NBC Sales Framework). Following the May 23, 2019 approval of that Advice Letter, and to comply with the D.18-12-003, PG&E made available for sale the TM RA capacity for its existing TM PPAs with Burney Forest Products and Wheelabrator Shasta by issuing its TM NBC RA Sales Solicitation on July 19, 2019. Per the TM NBC Decision, PG&E will value RA capacity associated with PG&E's TM PPAs using the results of the Solicitation and deduct the total notional value amount from the TM NBC. Pursuant to Senate Bill

(SB) 901,<sup>1</sup> PG&E is seeking five-year extensions to, or new contracts for deliveries from, certain qualifying biomass contracts, including the TM PPAs. Any contract extensions or new contracts executed pursuant to SB 901 in the future will be handled through a separate process that will follow the sales framework and protocols described in Advice Letter 5478-E.

### C. Solicitation Details in Accordance with PG&E's TM NBC Sales Framework

#### 1. Projects

The PPSA allows PG&E to deliver TM RA capacity from the Burney Forest Products and Wheelabrator Shasta facilities (the Projects) listed in Table 1 below, which are currently under contract to PG&E. The product is Generic North System RA capacity.

**Table 1: Facility List for PPSA**

Name of Facility	Technology	Location	Host Balancing Authority	Resource ID
Burney Forest Products	Biomass	County: Shasta Address: 35586-B Highway 299 East Burney, CA 96013	CAISO	BURNYF_2_UNIT 1
Wheelabrator Shasta	Biomass	County: Shasta Address: 20811 Industry Road Anderson, CA 96007	CAISO	WSENGY_1_UNIT 1

#### 2. Solicitation Product

In the Solicitation, PG&E made available for sale the RA capacity from its existing TM PPAs listed in Table 2 below.

**Table 2: PG&E's Existing TM PPAs**

Facility Name	Contract Capacity (MW)	Initial Energy Delivery Date	Expected Delivery End Date
Burney Forest Products	29	11/1/2017	10/31/2022
Wheelabrator Shasta	34	12/2/2017	12/1/2022

The Solicitation resulted in a PPSA for the TM RA capacity from PG&E's TM PPAs with Burney Forest Products and Wheelabrator Shasta. The Transaction is for the sale of the available RA capacity associated with PG&E's TM PPAs for the remainder of their individual PPA terms, which have an expected delivery end date of October 31, 2022, and December 1, 2022, as shown in Table 2. The Transaction is consistent with the TM NBC Sales Framework approved as part of Advice Letter 5478-E.

<sup>1</sup> SB 901, Stats. 2018, Ch. 626 (codified in relevant part at Cal. Pub. Util. Code § 8388). Pursuant to SB 901, PG&E will seek to amend contracts that procure electricity generated from biomass to include, or seek approval for new contracts that will include, an expiration date 5 years later than the expiration date in the original contracts (operative in 2018 and expire on or before December 31, 2023), so long as the extensions include applicable feedstock requirements.

### 3. Buyer

East Bay Community Energy Authority (EBCE) is a Consumer Choice Aggregator (CCA) serving residential and business customers in Alameda County.

### 4. Project Background, e.g., Expiring QF Contract, Phased Project, Previous Power Purchase Agreement, Contract Amendment

The Projects are existing and operating facilities under current TM PPAs to deliver RA capacity, among other products, to PG&E.

### 5. Source of Agreement, i.e., RA Solicitation Year or Bilateral Negotiation

The PPSA resulted from a Solicitation and was evaluated and executed in accordance with the TM NBC Sales Framework. Relevant Solicitation materials provided to bidders are provided in public Appendices A and B.

## D. General Transaction Description

The Projects are described in Table 1 above. The terms of the Transaction are summarized as follows:

**Table 3: Transaction Summary**

Buyer	Contract Quantity	Date Contract Delivery Term Begins	Delivery Term
EBCE	Buyer receives the available Generic North System RA capacity from the applicable TM PPAs, measured as the lesser of the CAISO NQC and the TM PPA contract capacity for months that the unit is not on planned outage, for the residual term of the TM PPAs.	December 1, 2019; delivery start is contingent upon final CPUC approval of this Tier 1 Advice Letter	Residual delivery term (as shown in Table 2 of this Advice Letter) of PG&E's existing TM PPAs with Burney Forest Products and Wheelabrator Shasta

## E. General Transaction Structure

### 1. Required or Expected Product of the Proposed Contract

PG&E will sell RA capacity under the PPSA. PG&E purchased the Generic North System RA capacity from the Projects under the TM PPAs. The PPSA must receive final, non-appealable Commission approval before PG&E begins RA deliveries to the Buyer.

