STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
San Francisco, CA 94102

April 18, 2022

Advice Letters 6306-E and 6306-E-A

Sidney Bob Dietz, II
Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177

SUBJECT: PG&E's Methodology for Resource Adequacy Capacity Pursuant to Decision 21-05-030

Dear Mr. Dietz,

Advice Letter (AL) 6306-E (PG&E's Methodology for Resource Adequacy Capacity Pursuant to Decision 21-05-030) and AL 6306-E-A are approved, effective April 18, 2022, for the reasons described below.

Background:

Ordering Paragraph (OP) 11 of Decision (D.) 21-05-030 requires Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE), within 90 days of the effective date of the decision, to each file a Tier 2 AL with the Commission justifying its methodology for determining how much of its Power Charge Indifference Adjustment (PCIA)-eligible Resource Adequacy (RA) is reserved as part of its Bundled Portfolio Plan (BPP). This directive arose out of transparency concerns raised by Working Group 3 (WG3) co-chairs in Rulemaking (R.) 17-06-026 regarding the excess sales framework.[1]

PG&E filed AL 6306-E on August 23, 2021. In its filing, PG&E explained that its methodology for reserving PCIA-eligible RA capacity as part of its BPP is based on a combination of the Commission's RA requirements for System, Local, and Flexible RA, portfolio uncertainties, and California Independent System Operator (CAISO) RA outage substitution capacity requirements, which collectively make up the "Reservation Amount."[2] PG&E provided further detail to the Commission in a confidential appendix on the portfolio uncertainties component of its methodology. Any excess RA above this Reservation Amount is made available to the RA market for sale (and conversely, any shortfall is procured by PG&E).

On December 20, 2021, in response to a December 8, 2021, Energy Division request, PG&E filed a supplement, AL 6306-E-A, providing further details on its methodology with regards to uncertainty surrounding the Commission's planning reserve margin (PRM), RA capacity retained for resource

[1] D.21-05-030 at 44.
[2] PG&E AL 6306-E at 5.

outages (with a range of values for the 2022 Year Ahead position), load migration, and how far out PG&E offers RA capacity for sale to the market.

Protests, Responses, and Replies:

The California Community Choice Association (CalCCA) and Alliance for Retail Energy Markets (AReM) protested AL 6306-E on September 13, 2021.

CalCCA recommends that the Commission require PG&E to provide greater justification on the level of capacity to be retained by demonstrating the risks it describes in its AL based upon historical experience of those risks being realized, arguing that PG&E fails to provide meaningful insight into its methodology and that based upon the language provided, PG&E "could retain anywhere from 0 megawatts (MW) to all excess MWs in their portfolio to mitigate any of the uncertainty, compliance, or financial risks."[3] CalCCA points to July and August 2021 as high load months in which the investor-owned utilities (IOUs) collectively retained 619 MWs and 157 MWs of RA capacity, respectively, which "could have served significant amounts of load for smaller load-serving entities (LSEs)."[4] To reduce the need to retain capacity, CalCCA suggests that the Commission work with the CAISO to determine if the Resource Adequacy Availability Incentive Mechanism ("RAAIM") can be replaced with another mechanism to alleviate one of the forms of risk listed by PG&E in its AL filing.[5] CalCCA further states that retained capacity in excess of a requirement may never be used for RA purposes, which would result in a resource not being subject to the CAISO's must-offer obligations and therefore not being available to serve the market's needs.[6] Finally, CalCCA recommends that the Commission place firm monthly caps on the amount of capacity retained, arguing that the IOUs should not be allowed to retain excess RA capacity in a constrained market.[7]

AReM recommends that the Commission reject PG&E's AL filing and direct it to refile without the inclusion of an RA buffer. AReM states that short-term RA portfolio changes, needed to meet month-ahead RA requirements, can be met without relying on holding excess RA. AReM states that SDG&E appears to agree with this position, as its methodology as filed in AL 3836-E does not require excess buffer amounts above that needed for compliance. Further, AReM notes that withholding a RA buffer does not help reliability but hampers other LSEs' ability to comply with RA requirements.[8]

