PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

April 8, 2021

Erik Jacobson c/o Megan Lawson
Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale St., Mail Code B13U
San Francisco, California 94177
PGETariffs@pge.com

Subject: Energy Division Disposition Approving Pacific Gas and Electric (PG&E) Advice Letter 5996-E: Spring 2020 Solar in Disadvantaged Communities (DAC) Solicitation; Power Purchase Agreements Between PG&E and FFP CA Community Solar, LLC

Dear Mr. Jacobson,

This letter approves advice letter (AL) 5996-E containing Pacific Gas and Electric's (PG&E's) Spring 2020 Solar in Disadvantaged Communities (DAC) Power Purchase Agreements Between PG&E and FFP CA Community Solar, LLC.

Fresno Community Solar Developers, LLC as well as Californians for Renewable Energy, Inc. (CARE) and Michael Boyd filed separate timely protests on December 1, 2020. PG&E field a timely reply to each protest on December 7, 2020. Fresno Community Solar Developers, LLC filed a withdrawal of protest on March 12, 2021.

Energy Division (ED) finds that issues raised in Fresno Community Solar Developers, LLC's protest are no longer relevant as the party has withdrawn its protest. ED also finds that CARE and Michael Boyd's protest fails to justify rejection of the AL. As such, CARE and Michael Boyd's protest is rejected. PG&E AL 5996-E is approved with an effective date of December 9, 2020.

Attachment 1 contains a discussion of the background, protests, reply, and staff's determinations.

Sincerely,

FOR

Edward Randolph
Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division
California Public Utilities Commission

cc: Erik Jacobson, Director of Regulatory Relations, PG&E

Michael E. Boyd, President, CARE
Lawrence E. Westerlund, Esq., President, FCSD LLC
Eric Janssen, Paralegal, Ellison Shneider Harris Donlan

Attachment 1:

Staff Review and Disposition

Background

On June 22, 2018, the CPUC issued Decision (D.)18-06-027 (or DAC Decision) to implement Assembly Bill 327, which directs California's three large investor-owned utilities (Pacific Gas and Electric, San Diego Gas & Electric, and Southern California Edison) to procure renewable generation under two new programs, the Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CS-GT) (collectively, DAC-GT/CS-GT Programs). These programs are designed to promote the installation of renewable generation in DACs. The DAC Decision directed California's three large investor-owned utilities to hold at least two solicitations per year until their Program Capacity Allocation is met. PG&E received approval of its solicitation documents in Advice Letter 5610-E, which began the regulatory obligation to launch the first DAC solicitation within 60 days (by March 6, 2020). PG&E issued its Spring 2020 DAC RFO on March 5, 2020, resulting in five power purchase agreements (PPAs) with ForeFront Power (FFP).

Subsequently, on November 9, 2020, PG&E submitted AL 5996-E seeking approval for the five 20-year power purchase agreements (PPA) between PG&E and FFP CA Community Solar, LLC totaling 10.65 megawatts (MW).

Protests and Reply

Californians for Renewable Energy, Inc. (CARE) and Michael Boyd (CARE et al.) filed a timely protest on November 30, 2020. CARE et al's protest argued that PG&E engaged in disparate treatment of FFP during the solicitation process and that it unfairly provided FFP with an advantage over its competitors by allowing additional time to meet the deadline for demonstration of community interest. The protest cited sections of the independent evaluation report attached to AL 5996-E to back up these assertions. The protest also insinuates that the parent company of FFP, Mitsui DS Asset Management Company Ltd used a recent purchase of PG&E stock to influence the outcome. CARE et al. also refers to AL 5288-E, which was previously approved on May 29, 2018 and is about PG&E's Regional Renewable Choice Power Purchase Agreement with FFP. Lastly, the parties posit that FFP failed to self-certify as a Qualifying Facility (QF) and violated the Public Utilities Regulatory Policies Act (PURPA).

Fresno Community Solar Developers LLC (FCSD) filed a timely protest on November 30, 2020. The protest argues that PG&E improperly disqualified Fresno Solar's interconnection study as non-conforming, which resulted in non-selection. FCSD argued that its project would have qualified and likely would have been selected if not for improper disqualification by PG&E. Additionally, FCSD argued that the PG&E procurement team improperly added and applied new unpublished and undisclosed rules to the RFO protocol regarding the type of interconnection study required to participate in the RFO. FCSD also cites portions of the independent evaluation accompanying AL 5996-E which acknowledge the lack of clarity in PG&E's DAC solicitation protocols regarding interconnection requirements as well as "PG&E's treatment of these participants as less than fully fair".

PG&E filed a timely reply to both protests on December 7, 2020. In its reply to CARE et al., PG&E disagrees with the protest. PG&E states that CARE et al. falsely claims that PG&E provided favorable treatment to FFP. PG&E emphasized that the Independent Evaluator of the Spring 2020 Disadvantaged Communities (DAC) Request for Offers (RFO) concluded that participants were not treated in disparate manner, but rather "treated the same regardless of identity." PG&E further states that the Independent Evaluator determined non-conformity of bids in alignment with both PG&E's Spring 2020 DAC RFO Protocol and prior guidance from the CPUC. With regard to CARE et al's second assertion, PG&E states that the DAC contracts are not governed by PURPA because pricing is based on market rather than avoided-cost rates for purchase. Therefore, the DAC contracts do not require the counterparty to obtain QF certification under PURPA.

In its reply to FCSD, PG&E argues that FCSD did not meet the interconnection eligibility requirements and their offer was appropriately deemed non-conforming. PG&E cites the independent evaluation of the Spring 2020 DAC RFO which states that FCSD did not meet eligibility requirements and that it was appropriate for PG&E to exclude them from consideration. In light of subsequent discussions and changed circumstances, FCSD withdrew its protest on March 12, 2021.

Discussion

Energy Division (ED) finds that CARE and Michael Boyd's protest fails to justify rejection of the AL. CARE et al's reference to AL 5288-E is not relevant as the AL pertains to a separate program and the AL was previously approved in 2018. In regard to the executed PPAs included in AL 5996-E between PG&E and FFP, the Independent Evaluator did not discern that FFP received any disparately favorable treatment under PG&E's Spring 2020 RFO.[1]

As far as CARE et al's argument regarding PURPA qualifying facilities (QFs), ED agrees with PG&E that DAC contracts do not require the counterparty to obtain QF certification under PURPA. PG&E is correct that the DAC contracts are not governed by PURPA because the pricing is based on market rates and not CPUC-determined avoided cost rates for purchase. PG&E AL 5610-E, which approved the solicitation documents for the DAC-GT and CSGT Spring 2020 RFO under which these five FFP projects were selected, is based on market rates and not avoided cost rates. Additionally, the solicitation makes no mention of PURPA qualifying facility certification requirements. As such, CARE and Michael Boyd's protest is rejected.

In regards to Fresno Community Solar Developers, LLC's protest, Energy Division finds that issues raised are no longer relevant as the party withdrew its protest.

Energy Division finds Spring 2020 Solar in Disadvantaged Communities (DAC) Solicitation

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[1] *Report of the Independent Evaluator on Five Renewable Energy Contracts with FFP CA Community Solar, LLC*, November 5, 2020 at 35 states "In Arroyo's opinion, the proposals to this solicitation were treated the same regardless of the identity of the participant. Arroyo cannot discern that ForeFront Power received any disparately favorable treatment based on its identity or any prior business relationship with PG&E."

Power Purchase Agreements to be reasonable and in compliance with D.18-06-027. Therefore, PG&E AL 5996-E is approved.

Erik Jacobson
Director
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177

Fax: 415-973-3582

November 9, 2020

Advice 5996-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: **Spring 2020 Solar in Disadvantaged Communities (DAC) Solicitation; Power Purchase Agreements Between PG&E and FFP CA Community Solar, LLC**

I. Purpose

Pursuant to Decision (D.) 18-06-027, D.18-10-007, and Resolution E-4999 (collectively, DAC Decisions), Pacific Gas and Electric Company (PG&E) seeks California Public Utilities Commission (CPUC or Commission) approval of five (5) Power Purchase Agreement (PPAs) executed between PG&E and Forefront Power CA Community Solar, LLC (Forefront) that resulted from PG&E's Spring 2020 Solar in Disadvantaged Communities (DAC) Solicitation (Solicitation). PG&E utilized its pre-approved Solicitation documents, including its non-modifiable DAC PPA, which was filed and approved by the CPUC via Advice Letter 5610-E on January 6, 2020, with an effective date of September 1, 2019.

The five (5) 20-year PPAs results in new solar photovoltaic (PV) projects located in eligible DACs within PG&E's service territory for a total of 10.65 megawatts (MW), as summarized in Table 1: Summary of Selected DAC Projects below.

Table 1: Summary of Selected DAC Projects

Counterparty	Program	Project Name	Contract Capacity (MW)	Term (Yrs)	Commercial Operation Date (COD)	Location (City, State)	Cal Enviro Screen 3.0 Score
FFP CA Community Solar, LLC	DAC-GT	Highway 43	2.25	20	9/15/2023	Shafter, CA	Top 25% DAC
FFP CA Community Solar, LLC	DAC-GT	Kern Sunset	2.40	20	9/15/2023	Bakersfield, CA	Top 25% DAC
FFP CA Community Solar, LLC	CS-GT	Beard	2.25	20	9/15/2023	McKittrick, CA	Top 25% DAC
FFP CA Community Solar, LLC	CS-GT	Rocha	2.00	20	9/15/2023	Bakersfield, CA	Top 5% DAC
FFP CA Community Solar, LLC	CS-GT	Gonzalez	1.75	20	9/15/2023	Reedley, CA	Top 25% DAC

II. <u>Background</u>

The CPUC issued the DAC Decisions to implement Assembly Bill 327, which directs California's large investor owned utilities (IOUs) to procure renewable generation under two new programs, Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CS-GT) (collectively, DAC-GT/CS-GT Programs). These programs are designed to promote the installation of renewable generation in DACs. The DAC Decisions directed California's three large investor owned utilities (IOUs) to hold at least two solicitations per year until the Program Capacity Allocation is met. PG&E received approval of its solicitation documents in Advice Letter 5610-E, which began the regulatory obligation to launch the first DAC solicitation within 60 days (by March 6, 2020).

PG&E issued its Spring 2020 DAC RFO on March 5, 2020, which resulted in the 5 PPAs with Forefront which this Advice Letter seeks approval. See Table 2: Program Capacity Allocation Impact from Spring 2020 DAC RFO' below for a summary of how 5 executed PPAs with Forefront will reduce PG&E's current Program Capacity Allocation.

Table 2: PG&E's Program Capacity Allocation Impact from Spring 2020 DAC RFO

	DAC-GT	CS-GT
Program Capacity Allocation (MW)	54.82	14.20
Total Executed Contract Capacity from Spring 2020 DAC RFO (MW)	4.65	6.00
Remaining Program Capacity Allocation (MW)	50.17	8.20

PG&E's DAC-GT/CS-GT Programs include both customer and procurement components. On the customer side, the programs allow eligible customers to subscribe to the output from third-party developed solar energy facilities and receive a 20% bill discount. On the procurement side, PG&E is required to procure its total mandated obligation of 69.02 MW (54.82 MW for DAC-GT and 14.20 MW for CS-GT).

III. Spring 2020 DAC Solicitation Overview

A. Solicitation Process

1. Process Overview

PG&E developed and conducted the 2020 Spring DAC RFO in accordance with the requirements of the Decision.

2. Solicitation Schedule

PG&E modified the following timeline from the original posted timeline as shown in bold. Schedule modification was due to extra time needed to finalize contract execution. See Table 3: Spring 2020 DAC Solicitation Schedule:

Table 3: Spring 2020 DAC Solicitation Schedule

Date/Time	Event
March 5, 2020	PG&E issues DAC Solicitation
March 11, 2020	Participants' Webinar
May 4, 2020 at 1 PM	Deadline for Participants to submit Offers via Power Advocate
June 18, 2020	Selected Participants Notified
June 25, 2020	Participant Submittal of Signed PPA
By September 15, 2020 **(Actual: September 30, 2020)**	Target Countersignature of Partially Executed PPAs
By October 15, 2020 **(Actual: November 9, 2020)**	Advice Letter Filing for Fully Executed DAC PPAs

3. Market Notice

To increase awareness of the DAC-GT/CS-GT programs and increase participation in its upcoming Solicitaiton, PG&E reached out to a targeted list of potential participants consisting of counterparties that had previously participated in PG&E's Regional Renewable Choice (RRC) Request for Offer (RFO), prior to the Solicitation launch. Additionally, PG&E sent a market notice to its RFO Distribution List consisting of over 2,600 contacts upon Solicitation launch.

