

November 1, 2021

Advice 6386-E

(Pacific Gas and Electric Company U 39 E)

Public Utilities Commission of the State of California

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

Purpose

Pursuant to Decision (“D.”) 20-06-002, the Central Procurement Entity Decision (“CPE Decision”), Pacific Gas and Electric Company (“PG&E”), acting as the Central Procurement Entity (“CPE” or “PGE CPE”) for its electric distribution service area, hereby submits this Advice Letter. Ordering Paragraph (“OP”) 23 of the CPE Decision 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 resource adequacy (“RA”) resources.

Background

On June 17, 2020, the California Public Utilities Commission (“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 resource adequacy (“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.

The 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 resources². 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 certain conditions.³ For any executed contract that

¹ D. 20-06-002 at 93, OP 8.

² *Id.* at 95, OP 14.

³ *Id.*, OP 22.

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

In accordance with the CPE Decision, “[t]he purpose of this annual compliance report is to demonstrate that PG&E as CPE has complied with the requirements and objectives adopted in the CPE Decision, the LCR RCM Decision, as well as the multi-year local RA requirements.”⁵

Compliance Requirements

Pursuant to OP 23 of the CPE Decision, the CPE is required to file a Tier 2 Advice Letter within 30 days after the CPE makes its local RA showing to the Commission, in both confidential and public (redacted) form. The final IE report is filed as part of this annual compliance report in both confidential and public (redacted) form.

Public Attachments:

Attachment 1: Narrative

Attachment 2: Public Version of the Independent Evaluator (“IE”) Report (Attachment D)

Attachment 3: (a) CPE Solicitation Protocol, (b) market notice announcement of the issuance of the RFO, and (c) Compliance with Ordering Paragraphs of Decision 20-06-022 and Decision 20-12-006.

Attachment 4: Confidentiality Declarations and Matrices

Confidential Attachments:

Attachment A: New Contracts Executed/Contracts Amended

Attachment B: Counterparty Information

Attachment C: Key Briefing Packages

Attachment D: Independent Evaluator (IE) Report

Attachment E: Deferred Procurement

The public version of this annual compliance report is provided to the service lists for

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

⁵ D.20-06-002 at 63.

Rulemaking ("R.") 21-10-002 and R.19-11-009. The confidential version of this annual compliance report is provided to Energy Division.

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

Protests

*****Due to the COVID-19 pandemic, 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 22, 2021**, which is 21⁶ days 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.

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:

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, California 94177

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

⁶ The 20-day protest period concludes on a weekend; therefore, PG&E is moving this date to the following business day.

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).

Effective Date

The requested effective date of this Tier 2 advice letter is **November 30, 2021**, which is 30 days after the date of submittal.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter excluding the confidential appendices is being sent electronically and via U.S. mail to parties shown on the attached list and the service lists for **R.21-10-002** and **R.19-11-009**. Address changes to the General Order 96-B service list and all electronic approvals should be sent to e-mail PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs>.

/S/

Sidney Bob Dietz II
Director, Regulatory Relations

cc: Service List R. 21-10-002 and R. 19-11-009 (Public Version)
Energy Division (Confidential Version)

Public Attachments:

- Attachment 1: Narrative
- Attachment 2: Public Version of the Independent Evaluator ("IE") Report (Attachment D)
- Attachment 3: (a) CPE Solicitation Protocol, (b) market notice announcement of the issuance of the RFO, and (c) Compliance with Ordering Paragraphs of Decision 20-06-022 and Decision 20-12-006.
- Attachment 4: Confidentiality declarations and matrices



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

Tier Designation: 2

Subject of AL: 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: See Confidential 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: Amol Patel, AxPx@pge.com, 415-757-8491.

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
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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Attachment 1

Narrative

**PACIFIC GAS AND ELECTRIC COMPANY
CENTRAL PROCUREMENT ENTITY (“CPE”)
ANNUAL COMPLIANCE REPORT**

NOVEMBER 1, 2021

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Summary of Public Attachments

- Public Attachment 3: *(a) CPE Solicitation Protocol, (b) market notice announcement of the issuance of the RFO, and (c) Compliance with Ordering Paragraphs of Decision 20-06-022 and Decision 20-12-006.*
- Public Attachment D: *Independent Evaluator Report, provides the independent evaluator report completed for the compliance period redacted to protect confidential information.*

Summary of Confidential Attachments

- Confidential Attachment A: *New Contracts Executed/Contracts Amended, provides a summary of all agreements executed and/or amended for this compliance period.*
- Confidential Attachment B: *Counterparty Information, provides a summary of all non-investment grade counterparties with whom the Pacific Gas and Electric Company central procurement entity transacted.*
- Confidential Attachment C: *Key Briefing Packages, provides a summary of all relevant cost allocation mechanism procurement review group agendas and presentations.*
- Confidential Attachment D: *Independent Evaluator Report, provides the independent evaluator report completed for the compliance period.*
- Confidential Attachment E: *Deferred Procurement, provides the rationale for the Pacific Gas and Electric Company central procurement entity deferring to backstop procurement, if applicable.*

A. Introduction

1. Overview of Annual Compliance Report Required Information and Additional Compliance Information

Ordering Paragraph (“OP”) 23 of Decision (“D.”) 20-06-002 (“CPE Decision”), requires the Pacific Gas and Electric Company (“PG&E”) Central Procurement Entity (“CPE”) to submit an annual compliance report (“ACR”) through a Tier 2 advice letter in both confidential and public form.¹ The purpose of the ACR is to demonstrate that PG&E CPE has complied with the requirements and objectives adopted in the CPE Decision, as well as the multi-year local resource adequacy (“RA”) program for the 2023 and 2024 RA compliance period.

The CPE Decision specifies four pieces of information that must be included in the ACR. First, pursuant to OP 23 of the CPE Decision, PG&E CPE must include all contract terms in the ACR. Section B.2 below addresses this requirement for contracts executed to date by PG&E CPE for the 2023-2024 compliance period, which are included in Confidential Attachment A.

Second, OP 23 requires PG&E CPE to include the criteria and methodology used to select local RA resources in the ACR. Section B.1.b of this ACR addresses this requirement for PG&E CPE procurement activities to date.

Third, in accordance with OP 26 of the CPE Decision, the ACR must also indicate whether PG&E CPE deferred to backstop procurement and provide the reason for any deferral to backstop procurement, prices offered in the solicitation, which generators did not participate in the solicitation (if any), and other relevant information.² This

¹ CPE Decision at 99, OP 23.

² *Id.* at 100, OP 26.

information related to the PG&E CPE’s procurement activity to date is addressed in Section D below and included as Confidential Attachment E.

Fourth, OP 23 of the CPE Decision requires PG&E CPE to include the independent evaluator (“IE”) report in both confidential and public form in the ACR. The IE report associated with PG&E CPE procurement activities to date is addressed in Section C.2 below and included as Public Attachment D and Confidential Attachment D.

