

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE



April 18, 2022

Advice Letters 6386-E and 6386 E-A

Sidney Bob Dietz, II
Director, Regulatory Relations
c/o Megan Lawson
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177
Phone: (415) 973-2093

Subject: PG&E Central Procurement Entity (CPE) Annual Compliance Report

Dear Mr. Dietz,

Advice Letters (AL) 6386-E (Annual Compliance Report on the PG&E Central Procurement Entity Under Ordering Paragraph 23 of Decision 20-06-002) and 6386 E-A (Supplemental) are approved, effective April 18, 2022, for the reasons described below.

Background:

In Decision [\(D.\) 20-06-002](#),¹ the Commission required the investor-owned utilities (IOUs) to submit an annual compliance report that presents all contract terms, criteria, and methodology used to select local resource adequacy (RA) resources as part of the newly-established central procurement framework. The report is to be submitted through a Tier 2 Advice Letter 30 days after the PG&E Central Procurement Entity makes its local RA showing to the Commission.

On June 17, 2020, the Commission adopted implementation details for the central procurement of multi-year resource adequacy beginning in the 2023 compliance year. The Decision also identified PG&E and SCE as the central procurement entities (CPEs) responsible for procurement on behalf of all Load Serving Entities (LSEs) in their respective distribution areas.²

The Decision ordered PG&E, in its role as a CPE, to conduct competitive, all-source source solicitations under specified requirements and selection criteria. Once selected as part of a portfolio, resources with contract terms that are five years or less will be pre-approved provided they meet certain conditions. Those with executed contracts exceeding five-year terms are subject to review and approval under a Tier 3 Advice Letter (AL) process.³

Subsequently, the Commission approved [D. 20-12-006](#), adopting the rules that govern the treatment of confidential, market-sensitive information and activities.⁴ On November 1, 2021, pursuant to Ordering Paragraph (OP) 23 of D. 20-06-002, PG&E submitted AL 6386-E, containing its first CPE annual compliance report (Report). This filing was followed by a supplemental submission made on November 17, 2021, which contained aggregated details on procurement types and amounts for each of the 2023 and 2024 RA compliance years.

¹ Ordering Paragraph (OP) 23 at 99.

² OP 2 at 91.

³ OP 22 at 98.

⁴ OP 9 at 49.

Protests

Calpine Corporation (Calpine), Sonoma Clean Power Authority, Silicon Valley Clean Energy Authority, Central Coast Community Energy, Marin Clean Energy, and San Jose Clean Energy (together, the Joint CCAs), and the Western Power Trading Forum (WPTF), timely protested AL 6386-E on November 22, 2021.

Calpine requests that PG&E submit “a less redacted version of the report.”⁵ The Joint CCAs request that the PG&E CPE provide a high-level discussion on whether it met its multi-year local RA requirements, and if not, the reasons it was unable to do so, along with the amounts of any procurement deferred to the CAISO.⁶ The WPTF maintains that contrary to PG&E’s justification, Section VII.B of the IOU Confidentiality Matrix in D. 06-06-066 specifies that contract summaries are public. To rectify this, the WPTF asks that the Commission direct the PG&E CPE to file a second supplement that includes unredacted contract summaries, aggregated procurement data, and self-shown agreements between both the PG&E CPE and PG&E, and between the PG&E CPE and the third parties. The WPTF asks that Parties be allowed to respond to this supplemental filing.⁷

Determination of Compliance

All protesting parties assert that because PG&E overly redacted its Report, market participants are unable to determine whether PG&E, in its role as a CPE, complied with the Decision’s requirements. Calpine specifically notes that, compared to Southern California Edison’s (SCE) Report, over 70% of the PG&E CPE’s Report was overly redacted.⁸ The Joint CCAs argue that, given the requirements of the Decision, the Report is “the means by which CPEs demonstrate compliance.” The WPTF states that given the limited information provided by the Report, parties are unable to determine whether the PG&E CPE procured sufficient capacity in each LCA.⁹

Procurement Shortfalls and the CAISO Backstop Procurement

Protesting parties state that, based on the Report’s limited information, they are not able to determine the cause of procurement shortfalls or how the PG&E CPE will address them. The WPTF states that, if the PG&E CPE was offered and shown sufficient resources to meet its local RA requirements but elected to only procure and accept a subset of those resources, the PG&E CPE should provide an explanation of the reasons for the deferral.¹⁰ Calpine and the Joint CCAs assert that market participants need to be aware of the recommendations the PG&E CPE or its Independent Evaluator (IE) have proposed in order to better achieve the CPE’s reliability goals set forth by Decision.¹¹

The Joint CCAs state that neither the CPE Report nor the IE Report provide any indication of whether any procurement will be deferred to the CAISO;¹² information on such costs and credits would be important for LSEs to potentially incorporate into planning procurement efforts.¹³ The WPTF asserts that procurement shortfalls should be disclosed, as such disclosure would not necessarily result in higher bids in future solicitations. Calpine reiterates that since the “mechanics

⁵ Calpine Protest at 4.