PG&E filed a reply to the protests on September 20, 2021. PG&E states that CalCCA's assertion with regards to the IOUs withholding RA capacity that otherwise would have been sold to other LSEs is misleading and fails to acknowledge Commission decisions D.21-02-028 and D.21-03-056 in R.20-11-003 (the "Emergency Reliability Proceeding"), which directed the IOUs to collectively procure 1,000-1,500 MWs of incremental capacity to meet an effective PRM of 17.5 percent. PG&E also states that in D.21-03-056, the Commission allowed the IOUs to use any excess RA capacity beyond its RA requirements to meet this procurement target after making reasonable attempts to sell this excess capacity to other LSEs to meet their 15 percent PRM requirements.[9]

In response to CalCCA's argument that unused retained excess RA capacity would not be subject to the CAISO's must-offer obligation, PG&E asserts that it makes all of its resources available to the

[3] CalCCA Protest at 2.
[4] CalCCA Protest at 2.
[5] CalCCA Protest at 2.
[6] CalCCA Protest at 3.
[7] CalCCA Protest at 3.
[8] AReM Protest at 2.
[9] PG&E Reply to CalCCA and AReM Protests at 2.

CAISO's capacity and energy markets if the resources have the physical capability to operate and generate consistent with Commission requirements, regardless of what is used as RA capacity by PG&E for its own RA requirements or what is sold to another LSE for its RA requirements under the sales framework in its BPP.[10]

Finally, PG&E addresses CalCCA's and AReM's recommendations that the Commission limit the amount of RA capacity retained (through a firm monthly cap or by disallowing the buffer, respectively), stating that it is unreasonable to limit PG&E's ability to meet its RA requirements and compliance obligations in exchange for another LSE meeting its RA requirements. PG&E further states that CalCCA's proposal would limit PG&E's ability to reserve substitution capacity that is scheduled for operational and/or routine maintenance work. PG&E argues that this would have "cascading effects on system reliability" because CAISO would then cancel the work for the resource, increasing safety concerns and the likelihood of future service interruptions.[11]

Discussion:

Requirements Under D.21-05-030

OP 11 of D.21-05-030 states as follows: "Within 90 days of the effective date of this decision, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall each file a Tier 2 advice letter to justify its methodology for determining how much of its PCIA-eligible Resource Adequacy is reserved as part of its Bundled Portfolio Plan." This directive arose out of transparency concerns raised by WG3 co-chairs in R.17-06-026 regarding the excess sales framework for RA.[12]

Energy Division acknowledges the transparency concerns raised in R.17-06-026 and the fact that certain IOU procurement information is not available to all parties (e.g., information provided in Procurement Review Group meetings, which are closed to market participants). After reviewing PG&E's initial filing for AL 6306-E, Energy Division requested clarifications on several topics, including uncertainty surrounding the Commission's PRM, RA capacity retained for resource outages, load migration, and how far out capacity is offered for sale to the market. PG&E responded to Energy Division's questions in its supplemental filing, AL 6306-E-A, summarized as follows:

> *PRM Uncertainty for Calculating RA Requirements* – PG&E does not account for any uncertainty surrounding the 15 percent PRM that is used to calculate RA requirements in its methodology for reserving PCIA-eligible excess RA capacity. The only uncertainties used in PG&E's calculation of its RA position are its Portfolio Reserve and operational constraints on individual resources, which only apply to PG&E's System RA position and are further discussed in the confidential Appendix A of AL 6306-E. The MWs associated with both uncertainties average less than 100 MW per month for 2022.
>
> *Planned Outages/Substitution Capacity* – PG&E's outage schedule for owned and contracted resources is constantly changing. For its 2022 year-ahead RA filing position, the outages for May – October range from 150 to 2,800 MW, and 900 MW to 2,700 MW for the remaining months. In general, outages tend to be restricted over the peak months (May – September) which results in fewer outages relative to non-peak months. Operational conditions, safety,

[10] PG&E Reply to CalCCA and AReM Protests at 3.
[11] PG&E Reply to CalCCA and AReM Protests at 3.
[12] D.21-05-030 at 44.

and the project management of resources often dictates the maintenance outage schedule in off-peak months.