4. Offer Evaluation

PG&E screened offers on a "pass-fail" basis against the following eligibility requirements as described in Section III of the Spring 2020 DAC Solicitation Protocol. Conforming offers were then evaluated through use of the Least Cost Best Fit (LCBF) criteria, which includes Market Valuation, Transmission Network Upgrade Costs, and Portfolio-Adjusted Value (PAV), as detailed in Section IV of PG&E's pre-approved Solicitation Protocol.

5. Offers Received

In response to the Spring 2020 DAC Solicitation, PG&E received 11 unique offers from 6 counterparties for the DAC-GT Program and 11 unique offers from 4 counterparties for the CS-GT program. Of these offers received only 6 of the offers received from 1 counterparty were conforming in the DAC-GT program and there were only 5 conforming offers from 1 counterparty in the CS-GT program. The remaining offers were non-conforming for one of the following reasons:

1. Did not meet the interconnection requirement.
2. Were not in the top 25% DAC.
3. Offer submitted had contingency

6. Offer Selection

Using the evaluation criteria described above, PG&E selected offers that passed the eligibility screens and were within the permitted maximum bid award price threshold.

For projects submitted into both DAC-GT and CS-GT programs, PG&E selected the offer with the best Portfolio Adjusted Value (PAV) and waitlisted the other offer (i.e., if a project's DAC-GT offer had a better PAV value than its CS-GT offer, it was selected for DAC-GT and waitlisted for CS-GT and vice versa). All 5 of the projects that PG&E executed agreements with were submitted into both the DAC-GT and CS-GT programs.

7. Procurement Review Group (PRG)

The PRG for PG&E 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. See Table 5: PRG Notifications summarizing events in which PG&E consulted with the PRG for the Solicitation.

Table 5: PRG Notifications

Date	Event
March 6, 2020	Issuance Notification
June 11, 2020	Shortlist and Pre-Execution Notification

8. Independent Evaluator (IE)

The IE for the Solicitation is Lewis Hashimoto of Arroyo Seco Consulting. The IE provided active oversight of 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. This included reviewing solicitation materials and discussing the valuation process ahead of receiving offers. During the Solicitation, the IE reviewed e-mails exchanged between PG&E and the counterparties and participated on phone calls between PG&E and the counterparties.

B. Standard Contract Terms

PG&E utilized the pre-approved DAC PPA in the Solicitation. The terms and conditions of the DAC PPA were non-negotiable. All project specific information was provided on the DAC PPA Cover Sheet. The Delivery Term of any executed PPA will be 10, 15, or 20 years, which will commence on the Initial Energy Delivery Date. The PPA requires PG&E's counterparty to submit a project development milestone timeline (Section B in the Cover Sheet of the PPA) upon execution of the PPA and to provide progress reports to PG&E (as outlined in Section 3.9(a)(vii) and 3.9(a)(viii) in the PPA) on the Project's progress towards the achievement of the development milestones until the project begins energy deliveries.

For Projects being offered as fully or partially deliverable, the PPA includes an estimate of when full or partial capacity deliverability status will be attained. Seller is contractually bound by the estimate. If Seller has not achieved full or partial capacity deliverability status consistent with that in the offer by the designated time, then the Seller will be subject to contractual penalties.

The PPA requires a Participant to post collateral, Project Development Security and Delivery Term Security, in the form of cash or letter of credit from a reputable U.S. bank. Under the PPA, the Project Development Security will be retained by PG&E in the event that the Project should fail to come online by the contractual deadline. Delivery Term Security will be held throughout the delivery term.

IV. Cost Recovery

The DAC-GT and CS-GT programs are funded through available Greenhouse Gas allowance proceeds and, if those funds are exhausted, through public purpose funds.[1] PG&E is authorized to recover the net costs of the contracts through the Public Policy Charge Balanacing Account, which includes a DAC-GT subaccount and a CS-GT subaccount.[2] The net costs associated with the contracts will be net of the market revenues the resources receive in the CAISO markets.[3]

V. Request for Commission Approval

The DAC Standard Contract's terms and conditions are conditional upon "CPUC Approval," as defined in the DAC Standard Contract. To satisfy that condition concerning the DAC Standard Contract, PG&E requests that the Commission approve the five (5) DAC Contracts through an Energy Division (ED) disposition within thirty (30) days of the submittal of this AL.

VI. Confidedentiality Treatment

In Support of this Advice Letter, PG&E has provided the confidential information listed below. This information is being submitted in the manner directed by Commission Decision (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 Public Utilities Code section 454.5(g) of the Investor Owned Utility Matrix, Appendix 1 of D.06-06-066 and Appendix C of D.08-04-023. A separate Declaration Seeking Confidential Treatment is being submitted concurrently with this Advice Letter.

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[1] DAC-GT Funding Source: D. 18-06-027, pg. 54; CS-GT Funding Source: D. 18-06-027 pg. 85.

[2] See Advice Letter 5351-E, approving the DAC-GT and CS-GT subaccounts in the PPCBA, effective September 6, 2018 as authorized in D.18-06-027, Ordering Paragraphs 14 and 15.

[3] See Advice Letter 5763-E, requesting modification of the DAC-GT and CS-GT subaccounts to harmonize the net cost calculation for the DAC-GT and CS-GT programs.

Confidential Appendices

Appendix A: FFP CA Community Solar, LLC – Beard Disadvantaged Communities Power Purchase Agreement (CS-GT)
Appendix B: FFP CA Community Solar, LLC – Rocha Disadvantaged Communities Power Purchase Agreement (CS-GT)
Appendix C: FFP CA Community Solar, LLC – Gonzales Disadvantaged Communities Power Purchase Agreement (CS-GT)
Appendix D: FFP CA Community Solar, LLC – Highway 43 Disadvantaged Communities Power Purchase Agreement (DAC-GT)
Appendix E: FFP CA Community Solar, LLC – Kern Sunset Disadvantaged Communities Power Purchase Agreement (DAC-GT)
Appendix F1: Independent Evaluator (IE) Report (Confidential)
Appendix G: Quantitative Evaluation Results

Public Appendices

Appendix F2: Independent Evaluator Report (Public)

VII. Protests

*****Due to the COVID-19 pandemic and the shelter at home orders, PG&E is currently unable to receive protests or comments to this advice letter via U.S. mail or fax. Please submit protests or comments to this advice letter to EDTariffUnit@cpuc.ca.gov and PGETariffs@pge.com*****

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than November 30, 2020, which is 21 days[4] after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th 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.

[4] The 20-day protest period concludes on a weekend, therefore, PG&E is moving this date to the following business day.

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, Section 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, Section 3.11).

VIII. Effective Date

PG&E requests that this Tier 2 advice submittal become effective on regular notice, December 9, 2020 which is 30 calendar days after the date of submittal

IX. Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for R.14-07-002. Address changes to the General Order 96-B service list should be directed to PG&E at email address 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. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: http://www.pge.com/tariffs/.

/S/
Erik Jacobson
Director, Regulatory Relations

Attachments

cc: Service List R.14-07-002

California Public Utilities Commission

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: Kimberly Loo
Phone #: (415)973-4587
E-mail: PGETariffs@pge.com
E-mail Disposition Notice to: KELM@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) #: 5996-E

Tier Designation: 2

Subject of AL: Spring 2020 Solar in Disadvantaged Communities (DAC) Solicitation; Power Purchase Agreements Between PG&E and FFP CA Community Solar, LLC

Keywords (choose from CPUC listing): Compliance, Solar

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.18-06-027, D.18-10-007, Resolution E-4999

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 Confidentiality 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: Brendan Lucker, (415)973-7108, BSLF@pge.com

Resolution required? ☐ Yes ☑ No

Requested effective date: 12/9/20

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: N/A

Service affected and changes proposed[1]: N/A

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

[1]Discuss in AL if more space is needed.

Clear Form

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

Clear Form

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

PACIFIC GAS AND ELECTRIC COMPANY
ADVICE LETTER FOR APPROVAL OF CONTRACTS
RESULTING FROM ITS SPRING 2020 SOLAR IN
DISADVANTAGED COMMUNITIES (DAC)
SOLICITATION PURSUANT TO DECISION 18-06-027

DECLARATION OF BRENDAN LUCKER
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION
CONTAINED IN PG&E'S ADVICE LETTER

I, Brendan Lucker, declare:

1. I am a Manager in the Energy Procurement and Policy Organization at Pacific Gas and Electric Company (PG&E). In this position, I am responsible for procurement of various electric resources and products including energy storage and renewable energy. 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 the Decisions 06-06-066, 08-04-023, and relevant Commission rules, I make this declaration seeking confidential treatment for certain data and information contained in PG&E's Advice Letter pursuant to Decision 18-06-027.

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 D.06-06-066, Appendix 1, and Public Utilities Code §454.5(G). 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 November 5, 2020 at Danville, California.

Brendan Lucker

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

ADVICE LETTER FOR APPROVAL OF CONTRACTS RESULTING FROM ITS SPRING 2020 SOLAR IN DISADVANTAGED COMMUNITIES (DAC) SOLICITATION PURSUANT TO DECISION 18-06-027

November 9, 2020

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order That Data Corresponds To	PG&E's Justification for Confidential Treatment	Length of Time
Confidential Appendices			
Appendix A: FFP CA Community Solar, LLC – Beard Disadvantaged Communities Power Purchase Agreement (CS-GT)	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)).	The terms of the Disadvantaged Communities Power Purchase Agreement presented in this appendix are generally confidential. The terms of this contract that are public pursuant to Item VII. B. are publicly disclosed in PG&E AL 5610-E.	Contract documents and terms of contracts are confidential for three years from the date that the contract states that deliveries are to begin, or until one year following expiration, whichever comes first.
Appendix B: FFP CA Community Solar, LLC – Rocha Disadvantaged Communities Power Purchase Agreement (CS-GT)	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)).	The terms of the Disadvantaged Communities Power Purchase Agreement presented in this appendix are generally confidential. The terms of this contract that are public pursuant to Item VII. B. are publicly disclosed in PG&E AL 5610-E.	Contract documents and terms of contracts are confidential for three years from the date that the contract states that deliveries are to begin, or until one year following expiration, whichever comes first.

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

ADVICE LETTER FOR APPROVAL OF CONTRACTS RESULTING FROM ITS SPRING 2020 SOLAR IN DISADVANTAGED COMMUNITIES (DAC) SOLICITATION PURSUANT TO DECISION 18-06-027

November 9, 2020

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order That Data Corresponds To	PG&E's Justification for Confidential Treatment	Length of Time
Appendix C: FFP CA Community Solar, LLC – Gonzales Disadvantaged Communities Power Purchase Agreement (CS-GT)	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)).	The terms of the Disadvantaged Communities Power Purchase Agreement presented in this appendix are generally confidential. The terms of this contract that are public pursuant to Item VII. B. are publicly disclosed in PG&E AL 5610-E.	Contract documents and terms of contracts are confidential for three years from the date that the contract states that deliveries are to begin, or until one year following expiration, whichever comes first.
Appendix D: FFP CA Community Solar, LLC – Highway 43 Disadvantaged Communities Power Purchase Agreement (DAC-GT)	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)).	The terms of the Disadvantaged Communities Power Purchase Agreement presented in this appendix are generally confidential. The terms of this contract that are public pursuant to Item VII. B. are publicly disclosed in PG&E AL 5610-E.	Contract documents and terms of contracts are confidential for three years from the date that the contract states that deliveries are to begin, or until one year following expiration, whichever comes first.
Appendix E: FFP CA Community Solar, LLC – Kern Sunset Disadvantaged Communities Power Purchase Agreement (DAC-GT)	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)).	The terms of the Disadvantaged Communities Power Purchase Agreement presented in this appendix are generally confidential. The terms of this contract that are public pursuant to Item VII. B. are publicly disclosed in PG&E AL 5610-E.	Contract documents and terms of contracts are confidential for three years from the date that the contract states that deliveries are to begin, or until one year following expiration, whichever comes first.

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

ADVICE LETTER FOR APPROVAL OF CONTRACTS RESULTING FROM ITS SPRING 2020 SOLAR IN DISADVANTAGED COMMUNITIES (DAC) SOLICITATION PURSUANT TO DECISION 18-06-027

November 9, 2020

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order That Data Corresponds To	PG&E's Justification for Confidential Treatment	Length of Time
Appendix F1: Independent Evaluator (IE) Report (Confidential)	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)); Item VIII. B) Specific quantitative analysis involved in scoring and evaluation of participating bids.	The IE Report contains extensive discussion of the specific terms of the Disadvantaged Communities Contracts. All contract terms, except for the 8 contract characteristics noted as public in Matrix VII.B, are confidential. The IE Report also contains information on the shortlist, which constitutes the confidential results of bid scoring and evaluation.	Contract documents and terms of contracts are confidential for three years from the date that the contract states that deliveries are to begin, or until one year following expiration, whichever comes first. Information under Item VIII. B is confidential for three years from the date executed contracts are submitted for CPUC approval.
Appendix G: Quantitative Evaluation Results	Item VIII. B) Specific quantitative analysis involved in scoring and evaluation of participating bids.	The appendix contains information on the executed agreements, which constitutes the confidential results of bid scoring and evaluation.	Information under Item VIII. B is confidential for three years from the date executed contracts are submitted for CPUC approval.