### 2. Full Available Facility Capacity

PG&E will deliver RA capacity from the Projects listed in Table 1 above. PG&E is obligated under the terms of the PPSA to deliver the Projects' available quantities of RA capacity during the delivery

term. Deliveries pursuant to the PPSA are the lesser of the CAISO NQC and the TM PPA contract capacity for months that the individual Projects are not on planned outage.

### **3. Outage Management (e.g., planned outages, forced outages, substitution)**

The allocation of all penalties and incentives associated with the RA capacity from these Projects, including those incurred from the Resource Adequacy Availability Incentive Mechanism (RAAIM), are discussed in Advice Letter 5478-E Appendix C.

PG&E will not provide RA capacity from a Project in any month in which the Project has an approved planned outage, and Buyer will not be responsible for any payments to PG&E for any month with a CAISO approved planned outage. PG&E will provide annual notice to Buyer of the preliminary outage schedule for the following year and will confirm outages no later than sixty (60) days before the first day of the applicable Showing Month.

## **F. Confidentiality**

**Explain if confidential treatment of specific material is requested. Describe the information and reason(s) for confidential treatment consistent with the showing required by D.06-06-066, as modified by D.08-04-023.**

In support of this Advice Letter, PG&E has provided confidential information in certain attachments that are marked as confidential. This information includes the PPSA and other information that more specifically describes the rights and obligations of the parties involved. This information is being submitted in the manner directed by D.08-04-023 and the August 22, 2006, Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with D.06-06-066 to demonstrate the confidentiality of the material and to invoke the protection of confidential utility information provided under either the terms of the Investor Owned Utility Matrix, Appendix 1 of D.06-06-066 and Appendix C of D.08-04-023, or Public Utilities Code section 454.5(g). A separate Declaration Seeking Confidential Treatment is being submitted concurrently with this Advice Letter.

## **II. Consistency With Commission Decisions**

### **A. PG&E Advice 5478-E**

#### **1. Identify the Commission approval of the utility's Resource Adequacy Sales Framework and Protocols for Tree Mortality contracts. Did the utility adhere to the filing?**

PG&E's TM NBC Sales Framework was approved by the Commission on May 23, 2019 as part of PG&E's Advice Letter 5478-E. PG&E complied with all procedural requirements of D.18-12-003 with regard to the filing of its TM NBC Sales Framework.

#### **2. Discuss how the Transactions are consistent with the utility's Resource Adequacy Sales Framework and Protocols for Tree Mortality contracts and meet utility procurement and portfolio needs (e.g., capacity, electrical energy, resource adequacy, or any other product resulting from the Transactions).**

Pursuant to D.18-12-003, PG&E developed the TM NBC Sales Framework, submitted as Appendix C in the approved Advice 5478-E, to make available for sale the RA capacity from its existing TM PPAs. The proposed PPSA is for the sale of RA capacity for the remaining term of PG&E's existing TM PPAs with Burney Forest Products and Wheelabrator Shasta.

Consistent with the TM NBC Sales Framework, the Transaction used PG&E's Unit Specific RA Confirmation Agreement, which was included in Advice Letter 5478-E in Appendix D. PG&E is providing a comparison of the executed Transaction against that approved confirmation in confidential Appendix D of this Advice Letter. The adherence to PG&E's pre-approved TM NBC Sales Framework, the use of the approved Unit Specific RA Confirmation Agreement with limited modifications to conform to PG&E's existing standard RA Confirmation, and the execution of the Transaction through the TM NBC RA Sales Solicitation process allows for the submittal of the Transaction through this Tier 1 advice letter.

### **3. Sales**

- a. For Sales contracts, provide a quantitative analysis that evaluates selling the proposed contracted amount vs. using the RA towards future RA compliance requirements (or any reasonable other options).**

D.18-12-003 required PG&E to make available for sale the RA capacity from its existing TM PPAs. Additional details on PG&E's quantitative analysis regarding the sale of the TM RA can be found in confidential Appendix C.

- b. Explain the process used to determine price reasonableness, with maximum benefit to ratepayers.**

PG&E followed the approved TM NBC Sales Framework to evaluate bids resulting from the Solicitation. The TM NBC Sales Framework described the approach that would be used to evaluate bids and identified sales price as the sole quantitative evaluation criterion. The Transaction will benefit all ratepayers by reducing customer costs using the actual market value of the TM RA capacity to reduce the total costs of the TM contracts incorporated in the NBC. Additional details on PG&E's consistency with Commission decisions in the bid selection process can be found in confidential Appendix C.