Load Migration – When calculating PCIA-eligible excess RA capacity, PG&E's monthly load migration adjustments to its 2022 monthly RA requirements comport with the Commission's most recent definition of load migration outlined in D.19-06-026. PG&E does not currently have any load migration adjustments reflected in its 2022 month-ahead requirements over and above its 2022 year-ahead System RA requirement. To the extent any acceptable load migration is identified and not already captured in its 2022 load forecast, PG&E will record that load migration as of the monthly filing process.

How Far Out RA Capacity is Offered for Sale – PG&E does not have a specific range for which it transacts RA, but its solicitations generally focus on the Commission's RA Allocation time frame. To maximize the amount of capacity PG&E makes available to the market, PG&E makes RA available for sale in six solicitations each year. The first two solicitations for each compliance period are held before the October year-ahead filing and are designed to sell as much as a full calendar year of available capacity an entire year in advance. After the year-ahead filing, PG&E holds four quarterly solicitations that cover the balance of the year. In each solicitation, PG&E makes its long position available for sale for months where the Commission has allocated LSEs' RA obligations for that RA product.

<u>CalCCA's Protest</u>

CalCCA recommends that the Commission require PG&E to provide greater justification on the level of capacity to be retained by demonstrating the risks it describes in its AL based upon historical experience of those risks being realized and states that based upon the language provided in the AL, PG&E could retain anywhere from 0 MW to all excess MW in its portfolio to mitigate any uncertainty, compliance, or financial risks.

PG&E states that the amount of excess RA capacity that is reserved above Commission RA requirements is a combination of capacity reserved for portfolio uncertainties and CAISO RA outage substitution capacity requirements. Energy Division notes that PG&E provided further detail on the amount of capacity it reserves for the portfolio uncertainties component of its methodology in its confidential Appendix A. Energy Division also requested and reviewed data from PG&E with regards to the outage component of its methodology, which PG&E provided a range for in its supplemental filing. The outage data provided in the supplemental filing is consistent with information provided in PG&E's Quarterly Compliance Reports (QCRs) and approved BPP filed with the Commission. CalCCA's concern with regards to PG&E's ability to "retain anywhere from 0 MW to all excess MW in its portfolio" is unsupported.

CalCCA further argues that retained capacity in excess of a requirement may never be used for RA purposes, which would result in a resource not being subject to the CAISO's must-offer obligations and therefore not being available to serve the market's needs. CalCCA refers to the high load months of July and August 2021 in which the IOUs collectively retained 619 MWs and 157 MWs of RA capacity, respectively, as examples of months where large amounts of capacity were withheld from other LSEs. CalCCA is correct that the IOUs collectively showed these amounts to the Commission in their monthly excess resource report.[13] However, Energy Division clarifies that the IOUs were

[13] Excess Resources Report pursuant to D.21.03-056 at 49. "The IOUs shall provide the monthly amounts of the excess resources they used to meet their additional procurement targets, as well as the calculus used to determine these amounts (i.e., net of other resources

authorized in D.21-03-056 to show excess capacity above their existing RA requirements (based on a 15 percent PRM) to meet an effective PRM of 17.5 percent, after making reasonable attempts to first sell this excess capacity to other LSEs to meet the 15 percent PRM RA requirements.[14] As explained by PG&E, RA capacity is offered to the market on an annual and quarterly basis. PG&E's efforts to sell any excess RA to the market, prior to using it to meet the minimum effective PRM, are consistent with the requirements laid out in D.21-03-056. Additionally, Energy Division notes that, although the IOUs may technically reserve RA capacity that does not get used for RA purposes, there is no reason to believe that the IOUs are withholding unreasonable amounts of RA capacity from the RA market according to the review staff have undertaken. The amount that PG&E is reserving is reasonable to manage its portfolio risks.