⁶ The Joint CCAs Protest at 5.

⁷ The WPTF Protest at 2.

⁸ Calpine Protest at 2.

⁹ The WPTF Protest at 2.

¹⁰ *Id.* at 4.

¹¹ Calpine Protest at 1.

¹² The Joint CCAs Protest at 4.

¹³ *Id.* at 3.

and unnecessary costs associated with deferral to the CAISO backstop procurements” remain a concern, the Report needs to provide stakeholders meaningful and substantive content.¹⁴

Procurement Planning for Load Serving Entities

The WPTF states that, without information on the extent to which the PG&E CPE has not met its overall local and Local Capacity Area (LCA)-specific RA procurement obligations, LSEs have no way of assessing where and when additional resources are needed or what available options could best serve their customers.¹⁵ To this end, the Joint CCAs state that PG&E should additionally indicate whether and when PG&E CPE intends on conducting further solicitations and whether any local RA resources are contracted for years beyond 2023.¹⁶ This would give LSEs the opportunity to coordinate with the PG&E CPE and cost-effectively plan their procurement several years into the future.¹⁷

Central Procurement Entity Hybrid Framework

Calpine provides observations and comments on the CPE mechanism, process, and terms. First, Calpine states that, given its large volume of capacity in some of the PG&E local areas, bilateral negotiations would be more efficient than iterative and piecemeal procurement through the CPE process.¹⁸

Second, Calpine asserts that, because much of the capacity being sought by the PG&E CPE was already contracted to other LSEs, the Commission should clarify how LSEs can “show existing contracts in order to ensure that more of the existing capacity that is under contract to LSEs can be accounted for by the CPEs.”¹⁹ Third, Calpine asserts that, because the PG&E CPE solicitation included restrictions that were not required by Decision, it constrained participation of resources, including Calpine’s.²⁰ Fourth, Calpine argues that cost-effectiveness determinations should be made based on actual market conditions, rather than a reference price based on the Capacity Procurement Mechanism (CPM). Finally, Calpine requests that the Commission expressly give discretion to CPEs to procure bundled products, including energy and Renewable Energy Credits (RECs).²¹

Reply

PG&E, in its role as CPE, timely replied to the protests on December 1, 2021. PG&E asserts that it complied with the requirements adopted by the Decision, as the purpose of the Report is for the PG&E CPE to demonstrate compliance to the Commission, and not to market participants.²² The PG&E CPE is not required to disclose procurement information that would assist market participants in their own procurement planning efforts. The disclosure of confidential information “that would be interesting or useful” is neither required by Decision nor intended by the Commission.²³

In response to the WPTF’s protest of improper redaction, PG&E replies that the confidential information the WPTF is seeking is protectable under law and should not be disclosed as it could

¹⁴ Calpine Protest at 2.

¹⁵ The WPTF Protest at 3.

¹⁶ *Ibid.*

¹⁷ The Joint CCAs Protest at 6.

¹⁸ Calpine Protest at 3.

¹⁹ *Ibid.*

²⁰ *Ibid.*

²¹ Calpine Protest at 3.

²² PG&E Reply at 5.

²³ *Id.* at 4.

cause harm to ratepayers. Contrary to the WPTF's argument that redacting information could impact bidding behaviors, the PG&E CPE states that it is protecting certain information so that "market participants bid competitively, and ratepayers are not saddled" with the CAISO backstop procurement costs.²⁴ Additionally, PG&E states that Calpine's submission consisted of "observations" and "comments" about the solicitation, rather than a formal protest of the Report.²⁵

Discussion

Parties' protests consist of requests for disclosure of procurement information and attempts to relitigate adopted policy and associated mechanisms already established by Decision. Under General Rule 7.4.2 of [General Order 96-B](#), a protest "may not rely on policy objections to an advice letter." The Energy Division rejects parties' protests under General Rule 7.6.1 of General Order 96-B, as they are not made on proper grounds.