### **B. Procurement Review Group (PRG) Participation**

- 1. List PRG participants (by organization/company).**

PG&E's PRG includes the Commission's Energy Division, the Office of Ratepayer Advocates, the Union of Concerned Scientists, The Utility Reform Network, the Coalition of California Utility Employees, and Coast Economic Consulting.

- 2. Describe the utility's consultation with the PRG, including when information about the contract was provided to the PRG, whether the information was provided in meetings or other correspondence, and the steps of the procurement process where the PRG was consulted.**

At the July 16, 2019 PRG meeting, PG&E updated the PRG regarding PG&E's intent to issue the Solicitation to sell the RA capacity associated with its existing TM PPAs.

Also on July 16, 2019, PG&E provided the TM NBC RA Sales Solicitation market notice to the PRG via email.

On July 30, 2019, PG&E provided an update, via email, to the PRG regarding the shortlist of bids received in the Solicitation.

On August 19, 2019, PG&E provided a summary of the quantities that PG&E expected to execute, via email, to the PRG.

Additional details on PRG interaction regarding the Solicitation can be found in confidential Appendix C.

### **C. Independent Evaluator (IE)**

- 1. The use of an IE is required by D.04-12-048 and D.07-12-052. Provide name of the IE and the oversight provided by the IE.**

The IE is Charles Janecek of PA Consulting. The IE provided active oversight of PG&E's communication within the Solicitation beginning prior to issuance and continuing through contract execution. The IE provided input in advance of the Solicitation's launch with the goal of maximizing the effectiveness of PG&E's outreach. During the Solicitation, the IE reviewed e-mails exchanged between PG&E and the counterparties.

- 2. List when the IE made any findings to the Procurement Review Group regarding the applicable solicitation, the project/bid, and/or contract negotiations.**

The IE did not provide any findings to the PRG related to the PPSA. The IE concludes in the IE report that the Solicitation was conducted in a fair and equitable manner.

- 3. Insert the public version of the project-specific IE Report.**

The confidential version of the IE report is attached to this Advice Letter as Appendix F. A public, redacted IE report is attached to this Advice Letter as Appendix G.

### **D. Request for Commission Disposition**

PG&E requests that the Energy Division issue a disposition letter no later than October 4, 2019. This will allow for both parties to include the Projects in the appropriate filings for the RA compliance month of December 2019 by the compliance deadline of October 17, 2019. Any such disposition that makes this advice letter effective shall be deemed to constitute the following:

1. Approval of the PPSA in its entirety, including payments to be received by PG&E;
2. A finding that the PPSA is consistent with the TM NBC Sales Framework approved as

part of Appendix C in PG&E's Advice Letter 5478-E and is consistent with OP 5 of Decision 18-12-003, and that the sale of the RA capacity under the PPSA is reasonable and in the public interest;

3. A finding that all costs of the PPSA are fully recoverable in rates over the life of the PPSA, subject to CPUC review of PG&E's administration of the PPSA; and
4. A finding that the payments received by PG&E pursuant to the PPSA shall be credited to all benefitting customers through the Tree Mortality Non-Bypassable Charge Balancing Account (TMNBCBA) over the life of the PPSA.

### **Protests**

PG&E requests for an expedited protest period of 10 days. Anyone wishing to protest this Advice Letter may do so by letter sent via U.S. mail, facsimile or E-mail, no later than September 23, 2019, which is 10 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson  
Director, Regulatory Relations  
c/o Megan Lawson  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B13U  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-3582  
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Rule 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Rule 3.11).

**Effective Date**

PG&E requests that this Tier 1 Advice Letter become effective upon submittal and receive a disposition letter by no later than October 4, 2019 in order to allow both parties to include the Projects in the appropriate filings for the RA compliance month of December 2019 by the compliance deadline of October 17, 2019.

**Notice**

In accordance with General Order 96-B, Section IV, a copy of this Advice Letter excluding the confidential appendices is being sent electronically and via U.S. mail to parties shown on the list shown below, including the service list for A.16-11-005. Non-market participants who are members of PG&E's PRG and have signed appropriate Non-Disclosure Certificates will also receive the Advice Letter and accompanying confidential attachments by overnight mail. Address changes to the General Order 96-B service list should be directed to PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process\_Office@cpuc.ca.gov. Advice letter filings can also be accessed electronically at <http://www.pge.com/tariffs>.