In addition to the information required to be included in the ACR by the CPE Decision, this ACR also includes a demonstration related to the portfolio approval process adopted in OP 22 of the CPE Decision, whereby procurement actions for executed contracts with a delivery term of five-years or less are deemed reasonable and preapproved, and are not subject to after-the-fact reasonableness review, provided the following conditions are met: (1) the procured resource meets the established local capacity requirements and underlying data supporting those requirements, which are based on the California Independent System Operator Corporation (“CAISO”) local capacity requirements technical study; (2) the cost allocation mechanism procurement review group (“CAM PRG”) was properly consulted, as described in OP 13; and (3) the procurement was deemed by the IE to have followed all relevant California Public Utilities Commission (“Commission”) guidance, including the least cost best fit (“LCBF”) and other noted selection criteria. Below in Sections B.2 and C.1-2 of this ACR, including the applicable attachments referenced in each section, PG&E demonstrates that each of the conditions for deemed reasonableness and preapproval have been met for all 2021 PG&E CPE procurement actions associated with executed contracts with terms of five years or less.³

PG&E CPE also provides demonstrations of compliance with OPs 8, 13, 14, 15, 17, 18, 21, 24, 25, and 28 of the CPE Decision and OPs 3, 4, 5, 6, 9, and 10 of D.20-12-006,

³ *Id.* at 98-99, OP 22.

the local capacity requirement reduction compensation mechanism (“LCR RCM”) decision (“LCR RCM Decision”) in Public Attachment 3(c), *Compliance with Certain Ordering Paragraphs of Decision 20-06-002 and Decision 20-12-006*.

While not required by the CPE Decision, additional helpful information is included in Sections B and C. Of note, OP 22 of the CPE Decision requires PG&E CPE to seek approval of any procurement actions that result in executed contracts with terms greater than five years through a Tier 3 advice letter.⁴ Any such procurement actions taken by PG&E CPE in 2021 are described below in Section B.4 and will be submitted to the Commission for approval via Tier 3 advice letter.

2. Overview of PG&E CPE

Pursuant to the CPE Decision, the Commission designated PG&E to act as the CPE for the multi-year local RA program to procure local RA capacity on behalf of all load-serving entities (“LSEs”) in its electric distribution service area beginning with the 2023 RA compliance year.⁵

Subsequently, the Commission issued the LCR RCM Decision, which included additional guidance related to the LCR RCM and also adopted PG&E CPE’s competitive neutrality rule as required pursuant to OP 24 of the CPE Decision.⁶

Pursuant to OP 2 of the CPE Decision, beginning in 2021, PG&E acting as CPE assumed the full local RA obligation as adopted by the Commission for the PG&E distribution service area, accounting for 100 percent of the 2023 local RA requirements and 50 percent of the 2024 local RA requirements.⁷

⁴ *Id.*

⁵ *Id.* at 91, OP 2.

⁶ LCR RCM Decision at 49, OP 9.

⁷ *See* CPE Decision at 91, OP 2.

To meet these local RA obligations, the PG&E CPE launched its 2021 PG&E CPE Local RA Request For Offers (“2021 PG&E CPE Local RA RFO”) in April 2021.⁸

B. Summary of the CPE Procurement Process

1. PG&E CPE 2021 Local RA RFO

PG&E CPE issued its 2021 PG&E CPE Local RA RFO on April 23, 2021. All transactions were conducted using the procurement processes and methods described below and outlined in PG&E CPE’s solicitation protocol and PG&E CPE’s procurement plan (“CPE PP”).⁹

a) Description of and justification for the procurement processes used to select the transactions and documentation of any voluntarily shown resources.

i. Electric Procurement – Description

Pursuant to OP 8 of the CPE Decision, PG&E CPE is authorized to procure local resources to meet the Commission’s three year forward local RA requirements through an all-source competitive solicitation.¹⁰ In addition, pursuant to the CPE Decision and LCR RCM Decision, PG&E CPE is directed to enter into agreements as determined the CPE to document resources that are voluntarily shown by LSEs, which are either (1) shown to the CPE in advance of the CPE’s all-source competitive solicitation if LSEs do not intend to bid them into the solicitation; (2) shown to the CPE after the CPE’s all-source competitive solicitation has

⁸ The Local Capacity Requirements used for the RA program were established by the CAISO’s 2021 Local Capacity Technical (LCT) Study issued on May 1, 2020 and adopted by the Commission in D.21-06-029 on June 24, 2021 for the 2023-2024 RA compliance years. See CAISO’s 2021 LCT Study: <http://www.caiso.com/Documents/Final2021LocalCapacityTechnicalReport.pdf>. See also, D.21-06-029 at 7-14 and 75, OP 2-3.

⁹ PG&E CPE PP was submitted via Advice Letter 6078-E on 1/29/2021: https://www.pge.com/tariffs/assets/pdf/adviceletter/ELEC_6078-E.pdf

¹⁰ CPE Decision at 93-94, OP 8.

commenced if the resources are not selected as part of the all-source competitive solicitation and the LSEs indicate in their bids that the resources would be available to meet the local RA requirements if they are not procured by the CPE; or (3) shown to the CPE after the CPE’s all-source competitive solicitation has commenced in connection with the LCR RCM.¹¹

a. Local RA Request for Offers (“RFO”)

PG&E CPE conducted its first annual competitive, all-source solicitation pursuant to OP 8 of the CPE Decision in the form of an RFO to procure capacity from local resources within the seven local areas that make up PG&E’s distribution service territory.¹² PG&E CPE also solicited self-shown resource commitments as part of the RFO to satisfy PG&E CPE’s compliance obligations. Participants submitted competitive offers and self-shown resource commitments to PG&E CPE using two distinct processes as described below.

Solicitation Process	Resource Categories	Participant
Non-Compensated Self-Shown Commitment Process	Non-Compensated Self-Shown Resources	Commission-Jurisdictional LSEs
Competitive Offer Process	Compensated Self-Shown Resources (LCR RCM)	Commission-Jurisdictional LSEs
	Compensated Offered Resources	All Market Participants

¹¹ LCR RCM Decision at 46, OP 3(h); CPE Decision at 91-92, OP 4(b).

¹² PG&E CPE’s 2021 Local RA RFO solicited offers limited to Local RA resources within the Local Capacity Areas for the PG&E electric distribution area, as defined by the CAISO’s 2021 LCT Study for 2021. *See* PG&E CPE’s solicitation protocol Public Attachment 3(a).

- Non-Compensated Self-Shown Commitment Process:
 - *Non-Compensated Self-Shown Resources* - PG&E CPE sought to execute contracts with Commission-jurisdictional LSEs for commitments of self-shown local RA with no compensation.

- Competitive Offer Process:
 - *Compensated Self-Shown Resources* - PG&E CPE sought to execute contracts with Commission-jurisdictional LSEs for commitments of self-shown local RA with compensation. LSEs showing these local resources are compensated through the LCR RCM and must meet the requirements laid out in the LCR RCM Decision to be eligible.¹³

 - *Compensated Offered Resources* - PG&E CPE sought to execute transactions from market participants for bundled RA capacity products which include local, system, and flexible RA attributes where applicable.
 - Market participants had the option to include energy value as part of their competitive offer from compensated offered resources, which took the form of a bundled capacity product with a financial settlement component.

Relevant information is included in Confidential Attachments: A, *New Contracts Executed/Contracts Amended*; C, *Key Briefing Packages*; D, *Independent Evaluator Report*.

b) Electric Procurement – Justification

OP 23 of the CPE Decision requires PG&E CPE to include the criteria and methodology used to select local RA resources in the ACR. The criteria is

¹³ See LCR RCM Decision at 45-47, OP 3-6.

provided in this Section B.1.b and the methodology to evaluate the criteria is included Confidential Attachment A: *New Contracts Executed/Amended*.