Confidential Appendix A

Executed Contract

FFP CA Community Solar, LLC – Beard

Disadvantaged Communities Power Purchase Agreement (CS-GT)

Confidential Market Sensitive Information

Protected Under D.06-06-066

Confidential Appendix B

Executed Contract

FFP CA Community Solar, LLC – Rocha

Disadvantaged Communities Power Purchase Agreement (CS-GT)

Confidential Market Sensitive Information

Protected Under D.06-06-066

Confidential Appendix C

Executed Contract

FFP CA Community Solar, LLC – Gonzales

Disadvantaged Communities Power Purchase Agreement (CS-GT)

Confidential Market Sensitive Information

Protected Under D.06-06-066

Confidential Appendix D

Executed Contract

FFP CA Community Solar, LLC – Highway 43

Disadvantaged Communities Power Purchase Agreement (DAC-GT)

Confidential Market Sensitive Information

Protected Under D.06-06-066

Confidential Appendix E

Executed Contract

FFP CA Community Solar, LLC – Kern Sunset

Disadvantaged Communities Power Purchase Agreement (DAC-GT)

Confidential Market Sensitive Information

Protected Under D.06-06-066

Confidential Appendix F2

Independent Evaluator Report

(Redacted version)

Confidential Market Sensitive Information

Protected Under D.06-06-066

PACIFIC GAS AND ELECTRIC COMPANY SPRING 2020 DISADVANTAGED COMMUNITIES REQUEST FOR OFFERS

REPORT OF THE INDEPENDENT EVALUATOR ON FIVE RENEWABLE ENERGY CONTRACTS WITH FFP CA COMMUNITY SOLAR, LLC

NOVEMBER 5, 2020

TABLE OF CONTENTS

EXECUTIVE SUMMARY

This report provides an independent review of a competitive solicitation that Pacific Gas and Electric Company (PG&E) held in spring 2020 to seek contracts with new renewable energy generation projects participating in its two Disadvantaged Communities (DAC) programs: DAC-Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT). The DAC programs promote sales of renewable power from facilities sited within DACs, with an emphasis on serving eligible low-income customers and residents of DACs. PG&E is required to purchase, through power purchase agreements (PPAs) resulting from this Request for Offers (RFO), energy produced by these projects.

An independent evaluator (IE), Arroyo Seco Consulting (Arroyo), conducted activities to review, test, and check PG&E's processes as the utility conducted outreach to renewable power developers, solicited offers, and evaluated and selected offers for DAC contracts. IE activities included reviewing PG&E's solicitation protocols, monitoring the utility team's outreach efforts and results, assessing PG&E's Least-Cost, Best-Fit (LCBF) methodology, analyzing selection decisions, performing independent valuations, assessing the fairness of how the solicitation was administered, and observing negotiations for the five contracts.

The high-level findings of this independent review are that

- PG&E undertook adequate outreach to the renewable energy sector active in California; the resulting competitive solicitation was not particularly robust. Solicitation materials were insufficiently clear for the purpose of providing participants with information they needed to understand eligibility requirements. This created a fairness issue regarding how some participants were treated. PG&E has solicited feedback from participants about the RFO process.

- The utility's Least-Cost, Best-Fit methodology was designed such that conforming Offers were fairly evaluated.

- PG&E administered its LCBF methodology fairly when evaluating conforming DAC solicitation offers and making its selections for contract award.

- PG&E's project-specific negotiations of the terms and conditions of contracts with FFP CA Community Solar, LLC were fair to ratepayers and competitors.

- The five contracts rank low in market value, high in price, and high in project viability. They rank low in fit with PG&E's supply portfolio and moderate to high in PG&E's prior evaluation criterion of support for RPS goals. Arroyo's opinion is that these five contracts all merit approval by the California Public Utilities Commission (CPUC).

The report details the basis for these findings and opinions, following the RPS Shortlist Report Template provided by the Energy Division (ED) of the CPUC. The public version of this report has had confidential information redacted.

1. ROLE OF THE INDEPENDENT EVALUATOR

Pacific Gas and Electric Company issued a Request for Offers on March 5, 2020, a competitive solicitation for new renewable energy projects qualifying to participate in the utility's DAC programs.

Assembly Bill 327, signed into law in 2013, required the CPUC to develop alternatives to increase adoption of renewable energy in DACs. The CPUC issued Decision 18-06-027 in June 2018 creating programs, including DAC-GT and CSGT, to increase access to solar energy for residents of DACs located within the service territories of the three investor-owned utilities (IOUs). The Decision ordered the IOUs to file advice letters to create tariffs for the DAC-GT and CSGT programs. The CPUC also issued Decision 18-12-015 that authorized pilot projects intended to provide access to affordable energy, including projects in ten DACs in the San Joaquin Valley (SJV) within PG&E's service territory (California City, the eleventh pilot program, is in the Mojave Desert, not the SJV). Decision 18-06-027 included these SJV pilot program communities as eligible sites for the CSGT program.

Resolution E-4999 approved the IOUs' DAC-GT and CSGT tariffs with modifications. In August 2019, PG&E submitted Advice 5610-E with its DAC solicitation documents and pro forma PPA. The DAC form agreement is based upon PG&E's 2017 Photovoltaic Program RFO's contract. The CPUC approved the filing in January 2020.

This chapter describes key roles of the IE and details activities undertaken by Arroyo in this solicitation to fulfill those roles.

A. KEY INDEPENDENT EVALUATOR ROLES AND RESPONSIBILITIES

To comply with CPUC requirements, PG&E retained Arroyo Seco Consulting to serve as IE for the DAC solicitation, to provide an independent review of the utility's offer evaluation and selection process and the fairness of negotiations of any resulting contracts.

The CPUC has stated its intent for IEs to "separately evaluate and report on the IOU's entire solicitation, evaluation and selection process", in order to "serve as an independent check on the process and final selections."[1] The Energy Division of the CPUC has provided a template to guide how IEs should report on the RPS competitive procurement process, outlining specific issues on which IEs should report:

- Did the IOU do adequate outreach to participants, and was the solicitation robust?
- Was the IOU's LCBF methodology designed such that offers were fairly evaluated?

[1] California Public Utilities Commission Decision 06-05-039, May 25, 2006, Opinion Conditionally Approving Procurement Plans for 2006 RPS Solicitations, Addressing TOD Benchmarking Methodology, page 46.

- Was the LCBF offer evaluation process fairly administered?
- Were project-specific negotiations fair?
- Do the contracts merit CPUC approval?

The structure of this report, setting out detailed findings for each of these issues, is organized around the guidance of the template.

C. IE ACTIVITIES

To fulfill the role of evaluating PG&E's evaluation and selection of offers, several activities were undertaken, both prior to the offer due-date and subsequently. Prior to the offer due date of May 4, 2020[2], Arroyo performed various tasks:

- Reviewed the solicitation protocol and its attachments including PG&E's pro forma DAC agreement, site control attestation, workforce development plan attestation, workforce development affidavit, and site control questionnaire and affidavit;

- Attended PG&E's participants' webinar on March 11 to evaluate information provided to potential participants, and how that information was distributed;

- Analyzed the contact lists that PG&E used to perform outreach; and

- Checked the posting of questions and answers from the participants' webinar on PG&E's public website to see whether information that was made available live to conference attendees or bilaterally to potential participants through e-mail correspondence was also provided to other potential participants.

During the period between offer opening and PG&E's selection of offers for execution, Arroyo's activities included:

- Participating in opening offers. Arroyo obtained electronic copies of the offer packages from the on-line platform employed for proposal submissions.

- Monitoring PG&E's evaluation team's dialogue with participants as it sought to address material deficiencies and to ensure that each offer included sufficient information to complete an evaluation and to minimize the number of offers disqualified as non-conforming. Arroyo monitored other e-mail communications between PG&E and participants to check for fairness in how information was provided and in how participants were treated when their responses failed to conform to the requirements of the solicitation.

[2] The deadline was originally set for April 20. PG&E circulated a market notice on April 15 announcing that it was extending the due date by two weeks to May 4.

- Reviewing offers. Arroyo focused on pricing, documentation of site control and project developer experience, and deviations from standard eligibility requirements.

- Employing an independent valuation model to value conforming offers. This serves as a cross-check against PG&E's LCBF model and a means for ranking the offer against prior solar PV proposals in value. The IE tool used independent inputs and a different methodology than PG&E's. It was simpler and lacked the granularity used in the PG&E model. An independent valuation has in the past been helpful for testing the robustness of PG&E team's value ranking of offers using alternate assumptions and different value metrics.

- Attending a meeting of PG&E's Procurement Review Group (PRG), presenting independent commentary and observations about the solicitation.

Following the selection of offers, Arroyo monitored the limited contract negotiations as PG&E and the selected counterparty finalized and executed DAC agreements for each of five remaining selected projects.

2. ADEQUACY OF OUTREACH TO PARTICIPANTS AND ROBUSTNESS OF THE SOLICITATION

In its spring 2020 DAC solicitation protocol, PG&E laid out publicly stated goals of procuring 14.2 MW for its CSGT program, the maximum allowed by Resolution E-4999. Its goal for the solicitation for the DAC-GT program was 20 MW, less than half of the maximum of the 54.82 MW allocation specified by the Resolution. This section reports on the degree to which PG&E adequately conducted outreach to elicit sufficient participation in the DAC solicitation process, and the degree to which the resulting solicitation may be judged robust enough to be fully competitive. It also describes specific issues with the clarity of solicitation materials.

A. ADEQUATE DISTRIBUTION OF SOLICITATION ANNOUNCEMENTS

PG&E e-mailed a market notice to a large number of individuals using its generic RFO contact list as the major vehicle for announcing the opening of its DAC solicitation. The utility team has built its contact list over time, both proactively by adding potential participants for different RFOs and reactively by taking individuals' requests to be added to the list. Figure 1 shows a breakdown by industry sector of the contact list employed by PG&E for this solicitation, which has nearly three thousand individual contacts.

The largest segment represented on the list was composed of contacts active in the solar power sector. The second largest segment was comprised of vendors, including equipment hardware vendors and service firms. The third largest segment was made up of consulting firms, with specialties such as electric transmission, water and wastewater quality, public relations and lobbying, environmental permitting, solar resource assessment, composting, and carbon offset credit certification.

Other well-represented sectors included wind generation developers; electric and water utilities; wholesale marketers, brokers, and traders of power, gas, renewable energy credits, and other commodities; developers and owners of fossil-fueled generation or fossil fuel producers; non-profit organizations including land trusts and environmental advocacy groups; government agencies; and individuals with no obvious direct connection to the renewable power industry. The majority of entities with contacts on the list do not participate directly in developing renewable generation projects and were unlikely to respond directly to the DAC RFO. Note that this solicitation was restricted to solar facilities.

PG&E did not issue a news release to announce the issuance of the spring 2020 DAC solicitation. It is unclear whether use of broad media releases would enhance the robustness of the response to a solicitation for such a highly specialized project need, given that only a portion of the universe of solar energy developers active in the U.S. might be motivated to participate in programs targeted at disadvantaged communities with smaller-scale solar facilities sited in DACs.

Figure 1.

[redacted]

Overall, Arroyo's opinion is that notifications about PG&E's DAC solicitation were adequately distributed. All of the offers submitted were from entities with an individual on the RFO e-mail contact list. Arroyo acknowledges the challenge any utility would face in identifying potential developers of new renewable energy projects that are specifically targeting the disadvantaged community sector or who have obtained site control for projects located within qualifying DACs or SJV pilot project communities.

Because of the challenges in reaching potential participants in a solicitation focused on DACs through the usual broad distribution of market notices by e-mail, PG&E also undertook a series of direct telephone contacts to solar PV developers to raise awareness of the specifics of the DAC solicitation. The list of contacts used for these calls relied on prior participants in PG&E's 2017 PV RFO, in PG&E's Enhanced Community Solar solicitations, and on regulatory stakeholders active in advocacy for the DAC programs. The telephone calls included discussion of the DAC programs, their eligibility requirements, the opportunity to pursue PPAs for solar generation, and the particulars of the solicitation. Figure 2 displays a breakdown of the contact list that PG&E developed for these outreach calls.