First, the advice letter process is for ministerial review and disposition, where the Energy Division need only determine whether the relief requested is "within the scope of what has already been authorized by statutes or Commission orders."²⁶ The advice letter process is the incorrect forum for addressing the types of policy disputes raised by parties about the CPE framework, solicitation process, and treatment of confidential information.

As for the treatment of confidential information, along with the proposal for swaps and other solicitation refinements, the Commission has since addressed these topics in [D. 22-03-034](#) ("Decision on Phase 1 of the Implementation Track Modifications"). This Decision also adopted new reporting requirements for CPE entities.²⁷

The Energy Division has reviewed AL 6386-E, AL 6386-E-A, and their confidential attachments. The Energy Division finds that Advice Letters 6386-E and 6386-E-A meet the requirements of OP 23 of D. 20-06-002.

Disposition:

The Energy Division hereby approves Pacific Gas and Electric Company's (PG&E) AL 6386-E and AL 6386-E-A.

Sincerely,



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

cc: R.21-10-002, R. 19-11-009, PGETariffs@pge.com, SHR8@pge.com

²⁴ PG&E Reply at 6

²⁵ *Id.* at 3

²⁶ General Rule 7.6.1 of GO 96-B at 16

²⁷ OP 18 at 78, dicta at 51, and OP 17 at 77, respectively

November 19, 2021

Advice 6386-E-A

(Pacific Gas and Electric Company U 39 E)

Public Utilities Commission of the State of California

Subject: Supplemental: Pacific Gas and Electric Company (“PG&E”) Central Procurement Entity (“CPE”) Annual Compliance Report

Purpose

In response to the request from the California Public Utilities Commission’s (“Commission”) Energy Division dated November 17, 2021, Pacific Gas and Electric Company (“PG&E”), acting as the Central Procurement Entity (“CPE” or “PG&E CPE”) for its electric distribution service area, hereby submits this Supplemental Advice Letter. Pursuant to the Energy Division’s request, this Supplemental Advice letter includes a summary of PG&E CPE’s procurement activity in aggregate for the 2023 and 2024 resource adequacy (“RA”) compliance years as a result of its 2021 PG&E CPE Local RA Request For Offers to allow for additional transparency into PG&E CPE’s procurement activities while protecting confidential and market-sensitive information.

Background

On June 17, 2020, the Commission adopted a hybrid central procurement framework, and designated PG&E and Southern California Edison Company (“SCE”) to act as the CPEs to procure local RA capacity to meet the multi-year local RA requirement on behalf of all LSEs in their electric distribution service area beginning in 2021 for the 2023 RA compliance year.

Decision (“D.”) 20-06-002, the Central Procurement Entity Decision (“CPE Decision”), instructed the PG&E CPE to conduct a competitive, all-source solicitation for local RA procurement with specified requirements,¹ and utilize certain specified criteria and methodologies to guide the selection of local resources.² The CPE Decision further adopted a portfolio approval process whereby a CPE procurement action for an executed contract with a five-year term or less shall be deemed reasonable and preapproved under

¹ D. 20-06-002 at 93, OP 8.

² Id. at 95, OP 14.

certain conditions.³ For any executed contract that exceeded a five-year term, the Central Procurement Entity is instructed to file a Tier 3 Advice Letter for approval.

On December 4, 2020, the Commission issued D. 20-12-006, adopting the local capacity requirement reduction compensation mechanism (“LCR RCM”) and competitive neutrality rules that govern how confidential, market-sensitive information received from third-party market participants through CPE procurement activities will be protected from unauthorized sharing beyond employees involved in CPE activities.⁴

On November 1, 2021 pursuant to Ordering Paragraph 23 of the CPE Decision, which instructed the CPE to submit an annual compliance report that includes all contract terms, as well as the criteria and methodology used to select local RA resources, PG&E CPE submitted its annual compliance report as Advice Letter 6386-E, in both confidential and public (redacted) form, subject to the confidentiality protections identified therein.

On November 17, 2021, Energy Division requested that PG&E CPE submit a filing to supplement Advice Letter 6386-E for additional transparency while protecting confidential and market-sensitive information. Energy Division specifically requested that PG&E CPE provide certain procurement values in aggregate. While PG&E CPE maintains that the information requested by Energy Division could appropriately be protected pursuant to legal bases identified by PG&E CPE in Advice Letter 6386-E, in accordance with Energy Division’s request, in Attachment 1 to this supplement, PG&E CPE provides the following procurement values, in aggregate, according to procurement types for each month of the 2023 and 2024 RA compliance years:

- 1) Total Local RA Allocation from the CPUC for PG&E CPE;
- 2) Local DR Resources allocated by the CPUC for PG&E CPE;
- 3) Local CAM Resources (non-DR) associated with PG&E CPE;
- 4) Total Procured Resources by PG&E CPE;
- 5) Total Self-Shown Resources associated with PG&E CPE; and
- 6) Net Total associated with PG&E CPE.