- *For the RFO held by PG&E CPE, describe the process used to rank offers and select winning offers(s)*Non-Compensated Self-Shown Commitment

Process:

Each non-compensated self-Shown offer was reviewed to determine whether it met the applicable requirements and eligibility criteria specified in the solicitation protocol.¹⁴

- Competitive Offer Process:

PG&E CPE reviewed each competitive offer for completeness and assessed conformance against the eligibility requirements and criteria specified in PG&E CPE’s solicitation protocol. All competitive offers were evaluated using the same guidelines and criteria to determine qualification. The evaluation remained consistent with the requirements of OP 14 of the CPE Decision, which requires the use of the all-source selection criteria, including the loading order and LCBF methodology adopted in D.04-07-029 that includes the selection criteria set forth in subsections a-i of OP 14 of the CPE Decision.¹⁵ The quantitative and qualitative criteria include the following:

- Quantitative attributes:
 - Compares offer’s cost to its benefits, where “costs may consist of contract fixed cost, variable cost, and transmission network upgrade cost, and where the benefit may consist of capacity

¹⁴ Eligible resources are defined in PG&E CPE’s solicitation protocol as any new or existing resource that is located within the PG&E local capacity areas and meets the solicitation requirements.

¹⁵ See CPE Decision at 95-96, OP 14.

value and energy value, to the extent provided in the Agreement.”¹⁶

- Qualitative attributes:
 - Future needs in local and sub-local areas;
 - Local effectiveness factors, as published in CAISO’s local capacity requirement technical studies;
 - Resource costs;
 - Operational characteristics of the resources (efficiency, age, flexibility, facility type);
 - Location of the facility (with consideration for environmental justice);¹⁷
 - Costs of potential alternatives;
 - Greenhouse Gas adders;
 - Energy-use limitations;
 - Procurement of preferred resources and energy storage (to be prioritized over fossil generation);¹⁸
 - Type of resource with respect to the loading order contained in the EAP issued jointly on May 8, 2003, by the Commission, the California Energy Commission and the California Consumer Power and Conservation Financing Authority; and
 - Additional Qualitative factors considered include, but are not limited to:
 - Viability of the resource;
 - Safety;
 - Contract tenor;

¹⁶ See PG&E CPE’s solicitation protocol at 25.

¹⁷ Footnote 15 of PG&E CPE’s solicitation protocol explains this factor in more detail as follows: “Per OP 15 of the CPE Decision, the CalEnviroScreen score of the resource location must be provided with all Competitive Offers. Per the California Office of Environmental Health Hazard Assessment, ‘CalEnviroScreen ranks census tracts in California based on potential exposures to pollutants, adverse environmental conditions, socioeconomic factors, and prevalence of certain health conditions.’ For more information, please visit: <https://oehha.ca.gov/calenviroscreen>.” See also CPE Decision at 96, OP 15.

¹⁸ CPE Decision at 95-96, OP 14.

- Proposed markups to the form agreement;
- Counterparty concentration; and
- Previous experience with a counterparty.

Relevant information is included in Confidential Attachments: A, *New Contracts Executed/Contracts Amended*; C, *Key Briefing Packages*; D, *Independent Evaluator Report*.

2. Contracts and Contract Terms.

Pursuant to OP 23 of the CPE Decision, PG&E CPE must include all contract terms in the ACR. The potential contract types and terms of the forms of contracts are outlined in PG&E CPE's Solicitation Protocol and are available on the PG&E CPE RFO website.¹⁹

A list of new contracts executed by PG&E CPE in connection with its 2021 procurement activities described in this ACR is included in Confidential Attachment A, *New Contracts Executed/Contracts Amended*. Copies of the full PG&E CPE contract documents, including all contract terms as required by OP 23 of the CPE Decision, are also included in this attachment. All executed contracts provided in Confidential Attachment A include the point of interconnection and local capacity area, based on the CAISO's local capacity requirements technical study, of each resource procured by PG&E CPE.

3. The evaluation results for the contract(s)

PG&E CPE provides the evaluation results for the contracts submitted via this ACR in Confidential Attachment A, *New Contracts Executed/Contracts Amended*.

¹⁹ CPE Website: https://www.pge.com/en_US/for-our-business-partners/central-procurement-entity/2021-cpe-rfo.page

4. Other Procurement Activities (Approval Through Separate Advice Filing or Regulatory Process)

Per OP 22 of the CPE Decision, approval of contracts that exceed a five-year term are required to be requested through a Tier 3 advice letter submittal.²⁰ For informational purposes only, the next paragraph of this Section B.4 references any such procurement actions taken by PG&E CPE to date.

For the 2021 PG&E CPE Local RA RFO, the PG&E CPE did not execute contracts exceeding a five-year term.

C. Procurement Oversight

1. CAM PRG

Pursuant to OP 20 of the CPE Decision, PG&E CPE consulted with the CAM PRG throughout the solicitation process on a wide range of activities, including development of the code of conduct, the CPE PP, the solicitation protocol, offer form and other solicitation documents, the evaluation criteria including proposed transactions, and feedback received from market participants.²¹

PG&E CPE actively solicited feedback from CAM PRG members throughout the solicitation process and have provided all applicable materials in accordance with Section F.2)b.i)-iv) of the CPE PP to support compliance with OP 13 and OP 20 of the CPE Decision in Confidential Attachment C, *Key Briefing Packages*. Confidential Attachment C includes the following:

²⁰ CPE Decision at 98-99, OP 22.

²¹ *Id.* at 97, OP 20.

- Email dated June 7, 2021 to the CAM PRG and IE submitting all IOU offers received.²²
- Presentations prepared by the PG&E CPE team for each meeting;
- Meeting summaries distributed by the PG&E PRG coordinators from each meeting held with the CAM PRG members including a list of attendees;
- Calendar invites sent by the PG&E CPE to the CAM PRG Members for each meeting held with the CAM PRG members; and
- All other communications made by PG&E CPE to its CAM PRG members.

Please refer to Confidential Attachment C, *Key Briefing Packages*, for full documentation.

2. Independent Evaluator (IE)

OP 23 of the CPE Decision requires PG&E CPE to include the IE report in both confidential and public form in the ACR. As directed by OP 21, PG&E CPE utilized an IE, Merrimack Energy, to monitor the solicitation process to ensure fairness, transparency, and equal treatment of all participants through contract execution.²³ The IE was consulted during the development of the code of conduct, the CPE PP, the solicitation protocol, offer form and other solicitation documents, the evaluation criteria including proposed transactions, and feedback received from market participants throughout the solicitation process. The IE was provided with access to all information, negotiations, and communications related to all offers that were submitted by all participants to the PG&E CPE in the 2021 PG&E CPE Local RA RFO and

²² OP 13 of the CPE Decision requires that IOU bids be submitted to the CAM PRG and IE in advance of the receipt of bids from any other entities. Per the PG&E CPE's solicitation protocol for the 2021 Local RA RFO, competitive offers from the IOU were due on June 7, 2021, and competitive offers from all other entities were due on June 8, 2021.

²³ *Id.* at 97-98, OP 21.

attended all CAM PRG meetings to brief the group on the procurement process and any other concerns.

The IE Report versions are available in Attachment D (Public and Confidential), *Independent Evaluator Report*.