Figure 2.

[redacted]

Figure 3.

[redacted]

PG&E also conducted two webinars in January 2020 for outreach to potential community sponsors in the CSGT program. Decision 18-06-027 required that each CSGT project have a non-profit community-based organization or local government serve as local sponsor; each CSGT proposal was mandated to include a letter of commitment from such a sponsor. The webinars were intended to raise awareness among potential community sponsors, and provided information about the design and benefits of the CSGT program, the role of the sponsor, and eligibility requirements. Figure 3 shows a breakdown of the outreach list used by PG&E for these webinars. The largest segment targeted was that of non-profit organizations, including some with a mission focused on environmental justice, affordable housing, or community access to renewable energy. Another segment targeted was local government entities whose citizens include residents of DACs.

B. CLARITY AND CONCISION OF SOLICITATION MATERIALS

PG&E's DAC solicitation protocol is modestly sized for a document of its type (it totaled 20 pages excluding attachments. By comparison, SDG&E treated its DAC-GT and CSGT solicitations as separate RFOs and published 27-page protocols for each of them for its fall 2020 RFOs, totaling 54 pages. The presentation to potential participants in PG&E's outreach webinar was rather longer at 48 pages (vs. SDG&E's 59-page bidders' conference presentation for its two spring 2020 DAC RFOs), but it delved deeply into terms and conditions of the PPA and into the nuts and bolts of how to enter data into the offer spreadsheet. Arroyo believes these materials are reasonably concise given the purposes they serve.

Arroyo's opinion is that the solicitation materials generally provided clear direction on how to prepare and submit complete offer packages. There was, however, a significant issue with lack of clarity in the guidance to participants regarding project eligibility. As described later in this report, some proposals were deemed by PG&E to fail to conform to the requirements of the solicitation because they failed to meet the Project Viability Eligibility Requirement stated in the protocol for interconnection progress.

The spring 2020 DAC solicitation protocol used the same text (with minor edits such as capitalization and footnote numbering) to describe this interconnection progress requirement as PG&E had employed in its 2017 PV program solicitation, and in its Enhanced Community Renewables RFOs held in 2016, 2017, and 2018:

> "In order to participate in this RFO, Participants must have an executed Interconnection Agreement, a completed Phase II Interconnection Study[11] (or equivalent[12]), or documentation showing that the Project passed the Distribution Provider or CAISO Fast Track screens[13] at the time of offer submittal."

Footnote 12 states "For example, a Facilities Study." While this text has been generally sufficient in the prior solicitations to provide guidance on what interconnection milestones PG&E requires a new project have achieved to be considered eligible to participate in an RFO, it was inadequate to do so in the Spring 2020 DAC solicitation. For example, in the scenario in which a project applies through the Participating Transmission Owner's (PTO's) Independent Study Process (ISP) for interconnection at the distribution level, a developer who has received a successful System Impact Study would generally be given the choice of (1) forgoing the requirement for a Facilities Study and proceeding directly to sign and pay for an Interconnection Agreement, (2) agreeing to undertake a Facilities Study, or (3) canceling its application.

The guidance in the text of the solicitation protocol did not specify at which point in the Independent Study Process a project is considered by PG&E to have achieved the required equivalent of a completed Phase II Interconnection Study if it proceeds along path (1). Is the equivalent of a completed Phase II study considered to be the accomplishment of receiving a completed System Impact Study? Is it the step of giving oral or written notice to the PTO that it chooses to forego a Facilities Study? Is it when the PTO is paid for the Interconnection Agreement? This text, that PG&E has previously used in several solicitations without controversy, is not sufficiently detailed to provide useful guidance to developers who use the ISP and choose path (1) about what documentation is required to demonstrate sufficient interconnection progress to be eligible for the solicitation. Developers who proceed down path (1) never actually receive a completed Facilities Study to submit along with their proposal as suggested by footnote 12, yet the PTO will accept their payment and will execute an interconnection agreement without a further study report. Arroyo speculates that when PG&E drafted this text it had not anticipated that the subtleties of its interpretation of the interconnection progress requirement for projects that waive a Facilities Study would become relevant towards deciding eligibility. The text of the protocol as written was insufficient to provide useful guidance to developers who intended to forego their Facilities Studies or who had already waived their Facilities Studies.

Most offer packages submitted arrived with deficiencies. While many were minor omissions and easily corrected, it suggested that some participants did not fully understand and follow the detailed guidance of the protocol and the outreach webinar presentation. Deficiencies in the initial offer packages included:

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

The number of deficiencies in the offer packages was typical for PG&E's RFOs. What was unusual was the number of deficiencies related to shortcomings in documenting interconnection progress towards the standard project viability requirement. These were likely the consequence of the lack of clarity and specificity in the solicitation materials with respect to the detailed meaning of "completed Phase II Interconnection Study (or equivalent)". Although the text providing guidance regarding required documentation for interconnection progress has sufficed to avert most but not all proposals that fail the Phase-II-study-or-equivalent requirement in the past, it is now evident that in this RFO participants could have benefited from more specific, consistent guidance.

Overall, Arroyo believes that PG&E's solicitation materials were concise, given the challenge of detailing the requirements of a more complex program that requires adherence to guidelines on marketing materials and community interest in contrast to simpler solicitations for wholesale commodities. Solicitation materials lacked clarity in important, specific details.

C. PG&E'S BIDDERS' CONFERENCE

PG&E held a bidders' webinar for potential participants in the DAC solicitation on March 11, 2020. This was a venue for the utility's team to describe important features of the solicitation, such as:

- Eligibility requirements unique to the DAC solicitation, including those regarding siting within a top 25% disadvantaged census tract, the required letter of commitment from a community sponsor for CSGT proposals, the required workforce development and job training attestation for CSGT proposals, and a discussion of the SJV pilot program communities.

- Unique features of the DAC agreement, such as the requirement that 25% of a CSGT project must be subscribed by eligible low-income residents before energy deliveries may commence, and that the project qualify for a Green-e energy tracking attestation.

- A detailed discussion on how to fill out offer forms and submit complete offers.

Figure 4. Individuals attending bidders' conference

[redacted]

The webinar was modestly attended, with a fraction of the turnout for PG&E's 2017 PV solicitation's webinar (PG&E's last major solicitation to seek PPAs to purchase all the output of new solar facilities). This seems reasonable given the small proportion of project developers that have chosen to focus on disadvantaged communities segment in California at this time, and the higher burden placed upon eligibility and the smaller project size limit for the CSGT program in particular. Figure 4 displays a breakdown of attendees of this RFO's webinar. Several attendees were in some way affiliated with the companies that ended up participating in the solicitation.

Several questions were posed to PG&E at the end of the webinar. Topics included:

- Clarifying how the PPA would be adjusted to take into account PG&E's status in bankruptcy;

- Confirming that the workforce development requirement applies only to CSGT projects and not DAC-GT projects, and that the stated evaluation preference for new generators sited within 5% CalEnviroScreen census tracts or SJV pilot program communities applies only to CSGT projects;

- Identifying whether the evaluation includes a qualitative preference or evaluation bonus for proposals from Disabled Veteran-owned Business Enterprises;

- Acknowledging that a project's developer has no long-term commitment or contractual obligation to enroll customers;
- Confirming that PG&E has no specific preference regarding the length of delivery term and will accept proposals for ten, fifteen, and twenty-year terms; and that PG&E will serve as scheduling coordinator for contract deliveries; and
- Questioning how the evaluation takes into account grid congestion costs and interconnection costs, and scoring of the community sponsors' outreach plans.

The nature of the questions suggested that the audience generally had some comprehension of the solicitation process, but that some had not yet closely read the solicitation materials in detail, as the protocol already covered most of the answers to the specific questions posed. This does not by itself suggest an issue for clarity of the materials related to the topics raised in the webinar presentation.

D. FEEDBACK FROM PARTICIPANTS ABOUT THE RFO

PG&E solicited feedback about the DAC RFO from participants and non-participants, and obtained a modest response. Some of the results of the survey were:

- Most solicitation materials were generally regarded as clear, including instructions for filling out the offer form;
- The requirements for the offer form were regarded as clearly communicated;
- Most respondents felt that the timeline for the RFO was appropriate, but a few disagreed, viewing the time available to prepare an offer as too short;
- Most respondents felt that the interconnection requirements for the solicitation were clearly described in the protocol, but a few strongly disagreed;
- Similarly, most respondents felt that the requirements for submitting an offer package were clear in the protocol, but a few disagreed.
- Some respondents suggested changes to the design of the solicitation, other suggested changes to CPUC's design of the DAC programs;
- Respondents that chose not to participate generally viewed the solicitation as offering a low likelihood of success and requiring burdensome efforts to prepare submittals; the covid-19 pandemic was also a factor.

E. ROBUSTNESS OF THE SOLICITATION

The response to the solicitation was not particularly robust. PG&E initially received DAC-GT offers for [redacted] unique projects, with total capacity of [redacted] MW, from [redacted] participants. As described later in this report, several proposals were judged by PG&E to fail to conform to the requirements of the solicitation. The conforming proposals' capacity totaled [redacted] MW, less than the 20 MW goal stated in PG&E's protocol.

Similarly, PG&E initially received CSGT offers for [redacted] unique projects, with total capacity of about [redacted] MW, from [redacted] participants. The conforming proposals' capacity totaled [redacted] MW, less than the 14.2 MW goal stated in PG&E's protocol. [redacted]

This weak response is indicative of the challenge that PG&E and the other IOUs may face in attempting to meet the program goals set by the CPUC for the DAC initiative.

PG&E may need to enhance or alter its approach to outreach to solar PV developers in order to make further progress achieving its volumetric goals in later DAC RFOs. It is unclear whether the modest response might largely be attributable to impediments posed to developers by the program features of the DAC program as designed by the CPUC. It is striking that so few proposals were elicited for the DAC-GT program, which has a project size limit of 20 MW and which does not have as many restrictions on eligibility as the CSGT program.

PG&E had received [redacted] unique project proposals for projects of 20 MW or less in its 2017 PV solicitation, of which [redacted] were sited in top 25% CalEnviroScreen 3.0 census tracts. The DAC-GT program's eligibility requirements differ from those of the PV solicitation primarily in the size limit and in the requirement that the facility be sited in a 25% top CalEnviroScreen 3.0 census tract. These projects would likely have been eligible for the DAC-GT program if they were still available and their developers had submitted them. [redacted] More research on developers that are willing to build small solar projects in DACs, and more direct outreach to them well in advance of the next RFO opening date might help.

In summary, Arroyo's opinion is that PG&E conducted adequate outreach to developers of new solar projects. The response to this DAC RFO was, however, not particularly robust. The solicitation materials were concise but lacked clarity in specific guidance about eligibility requirements with respect to certain types of interconnection application pathways, and this lack of clarity was deleterious to some participants. The inadequacy of this guidance likely contributed somewhat to the lack of robustness of the solicitation; more projects that met the eligibility requirements might have been submitted had participants understood PG&E's benchmarks.

3. FAIRNESS OF OFFER EVALUATION AND SELECTION METHODOLOGY

The key finding of this chapter is that PG&E's evaluation and selection methodology for its Spring 2020 DAC solicitation was designed fairly, overall.

The following discussion identifies principles for evaluating PG&E's methodology and discusses its strengths and weaknesses.

A. PRINCIPLES FOR EVALUATING THE METHODOLOGY

The Energy Division of the CPUC has usefully suggested a set of principles for evaluating the process used by IOUs for selecting offers in competitive renewable solicitations, within the template intended for use by IEs in reporting. These include:

- There should be no consideration of any information that might indicate whether the participant is an affiliate.
- Procurement targets and objectives were clearly defined in the IOU's solicitation materials.
- The IOU's methodology should identify quantitative and qualitative criteria and describe how they will be used to rank offers. These criteria should be applied consistently to all offers.
- The LCBF methodology should evaluate offers in a technology-neutral manner.
- The LCBF methodology should allow for consistent evaluation and comparison of offers of different sizes, in-service dates, and contract length.

Some additional considerations appear relevant to PG&E's specific situation. Unlike some utilities, PG&E does not rely on weighted-average numerical calculations of scores for evaluation criteria to arrive at a total aggregate score. Instead, the public solicitation protocol cites three criteria of which two are quantitative and one is qualitative. This suggests a few other principles for assessing fairness:

- The methodology should identify how non-valuation measures will be considered; all non-valuation criteria used in selecting offers should be transparent to participants.
- The logic of how non-valuation criteria or preferences are used to reject higher-value offers and select lower-value offers should be applied consistently and without bias.
- The valuation methodology should be reasonably consistent with industry practices.