CalCCA also suggests that the Commission work with the CAISO to determine if RAAIM can be replaced with another mechanism to alleviate one of the forms of risk listed by PG&E in its AL filing. Energy Division staff is currently engaged in the CAISO's RA Enhancements initiative, where a RAAIM replacement, the Unforced Capacity (UCAP) mechanism, is being considered.[15] The UCAP mechanism is also being considered as part of the CPUC's RA Reform Track in proceeding R.21-10-002.[16] Finally, CalCCA recommends that the Commission place firm monthly caps on the amount of capacity retained, arguing that the IOUs should not be allowed to retain excess RA capacity in a constrained market. Energy Division acknowledges the constrained RA market but rejects CalCCA's recommendation. Energy Division agrees with PG&E that providing a cap on reserved capacity could result in planned outages being denied by the CAISO if the capacity is not replaced, in addition to possibly impacting its ability to manage its portfolio safely and reliably. Regardless, OP 11 of D.21-05-030 requires the IOUs, in a Tier 2 AL filing, to justify their respective methodologies for reserving PCIA-eligible RA capacity in accordance with their BPPs, rather than establish methodologies for doing so. Any Commission-ordered changes with regards to BPP procurement methodologies are under the scope of the current Integrated Resource Planning (IRP) Proceeding, R.20-05-003.[17] Whether the Commission should place firm monthly caps on the amount of capacity retained is not an issue that can be resolved under this AL process. Although the IOUs may currently update their BPPs via Tier 3 AL filings, Energy Division will not, in its review of AL 6306-E, direct PG&E to change its methodology with regards to retaining excess RA capacity. Thus, Energy Division rejects CalCCA's recommendation pursuant to General Rule 7.4.2 of General Order (G.O.) 96-B.[18]

<u>AReM's Protest</u>

AReM states that, based on its members' experience, it believes that short-term RA portfolio changes needed to meet month-ahead RA requirements can be met without relying on holding excess RA. Further, AReM states that withholding a "buffer amount" of RA does nothing to help reliability but

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contracted under this proceeding's authority including their estimated ELRP resources), to Energy Division, and Energy Division is directed to post this information on its website."

[14] D.21-03-056 FOF 79.

[15] See CAISO Stakeholder Initiative "Resource adequacy enhancements," which commenced on October 30, 2018.

[16] R.21-10-002 Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Reforms and Refinements, and Establish Forward Resource Adequacy Procurement Obligations, Scoping Memo at 6.

[17] R.20-05-003 Order Instituting Rulemaking to Continue Electric Integrated Resource Planning and Related Procurement Processes at 10. "…this proceeding generally, and the procurement track specifically, will be the venue for consideration of utility bundled procurement plans, including any necessary changes to the most recent approved bundled plans."

[18] G.O. 96-B, General Rule 7.4.2 reads in part, "a protest may not rely on policy objections to an advice letter where the relief requested in the advice letter follows rules or directions established by statute or Commission order applicable to the utility. [¶] Example 1. Where the Commission has approved a rate change, an advice letter submitting tariff sheets in compliance with the Commission order approving the rate change is not subject to protest on the grounds that the rates are unjust, unreasonable, or discriminatory.

hampers other LSEs' ability to comply with RA requirements. AReM requests that the Commission reject PG&E AL 6306-E and direct it to refile without the inclusion of an RA buffer.

PG&E does not explicitly refer to an RA "buffer" in AL 6306-E; Energy Division assumes that AReM is referring to RA capacity above PG&E's RA requirements, namely the capacity that PG&E reserves for portfolio uncertainties and resource outages.

Energy Division notes that OP 11 of D.21-05-030 requires the IOUs to justify their respective methodologies for reserving PCIA-eligible RA capacity in accordance with their BPPs, rather than establish methodologies for doing so. The Commission previously approved PG&E's BPP, which includes its excess sales framework, in D.15-10-031.[19] Requesting that the Commission direct PG&E to refile AL 6306-E without the inclusion of an RA buffer is an attempt to relitigate a prior Commission order, namely D.15-10-031. As previously stated, any Commission-ordered changes with regards to BPP procurement methodologies are under the scope of the current IRP Proceeding, R.20-05-003. Whether the Commission should restrict PG&E entirely from reserving excess RA capacity is not an issue that can be resolved under this AL process. Although the IOUs may currently update their BPPs via Tier 3 AL filings, Energy Division will not, in its review of AL 6306-E, direct PG&E to change its methodology with regards to retaining excess RA capacity. Thus, Energy Division rejects AReM's request pursuant to General Rule 7.4.2 of G.O. 96-B.