3. Competitive Neutrality Rules and PG&E CPE Code of Conduct

Consistent with the OPs 24 and 25 of the CPE Decision, PG&E CPE established and adhered to its competitive neutrality rule, as adopted in the LCR RCM Decision.²⁴

In order to prevent the sharing of confidential, market sensitive information that PG&E CPE received from third-parties as part of the solicitations, PG&E CPE developed a strict code of conduct, through collaboration with the CAM PRG, its IE, and the Commission's Energy Division. PG&E personnel, including management and officers, that were involved in the solicitation and procurement process, were each individually required to sign the code of conduct as a precondition to engaging in the PG&E CPE solicitation and procurement process.

Other details can be found in the following Confidential Attachments: *C Key Briefing Materials* and *D, Independent Evaluator Reports*.

PG&E CPE also adopted other preventive measures and safeguards to ensure protection of confidential, market-sensitive information that resulted from the PG&E CPE's procurement and solicitation processes. Network drives, including shared drive folders, databases, and/or files that contain PG&E CPE confidential, market-sensitive information are restricted to the PG&E CPE procurement group. PG&E CPE administrative employees and executives/officers with a business need are granted limited access to the confidential, market-sensitive information only to the extent necessary to fulfill their job duties. Utility bid department employees do not have

²⁴ See *Id.* at 99-100, OP 24-25. See also LCR RCM Decision at 49, OP 9.

access to any confidential, market-sensitive PG&E CPE information and are physically separated from PG&E CPE procurement group employees while a PG&E CPE solicitation is active.

In addition, PG&E has established a separate line of business in its energy trade and risk management system (“ENDUR”). Confidential, market-sensitive PG&E CPE transaction data within ENDUR are restricted to PG&E CPE transactors and personnel within administrative support functions who require access to carry out their duties.

4. Discussion of how the transactions meet the goals of the CPE Decision and LCR RCM Decision.

As described herein, beginning in 2021, PG&E CPE executed transactions in accordance with the CPE Decision and the LCR RCM Decision.

Relevant information is included in Confidential Attachments: A, *New Contracts Executed/Contracts Amended*; C, *Key Briefing Packages*; D, *Independent Evaluator Report*; and Public Attachment 3(c), *Compliance with Certain Ordering Paragraphs of Decision 20-06-002 and Decision 20-12-006*.

D. Additional Reporting Requirement Pursuant to the CPE Decision

In the event that the CPE defers to backstop procurement, OP 26 of the CPE Decision requires PG&E CPE to provide, through the ACR, the reason for the deferral to backstop procurement, the prices offered in the solicitation, which generators did not participate in the solicitation (if any), and other relevant information.²⁵

To the extent that PG&E CPE deferred to backstop procurement, any relevant information is included in Confidential Attachments: C, *Key Briefing Packages*; D, *Independent Evaluator Report*; E, *Deferred Procurement*.

²⁵ CPE Decision at 100, OP 26.

Advice 6386-E
November 1, 2021

Attachment 2

**Public Version of the Independent Evaluator (“IE”)
Report (Attachment D)**

***Pacific Gas and Electric Company
2021 Central Procurement Entity (“CPE”) Local
Resource Adequacy (“RA”) Request for Offers “RFO”
Confidential Version***

Independent Evaluator Report on

PG&E CPE Local RA RFO

October 27, 2021

***Prepared by
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26 Shipway Place
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Appendix

Appendix A: Q&As

Appendix B: Qualitative Evaluation Results for Competitive Offers

Appendix C: List of Contracts Executed

I. Introduction

A. Overview of the PG&E's 2021 CPE Local RA RFO

On April 23, 2021, Pacific Gas & Electric Company's ("PG&E") Central Procurement Entity ("CPE" or "PG&E CPE") issued its initial Request for Offers to prospective market Participants to procure local RA capacity pursuant to California Public Utility Commission's ("CPUC") June 17, 2020 Decision D.20-06-002, the Central Procurement Entity Decision ("CPE Decision) and Decision D.20-12-006, the Local Capacity Requirement Reduction Compensation Mechanism Decision ("LCR RCM Decision"). The CPUC's CPE Decision adopted a framework that designates a central buyer to procure local, multi-year resource adequacy in the PG&E and Southern California Edison ("SCE") distribution service areas. As stated in the press release accompanying the Decision, beginning in 2021, PG&E and SCE will serve as the central procurement entities for their respective distribution service areas and begin procuring local resource adequacy for the 2023 compliance year.

The CPUC's CPE Decision adopted a hybrid procurement model that tasks the central procurement entities with the responsibility to procure the entire amount of local resource adequacy on behalf of all CPUC jurisdictional load serving entities ("LSEs"), while still allowing individual LSEs the opportunity to procure their own local resources. If an LSE procures its own resources, it may (1) sell the capacity to the central procurement entity, (2) utilize the resource for its own system and flexible resource needs, or (3) voluntarily show the resource to meet its own system and flexible resource adequacy needs and reduce the amount of local resource adequacy the central procurement entities will need to procure for the amount of time the LSE has agreed to show the resource.

The press release noted that the purpose of the CPE Decision was to create the necessary single-entity purchasing power for local resource adequacy. As the CPE Decision noted, the central procurement entities framework must comply with all past CPUC direction regarding the favoring of preferred resources in the development of solicitation criteria, including use of the loading order adopted in D.04-07-020 and the added selection criteria that procurement of preferred and energy storage resources will be prioritized over fossil fuel generation. As such, the CPUC expects preferred resources to be procured by the central procurement entities.

The CPE Decision also directs an Independent Evaluator ("IE") report to be filed annually with the central procurement entities' compliance filing, which will increase transparency into any gas-fired procurement by including the basis for any fossil fuel procurement that exceeds the minimum multi-year requirements. The IE report will also assess the neutrality of the procurement process, any market power or aggregate pricing concerns, procurement of preferred resources (e.g., on what basis preferred resources were not selected), and consideration of disadvantaged communities in the procurement process.

PG&E’s CPE began the development process for creating the CPE organizational structure and preparing a Code of Conduct and the solicitation protocol document in November, 2020. Merrimack Energy was retained as IE for the CPE solicitation process in November 2020. PG&E’s CPE issued its Solicitation Protocol to the market on April 23, 2021, with updates issued during May and into early June, 2021. In the Protocol, PG&E CPE stated that PG&E’s objective was to procure local RA from Participants on behalf of all CPUC jurisdictional load serving entities (“CPUC jurisdictional LSEs”) in PG&E’s distribution service area. PG&E’s CPE also filed a Procurement Plan for the CPE in Advice Letter 6078-E.

B. Regulatory Background

As background, Decision 20-06-002, Decision on Central Procurement of the Resource Adequacy Program, issued on June 17, 2020 addressed ten provisions associated with the implementation of the CPE process.

Table 1 provides a list of the specific provisions listed in the CPE Decision and the Commission decision relative to each provision.