B. STRENGTHS AND WEAKNESSES OF PG&E'S METHODOLOGY

PG&E's LCBF methodology ("Portfolio-Adjusted Value", or PAV) for RFOs has been revised over the years; its evolution has benefitted from input from IEs and the utility's PRG, and from internal review and incremental improvement. This chapter discusses the methodology and addresses a set of specific issues identified in the Energy Division's template for IE reports.

1. CONSISTENCY WITH PROCUREMENT PLAN, PORTFOLIO FIT, PRODUCTS

PG&E's evaluation and selection methodology is consistent with its CPUC-approved 2019 RPS procurement plan. In Arroyo's opinion, PG&E adequately incorporated the needs and preferences stated in its RPS procurement plan as approved by the CPUC into its approach. For example:

- PG&E's 2019 RPS procurement plan stated that the utility would not hold an RPS solicitation in its 2019 solicitation cycle and that PG&E would seek the CPUC's approval to procure any amounts other than those separately required under CPUC-mandated procurement programs such as feed-in tariffs. The plan explicitly cites Decision 18-06-027 as mandating the two DAC programs to promote new generation among residential customers in DACs, and anticipates a need to adjust PG&E's view of its renewable net short position based on the outcome of DAC solicitations.

- The RPS procurement plan stated that the utility will minimize the overall cost of renewables over time by, among other things, promoting competitive processes that can encourage price discipline. PG&E's DAC program uses a competitive solicitation procurement process to select proposals ranked based on value.

- As ordered by the Decision approving PG&E's 2014 RPS procurement plan, the protocol requires participating new projects to have obtained a Phase II interconnection study or its equivalent, an eligibility requirement that was ordered by the CPUC for PG&E to use in its RPS and RAM RFOs, where previously PG&E had used a requirement of a Phase I interconnection study or equivalent.

- PG&E's DAC solicitation protocol stated that it would use the least-cost, best-fit methodology that is described in Appendix G of the 2019 RPS procurement plan as the quantitative evaluation criterion.

The products requested in PG&E's DAC solicitation were consistent with those specified in PG&E's solicitation protocol and mandated by Decision 18-06-027, including the detailed requirements regarding project size, location, and community sponsor. PG&E's standard requirements for solicitations for new renewable generation, such as project viability screens and interconnection requirements, apply to the DAC RFO.

Portfolio Fit. PG&E does not currently use a stand-alone metric for portfolio fit. It takes into account its various preferences for attributes of portfolio fit through adjustments it applies when calculating Portfolio-Adjusted Value based on whether the delivery time corresponds to higher or lower than targeted RPS-eligible energy. In Arroyo's opinion, PG&E's approved least-cost, best-fit methodology adequately takes into account characteristics related to PG&E's portfolio fit preferences.

Preferences and Other Criteria. PG&E cited two preferences in its public protocol for the PAV solicitation. There was no preference expressed regarding contract term, on-line date, or energy-only vs. full capacity deliverability status. However, PG&E acknowledged that it had a preference for projects sited within top 5% CalEnviroScreen 3.0 census tracts or San Joaquin Valley pilot project communities, and would provide such proposals with a 10% adder to market valuation. This preference is fully consistent with the directive in Decision 18-06-027 that IOUs "should prioritize projects located in" such top 5% DACs or "San Joaquin Valley pilot communities".

The protocol also stated a preference for projects that "leverage other government funding or provide evidence of support from local climate initiatives"; this priority is also directed by Decision 18-06-027. It is a qualitative preference that may introduce some subjectivity to the evaluation.

2. MARKET VALUATION

PG&E's market valuation approach has a number of general strengths including its consistency with industry practice, its rapid turnaround time, its reliance on market price data rather than dispatch model outputs, its neutrality with respect to technologies (as opposed to project characteristics), and its relation to real option pricing. Its weaknesses are the same as other methods that rely on extrapolating market price beyond a time horizon when liquid, market price signals for energy or capacity can be observed.

Consistency of market valuation. PG&E calculated components of its market valuation methodology in a manner consistent with its protocol and with prior CPUC direction. PG&E has dropped the use of time-of-delivery factors for adjusting prices and received CPUC approval to do so. The methodology incorporates congestion costs, integration costs, and resource adequacy benefits into its calculation.

Arroyo cannot identify any components of costs or revenues that should not have been included in PG&E's valuations of offers. The analysis was, overall, consistent with what was communicated in the solicitation protocol, which referred to the detailed public description of the LCBF methodology in Appendix G of PG&E's 2019 RPS procurement plan.

Transmission costs. PG&E's LCBF methodology includes costs of transmission upgrades in its value calculations. In the description of its methodology in the 2019 RPS procurement plan, PG&E stated that it would use both reliability network upgrades and delivery network upgrades in the calculation of a cost adder as appropriate; it relies on data from interconnection studies. The methodology weighs network upgrade costs against the benefits of RA value in calculating net market value.

3. EVALUATION OF OFFERS' PROJECT VIABILITY

PG&E does not score offers for project viability when conducting an evaluation for new resources in a solicitation. It uses an approach based on elements of its Renewable Auction Mechanism (RAM): proposals are subjected to an initial screen for project viability using eligibility requirements on dimensions such as interconnection progress, site control, developer experience, and commercial operation date within 36 months of the effective date of the PPA. (PG&E did not employ a screen for the degree of commercialization of the technology employed by the proposed project, as it had done for its RAM solicitations.) Arroyo independently scored proposals using the Energy Division's project viability calculator.

4. OTHER EVALUATION CRITERIA

PG&E's primary metric for evaluating proposals was Portfolio-Adjusted Value. It also listed Supply Chain Responsibility in the solicitation protocol's chapter on evaluation criteria, which is a measure of supplier diversity, sustainability, and ethical practices. PG&E required participants to include a complete Supply Chain Responsibility questionnaire in the offer form that covered issues such as spending on Diverse Business Enterprises and certified Small Business Enterprises, supplier diversity outreach, and a code of conduct for employees and suppliers. However, PG&E stated in its answers to queries in its participants' webinar that it would not apply a valuation bonus for the DBE status of a participant.

C. FUTURE LCBF METHODOLOGY IMPROVEMENTS

PG&E's least-cost, best-fit methodology has undergone repeated refinement, motivated both by internal choices within the utility, external impetus from the regulator, and suggestions from IEs. Incremental improvements have been made over time; Arroyo anticipates that PG&E will continue to make changes to its Portfolio-Adjusted Value methodology and to its inputs over time. PG&E made changes to its PAV approach as described in an appendix to its 2019 RPS procurement plan.

4. FAIRNESS OF ADMINISTERING THE OFFER EVALUATION AND SELECTION PROCESS

This section describes the extent to which PG&E's administration of its protocol for offer evaluation and selection in the DAC solicitation was conducted fairly.

A. PRINCIPLES USED TO DETERMINE FAIRNESS OF PROCESS

The Energy Division has suggested a set of principles proposed to guide IEs in determining if an IOU's administration of its evaluation and selection process was fair:

- Were all offers treated the same regardless of the identity of the bidder?
- Were participants' questions answered fairly and consistently and the answers made available to all participants?
- Did the utility ask for "clarifications" that provided one participant an advantage over others?
- Was the economic evaluation of the offers fair and consistent?
- Was there a reasonable justification for any fixed parameters that were a part of the IOU's LCBF methodology (e.g., RMR values; debt equivalence parameters)?
- Were the qualitative and quantitative factors used to evaluate offers fair to all offers?

Some other considerations appear relevant to reviewing PG&E's administration of its methodology. The use of business judgment in bringing multiple non-valuation criteria to bear on decision-making, rather than a mathematical, objective means of doing so, implies an opportunity to test the fairness of administration using additional principles:

- Were the decisions to reject higher-valued offers because of low scores in criteria or preferences other than market valuation applied consistently across all offers? Were the selections of lower-valued offers in preference to higher-valued ones based on their superior attributes in non-valuation criteria made consistently, or were high-valued offers skipped over unfairly?

- If PG&E did not select the projects that provide the best overall value while meeting the needs of PG&E's compliance periods, what factors prevented those projects from being selected? Was their rejection based on considerations that were communicated transparently to participants in the solicitation protocol?

- Were the judgments used to create the selection based on evaluation criteria and preferences that were publicly disseminated to participants prior to offer submittal?

- Did PG&E perform its offer evaluation and selection methodology in a manner consistent with how it treated proposals submitted in its prior solar solicitations?

B. REVIEWING PG&E'S ADMINISTRATION OF ITS EVALUATION AND SELECTION PROCESS

PG&E provided Arroyo Seco Consulting with detailed results during the evaluation process. Arroyo had access to the offer packages and to PG&E's correspondence with the participant and was able to arrive at independent opinions about the strengths and weaknesses of the offer against the evaluation criteria.

Additional elements of Arroyo's approach for evaluating the fairness of the evaluation and selection process include:

- Running an independent valuation model that directly used detailed offer information; reviewing PG&E's input assumptions for its valuation methodology.

- Independently scoring offers using the CPUC-approved Project Viability Calculator;

- Developing an independent viewpoint about whether offers met all CPUC-imposed eligibility requirements and whether they merited selection;

- Observing communications between PG&E and the participant that submitted conforming offers to check whether it was advantaged over its competitors by requests posed, information provided, or assistance rendered;

- Reviewing PG&E's selection decisions for consistency; reviewing whether the logic for selection vs. rejection was consistently applied to all offers.

C. IDENTIFYING NONCONFORMING OFFERS

PG&E performed a detailed review of the offer packages to identify specific deficiencies that needed to be addressed by participants and to assess which offers had characteristics that deviated materially from RFO eligibility requirements. Some of the deficiencies were minor, such as errors in filling in the offer form spreadsheet or omission of required documents from the package. These errors and omissions were corrected by participants within hours or a day after PG&E provided notice of a deviation.

However, upon review PG&E deemed several proposals to fail to meet the eligibility requirements set by the CPUC, requirements that were intended to have been communicated in the solicitation protocol. As described previously, lack of clarity in PG&E's solicitation materials regarding specifics of eligibility requirements contributed to these instances of non-conformance, because some participants did not have sufficient guidance to ascertain their projects' eligibility.

Interconnection progress through the Independent Study Process. In 2013 the CPUC directed PG&E to adopt Edison's and San Diego Gas & Electric's proposed requirements for interconnection progress in the IOUs' 2013 RPS Requests for Offers. PG&E's draft 2013 RPS procurement plan had stated a requirement that facilities participating in its 2013 RPS solicitation must have a Phase I interconnection study or its equivalent; the two other IOUs had proposed that the requirement be a completed Phase II interconnection study or its equivalent. Consequently, starting with its 2013 RPS RFO, PG&E required such a completed Phase II study or equivalent for competitive solicitations for new renewable generation. In its subsequent Decision adopting the IOUs' 2014 RPS procurement plans, the CPUC also imposed the requirement of a Phase II interconnection study or its equivalent upon the IOUs' Renewable Auction Mechanism (RAM) solicitations, making the interconnection progress eligibility requirement for all RAM-based solicitations the same as for RPS RFOs. To Arroyo's knowledge the CPUC has not, up to this point, subsequently relaxed the requirement it imposed for RPS-eligible projects to have achieved a Phase II interconnection study or equivalent in order to demonstrate project viability.

Phase I and Phase II interconnection studies are a feature of the CAISO's Generator Interconnection Process for large projects that interconnect at the transmission voltage level, and PG&E's Wholesale Distribution Tariff in the Distribution Group Study Process, but other pathways for a project to secure an interconnection agreement do not involve these studies, as such. The CPUC had acknowledged this prior to its 2013 Decision approving RPS procurement plans. For example, the Energy Division's final version of its Project Viability Calculator that was published in 2011 set guidelines for IOUs and IEs to measure how far a proposed generator has progressed towards obtaining its interconnection agreement. It rates as the same level of interconnection progress "The project has completed its Phase II studies of the Generator Interconnection Process (GIP), or has completed its Facilities Study, or has passed the Fast Track screens".

When imposing the Phase II interconnection study or equivalent requirement on RAM solicitations in 2013, the CPUC acknowledged that the Joint Solar Parties had supported this new and more stringent requirement because the then-current "interconnection requirements (System Impact Study, Cluster Study Phase I, or Fast Track Screens)…have not been sufficient to ensure that commercial operation commitments align with interconnection requirements."

Starting with its 2013 RPS RFO, PG&E has provided some guidance to solicitation participants about what progress would be considered "equivalent" to a Phase II interconnection study. Its RPS solicitation protocol for 2013 included a footnote that for repowerings or other facilities "a completed CAISO repowering assessment and PTO interconnection facilities study is deemed as 'equivalent' to the Phase II study within the CAISO territory." Over time the guidance provided in PG&E's solicitation protocols about what should be considered equivalent to a Phase II interconnection study has become more succinct. The DAC solicitation's protocol contains one footnote to the term "equivalent" stating "For example, a Facilities Study." Another footnote clarifies that "*Submission* of an Interconnection Request into a Fast Track process is not sufficient unless the project has *passed* the Fast Track screens or has a completed study equivalent to a Phase II interconnection study."