The Commission requires the IOUs to manage their portfolios reliably and safely. Energy Division has not seen evidence that PG&E's methodology and justification detailed in AL 4570-E and AL 4570-E-A is unreasonable for doing so or prevents other LSEs from managing their portfolios reliably and safely.

Energy Division has reviewed AL 6306-E and AL 6306-E-A. Energy Division finds that AL 6306-E and AL 6306-E-A meet the requirements of D.21-05-030. Based on what PG&E has provided, its methodology for reserving PCIA-eligible RA capacity is reasonable to manage its portfolio risks and uncertainties.

Disposition:

Energy Division hereby approves PG&E AL 6306-E and AL 6306-E-A. The justification for PG&E's methodology for reserving PCIA-eligible RA capacity meets the Decision requirement.

Sincerely,

Pete Skala
Interim Deputy Executive Director for Energy and Climate Policy/
Interim Director, Energy Division, CPUC

cc: R.17-06-026
Evelyn Kahl, California Community Choice Association
Daniel W. Douglass, Alliance for Retail Energy Markets

[19] D.15-10-031 OP 1.

Pacific Gas and Electric Company®

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December 20, 2021

Advice 6306-E-A
Pacific Gas and Electric Company (U 39 E)

Public Utilities Commission of the State of California

Subject: **Supplemental: PG&E's Methodology for Resource Adequacy Capacity Pursuant to Decision 21-05-030**

Purpose

This supplemental advice letter is to satisfy a request from the California Public Utilities Commission (Commission or CPUC) for further data and information needed to resolve Pacific Gas and Electric Company's (PG&E) Advice 6306-E.

Background

A. PG&E's Compliance with D.21-05-030

On August 23, 2021, PG&E submitted to the Commission a Tier 2 advice letter pursuant to Ordering Paragraph (OP) 11 in Decision (D.) 21-05-030 (the Portfolio Optimization Decision), concerning PG&E's methodology for determining how much of its Power Charge Indifference Adjustment (PCIA)-eligible Resource Adequacy (RA) capacity is reserved in accordance with its Bundled Procurement Plan (BPP).[1]

In Phase 1 of the PCIA Rulemaking (R.) 17-06-026, the Commission examined the PCIA methodology and considered alternatives to that methodology to ensure that bundled service customer indifference to departing load is maintained. Among other things, D.18-10-019 adopted an annual true-up to the recorded costs of the PCIA-eligible portfolio, a modification to administratively set market price benchmarks for calculating the investor-owned utilities' (IOU) above-market costs of the PCIA-eligible portfolio, and associated modifications to ratemaking in the IOUs' tariffs, and opened a second phase of the proceeding with a working group process. To date, the working group process resulted in four decisions addressing three specific topic areas: (1) the market price benchmarks, (2) a voluntary PCIA prepayment option, and (3) portfolio optimization and cost reduction. The Portfolio Optimization Decision, issued on May 24, 2021, resolved the working group recommendations concerning portfolio optimization issues.

[1] D.21-05-030, OP 11; *See* also, Conclusion of Law (COL) 19.

The Portfolio Optimization Decision requires each IOU to submit a Tier 2 advice letter to "…justify its methodology for determining how much of its PCIA-eligible RA is reserved as part of the IOU's Bundled Portfolio Plan" to address the transparency concerns raised in the PCIA proceeding.[2]

B. Energy Division Request

On December 8, PG&E received a request from the Commission's Energy Division that necessitates augmenting PG&E's initial Advice 6306-E that includes explanatory responses to address the following follow up questions:

1. Please explain how PG&E accounts for any uncertainty surrounding the planning reserve margin (PRM) used to calculate RA requirements in its methodology for reserving PCIA-eligible excess RA capacity.