Table 1: Summary of Commission Decision on CPE Entity RA Program

Provision	Commission Decision
Scope of Central Procurement	The CPUC adopted a hybrid central procurement framework beginning for the 2023 RA compliance year. The hybrid approach allowed the CPE to secure a portfolio of the most effective local resources, using its purchasing power in constrained local areas, mitigate the need for costly backup procurement in certain local areas, and ensured a least cost solution for customers and equitable cost allocation. The hybrid approach also allowed individual LSEs to voluntarily procure local resources to meet their system and flexible RA requirements and count them towards their collective local RA requirements, providing LSEs flexibility and autonomy to procure local resources. If an LSE-procured resource also meets a local RA need, the LSE may choose to either (a) show the resource to reduce the CPE’s overall local procurement obligation; (b) bid the resource into the CPE solicitation; or (c) elect not to show or bid the resource to the CPE and only use the resource to meet its own system and flexible RA needs.
Identity of a Central Procurement Entity	The CPUC stands by its conclusions reached in D.19-02-022 that the distribution utilities are the candidates with the resources, knowledge, and experience to procure local reliability resources on behalf of all LSEs without excessive delay. The CPUC continues to believe that a central procurement structure is appropriate and necessary for procurement of multi-year local RA resources. The CPUC adopted a hybrid procurement model, which provided individual LSEs an opportunity to self-procure local resources if

	they so choose.
Procurement Mechanism	The CPUC found that an RFO process gives the CPE the flexibility to select resources based on multiple targeted criteria, in addition to costs and local needs, including broader environmental goals, such as preferred resources. The CPUC adopted a competitive solicitation process as the appropriate central procurement mechanism. The CPE is permitted to conduct multiple solicitations per year, as needed.
Compensation Mechanism	The CPUC recognized that a financial credit mechanism for preferred and energy storage resources that considers local effectiveness factors and use limitations to the shown MW value would more closely align the financial compensation with the actual LCR MW reduction the resource provided. The CPUC referred to this as the LCR reduction compensation mechanism. The CPUC also noted that a key purpose in creating a CPE framework was to reduce costs to ratepayers by mitigating local market power.
Transition Period to the CPE Structure	The adopted three-year local requirements and procurement percentages will apply to the CPE, as they currently do for LSEs. Therefore, the CPE will begin local procurement responsibilities in 2021 for 100 percent of the 2023 local requirements and 50 percent of the 2024 local requirements. In 2022, the CPE will be responsible for procuring the entire current 3-year local requirements for the 2023, 2024, and 2025 compliance years.
Resources to be Solicited	The CPUC found it reasonable that the CPE use similar requirements for its solicitation process, as adopted in D.04-12-048. Accordingly, the CPE shall run an all-source solicitation that is transparent, competitive, and open to all resources. Any existing local resource that does not have a contract, any new local resource that can be brought online in time to meet solicitation requirements, or any LSE or third-party with an existing local RA contract can bid into the solicitation. It is also reasonable for the IOU to bid its resources into the CPE's RFO, including utility-owned generation (UOG) or contractually committed resources that are not already allocated to all benefitting customers, at their levelized fixed costs. The CPUC also directs the IOU to submit its procurement bids to the Procurement Review Group and the Independent Evaluator in advance of the receipt of bids from any other entities. The CPUC also strongly encouraged the CPE to procure dispatch rights along with the RA capacity, whenever doing so is in the financial interest of all ratepayers (e.g., when the benefits of least cost dispatch requirements outweigh increased contract costs) because this will reduce the local RA costs paid by all LSEs after the energy benefits are netted out of the total contract. The Commission also clarified with regard to minimum requirements, that the three-year requirements do not preclude the

	CPE from entering into contracts exceeding three years or from procuring in excess of the adopted percentages if it is the ratepayer's interest to do so.
Solicitation Selection Criteria	The CPUC stated that the CPE shall evaluate resources using the least cost best fit methodology adopted in D.04-07-029. The least cost best fit methodology employed shall include the following selection criteria: (a) future needs in local and sub-local areas; (b) local effectiveness factors as published in the CAISO's LCRTS; (c) resource costs; (d) operational characteristics of the resources (efficiency, heat rate, age, ramp rate, flexibility, start-up time, facility type); (e) location of the facility (with consideration for environmental justice); (f) cost of potential alternatives; (g) greenhouse gas adders; (h) energy-use limitations; (i) procurement of preferred resources and energy storage (to be prioritized over fossil generation).
Cost Allocation	The CPUC applied the CAM methodology as the cost recovery mechanism to cover the procurement costs incurred by the CPE. The administrative costs incurred by the CPE in serving the central procurement function shall be recoverable under the cost allocation mechanism.
Procurement Oversight	The CPE is required to consult with the CAM PRG members (including Energy Division) and an Independent Evaluator as the CPE outlines procurement plans, drafts RFO solicitation bid documents, and collects feedback from market participants regarding the RFO process for potential refinements. This section of the Decision also outlines the requirements for the IE, including specific issues the IE must address in its report. These requirements are discussed in more detail later in the report in Section II. In addition, in this section of the Decision, the Commission stated that for contracts of five years or less, a procurement action is deemed reasonable and preapproved if the resource procured by the CPE: (1) meets the established local capacity requirements and underlying data supporting those requirements, which are based on the CAISO's LCRTS and adopted annually by Commission Decision; (2) if the CAM PRG was properly consulted, and (3) if procurement was deemed by the IE to have followed all relevant Commission guidance, including least cost best fit methodology and other noted selection criteria. The Commission also directed the CPE to establish a rule or procedure that will govern how confidential, market sensitive information received by the CPE from generators, LSEs, or third-party marketers as part of the central procurement solicitation and process will be protected, as well as what firewall safeguards will be implemented to prevent the sharing of information beyond those employees involved in the central solicitation and procurement process.

Modifications to RA Timeline	Section 3.10 contains the detailed timeline for CPE solicitations which is based on the current RA timeline with modifications proposed by the Energy Division. The process starts in April-May and lasts through October.
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C. 2021 PG&E CPE Local RA RFO Solicitation Protocol Summary

On April 23, 2021 PG&E CPE launched the 2021 Central Procurement Entity Local Resource Adequacy Request for Offers Solicitation Protocol document on its website. In the 2021 CPE Local RA RFO Protocol document, PG&E CPE listed a number of requirements and preferences to inform prospective Participants of the requirements for competing in the procurement process. A summary of the key provisions of the final Solicitation Protocol posted on April 23, 2021 is provided in Table 2.¹

Table 2: Provisions for PG&E’s 2021 CPE Local RA RFO Solicitation Protocol

2021 PG&E CPE Local RA RFO Requirements or Characteristics	Description of Key Provisions
Resource Requirements	PG&E CPE seeks to procure Local RA attributes from new and existing resources in areas within California that are transmission constrained (“Local Capacity Areas”). The CPUC CPE Decision requires PG&E CPE to begin local RA procurement responsibilities in 2021 for 100% of the CPUC’s 2023 Local RA requirements and 50% of the CPUC’s 2024 Local RA requirements in PG&E’s distribution service area.
Objectives of RFO	PG&E acting as the CPE ² is issuing its 2021 CPE Local RA RFO to procure Local RA from participants on behalf of all CPUC jurisdictional load serving entities (“CPUC LSEs”) in PG&E’s distribution service area. This solicitation is being conducted as described in PG&E’s CPE’s Procurement Plan, filed in Advice Letter 6078-E.
Proposed Schedule	The Schedule contained in PG&E CPE’s 2021 CPE Local RA RFO Protocol document included the following key dates: <ul style="list-style-type: none"> • April 23, 2021 – PG&E CPE issues solicitation; • May 5, 2021 - Participants Webinar; • May 10, 2021 - Participants Offer Form Webinar; • June 1, 2021 – Deadline for CPUC LSEs to submit Non-

¹ Revisions or redlines to the Solicitation Protocol were posted to the website on May 3, 2021 and June 2, 2021.

² The solicitation is being performed by PG&E CPE acting in its role as the CPE and is separate and distinct from PG&E’s procurement on behalf of its bundled electric service customers. The CPE Decision also allows PG&E on behalf of its bundled electric service customers to participate in this solicitation in the same manner as all other CPUC LSEs. The CPUC Decision outlines specific requirements as to how PG&E Participant must participate in PG&E CPE’s Solicitation.