The CAISO's Tariff's Appendix Y on generator interconnection procedures states that within its Independent Study Process, "The facilities study may be waived if the system impact study does not identify any Interconnection Facilities and Reliability Network Upgrades." For applications to PG&E to interconnect to its distribution-level grid, the PTO follows PG&E's Wholesale Distribution Tariff (WDT), which states that "The Interconnection Customer may forgo this Interconnection Facilities Study and move directly to an Interconnection Agreement…if it agrees in writing to be responsible for all actual costs of all required facilities deemed necessary by the Distribution Provider." Once a System Impact Study (SIS) is complete (the equivalent of a Phase I study) and its results have been provided to the project developer, the PTO notifies the developer in writing of its three alternatives:

1. Forgo the Facilities Study and proceed directly to execute an Interconnection Agreement, or

2. Proceed to undergo a Facilities Study, or

3. Withdraw the interconnection application.

Failure to respond prior to the deadline results in the withdrawal of the interconnection application. In other words, a project eligible to use the ISP in a WDT application to PG&E acting as the PTO is not actually required to obtain a completed Facilities Study report to make progress towards an executed Interconnection Agreement. The developer might typically choose to forgo the Facilities Study in the interest of cost control (not paying further for a more detailed study) or to expedite achievement of an interconnection agreement, given that a typical SIS provides an estimate of the developer's cost of interconnecting while undertaking a Facilities Study could add months before results are available for a more detailed cost estimate. A developer who chooses path (1) to forgo a Facilities Study will not have such a study report to submit to an RFO in its proposal package. It would instead have a copy of the waiver to the Facilities Study agreement.

In prior RPS solicitations since 2013, PG&E has occasionally received proposals for projects with completed System Impact Studies but lacking Facilities Studies, and as a routine procedure disqualified them as ineligible for lack of interconnection progress based on the CPUC's directive on eligibility requirements. There is nothing in the DAC solicitation protocol to suggest that PG&E had altered its requirements for this solicitation from the 2017 PV solicitation or the ECR RFOs.

[redacted] participants had proposed projects that had received completed System Impact Studies and had not yet received completed Facilities Studies.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

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[33] [redacted]

[redacted]

Upon reviewing the offer packages, PG&E notified the participants on June 18 that their proposals were not selected because "the project(s) did not meet the Phase II or equivalent interconnection eligibility requirement". PG&E and the participants had further discussions about the eligibility issue in which the developers provided more information. Ultimately PG&E's position was that its rules for eligibility had not changed and that it would not change them for any individual participant but would rather hold all participants to the same requirements.

Arroyo's opinion is that in the situation where a developer opts to forgo a Facilities Study when undertaking the Independent Study Process, there should be a clear and auditable milestone at which the project has achieved the "equivalent of a Phase II interconnection study". The definition of such a milestone was not provided to participants in the solicitation materials, perhaps because this specific situation and issue have not previously arisen in past solicitations. [redacted]

Arroyo did not believe that [redacted] PG&E, to Arroyo's knowledge, had not yet obtained the CPUC's approval to relax its eligibility requirement for RPS solicitations from the standard of achieving the equivalent of a Phase II interconnection study. (The CPUC subsequently approved a change to this requirement for PG&E's next DAC RFO).

Similarly, Arroyo does not believe that [redacted] On that basis, Arroyo's own opinion is that a project proceeding down this ISP pathway should be deemed to have achieved the equivalent of a Phase II interconnection study when it formally notifies the PTO, in writing, that it chooses to forgo the Facilities Study and is willing to proceed to the next step of posting a financial security and signing an interconnection agreement. This is an intermediate step between obtaining a completed SIS and obtaining a signed interconnection agreement.

If waiving the Facilities Study is an appropriate benchmark for a project to claim the equivalent of a Phase II interconnection study, there is also a question of at what point the developer's waiver of the Facilities Study should be deemed to have been accomplished. Should it be the results meeting between developer and PTO, if the developer states in oral discussion that it intends to forego the Facilities Study? It would be better to have a benchmark that is auditable by documentation. Because the PTO requires written notification from the developer that the project will forgo a Facilities Study, this seems to be a better milestone for achieving the equivalent of a Phase II study than an oral discussion, as the e-mail notification is auditable from the PTO's side.

This dissection of the milestone at which a developer should be deemed to have achieved the equivalent of a Phase II interconnection study in the ISP if it chooses to forego a Facilities Study is quite arcane and likely incomprehensible to many participants. It is clear that the subtleties of what specifically PG&E required of developers that choose this pathway were not clearly explained in the solicitation materials.

Overall, however, Arroyo agreed with PG&E that these proposals did not meet the requirements previously directed by the CPUC in 2013 and adopted in the Spring 2020 DAC solicitation protocol, albeit in a telegraphic and somewhat unclear manner. To accept proposals that had obtained System Impact Studies, but for which the developer had not yet provided notification that it would forgo the Facilities Study, would seem to Arroyo to be inconsistent with the CPUC's prior specific direction that PG&E should not consider completion of a Phase I interconnection study or its equivalent as sufficient to establish eligibility for RPS and RAM RFOs. It would also be unfair to the participants in PG&E's prior RPS solicitations who submitted completed System Impact Studies and whose proposals were rejected as non-conforming for failing to meet the "Phase II interconnection study or equivalent" eligibility requirement for interconnection progress that then applied to RFOs. It would be best for PG&E to continue to apply its long-standing requirements "consistently across all offers" as suggested by the Energy Division in the IE template.

It is deeply regrettable that PG&E's solicitation materials did not give clear guidance to participants regarding what the utility would judge as acceptable documentation of interconnection progress for projects using this pathway, of foregoing a Facilities Study, to an interconnection. Arroyo regards PG&E's treatment of these participants as less than fully fair, although Arroyo does not believe PG&E drafted its solicitation materials with any conscious intent to provide inadequate guidance.[4]

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[4] The degree to which [redacted] in particular may be regarded as having been treated unfairly by PG&E is highlighted by communications from PG&E prior to the launch of the solicitation. The developer inquired on [redacted] about whether [redacted] This correspondence was later provided by the participant to the IE, and Arroyo has no reason to believe that it is inaccurate. Arroyo considers this response to be inconsistent with PG&E's prior practice in RPS and RAM solicitations, and inconsistent with how PG&E interpreted its eligibility guidelines in later deciding that the participant's project failed to conform to the requirements of the solicitation. More than other facts about the situation, PG&E's action to provide contradictory guidance, in Arroyo's opinion, constituted unfair treatment of this participant, [redacted] Had PG&E published clearer guidelines or provided accurate guidance in February that

(Footnote continued)

Other interconnection issues. [redacted] other proposals were deemed by PG&E to fail to meet the interconnection eligibility requirement. The case for not accepting these offers was clearer than the ones described above.

- [redacted] PG&E's DAC solicitation protocol stated that "Projects must obtain a wholesale interconnection agreement under FERC jurisdiction prior to operation. Note that Electric Rule No. 21 is not under FERC jurisdiction and does not result in a wholesale interconnection agreement under FERC jurisdiction."

  [redacted]

  PG&E concluded that the proposal did not conform to the interconnection requirements of the solicitation. [redacted] Furthermore, the offer was for a project with a capacity of [redacted], which exceeds the PTO-contracted interconnection capacity [redacted]

- [redacted] PG&E observed that this interconnection agreement had

was consistent with how it later acted in June, the developer might have requested to [redacted] so that its offer would be deemed eligible.

subsequently been terminated, and that it did not consider a cancelled interconnection agreement as evidence of a Phase II interconnection study or equivalent. In general, PG&E will not consider projects with no valid interconnection agreement and without an active position in the interconnection queue to meet the requirement for interconnection progress. The DAC solicitation protocol states that "Participants that offer in to the RFO must remain active in the applicable Interconnection queue until the Project's required Network Upgrades have been completed." There does not appear to be any active queue position for any project applying to interconnect to a distribution circuit of the [redacted] substation as this facility was represented to do in its offer. Also, the [redacted]

Arroyo concurred with PG&E's judgment that these proposals did not meet the eligibility requirements of the DAC solicitation.

<u>Other ineligible proposals.</u>

[redacted]

PG&E ascertained that the project site is situated entirely within a different census tract, [redacted], which is actually a bottom 25% CalEnviroScreen census tract, i.e. relatively advantaged, not disadvantaged. Other than the project site, vacant land to its south, a neighborhood park, and a vacant parcel identified for future housing development, the tract appears to be made up of a residential neighborhood of houses developed around 2000 directly adjacent to the project site, with estimated home values greater than $1 million. The DAC census tract cited in the offer form is also directly adjacent to this advantaged census tract and to the project site, but is geographically quite large. The portion of the DAC tract adjacent to the project site has no housing [redacted]. The populated area of the DAC tract with distinctively disadvantaged socio-economic and degraded environmental characteristics is miles to the north of the project.

Part of the problem in identifying which census tract the project site is in stems from conflicting information provided by different governmental authorities about the boundaries of the census tracts. Arroyo has chosen to rely on maps provided by the California state census organization and by [redacted] County. The developer appears to have relied on a web-based map provided by the California Office of Environmental Health Hazard Assessment (OEHHA), which ranked the census tracts for CalEnviroScreen 3.0. The maps provided by the census organization and the County concur with each other but directly conflict with the OEHHA map. If one relied on the OEHHA map, it would appear that a portion of the top 25% DAC census tract falls across the project site. However, the maps from the state census organization and the County show that the adjacent portion of the top DAC tract is congruent with a set of multiple land parcels making up a narrow rectangle protruding from the rest of the top DAC tract, a rectangle that fully excludes the project site. The OEHHA map instead shows this rectangle falling across a portion of the project site.

PG&E observed that its solicitation protocol specifies that "Projects must be located within a top 25% CalEnviroScreen 3.0 designated census tract identified in Appendix H". It does not state that projects must fall within the boundaries of top 25% tracts displayed on the web-based map provided on OEHHA's CalEnviroScreen 3.0 webpage. Appendix H is a list of top 25% CalEnviroScreen census tracts and SJV pilot communities, and does not include the census tract within which PG&E and Arroyo both believe the project is sited. This subtle distinction in the protocol between relying on an appended list of tracts vs. relying on the OEHHA's map suggests to Arroyo that the CalEnviroScreen 3.0 web-based mapping application should not be the determinant of whether the project site falls within a top 25% DAC tract.

Based on independent review, Arroyo concurs with PG&E's judgment that the project is not sited in a top 25% CalEnviroScreen 3.0 census tract listed in Appendix H and does not qualify for the DAC program. It is regrettable that two separate agencies of the state government have published census tract maps that directly contradict each other, in a way that can mislead participants about the eligibility of their projects for DAC solicitations. Arroyo does not believe the participant was treated unfairly by PG&E, but does believe that it was deeply unfortunate in relying upon mapping information provided by OEHHA that contradicts information from the state census organization and the county. There is an opportunity for PG&E to clarify what specific source of census tract mapping information it will use to make eligibility determinations in future solicitations.

- [redacted] PG&E as a matter of course does not enter into PPAs that are contingent on future decisions of other off-takers, and rejected the proposal as non-conforming to the requirements of the solicitation.

In Arroyo's opinion PG&E identified non-conformance in these [redacted] proposals in a reasonable manner, although the process relied on choosing benchmarks that were not documented in either public or internal protocols. Arroyo agreed with PG&E's choices to reject the projects based on eligibility issues relating to interconnection progress, project siting in a non-DAC census tract, and a contingent proposal. Arroyo's opinion is that PG&E's treatment of some of the participants was less than fully fair because of the lack of clarity of solicitation materials and the inconsistent guidance that PG&E provided about eligibility requirements, guidance that disadvantaged at least one participant.

D. REASONABLENESS AND FAIRNESS OF PARAMETERS AND INPUTS

Parameters and inputs that PG&E used in its evaluation of offers to the DAC solicitation were reasonably and fairly chosen, in Arroyo's opinion. This includes assumptions for market pricing of energy, system RA capacity, flexible capacity, for the value of buyer curtailment options, for the impact of debt equivalence, and for numerous other inputs. PG&E used internal forward curves from April 2020 as the basis for valuation.

PG&E has a variety of internal controls in place to ensure that its selection of inputs and parameters are reasonable and fair. The Energy Policy and Procurement organization relies on a separate and independent risk management function for oversight of power market assumptions used in valuation, and on a corporate financial function for oversight on financial assumptions. Some of the inputs are based on estimates made by the CEC and CPUC.