2. Please provide a range of MW values that go into Section D., "Outages." Please elaborate how the values typically differ between summer months (May through October) and non-summer months.

3. Please explain how PG&E calculates future load migration and how this is incorporated into PG&E's calculation of excess RA capacity.

4. Please explain how far out PG&E offers RA capacity for sale to the RA market. For example, does PG&E sell capacity beyond one year forward?

PG&E's responses below include descriptions that are current as of the date of this advice letter and may change in response to future regulatory, market, or other conditions.

<u>PG&E Response</u>

1. Please explain how PG&E accounts for any uncertainty surrounding the planning reserve margin (PRM) used to calculate RA requirements in its methodology for reserving PCIA-eligible excess RA capacity.

PG&E does not account for any uncertainty surrounding the 15 percent planning reserve margin that is uses to calculate RA requirements in its methodology for reserving PCIA-eligible excess RA capacity. The only uncertainties used in PG&E's calculation of PG&E's RA position is a de minimis Portfolio Reserve applied to PG&E's total monthly System RA requirement and similarly de minimis operational constraints on individual resources, both of which only apply to PG&E's System RA position and are further discussed in Confidential Appendix A of Advice 6306-E. The megawatts (MW) associated with both uncertainties average less than 100 MW per month for 2022. An example of PG&E's

[2] D.21-05-030, OP 11; *See* Discussion, p. 44.

operational constraints would be the fuel degradation at the Diablo Canyon Power Plant (DCPP) where each unit's monthly available capacity drops by about 2 MW each month after refueling. PG&E's operational constraints have been significantly reduced since the CPUC approved the Hydroelectric Exceedance Methodology in D.20-06-031 for hydroelectric resource net qualifying capacity (NQC), which brought the resources' NQCs in line with the resources' RA performance.

2. Please provide a range of MW values that go into Section D., "Outages." Please elaborate how the values typically differ between summer months (May through October) and non-summer months.

For PG&E's 2022 year-ahead RA filing position, the outages for May through October ranged from about 150 MW to 2,800 MW. The range for the remaining months was from about 900 MW to 2,700 MW. However, PG&E's outage schedule for owned and contracted resources is constantly changing, and these numbers merely reflect the point in time when this position was developed.

In general, outages tend to be restricted over the peak months (May through September) which results in fewer outages relative to non-peak months. The range of outages during these months was 150 MW to 1,300 MW. Operational conditions, safety, and the project management of resources often dictate the maintenance outage schedule in off-peak months. For example, some units are unable to take outages in winter due to unsafe weather conditions, while other units must adhere to a strict outage schedule to ensure reliable operations. This typically results in the highest volume of outages in the shoulder months.

Outages are not considered in the CPUC's RA program, however, the California Independent System Operator Corporation's (CAISO) RA Substitute Capacity (RASC) framework for Scheduling Coordinators (SCs) like PG&E has requirements to account for potential RA resource outages. PG&E is responsible for managing and monitoring a portfolio that addresses both CPUC and CAISO regulatory requirements. This substitution capacity is a critical part of PG&E's position management.

3. Please explain how PG&E calculates future load migration and how this is incorporated into PG&E's calculation of excess RA capacity.

When calculating PCIA-eligible excess RA capacity, PG&E's monthly load migration adjustments to its 2022 monthly RA requirements comport with the Commission's most recent definition of load migration outlined in D.19-06-026. Importantly, PG&E's adjustments also include the restrictions identified in OP 12 of that Decision which identifies examples of potential load change that do not constitute load migration for RA purposes.

Pursuant to D.19-06-026, OP 11: "Load migration" is defined, for the purposes of the Resource Adequacy program, as load effects that: a. Result from one or more customers' retail electric service transferring directly from one load-serving entity (LSE) to another LSE in the same Transmission Access Charge area; and b. An LSE cannot reasonably predict and include in an implementation plan or in an initial year-ahead load forecast.