	<p>Compensated Self-Shown Offers;</p> <ul style="list-style-type: none"> • June 7, 2021 – Deadline for PG&E Participant to submit Competitive Offers; • June 8, 2021 – Deadline for Non-PG&E Participant to submit Competitive Offers • Late June, 2021 – PG&E CPE notifies Participants if Offers are qualified; • August – Early September, 2021 – Estimated execution of Agreements • Late September, 2021 – PG&E CPE’s estimated Local RA Showing for the 2023 and 2024 compliance years with the CPUC
Resource Categories	<p>The CPE decision allows PG&E CPE to meet its procurement requirements by procuring Local RA from two categories of resources:</p> <ol style="list-style-type: none"> 1. <u>Self-Shown Resources</u> – CPUC jurisdictional LSEs including IOUs that already have contracts for the purchase of Local RA from resources located in Local Capacity Areas within PG&E’s distribution service area or own resources located in such Local Capacity Areas and can commit (“Self-show”) the Local RA of those resources to PG&E CPE. These Self-Shown commitments will reduce the total amount of Local RA that PG&E CPE will need to procure through other methods. Based on the CPUC Decision, the Local RA that is Self-Shown to PG&E CPE from certain preferred energy storage and hybrid resources is eligible for compensation up to an administratively pre-determined price. 2. <u>Compensated Offered Resources</u> – PG&E CPE may also procure Local RA from resources located in Local Capacity Areas (“Compensated Offered Resources”) through an all-source competitive solicitation process. PG&E CPE can use Local RA from Compensated Offered Resources to meet its Local RA procurement obligation.
Products Sought	<p>PG&E CPE is seeking to procure the following products:</p> <ol style="list-style-type: none"> 1. Self-Shown Local RA – Participants that Self-Show Local RA retain the System and, if applicable, Flexible RA attributes of the resource. Only Non-Compensated Self-Shown and Compensated Self-Shown Resources can provide Self-Shown Local RA to PG&E CPE; 2. Bundled RA – A bundled capacity product used to meet RA obligations, which includes local, System and, if applicable, Flexible RA attributes. Only Compensated Offered Resources can provide bundled RA to PG&E CPE; 3. Bundled RA with Energy Settlement – Bundled RA with financial energy settlement based on CAISO market energy prices.

	Only Compensated Offered Resources can provide bundled RA with Energy Settlement to PG&E CPE.
Delivery Term	<p>Non-Compensated Self-Shown Resources</p> <ul style="list-style-type: none"> • Delivery term 1 to 24 months • Delivery term may not commence until 1/1/2023 and may not extend beyond 12/31/2024. <p>Compensated Self-Shown Resources</p> <ul style="list-style-type: none"> • Delivery term of 1 to 24 months • Delivery term in the period 1/1/2023 to 12/31/2024 <p>Compensated Offered Resources</p> <ul style="list-style-type: none"> • May have a Delivery term of 1 to 48 months • At least 50% of the delivery term must be within the applicable 2023 and 2024 RA compliance years • Delivery term must commence on the first day of any calendar month within the 2023 or 2024 RA compliance period.
Local RA Program	The RA program requires all CPUC LSEs to procure sufficient generation capacity, or RA, for their customers' expected load plus a planning reserve margin. The CPUC's RA program contains three distinct requirements including Local RA requirements (effective January 1, 2007). The Local RA program incorporates a three-year forward multi-year requirement for procurement of generation capacity in areas within California that are transmission constrained. Local capacity requirements are determined through the CAISO annual Local Capacity Technical Study. Local Capacity Areas within PG&E's service area includes: Humboldt, North Coast/Bay Area, Sierra, Stockton, Greater Bay, Fresno, and Kern.
Eligibility Requirements	<p>The following are the eligibility requirements for all Resources providing Local RA as part of any Offer submitted to PG&E CPE in this Solicitation:</p> <ul style="list-style-type: none"> • New or existing resources that are located within the PG&E Local Capacity Areas and that meet the solicitation requirements; • Resources offered into this Solicitation must have a single CAISO Resource Identification, as defined in the CAISO Tariff. Aggregated behind-the-meter resources, including demand response, must be in a single Sub-Lap, as such term is defined in the CAISO Tariff; • Existing resources are resources that are listed on the CAISO NQC list and have achieved Commercial Operations Date by May 1, 2021; • New resource are resources that are not listed on the CAISO NQC list or have not achieved CAISO COD by May 1, 2021; • All Resources providing Local RA in any Offers must provide RA within the PG&E Local Capacity Areas;

	<ul style="list-style-type: none"> Resources included in any Offer must meet the applicable CPUC and CAISO RA requirements, CAISO requirements for deliverability, as well as any requirements that will enable PG&E CPE to receive all of the RA benefits associated with the resource as required in the applicable Agreement; New Resources offered into this Solicitation must have a Maximum Generation Capacity, as defined in the CAISO’s Generator Resource Data Template, of at least 1 MW.
Agreement Types	<p>Participants are required to provide a fully completed copy of the relevant Agreement, including any proposed markups, as part of their Offer package. Agreement types include:</p> <ol style="list-style-type: none"> Shown RA Agreement for Existing Resources (Non-PG&E Participant); Shown RA Agreement for New Resources (Non-PG&E Participants); RA Agreement for Existing Resources (Non-PG&E Participant); RA Agreement for New Resources (Non-PG&E Participant); Shown RA Agreement for Existing Resources (PG&E Participant); Shown RA Agreement for New Resources (PG&E Participant); RA Agreement for Existing Resources (PG&E Participant); RA Agreement for New Resources (PG&E Participant).
Pricing	<p>Pricing requirements do not apply to Non-Compensated Self-Shown Offers;</p> <p>For Competitive Offers, Participants are required to include pricing in their Offers.</p>
Evaluation Process/Evaluation of Offers Received	<p>The RFO Protocol identifies and describes in detail the procedures for evaluation of offers from both a quantitative and qualitative perspective.</p> <p>Non-Compensated Self-Shown Offers will be reviewed for eligibility based on the requirements and criteria specified in the Solicitation Protocol.</p> <p>For Competitive Offers, the CPE Decision requires the use of all-source selection criteria, including the loading order and least cost best fit (“LCBF”) methodology, using quantitative and qualitative</p>

criteria. The LCBF methodology includes the selection criteria listed in OP 14 of the CPE Decision.

The quantitative evaluation compares an Offer's cost to its benefits. The cost may consist of the contract fixed cost, variable cost, and transmission network upgrade cost. The benefit may consist of capacity value and energy value, to the extent provided in the Agreement.

Pursuant to Ordering Paragraph ("OP") 14 of the CPE Decision, PG&E CPE will consider the following selection criteria as qualitative factors:

- Future needs in local and sub-local areas;
- Local effectiveness factors, as published in the CAISO's LCR Technical Studies;
- Resource costs;
- Operational characteristics of the resources (efficiency, age, flexibility, facility type);
- Location of the facility (with consideration for environmental justice);
- Costs of potential alternatives;
- GHG adders;
- Energy-use limitations;
- Procurement of preferred resources and energy storage (to be prioritized over fossil generation); and
- Type of resource with respect to the loading order contained in the EAP issued jointly on May 8, 2023, by the Commission, the California Energy Commission, and the California Consumer Power and Conservation Financing Authority.