E. THIRD-PARTY ANALYSIS

PG&E did not engage Arroyo or any third parties to conduct any part of the offer evaluation.

F. TRANSMISSION COST ADDERS AND INTEGRATION COSTS

PG&E followed its public and nonpublic protocols in administering its procedures for CAISO-based transmission adders and CPUC-approved integration cost adders, using the Portfolio-Adjusted Value methodology.

G. AFFILIATE PROPOSALS AND BUYOUT OR TURNKEY OFFERS

PG&E did not solicit offers for utility buy-outs of new projects or for turnkey construction of projects to transfer to utility ownership. No affiliates of PG&E submitted offers so the issue of conflicts of interest in selecting proposals from affiliates did not arise.

H. PG&E'S USE OF ADDITIONAL CRITERIA AND ANALYSIS

Resolution E-4999 directed IOUs to prioritize projects "located in top 5 percent DACs or SJV pilot communities." PG&E's solicitation protocol specified that it would provide a 10% valuation adder to such proposals. [redacted] These offers were assigned the enhancement to market valuation. PG&E also stated a preference for projects that leverage other government funding or provide evidence of support from local climate initiatives. [redacted]

Participants filled in a Supply Chain Responsibility questionnaire as part of each offer form. The DAC solicitation protocol lists Supply Chain Responsibility as a non-quantitative evaluation criterion. In actual administration of the solicitation, PG&E did not score offers for this criterion as it has done in past solicitations; only one participant submitted conforming offers and the scores would not have affecting offer rankings. ForeFront Power is not a Diverse Business Enterprise.

I. ANALYSIS OF PG&E'S SELECTION RESULTS

This section discusses offer selection and how the solicitation resulted in two agreements.

1. SELECTED OFFERS

All six of the offers that PG&E selected had been proposed by FFP CA Community Solar, LLC, a project company subsidiary of ForeFront Power, LLC ("FFP"), which is itself a subsidiary of Mitsui & Co., Ltd., part of the Mitsui Group, one of the largest industrial combines in Japan. ForeFront Power was previously the business segment within SunEdison, Inc. that developed solar generation for commercial and industrial retail customers; Mitsui acquired the business following SunEdison's bankruptcy.

PG&E selected six offers for continued participation, three for the DAC-GT program and three for the CSGT program, and notified FFP on June 18. FFP accepted the selection in writing and returned six half-executed PPAs on June 25, meeting PG&Es deadline. The six selected offers represented all submitted proposals that PG&E judged to meet eligibility requirements, as the sum of offered MWs did not exceed the maximums set by the solicitation protocol for the DAC-GT and CSGT programs.

[redacted] Arroyo agreed that these selections for each program were consistent with the use of PG&E's approved LCBF methodology for evaluating proposals.

The three selected DAC-GT offers included:

- Highway 43, a 2.25-MW facility sited about 3 miles northwest of Shafter in unincorporated Kern County. [redacted]

- Kern Sunset, a 2.4-MW facility sited about 3 miles south of Lamont in unincorporated Kern County. [redacted]

[redacted]

The three selected CSGT offers included:

- Beard, a 2.25-MW facility sited on the northern edge of Dustin Acres in western Kern County. The community sponsors were [redacted]

  [redacted] are ineligible for the bill credits provided under the CSGT program to eligible community sponsors. [redacted] Furthermore, the [redacted] letter of commitment explicitly refers to businesses (not residential customers) that are [redacted] community members that will be interested in receiving the 20% bill credit. The Decision explicitly states that "We will not extend the Community Solar Green Tariff program to non-residential customers, other than a project sponsor as described herein." It appears that the Beard facility's sponsors are under a misapprehension about the benefits that signing letters of commitment will provide. Arroyo does not regard the ineligibility of these community sponsors for bill credits as a factor affecting the eligibility of the Beard project itself for the CSGT program, because the CPUC clarified in Resolution E-4999 that even organizations ineligible to subscribe to a CSGT project may serve as sponsors. However, it seems possible that this will heighten the marketing challenge facing PG&E as it seeks to sign up residential customers within DAC census tract [redacted] in which the project is sited.[5]

- Gonzalez, a 1.75-MW facility sited about 4 miles east of Reedley in southeastern Fresno County. The community sponsors are [redacted]

- Rocha, a 2-MW facility sited about 4 miles northeast of Lamont in unincorporated Kern County, within a top 5% CalEnviroScreen 3.0 census tract. The community sponsor is [redacted] Most of Lamont's residential area is within a 25% top CalEnviroScreen census tract, but not the portion of western Lamont where the sponsor is located, so it is likely ineligible for the CSGT bill credit. As with Beard, Arroyo does not regard this as an impediment for the project's eligibility for the CSGT program. [redacted]

All six of FFP's selected projects had obtained executed interconnection agreements and met the eligibility requirement for interconnection progress. FFP provided acceptable attestations that it has site control for each project, in the form of [redacted] ForeFront Power, by virtue of having developed small solar PV projects for years as the commercial and industrial arm of SunEdison, meets the developer experience requirement for the solicitation, in Arroyo's opinion.

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[5] PG&E and Arroyo disagree about whether the northeastern corner of [redacted]

2. DISAGREEMENTS IN EVALUATION PROCESS

Arroyo had no significant disagreements with PG&E's administration of its least-cost, best-fit valuation methodology, nor with the use of that methodology to select the three DAC-GT proposals and the three CSGT proposals from the offers that the utility had screened as conforming to the eligibility requirements of the DAC solicitation. As described previously, a judgment needs to be made about what milestone should best serve as the benchmark for when a project undertaking the Independent Study Process to achieve a WDT interconnection should be judged to have achieved the equivalent of a Phase II interconnection study. PG&E made its decision to declare as non-conforming a number of proposals. Arroyo arrived at a judgment about what benchmark might best align with prior CPUC guidance, and its view of which projects that used the ISP met the eligibility requirements ended up in concurrence with PG&E's.

3. INDEPENDENT OFFER ANALYSES

Arroyo conducted an independent valuation analysis, using a simpler methodology than PG&E's PAV metric and employing independently derived inputs. Arroyo's and PG&E's rankings of the six conforming proposals were identical. Arroyo would have arrived at the same choices for which offers to select for the CSGT program vs. the DAC-GT program as PG&E.

4. RECTIFYING DEFICIENCIES OF REJECTED OFFERS

As described above, PG&E identified deficiencies in some of the initially submitted offers and notified the participants, who corrected those errors and omissions within a day. In contrast, the eligibility issues regarding interconnection progress using the Independent Study Process could not be rectified; PG&E required that evidence of achieving the equivalent of a Phase II interconnection study be available as of the offer due-date.

Similarly, the eligibility issue for a project that applied for an interconnection under Electric Rule No. 21 could not be rectified because [redacted] Nor could the absence of an active interconnection queue position for another project be rectified for this solicitation. The siting of a project in a non-DAC census tract is a fatal flaw that cannot be remedied for eligibility for these programs, nor can the ineligibility of a proposal that was made contingent on the decisions of third parties.

5. OVERALL FAIRNESS OF ADMINISTRATION

Arroyo's opinion is that PG&E's administration of its least-cost, best-fit methodology to for the DAC solicitation was, overall, fair to participants and their competitors. PG&E adhered to its protocols and acted in a manner consistent with its CPUC-approved RPS procurement plan in evaluating the conforming offers from ForeFront Power. PG&E used its approved Portfolio-Adjusted Valuation methodology. Arroyo believes that the selected offers will provide the best overall value to ratepayers among conforming alternatives for DAC projects.

In Arroyo's opinion, the proposals to this solicitation were treated the same regardless of the identity of the participant. Arroyo cannot discern that ForeFront Power received any disparately favorable treatment based on its identity or any prior business relationship with PG&E. With one notable exception, questions from potential participants were answered fairly and consistently; answers were generally made available to all potential competitors. Input parameters to PG&E's LCBF methodology were reasonably justified. The economic evaluation of offers was fair and consistent. PG&E's selection conforms to the needs of the utility's portfolio and RPS requirement given the statutory and regulatory obligations upon the utility to support development of solar projects to serve disadvantaged communities. In Arroyo's opinion, PG&E's decision to select the six ForeFront Power proposals was reasonable.

In Arroyo's opinion. the manner in which PG&E handled the eligibility question from [redacted] prior to the launch of the DAC solicitation was unfair. The answer provided to the potential participant was inconsistent with how PG&E treated this developer's proposal in later determining that it failed to conform to the eligibility requirements of the solicitation. The answer provided was also, in Arroyo's view, inconsistent with PG&E's past practice and with a prior CPUC directive to PG&E. Arroyo does not however believe that as a consequence this non-conforming proposal should therefore have been accepted for evaluation in the solicitation. Arroyo does believe that the utility needs to enact better safeguards on its guidance to participants to prevent such inconsistent guidance in the future.

5. FAIRNESS OF PROJECT-SPECIFIC NEGOTIATIONS

This chapter provides an independent review of the extent to which PG&E's negotiations with FFP CA Community Solar, LLC for DAC contracts were conducted fairly. As is the case with other solicitations using the Renewable Auction Mechanism process, terms and conditions of the agreement were largely non-negotiable. Arroyo's opinion is that PG&E's negotiations with ForeFront Power on contract terms and conditions were conducted in a manner that was fair to competitors.

A. PRINCIPLES FOR EVALUATING THE FAIRNESS OF NEGOTIATIONS

Arroyo considered some principles to evaluate the degree of fairness with which PG&E handled negotiations for the FFP CA Community Solar contracts.

- Were sellers treated fairly and consistently by PG&E during negotiations? Were all sellers given equitable opportunities to advance proposals towards final PPAs? Were individual sellers given unique opportunities to move their proposals forward or concessions to improve their contracts' commercial value, opportunities not provided to others?
- Was the distribution of risk between seller and buyer in the PPAs distributed equitably across PPAs? Did PG&E's ratepayers take on a materially disproportionate share of risks in some contracts and not others? Were individual sellers given opportunities to shift their commercial risks towards ratepayers, opportunities that were not provided to others?
- Was non-public information provided by PG&E shared fairly with all sellers? Were individual sellers uniquely given information that advantaged them in securing contracts or realizing commercial value from those contracts?
- If any individual seller was given preferential treatment by PG&E in the course of negotiations, is there evidence that other sellers were disadvantaged by that treatment? Were other proposals of comparable value to ratepayers assigned materially worse outcomes?

B. NEGOTIATIONS BETWEEN PG&E AND FOREFRONT POWER

Terms and conditions in the DAC form agreement were not significantly altered after ForeFront Power's offers were selected and FFP signed the PPAs. Instead, these conversations focused on:

- Contract quantity. [redacted]

  [redacted]

- Delivery term security (DTS). [redacted]

  [redacted]

- Execution. [redacted]

  [redacted]

[redacted]

[redacted]

Provisions of the contract were quickly agreed by the parties. There were no changes to the major terms of the DAC form agreement. Most of the discussions focused on correcting minor errors such as [redacted], not modifying material contract terms. The five contracts were executed by PG&E on September 30, 2020.

C. DEGREE OF FAIRNESS OF PROJECT-SPECIFIC NEGOTIATIONS

Arroyo did not observe PG&E providing ForeFront Power with any non-public information that might have advantaged the seller against its competitors. PG&E did not grant ForeFront Power any unique concessions in the course of negotiating terms and conditions of the agreement. Forefront Power was not given any unique opportunities to shift risks towards ratepayers; the form PPA was not materially altered to provide more favorable terms to ForeFront Power than prior agreements such as the contracts that resulted from PG&E's 2017 Photovoltaic Solicitation.

Overall, Arroyo's opinion is that PG&E's negotiations with FFP CA Community Solar were fair to competitors. Fairness to PG&E's ratepayers based on price reasonableness is discussed in the next chapter.

6. MERIT FOR CPUC APPROVAL

This chapter provides an independent review of the merits of the DAC contracts between PG&E and FFP CA Community Solar, LLC based on criteria specified in the Energy Division's 2014 RPS IE template.

A. CONTRACT SUMMARY

PG&E and FFP CA Community Solar, LLC executed five contracts on for sale of RPS-eligible energy, which will primarily be delivered to residential customers in Disadvantaged Communities with a focus on low-income customers within PG&E's service territory. Each project has an expected commercial operation date in September 2023 and a twenty-year delivery term.