Pursuant to D.19-06-026, OP 12: "Load migration," for the purposes of the Resource Adequacy program, shall not include the following non-exhaustive events: changes to approved implementation plans, changes to customer class load profiles, changes to weather assumptions, changes resulting from the receipt of new or updated customer meter data, new service requests, losses due to disconnects or force majeure events, transfers of load out of the Transmission Access Charge area, or forecasting errors.

PG&E does not currently have any load migration adjustments reflected in its 2022 month-ahead requirements over and above the 2022 year-ahead system RA requirements provided to PG&E by the CPUC. To the extent any acceptable load migration is identified and able to be clearly isolated as not already captured in its 2022 load forecast, PG&E will record that load migration as part of this monthly filing process, and this change would be reflected in the System RA requirement for the balance of year as well. PG&E includes both Community Choice Aggregation and Direct Access load to be within the scope of load migration.

4. Please explain how far out PG&E offers RA capacity for sale to the RA market. For example, does PG&E sell capacity beyond one year forward?

PG&E does not have a specific range for which it transacts RA, but its solicitations generally focus on the CPUC's RA Allocation time frame. PG&E has significantly modified its solicitation procotols to increase transparency and to engage the market as early as possible for sales of RA capacity in accordance with the CPUC's year-ahead RA requirements.

To maximize the amount of capacity PG&E makes available to the market, and per Appendix S of PG&E's Bundled Procurement Plan (BPP), PG&E makes RA available for sale in six solicitations each year. The first two solicitations for each compliance period are held before the October year-ahead filing and are designed to sell as much as a full calendar year of available capacity an entire year in advance. After the year-ahead filing, PG&E holds four quarterly solicitations that cover the balance of year. These solicitations are generally held according to the following schedule:

- Year-Ahead: Q3
- Quarterly: November, January, April, July/August

In each solicitation, PG&E makes its long position available for sale for months where the Commission has allocated LSEs' RA obligation for that RA product. For example, LSEs currently receive a year-ahead allocation for System, and Flexible RA, and PG&E therefore makes these products available for sale for each month of the upcoming year where PG&E has a long position. After the year-ahead filing, PG&E currently makes its

System and Flexible RA long positions available for sale for the balance of year in each quarterly solicitation. For Local RA, the CPUC has adopted a multi-year forward requirement, and PG&E may make its long position available to the market for all years covered by that requirement by leveraging the same solicitation schedule above, and by participation in the Central Procurement Entity's solicitation process.

Please note, however, that PG&E may consider bilateral transactions beyond the CPUC's RA allocation time frame based upon its assessment of the value of such transaction.

Protests

Pursuant to GO 96-B, General Rule 7.5.1, PG&E requests to maintain the original protest and comment period designated in Advice 6306-E and not reopen the protest period.

Effective Date

PG&E requests that this Tier 2 advice letter become effective via disposition letter issued by the CPUC's Energy Division as soon as practicable.

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.17-06-026** and **R.19-11-009**. 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/

Sidney Bob Dietz II
Director, Regulatory Relations

cc: Service List for **R.17-06-026** and **R.19-11-009**

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 (U 39 E)

Utility type:
- ☑ ELC
- ☐ GAS
- ☐ WATER
- ☐ PLC
- ☐ HEAT

Contact Person: Stuart Rubio
Phone #: (415) 973-4587
E-mail: PGETariffs@pge.com
E-mail Disposition Notice to: SHR8@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) #: 6306-E-A

Tier Designation: 2

Subject of AL: Supplemental: PG&E's Methodology for Resource Adequacy Capacity Pursuant to Decision 21-05-030

Keywords (choose from CPUC listing): Compliance

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

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.21-05-030

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: N/A

Confidential treatment requested? ☐ Yes ☑ No

If yes, specification of confidential information:
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:

Resolution required? ☐ Yes ☑ No

Requested effective date:

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: Sidney Bob Dietz II, 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:	

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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
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

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
International Power Technology

Intertie

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

OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Public Advocates Office

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