\_\_\_\_\_/S/

Erik Jacobson  
Director, Regulatory Relations

**Attachments:**

- Appendix A: PG&E Notifications of TM NBC RA Sales Solicitation Issuance
- Appendix B: PG&E TM NBC RA Sales Solicitation Bid Form
- Appendix C: PG&E TM NBC RA Sales Solicitation Bid Evaluation and Consistency with Commission Decisions and Rules (Confidential)
- Appendix D: Comparison of Power Purchase and Sale Agreement with East Bay Community Energy Authority against PG&E Advice Letter 5478-E Unit Specific RA Confirmation of Agreement (Confidential)
- Appendix E: Executed Power Purchase and Sale Agreement with East Bay Community Energy Authority (Confidential)
- Appendix F: PG&E TM NBC RA Sales Solicitation Independent Evaluator Report (Confidential)
- Appendix G: PG&E TM NBC RA Sales Solicitation Independent Evaluator Report (Redacted)

cc: Service List for A.16-11-005  
Cheryl Lee – Energy Division

**Limited Access to Confidential Material**

The portions of this Advice Letter marked Confidential Protected Material are submitted under the confidentiality protection of 454.5(g) of the Public Utilities Code. This material is protected from public disclosure because it consists of, among other items, the PPSA itself, price information, and analysis of the PPSA, which is protected pursuant to D.06-06-066 and D.08-04-023. A separate Declaration Seeking Confidential Treatment regarding the confidential information is filed concurrently herewith.



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39E)

Utility type:

- ELC       GAS       WATER  
 PLC       HEAT

Contact Person: Yvonne Yang

Phone #: (415)973-2094

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: Yvonne.Yang@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
 PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 5635-E

Tier Designation: 1

Subject of AL: 2019 Tree Mortality Non-Bypassable Charge Resource Adequacy Sales Solicitation; Power Purchase and Sale Agreement Between Pacific Gas and Electric Company and East Bay Community Energy Authority

Keywords (choose from CPUC listing): Compliance

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.18-12-003

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  Yes  No

If yes, specification of confidential information: See attached Declaration and Matrix  
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information: Alice Gong, (415)973-4569, AxL3@pge.com

Resolution required?  Yes  No

Requested effective date: 9/13/19

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name: Erik Jacobson, c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility Name: Pacific Gas and Electric Company  
Address: 77 Beale Street, Mail Code B13U  
City: San Francisco, CA 94177  
State: California Zip: 94177  
Telephone (xxx) xxx-xxxx: (415)973-2093  
Facsimile (xxx) xxx-xxxx: (415)973-3582  
Email: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: District of Columbia Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA**

**PACIFIC GAS AND ELECTRIC COMPANY**

**DECLARATION OF ALICE GONG  
SEEKING CONFIDENTIAL TREATMENT  
FOR CERTAIN DATA AND INFORMATION CONTAINED  
IN ADVICE LETTER 5635-E**

I, Alice Gong, declare:

1. I am a Manager in the Portfolio Management department within the Energy Policy and Procurement organization at Pacific Gas and Electric Company (PG&E). In this position, my responsibilities include overseeing Commercial Policy and Compliance activities.

This declaration is based on my personal knowledge of PG&E's practices and my understanding of the Commission's decisions protecting the confidentiality of market-sensitive information.

2. Based on my knowledge and experience, and in accordance with Decisions 06-06-066, 08-04-023, and relevant Commission rules, I make this declaration seeking confidential treatment for certain procurement data and information contained in the attachments to Advice Letter 5635-E.

3. Attached to this declaration is a matrix identifying the data and information for which PG&E is seeking confidential treatment. The matrix specifies that the material PG&E is seeking to protect constitutes confidential market sensitive data and information covered by Public Utilities Code section 454.5(g), D.06-06-066, D.08-04-023 and/or relevant Commission rules. The matrix also specifies why confidential protection is justified. Further, the data and information: (1) is not already public; and (2) cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure. By this reference, I am

incorporating into this declaration all of the explanatory text that is pertinent to my testimony in the attached matrix.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on September 13, 2019 at San Francisco, California.