- The Beard CSGT PPA will have contract capacity of 2.25 MW; contract quantity will average 6.08 GWh/year over the twenty-year term of the PPA, and contract price will be [redacted].
- The Gonzalez CSGT PPA will have contract capacity of 1.75 MW; contract quantity will average 4.35 GWh/year, and contract price will be [redacted].
- The Highway 43 DAC-GT PPA will have contract capacity of 2.25 MW; contract quantity will average 6.05 GWh/year, and contract price will be [redacted].
- The Kern Sunset DAC-GT PPA will have contract capacity of 2.4 MW; contract quantity will average 6.05 GWh/year, and contract price will be [redacted].
- The Rocha DAC-GT PPA will have contract capacity of 2 MW; contract quantity will average 4.92 GWh/year, and contract price will be [redacted].

B. NARRATIVE OF EVALUATION CRITERIA AND RANKING

The 2014 RPS template for IEs provided by the Energy Division calls for a narrative of the merits of the proposed project on the criteria of contract price, net market value, portfolio fit, and project viability.

1. CONTRACT PRICE AND MARKET VALUATION

Contract Price. When compared to proposals for long-term contracts for renewable energy that were submitted to PG&E's 2017 PV solicitation (the most recent fully robust solicitation for offers from solar generators held by the utility) the five contracts [redacted] (after adjustment for time-of-delivery factors; the 2020 PPAs have no time-of-delivery adjustments). Indeed, all five of these DAC contracts are priced at more than [redacted]

The maximum size of DAC-GT projects was limited to 20 MW by the CPUC directives for Green Tariff/Shared Renewables programs; the maximum size of GTSR projects for PG&E was limited to 4.26 MW by Resolution E-4999. The largest conforming offer submitted in the DAC solicitation was less than [redacted] of the size of the smallest project offered to PG&E in the PV RFO. The average project size offered in PG&E's PV RFO was [redacted]. One would expect that solar PV facilities in the 1.75 to 2.4 MW size range would be unable to capture the economies of scale available to much larger projects of the sort that made up the universe of proposals to the PV RFO, and their full costs of production would be higher. Thus, these DAC contracts rank [redacted]

Another peer group of projects for comparison is the set of offers to PG&E for its Enhanced Community Renewables (ECR) RFOs, which are rather smaller than those submitted in the 2017 PV RFO. Among the ECR offers received by PG&E between 2016 and 2018, the five contracts would all [redacted] However, comparison to this peer group is also questionable: the contract price for an ECR PPA is paid by PG&E only for unsubscribed energy when the project does not sell all its output to subscribers. If an ECR project is fully successful in marketing to subscribers, that contract price does not apply to any MWh deliveries. Arroyo believes that some participants have submitted offer prices to ECR solicitations that are well below the price that the seller would offer for a normal PPA with a utility off-taker paying for the project's full output, as part of strategies to ensure the likelihood of winning an ECR contract in competition with other participants. As a result, the fact that the five DAC PPAs are [redacted] than an ECR offer may say more about the particular strategy of developers of ECR projects than about the price competitiveness or reasonableness of the DAC contracts.

Market Valuation. The five contracts' net market value [redacted] when compared to all offers for renewable energy received in PG&E's 2017 Photovoltaic RFO, using PG&E's Portfolio-Adjusted Value metric. They rank as [redacted] when compared to conforming offers to PG&E's prior ECR RFOs, using Arroyo's independent estimates of net market value. Both valuation rankings suffer from the questions of comparability discussed above regarding price comparisons.

2. CONSISTENCY WITH RPS GOALS AND PROCUREMENT PLAN

Procurement plan. PG&E's approved 2019 RPS procurement plan states that PG&E has no near-term need for RPS resources but will procure incremental volumes of RPS-eligible contracts through CPUC-mandated programs such as the RAM, ReMAT, and BioMAT programs. In the plan, PG&E discusses implementing the DAC-GT program, though not specifically in the context of a mandate to procure more RPS energy.

PG&E's procurement plan describes in some detail its Portfolio-Adjusted Value methodology to evaluate which products provide the best fit at least cost; PG&E based its evaluation and selection of the offers on the results of its PAV analysis. Its use of a competitive solicitation to solicit resources for the ECR program is consistent with the plan's emphasis on promoting competitive processes to minimize the cost impact of renewables.

RPS Goals. PG&E's 2014 RPS solicitation protocol included an evaluation criterion for a contract's contribution to RPS goals. One of the subcriteria was whether a project would provide economic benefits to "communities afflicted with high poverty or unemployment" or high emission levels, which were legislative goals for enacting the state's RPS program. All of the census tracts in which the five projects are sited are disadvantaged communities by the metric used by CalEnviroScreen 3.0. Some of the socioeconomic characteristics, based on the U.S Census Bureau's 2018 American Community Survey, of the cities or census-designated places closest to the projects are listed here:

	Median household income	Population below poverty level	Unemployment rate
Dinuba	$42.1	25.9%	12.7%
Dustin Acres	$74.4	14.3%	4.6%
Lamont	$41.3	32.8%	9.5%
Shafter	$42.2	25.6%	14.4%
California	$71.2	12.8%	4.2%

With the exception of the census-designated place Dustin Acres, these communities have been afflicted by high poverty and unemployment. The Beard project site is adjacent to the residential area of Dustin Acres. Dustin Acres appears to be near the norm for the state of California in poverty levels, income, and unemployment. This seems to be the case also for Valley Acres, the second nearest census-designated place to the Beard project site. The census tract within which Beard is sited appears to be ranked as a top 25% DAC in part because of more impoverished populations elsewhere in the tract, such as McKittrick and Tupman, and because the Taft Correctional Institution is within this census tract. The prison was reported to have had about 2,100 inmates in 2018, but news reports suggest the population has been decreased substantially as federal authorities moved inmates elsewhere in anticipation of closing the prison in 2020.[6] The CalEnviroScreen population estimate for this census tract was about 5,200 based on the most recent OEHHA update in June 2018.

The census tract also scores quite high for air pollutants, pesticides, toxic releases, groundwater threats, hazardous waste, and low educational attainment. As described previously, residents in the major population center of Taft southwest of the Beard Project

[6] As the CSGT program requires customers other than community sponsors to have residential accounts, it appears to Arroyo that the marketing challenge for PG&E in placing the output of the Beard project is exacerbated by the fact that a substantial portion of the population of the DAC in which the project is sited, the state prisoners, are not PG&E residential customers.

are not eligible for the CSGT program because the census tracts containing the city of Taft are more than five miles from the project.

Both Fresno and Kern Counties are non-attainment zones for the federal PM-2.5 particulate standard and the 8-hour ozone standard (with an "extreme" classification).

Another RPS Goals evaluation subcriterion in the 2014 RPS RFO was contribution to Executive Order S-06-06, which called for 20% of the state's renewable energy needs in electricity to be met by electricity from biomass. The new PPAs will not contribute to that goal. A third subcriterion was to assess the impact of the project on California's water quality and usage; as solar photovoltaic facilities the projects will likely have a modest impact on water use.

Based on these observations, Arroyo would expect the PPAs to rank high for PG&E's previously defined RPS Goals evaluation criterion, with the exception of the Beard project, which would rank moderate.

3. PORTFOLIO FIT

Consistent with its approved 2019 RPS procurement plan, PG&E uses its Portfolio-Adjusted Value methodology to evaluate both market value and portfolio fit. As indicated, the FFP CA Community Solar offers [redacted] in PAV against other proposals previously submitted to PG&E's 2017 Photovoltaic Solicitation, likely because the sizes of these DAC projects are relatively small and they do not benefit from the economies of scale that were available to much larger facilities proposed in 2017.

Arroyo's opinion is that, qualitatively, the fit of the agreements with PG&E's portfolio ranks low. The utility already expects a net long RPS compliance position for most of the contract's term because of its prior procurement activities and because of changes in PG&E's retail load outlook. Contracting for deliveries of even more renewable energy increases PG&E's overprocurement of RPS-eligible energy in the next compliance periods and increases the size of the REC bank that must be carried forward to future periods: costs for these RECs will be expended during the contract's delivery term but the net need for the RECs is projected to develop later in the 2030s.

As solar projects, the facilities' production will peak in midday, when periods of overgeneration and negative market prices seem likeliest to occur. The contracts afford PG&E the option to order unlimited buyer curtailments of output subject to operational constraints, a degree of flexibility that will benefit the utility's ability to manage its portfolio.

4. PROJECT VIABILITY

ForeFront Power is an experienced developer of smaller solar facilities appropriate for the commercial and industrial customer segments it serves. The generation technology the projects will employ is well-commercialized; the developer has achieved site control and the projects have executed interconnection agreements. Arroyo assigned each of them a score of [redacted] using the Energy Division's project viability calculator, which ranks them in the top quartile among offers submitted to PG&E's 2017 PV solicitation. Arroyo also ranks the five projects as [redacted] in viability when compared to the peer group of projects offered to PG&E's ECR solicitations.

C. DISCUSSION OF MERIT FOR APPROVAL

In Arroyo's opinion, the five DAC contracts all merit CPUC approval.

- PG&E used its eligibility requirements directed by the CPUC to judge which offers conformed to the needs of the solicitation. Of the conforming offers, it selected offers for the DAC-GT program vs. the CSGT program based on value ranking using its CPUC-approved least-cost, best-fit methodology.

- The offers rank high in price and low in value when compared to a peer group of proposals to PG&E's 2017 PV solicitation. They also rank [redacted] in price and [redacted] in value compared to offers submitted to PG&E's Enhanced Community Renewables RFOs from 2016 to 2018.

- Arroyo ranks the projects qualitatively as [redacted] in portfolio fit given PG&E's excess long position in RPS deliveries. However, the mandated DAC program requires PG&E to take additional RPS volumes, and taking these volumes is consistent with the utility's CPUC-approved 2019 RPS procurement plan.

- Arroyo ranks the proposed facilities [redacted] in project viability when compared to prior proposals submitted to PG&E's 2017 PV solicitation and ECR solicitations.

- Most of contracts will contribute to PG&E's prior definition of its RPS goals evaluation criterion, such as conferring economic benefits to a community afflicted by poverty, high unemployment, and high emission levels. Arroyo ranks four of the projects [redacted] on that criterion, and the Beard contract as [redacted].

- Negotiations for the contract were handled in a manner that was fair to competitors and to ratepayers, in Arroyo's opinion.

- Lack of clarity in the solicitation materials and the conflicting guidance that PG&E provided to a participant were, in Arroyo's opinion, less than fully fair to some of the participants. However, Arroyo believes that despite these fairness issues it was appropriate for PG&E to exclude from consideration the proposals that the utility determined did not conform to the eligibility requirements of the solicitation given the wording of its protocol and prior direction from the CPUC.

Based on these observations, Arroyo's opinion is that the five contracts merit CPUC approval.

Confidential Appendix G

Quantitative Evaluation Results

Confidential Market Sensitive Information

Protected Under D.06-06-066

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

AT&T
Albion Power Company

Alta Power Group, LLC
Anderson & Poole

Atlas ReFuel
BART

Barkovich & Yap, Inc.
California Cotton Ginners & Growers Assn
California Energy Commission

California Hub for Energy Efficiency Financing

California Alternative Energy and Advanced Transportation Financing Authority
California Public Utilities Commission
Calpine

Cameron-Daniel, P.C.
Casner, Steve
Cenergy Power
Center for Biological Diversity

Chevron Pipeline and Power
City of Palo Alto

City of San Jose
Clean Power Research
Coast Economic Consulting
Commercial Energy
Crossborder Energy
Crown Road Energy, LLC
Davis Wright Tremaine LLP
Day Carter Murphy

Dept of General Services
Don Pickett & Associates, Inc.
Douglass & Liddell

Downey & Brand
East Bay Community Energy
Ellison Schneider & Harris LLP
Energy Management Service
Engineers and Scientists of California

GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Power Institute
Hanna & Morton
ICF
IGS Energy
International Power Technology
Intestate Gas Services, Inc.
Kelly Group
Ken Bohn Consulting
Keyes & Fox LLP
Leviton Manufacturing Co., Inc.

Los Angeles County Integrated Waste Management Task Force
MRW & Associates
Manatt Phelps Phillips
Marin Energy Authority
McKenzie & Associates

Modesto Irrigation District
NLine Energy, Inc.
NRG Solar

Office of Ratepayer Advocates
OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Redwood Coast Energy Authority
Regulatory & Cogeneration Service, Inc.
SCD Energy Solutions
San Diego Gas & Electric Company

SPURR
San Francisco Water Power and Sewer
Sempra Utilities

Sierra Telephone Company, Inc.
Southern California Edison Company
Southern California Gas Company
Spark Energy
Sun Light & Power
Sunshine Design
Tecogen, Inc.
TerraVerde Renewable Partners
Tiger Natural Gas, Inc.

TransCanada
Utility Cost Management
Utility Power Solutions
Water and Energy Consulting Wellhead Electric Company
Western Manufactured Housing Communities Association (WMA)
Yep Energy