Consistent with the requirement of OP 14 to use the all-source selection criteria, including the loading order, and LCBF methodology adopted in D.04-07-029, PG&E CPE may also consider additional qualitative factors that it has considered in previous LCBF evaluation protocols adopted by the Commission, including but not limited to:

- Viability of the resource;
- Safety;
- Contract tenor;
- Proposed markups to the form agreement;
- Counterparty concentration; and
- Previous experience with a counterparty

Any or all qualitative factors may impact the evaluation of an Offer

	and the execution of any potential Agreement.
Offer Submittal Process	All Offers must be provided to PG&E CPE by their applicable deadlines as specified in the Schedules listed above. PG&E CPE will utilize the information from the Offer Forms submitted by a Participant to populate the relevant data in the Agreements. Participants should input data into the Offer Form with the understanding that this information will result in terms with contractual implications. Participants will need to ensure that the Offer Form is completely and accurately filled out. All Offers must be submitted electronically through the PowerAdvocate Platform.
Allowable Offers	<p>Participants may only submit one Offer at a specific interconnection point within the Offer Form. Resources may only be offered as one of the resource categories described in this Solicitation Protocol: Non-Compensated Self-Shown Resource, Compensated Self-Shown Resource, or Compensated Offered Resource. Within a Competitive Offer, Participants are allowed to submit multiple Offer Variations. Participants can vary the following Offer characteristics: price, delivery term, and quantity offered. For Non-Compensated Self-Shown Offer Variations, participants may only submit one Non-Compensated Self-Shown Offer for at a specific interconnection point. No Offer Variations are allowed. Each Competitive Offer submitted by a Participant may include up to five mutually exclusive Competitive Offer Variations at a specific interconnection point. The Offer Form has been developed so that all five Offer Variations reside in one excel workbook.</p> <p>CPUC LSE's who submit a Non-Compensated Self-Shown Offer to PG&E CPE are prohibited from using that same resource to participate in the competitive process described in the Solicitation Protocol.</p>
Interconnection Requirements for New Resources	At the time of Offer submittal, Participants must have Participating Transmission Operator ("PTO") or Utility Distribution Company documentation showing that the Resource is expected to receive Full Capacity Deliverability Status ("FCDS") in order to support delivery of product, including RA, per the obligation of the corresponding agreement. Resources must have an interconnection report or agreement as a result of an interconnection request demonstrating evidence of a construction schedule that can meet the proposed Initial Showing Date.

D. Issues Addressed in This Report

This report addresses Merrimack Energy's assessment and conclusions regarding the following issues identified in the CPUC's IE Report Template:

1. Describe the role of the IE throughout the procurement process;
2. How did the IOU conduct outreach to bidders? Was the procurement process robust?
3. Evaluate the administration of the procurement process including the fairness of the investor-owned utility's ("IOU's") bid evaluation and selection process (i.e., quantitative and qualitative methodology used to evaluate and select offers, and consistency of evaluation and selection methods with criteria specified in bid documents, etc.);
4. Describe PG&E's Least Cost Best Fit ("LCBF") methodology for evaluating offers. Was the LCBF process fairly administered? Evaluate the strengths and weaknesses of the IOU's methodology;
5. Describe the applicable project specific negotiations. Highlight any areas of concern including unique terms and conditions;
6. If applicable, describe safeguards, code of conduct and methodologies employed by the IOU to compare affiliate bids or utility-owned generation ownership offers. If a utility selected an offer from an affiliate or an offer that would result in utility asset ownership, explain whether the IOU's selection of such offer was appropriate;
7. Do the contract(s) merit CPUC approval? Is the contract reasonably priced and does it reflect a functioning market?
8. Based on the complete bid process, was the RFO acceptable?

II. Description of the Role of the IE

A. Regulatory Requirements For the IE

The requirements for participation by an IE in utility solicitations are outlined in CPUC Decisions ("D").04-12-048 (Findings of Fact 94-95, Ordering Paragraph 28), D.06-05-039 (Finding of Fact 20, Conclusion of Law 3, Ordering Paragraph 8) of the CPUC, D.09-06-050 and D.10-07-042.

The role of IEs in California IOU procurement processes has evolved over the past fifteen plus years. In D.04-12-048 (December 16, 2004), the CPUC required the use of an IE by investor-owned utilities (IOUs) in resource solicitations where there is an affiliated bidder or bidders, or where the utility proposed to build a project or where a bidder proposed to sell a project or build a project under a turnkey contract that would ultimately be owned by a utility. The CPUC generally endorsed the guidelines issued by the Federal Energy Regulatory Commission ("FERC") for independent evaluation where an affiliate

of the purchaser is a bidder in a competitive solicitation, but stated that the role of the IE would not be to make binding decisions on behalf of the utilities or administer the entire process.³ Instead, the IE would be consulted by the IOU, along with the Procurement Review Group (“PRG”) on the design, administration, and evaluation aspects of the Request for Proposals (“RFP”). The Decision identifies the technical expertise and experience of the IE with regard to industry contracts, quantitative evaluation methodologies, power market derivatives, and other aspects of power project development. From a process standpoint, the IOU could contract directly with the IE, in consultation with its PRG, but the IE would coordinate with the Energy Division.

In D.06-05-039 (May 25, 2006), the CPUC required each IOU to employ an IE regarding all RFPs issued pursuant to the RPS, regardless of whether there are any utility-owned or affiliate-owned projects under consideration. This was extended to any long-term contract for new generation in D.06-07-029 (July 21, 2006). In addition, the CPUC directed the IE for each RFP to provide separate reports (a preliminary report with the shortlist and final reports with IOU advice letters to approve contracts) on the entire bid, solicitation, evaluation and selection process, with the reports submitted to the utility, PRG, and CPUC and made available to the public (subject to confidential treatment of protected information). The IE would also make periodic presentations regarding its findings to the utility and the utility’s PRG consistent with preserving the independence of the IE by ensuring free and unfettered communication between the IE and the CPUC’s Energy Division, and an open, fair, and transparent process that the PRG could confirm.

In 2007, the use of an IE was required for any competitive solicitation seeking products for a term of more than three months in D.07-12-052 (December 21, 2007). Also, the process for retaining IEs was modified substantially, with IOUs developing a pool of qualified IEs, subject to feedback and any recommendations from the IOU’s PRG and the Energy Division, an internal review process for IE candidates, and final approval of IEs by the Energy Division.

In 2008, in D.08-11-008, the CPUC changed the minimum term requirement from three months to two years and reiterated that an IE must be utilized whenever an affiliate or utility bidder participates in the RFO, regardless of contract duration.

In D.09-06-050 issued on June 18, 2009 in Rulemaking 08-08-009, Order Instituting Rulemaking to Continue Implementation and Administration of California Renewable Portfolio Standard Program, the CPUC required that bilateral contracts should be reviewed according to the same processes and standards as contracts that come through a solicitation. This includes review by the utility’s PRG and its IE, including a report filed by the IE.

In D.10-07-042 issued on July 29, 2010, the Commission reaffirmed the role of the IE and required the Energy Division to revise the IE Template to ensure that the IEs focus on their core responsibility of evaluating whether an IOU conducted a well-designed, fair,

³ Decision 04-12-048 at 129-37. The FERC guidelines are set forth in Ameren Energy Generating Company, 108 FERC ¶ 61,081 (June 29, 2004).

and transparent RFO for the purpose of obtaining the lowest market prices for ratepayers, taking into account many factors (e.g., project viability, transmission access, etc.).