/s/

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ALICE GONG

**PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)  
ADVICE LETTER 5635-E  
SEPTEMBER 13, 2019**

**IDENTIFICATION OF CONFIDENTIAL INFORMATION**

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order that Data Corresponds To	Justification for Confidential Treatment	Length of Time Date To Be Kept Confidential
Confidential Appendices C and F	<p>Items VIII) A) Bid Information and VIII) B) Specific quantitative analysis involved in scoring and evaluation of participating bids</p> <p>Pub. Util. Code § 454.5(g)</p>	<p>These appendices contains detailed information regarding PG&amp;E’s sales framework in the context of competitive solicitation protocols, including how the framework was applied to specific bids received. Release of this market sensitive information could put PG&amp;E at a competitive disadvantage with regard to other market participants and could detrimentally impact PG&amp;E customers. This is commercially market sensitive information because it could be used by other market participants to gain a commercial advantage and could impact market prices and cause harm to PG&amp;E’s customers.</p>	<p>Item VIII.A: Total number of projects and megawatts bid by resource type (e.g. fossil, wind, solar, hydro-electric, etc.) – public after final contracts submitted to CPUC for approval</p> <p>Item VIII.B: Three years after winning bids selected.</p> <p>Section 454.5(g): Indefinite</p>
Confidential Appendices D and E	<p>Item VII) B) Bilateral Contract Terms and Conditions – contracts and power purchase agreements between utilities and non-affiliated third parties</p>	<p>Disclosure of contract terms would provide market sensitive information could be used by other market participants to gain a commercial advantage and could impact market prices and cause harm to PG&amp;E’s customers.</p>	<p>Other terms confidential for three years from date contract states deliveries to begin; or until one year following expiration, whichever comes first.</p>

# **PACIFIC GAS AND ELECTRIC COMPANY**

## **Appendix A**

### **PG&E Notifications of TM NBC RA Sales Solicitation Issuance**

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**From:** RA\_Solicitations  
**Sent:** Tuesday, July 16, 2019 4:55 PM  
**To:** RA\_Solicitations  
**Cc:** charles.janecek@paconsulting.com  
**Subject:** 2019 Tree Mortality Non-Bypassable Charge Resource Adequacy Sales Solicitation

Market Participants,

PG&E will be hosting a Bidder's Conference via Webinar on Tuesday, July 23<sup>rd</sup> at 1:00 PM (PPT) on its upcoming 2019 Tree Mortality Non-Bypassable Charge Resource Adequacy Sales ("TM NBC RA Sales") Solicitation. This conference will be an overview of the TM NBC RA Sales Solicitation, which is scheduled to launch on Friday, July 19<sup>th</sup>. This solicitation is for the sale of **Unit-Specific Generic North System Resource Adequacy** from two Tree Mortality Power Purchase Agreements (PPAs) for the estimated delivery term of December 2019 through the end of the individual PPA terms in 2022:

- [Burney Forest Products \(Advice Number 4958-E\)](#)
- [Wheelabrator Shasta Energy Company Inc. \(Advice Number 4984-E\)](#)

PG&E will only use the EEI Unit-Specific RA Confirmation of Agreement presented in Appendix D of [Advice Letter 5478-E](#) for any transactions resulting from the TM NBC RA Sales Solicitation. To be considered in this solicitation, bidders must have a fully executed EEI Master Agreement with a Collateral Annex in place with PG&E prior to submitting a bid. Please email [RASolicitations@pge.com](mailto:RASolicitations@pge.com) to request executable versions of the EEI Master Agreement and Collateral Annex if you would like to participate in the solicitation.

Additional information will be available on PG&E's website: [www.pge.com/rfo/tmnbcr-ra](http://www.pge.com/rfo/tmnbcr-ra)

Any questions regarding this solicitation may be directed to: [RASolicitations@pge.com](mailto:RASolicitations@pge.com) with a copy to the Independent Evaluator, Charles Janecek at [Charles.Janecek@paconsulting.com](mailto:Charles.Janecek@paconsulting.com). We look forward to your participation.

Regards,

PG&E RA Procurement Team

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**From:** RA\_Solicitations  
**Sent:** Friday, July 19, 2019 4:16 PM  
**To:** RA\_Solicitations  
**Cc:** Charles Janecek  
**Subject:** 2019 Tree Mortality Non-Bypassable Charge Resource Adequacy Sales Solicitation

Market Participants,

Pursuant to Commission issued Decision 18-12-003 establishing a methodology for calculating a non-bypassable charge for costs associated with certain tree mortality biomass energy procurement, PG&E is issuing its 2019 Tree Mortality Non-Bypassable Charge Resource Adequacy Sales ("TM NBC RA Sales") Solicitation for the sale of Generic North System Resource Adequacy. To be considered in this solicitation, all bids are due no later than 5:00 PM Pacific Prevailing Time (PPT) on July 26, 2019.