Public Attachments:

Attachment 1: PG&E CPE Aggregate Procurement Summary for the 2023 and 2024 RA Compliance Years

This submittal will not increase any current rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

³ Id., OP 22.

⁴ PG&E’s competitive neutrality rule was adopted in D. 20-12-006, Ordering Paragraph 9 at p. 49.



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) #: 6386-E-A

Tier Designation: 2

Subject of AL: Supplemental: Pacific Gas and Electric Company ("PG&E") Central Procurement Entity ("CPE") Annual Compliance Report

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.20-06-002

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: 11/30/21

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 proposed¹: N/A

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

¹Discuss in AL if more space is needed.

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

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

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

Attachment 1: PG&E CPE Aggregate Procurement Summary for the 2023 and 2024 RA Compliance Years

Table 1: PG&E CPE 2023 Procurement Summary	Jan - 2023 (MW)	Feb -2023 (MW)	Mar - 2023 (MW)	Apr - 2023 (MW)	May - 2023 (MW)	Jun - 2023 (MW)	Jul - 2023 (MW)	Aug - 2023 (MW)	Sep - 2023 (MW)	Oct - 2023 (MW)	Nov - 2023 (MW)	Dec - 2023 (MW)
Total Local RA Allocation from CPUC	(11,335.00)	(11,335.00)	(11,335.00)	(11,335.00)	(11,335.00)	(11,335.00)	(11,335.00)	(11,335.00)	(11,335.00)	(11,335.00)	(11,335.00)	(11,335.00)
Local DR Resources allocated by the CPUC	135.29	135.29	135.29	135.29	135.29	135.29	135.29	135.29	135.29	135.29	135.29	135.29
Local CAM Resources (non-DR)	1,299.75	1,302.85	1,290.66	1,274.34	489.84	490.61	489.60	483.11	482.72	482.99	483.09	483.35
Total Procured Resources	1,404.90	1,403.66	1,401.90	1,398.03	1,881.32	1,861.32	1,852.71	1,856.52	1,866.55	1,886.92	1,903.15	1,908.72
Total Self-Shown Resources	4,081.02	3,932.26	4,068.46	4,153.08	4,202.18	4,499.39	4,593.27	3,881.48	3,235.86	2,814.07	2,764.02	3,014.85
Total	(4,414.04)	(4,560.94)	(4,438.69)	(4,374.26)	(4,626.37)	(4,348.39)	(4,264.13)	(4,978.60)	(5,614.58)	(6,015.73)	(6,049.45)	(5,792.79)

Table 2: PG&E CPE 2024 Procurement Summary	Jan - 2024 (MW)	Feb -2024 (MW)	Mar - 2024 (MW)	Apr - 2024 (MW)	May - 2024 (MW)	Jun - 2024 (MW)	Jul - 2024 (MW)	Aug - 2024 (MW)	Sep - 2024 (MW)	Oct - 2024 (MW)	Nov - 2024 (MW)	Dec - 2024 (MW)
Total Local RA Allocation from CPUC	(5,854.00)	(5,854.00)	(5,854.00)	(5,854.00)	(5,854.00)	(5,854.00)	(5,854.00)	(5,854.00)	(5,854.00)	(5,854.00)	(5,854.00)	(5,854.00)
Local DR Resources allocated by the CPUC	134.59	134.59	134.59	134.59	134.59	134.59	134.59	134.59	134.59	134.59	134.59	134.59
Local CAM Resources (non-DR)	491.36	494.44	489.84	485.71	489.84	490.61	489.60	482.50	482.50	482.67	482.51	482.52
Total Procured Resources	1,910.19	1,908.97	1,901.52	1,888.53	1,881.32	1,861.32	1,852.71	1,856.52	1,866.55	1,886.92	1,903.15	1,908.72
Total Self-Shown Resources	3,155.78	3,008.18	3,143.46	3,231.58	3,165.66	3,467.89	3,566.84	3,468.98	3,125.48	2,700.66	2,645.79	2,895.38
Total	(162.08)	(307.82)	(184.59)	(113.59)	(182.59)	100.41	189.74	88.59	(244.88)	(649.16)	(687.96)	(432.79)

**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

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