PG&E will only use the EEI Unit-Specific RA Confirmation of Agreement presented in Appendix D of [Advice Letter 5478-E](#) for any transactions resulting from the TM NBC RA Sales Solicitation. To be considered in this solicitation, bidders must have a fully executed EEI Master Agreement with a Collateral Annex in place with PG&E prior to submitting a bid. Please email [RASolicitations@pge.com](mailto:RASolicitations@pge.com) to request executable versions of the EEI Master Agreement and Collateral Annex if you would like to participate in the solicitation.

PG&E will use the Power Advocate platform for the receipt of bids in this solicitation. All participants are required to pre-register through Power Advocate in order to submit a bid. The instructions for bid submittal are available on PG&E's website at the link below.

Please refer to PG&E's TM NBC RA Sales Solicitation website for additional information and updates:  
<http://www.pge.com/rfo/tmNBC-ra>

Any questions regarding this solicitation may be directed to: [RASolicitations@pge.com](mailto:RASolicitations@pge.com) with a copy to the Independent Evaluator, Charles Janecek at [Charles.Janecek@paconsulting.com](mailto:Charles.Janecek@paconsulting.com). We look forward to your participation.

Regards,  
PG&E RA Procurement Team

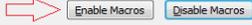
**PACIFIC GAS AND ELECTRIC COMPANY**

**Appendix B**

**PG&E TM NBC RA Sales Solicitation Bid Form**

**ENABLE MACROS OR THIS WORKBOOK WILL NOT FUNCTION PROPERLY.**

Macros can be enabled by clicking the "Enable Macros" button on the "Microsoft Excel Security Notice" that is displayed before the form opens...



...or by clicking the "Enable Content" button that is sometimes displayed at the top of the screen when the form first opens.



Contact Information	
Bidder Name:	
Bidder Type:	
Email:	
Phone:	
Street:	
City:	
State:	
Zip:	

Buyer/Counterparty same as Bidder	<Choose>
Buyer/Counterparty:	
Buyer/Counterparty Type:	
If "Other", please specify Buyer/Counterparty Type:	
Email:	
Phone:	
Street:	
City:	
State:	
Zip:	

Facility Name: Burney Forest Products	
I am submitting a bid for this facility	<Choose>

Facility Name: Wheelabrator Shasta	
I am submitting a bid for this facility	<Choose>

Participant's Non-Disclosure Agreement (NDA)	
By submitting a bid, Participant agrees to adhere and be bound by the confidentiality provisions described in the 2019 Tree Mortality Non-Bypassable Charge (TMNBC) Resource Adequacy (RA) Sale Solicitation Protocol and the Confidentiality Agreement included as Attachment C to the Solicitation Protocol.	
Title:	
Electronic Signature:	
Select "Yes" to certify that the typed name acts as your electronic signature.	

Acknowledgement of Protocol	
By selecting "Yes" Participant hereby agrees to the terms of the Solicitation Protocol. Participant acknowledges that any costs incurred to become eligible or remain eligible for the solicitation, and any costs incurred to prepare a bid for this solicitation are solely the responsibility of Participant.	
Title:	
Electronic Signature:	
Select "Yes" to certify that the typed name acts as your electronic signature.	

Participant Authorization	
By selecting "Yes" Participant hereby confirms that they are "a duly authorized representative of Participant."	
Title:	
Electronic Signature:	
Select "Yes" to certify that the typed name acts as your electronic signature.	

Attestation	
By providing the electronic signature below Participant hereby attests that all information provided in this Bid Package and in response to this 2019 Tree Mortality Non-Bypassable Charge (TMNBC) Resource Adequacy (RA) Sale Solicitation is true and correct to the best of Participant's knowledge as of the date such information is provided.	
Title:	
Electronic Signature:	
Select "Yes" to certify that the typed name acts as your electronic signature.	

# **PACIFIC GAS AND ELECTRIC COMPANY**

## **Appendix C**

### **PG&E TM NBC RA Sales Solicitation Bid Evaluation and Consistency with Commission Decisions and Rules**

**(CONFIDENTIAL)**

# **PACIFIC GAS AND ELECTRIC COMPANY**

## **Appendix D**

### **Comparison of Power Purchase and Sale Agreement with East Bay Community Energy Authority against PG&E Advice Letter 5478-E Unit Specific RA Confirmation of Agreement**

**(CONFIDENTIAL)**

**PACIFIC GAS AND ELECTRIC COMPANY**

**Appendix E**

**Executed Power Purchase and Sale Agreement  
with East Bay Community Energy Authority**

**(CONFIDENTIAL)**

**PACIFIC GAS AND ELECTRIC COMPANY**

**Appendix F**

**PG&E TM NBC RA Sales Solicitation  
Independent Evaluator Report**

**(CONFIDENTIAL)**

**PACIFIC GAS AND ELECTRIC COMPANY**

**Appendix G**

**PG&E TM NBC RA Sales Solicitation  
Independent Evaluator Report**

**(REDACTED)**



# **PACIFIC GAS & ELECTRIC**

## Independent Evaluator Report 2019 Tree Mortality Non-Bypassable Charge Resource Adequacy Sale Solicitation

September 2019

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**Version no:** 1.0

**Prepared by:** C. Janecek

# INDEPENDENT EVALUATOR REPORT

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PA Consulting Group, Inc. (PA) served as the Independent Evaluator (IE) for the Pacific Gas & Electric (PG&E) 2019 Tree Mortality Non-Bypassable Charge Resource Adequacy Sale Solicitation (2019 TM NBC RA Solicitation or the Solicitation). This report provides a summary of PA's evaluation of the Solicitation from the drafting of the Solicitation documents through the recommendation of the selected bid and negotiations of the contract submitted to the California Public Utilities Commission (CPUC or Commission).

## Overview of solicitation

Per PG&E's CPUC approved Advice Letter 5478-E (Advice Letter), PG&E issued its 2019 TM NBC RA Solicitation on July 19, 2019.

Through this Solicitation, PG&E offered to sell Generic North System Resource Adequacy (RA) capacity from PG&E's Tree Mortality (TM) Power Purchase Agreements (PPA) with Burney Forest Products and Wheelabrator Shasta. For the Solicitation, PG&E solicited interest and offers to sell TM RA for December 1, 2019 through December 1, 2022.

In the Solicitation documents, PG&E specified the amounts of TM RA capacity it wished to sell. The Burney Forest Products PPA had an associated 29 MW to sell, while the Wheelabrator Shasta PPA had an associated 34 MW of capacity to sell. Ultimately, PG&E received seven bids to the Solicitation and contracted with one counterparty for 63 MW of RA sales.

## PA's IE Report

PA's IE reports typically follow the CPUC's Solicitation Shortlist Report Templates. However, due to only receiving seven bids and transacting with only one counterparty, this report is more abbreviated, covering summaries of the typical sections in an IE report.

## Main IE activities during solicitation

PA's role in PG&E's 2019 TM NBC RA Solicitation spanned approximately six weeks from early July to late August 2019. PA performed the role of IE and was involved from PG&E's development of the Market Notice and Solicitation materials through the selection of the winning bid and the negotiation of the TM RA Confirm. PA ensured that the procedures followed by PG&E were aligned with the process it established in the Advice Letter and the associated Solicitation protocol documents and provided fair and equitable treatment of all bids. PA was in regular contact with PG&E staff throughout the process. The following provides a summary of PA's main activities during this solicitation:

- PA participated in conference call meetings with PG&E held prior to the issuance of the Solicitation to review all aspects of the protocol for the Solicitation bid evaluation and selection process.
- PA reviewed the Solicitation website prior to PG&E issuing the Solicitation.
- PA attended and commented on the Solicitation at the July 16, 2019 Procurement Review Group (PRG) meeting.
- PA reviewed and commented on drafts of the Market Pre-Notice and Market Notice documents prior to PG&E issuing the Solicitation on July 19, 2019.
- PA reviewed PG&E's reserve price prior to PG&E issuing the Solicitation on July 19, 2019.
- PA attended and monitored the Bidders Conference webinar, an overview of the Solicitation conducted on July 23, 2019.
- PA received all communications between PG&E and bidders. PA directly received all of the emails to and from bidders.
- PA reviewed the bids received via the Power Advocate online platform.
- PA reviewed PG&E's Offer Evaluation model and concurred with PG&E's selection of the winning bid.
- PA reviewed the draft and executed Confirm documents related to the selected bid.

## Adequacy of PG&E's Outreach

PG&E's outreach included Market Notices via email to PG&E's wholesale RFO distribution list and PG&E's e-Solicitation RA list, in addition to PG&E's Solicitation website. PA is aware that many entities are currently engaged in RA solicitations and understands that most, if not all, market participants with RA obligations were aware of PG&E's Solicitation. PA believes that PG&E extended adequate outreach for the 2019 TM NBC RA Solicitation.

## PG&E's Bid Evaluation Methodology

PG&E primarily relied on a quantitative evaluation of each bidder's proposed price for each TM RA product. [REDACTED]

[REDACTED] PA found PG&E's bid evaluation methodology appropriate for this Solicitation and aligned with the strategy proposed in Advice Letter 5478-E.

## PG&E's Shortlisting and Negotiations of Confirm

As noted, PG&E received seven bids for this Solicitation, [REDACTED]. PG&E found the bid price reasonable and shortlisted and ultimately contracted with the bidder.

The Market Notice for this E-Solicitation had specified that PG&E would only contract with bidders under an EEI Master Agreement and provided Unit Specific RA Confirmation Agreement that was approved by the CPUC in the Advice Letter. During the confirm negotiations, PG&E provided a draft Confirm to [REDACTED]

[REDACTED] and the bid price and RA products. The bidder [REDACTED]  
[REDACTED]

## Summary of PA's Findings

Overall, PA confirms that PG&E conducted a fair and equitable 2019 TM NBC RA Solicitation.

PA's specific findings are noted below:

- PG&E in no way prevented PA from observing its process and analyzing its methods and did not interfere with PA's conducting the Independent Evaluation.
- PA finds that PG&E's outreach for this Solicitation was adequate and that the Market Notice materials were clear and concise related to the Solicitation.
- PA finds that PG&E's Bidders Conference webinar was informative and helpful to prospective bidders.
- Based on our review of PG&E's analysis, our participation in calls and meetings and other IE activities, PA finds that PG&E conducted the 2019 TM NBC RA Solicitation fairly.



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**PG&E Gas and Electric  
Advice Submittal List  
General Order 96-B, Section IV**

AT&T	Downey & Brand	Pioneer Community Energy
Albion Power Company	East Bay Community Energy	Praxair
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	
	Energy Management Service	
Alta Power Group, LLC	Engineers and Scientists of California	Redwood Coast Energy Authority
Anderson & Poole	Evaluation + Strategy for Social Innovation	Regulatory & Cogeneration Service, Inc.
	GenOn Energy, Inc.	SCD Energy Solutions
Atlas ReFuel	Goodin, MacBride, Squeri, Schlotz & Ritchie	
BART	Green Charge Networks	SCE
	Green Power Institute	SDG&E and SoCalGas
Barkovich & Yap, Inc.	Hanna & Morton	
P.C. CalCom Solar	ICF	SPURR
California Cotton Ginners & Growers Assn	International Power Technology	San Francisco Water Power and Sewer
California Energy Commission	Intestate Gas Services, Inc.	Seattle City Light
California Public Utilities Commission	Kelly Group	Sempra Utilities
California State Association of Counties	Ken Bohn Consulting	Southern California Edison Company
Calpine	Keyes & Fox LLP	Southern California Gas Company
	Leviton Manufacturing Co., Inc. Linde	Spark Energy
Cameron-Daniel, P.C.	Los Angeles County Integrated Waste Management Task Force	Sun Light & Power
Casner, Steve	Los Angeles Dept of Water & Power	Sunshine Design
Cenergy Power	MRW & Associates	Tecogen, Inc.
Center for Biological Diversity	Manatt Phelps Phillips	TerraVerde Renewable Partners
City of Palo Alto	Marin Energy Authority	Tiger Natural Gas, Inc.
	McKenzie & Associates	
City of San Jose	Modesto Irrigation District	TransCanada
Clean Power Research	Morgan Stanley	Troutman Sanders LLP
Coast Economic Consulting	NLine Energy, Inc.	Utility Cost Management
Commercial Energy	NRG Solar	Utility Power Solutions
County of Tehama - Department of Public Works		Utility Specialists
Crossborder Energy	Office of Ratepayer Advocates	
Crown Road Energy, LLC	OnGrid Solar	Verizon
Davis Wright Tremaine LLP	Pacific Gas and Electric Company	Water and Energy Consulting Wellhead Electric Company
Day Carter Murphy	Peninsula Clean Energy	Western Manufactured Housing Communities Association (WMA)
		Yep Energy
Dept of General Services		
Don Pickett & Associates, Inc.		
Douglass & Liddell		