This IE report is submitted in conformance with the above requirements.

B. Description of Key IE Roles

The overall objective of the role of the IE is to ensure that the solicitation process is undertaken in a fair, consistent, unbiased, and objective manner and that the best resources are selected and acquired for the benefit of customers consistent with the solicitation requirements. This role generally involves a detailed review and assessment of the evaluation process and the results of the quantitative and qualitative analysis.

In addition to the requirements identified in CPUC Orders, the Scope of Work included in the Contract Work Authorization (“CWA”) between Merrimack Energy and PG&E clearly identifies the tasks to be performed by the IE. These include the following tasks:

- Advise on the consistency of solicitation activities with the CPUC’s procurement-related rules and procedures and PG&E’s Commission-approved procurement authority;
- Assist in the development, design, and review of the solicitation/procurement process, as applicable. Promptly submit any recommendations to PG&E and/or CPUC, consistent with the objective of ensuring a competitive, open and transparent process, and to ensure that the overall scope of the solicitation process is not unnecessarily broad or too narrow;
- Monitor all communications and/or negotiations between PG&E and counterparties, as required by the solicitation’s objectives as outlined;
- Provide recommendations and reports, if required by PG&E and/or the CPUC, concerning the definition of products sought and price and non-price evaluation criteria; so that all aspects of the products are clearly understood, and all bidders may effectively respond to the solicitation, as applicable;
- Review the comprehensive quantitative and qualitative bid evaluation criteria and methodologies applied to any 2021 Central Procurement Entity Local RA Solicitation and assess whether these are applied to all bids in a fair and non-discriminatory manner. The Consultant will be provided access to PG&E’s personnel, modeling tools, and meeting documentation in order to credibly evaluate the bid evaluation and selection processes;
- Report on the outcome of a solicitation using the appropriate CPUC-approved Independent Evaluator Report Template, which may be amended from time to time, for inclusion in any Advice Letter, Application, and/or Quarterly Compliance Report filings;
- Monitor the solicitation, bilateral negotiation and/or contract amendment processes and promptly submit recommendations to PG&E’s management to ensure that no bidder has an information advantage and that all bidders or counterparties, if applicable, receive access to relevant communications in a non-

- discriminatory manner. This task may include monitoring contract negotiations and/or keeping apprised of negotiation status and major issues;
- Provide presentations to PG&E’s management, the Procurement Review Group (PRG), and the CPUC Energy Division (ED), if requested, regarding the Consultant’s findings or status. Communicate periodically with the Energy Division (“ED”) as a check on the solicitation process;
 - Provide a written assessment as to whether the solicitation process, bilateral negotiations and contract amendment processes were open, transparent and fair, and whether any bidder received material information that gave them a competitive advantage or disadvantage relative to other bidders;
 - Provide a final written assessment as to whether or not PG&E’s evaluation criteria and methodologies were reasonable and appropriate and were applied in a fair and non-discriminatory manner for all offers received;
 - Prepare or assist in the preparation of direct and/or rebuttal testimony, and participate as a witness or in an advisory capacity during administrative hearings, as required, before the CPUC and/or FERC in any associated proceedings;
 - Perform other duties as may be further defined in subsequent relevant regulatory proceedings or required by PG&E’s senior management.

C. Description of IE Requirements Per CPE Decision (D.20-06-002)

The CPE Decision authorized an IE to monitor the CPE’s solicitation process for local RA procurement, as well as the contract execution process. The IE selected for the CPE process is required to prepare a report to be submitted on an annual basis to the Commission, which will assess (1) the neutrality of the procurement process; (2) any market power or aggregate pricing concerns; (3) procurement of preferred resources (e.g., on what basis preferred resources were not selected); (4) consideration of disadvantaged communities (DACs) in the procurement process (e.g., whether factors led to the selection of any conventional generation in DACs); and (5) other relevant issues. In order to reduce potential long-term procurement of gas, the IE report shall include an explanation of the basis for any fossil fuel procurement for any contract that exceeds the minimum multi-year local requirements.

The CPE Decision also required the IE report to monitor the CPE’s solicitation and contract execution process. The IE report shall also provide its perspective on the CPE’s deferral.⁴ The CPUC indicated that it did not intend to allow the CPE to rely on CAISO backstop mechanisms to supplant the central procurement process but instead seeks to minimize backstop procurement while also mitigating market power.

⁴ On page 67 of the CPUC CPE Decision, the Commission stated “it supports Energy Division’s proposal to give the CPE discretion to defer procurement of a local resource to the CAISO’s backstop mechanisms, rather than through the solicitation process, if bid costs are deemed unreasonably high. The Commission finds this to be a reasonable exercise of discretion particularly in light of the other oversight mechanisms adopted in this decision. In the event that the CPE defers to backstop procurement, the Commission requires the CPE to provide, through its annual compliance report, the reasons for the deferral to backstop procurement, the prices offered in the solicitation, which generators did not participate in the solicitation (if any), and other relevant information. The IE report shall also provide its perspective on the CPE’s deferral.”

The IE shall also brief the Cost Allocation Mechanism Procurement Review Group (“PRG”) in meetings on the procurement process and concerns related to neutrality, market power, pricing, disadvantaged communities, or other relevant concerns.

D. Description of IE Oversight Activities

As noted, Merrimack Energy was retained as the IE by PG&E CPE in November 2020. In performing its oversight and evaluation role, the IE participated in and undertook a number of activities in connection with the PG&E CPE solicitation process including reviewing and commenting on the Code of Conduct, PG&E CPE Procurement Plan, Solicitation Protocol and associated documents, including Offer Forms and Supplemental Resource information, Internal Evaluation Protocols for the Quantitative and Qualitative criteria, participating in the Bidders Webinar and Offer Form Webinar, participating in calls with Participants throughout the solicitation process, participate in all seven PRG CAM meetings and presented comments at the meetings, downloaded, reviewed and summarized offers received, participating in discussions with PG&E CPE and monitored discussions between PG&E CPE and Participants after offer submission to assess whether the Bidders qualified for the process, reviewed the evaluation results for quantitative and qualitative factors for each offer, participated in contract negotiations with selected counterparties, and prepared a final report on the PG&E CPE solicitation process.

This report provides an assessment and review of PG&E’s 2021 Central Procurement Entity Local Resource Adequacy Request for Offers from initiation of the CPE process through execution of the final Agreements. The role of the IE is also discussed as it pertains to specific activities in Section IV of this report.

III. Did PG&E Do Adequate Outreach to Bidders and Was the Procurement Process Robust?

This section of the Report focuses on the adequacy of outreach activities of PG&E CPE and the robustness of the response of bidders with regard to the procurement process.

A. Describe the IOU outreach to potential bidders (e.g., sufficient publicity, emails to expected interested firms)

Outreach activities are important to the success of any competitive procurement process. PG&E CPE’s outreach efforts targeted a large number of potential Participants based on PG&E’s contact lists of energy companies and individuals. These efforts likely played a

role in the reasonably robust response⁵ to the procurement process in terms of number of Participants and specific offers or projects.

PG&E maintains a detailed list of potential Participants with approximately 2,600 contacts that serves as the database for Seller contact and outreach. PG&E CPE sent emails to all potential Participants on this list informing them of the launch of the 2021 PG&E CPE Local RA RFO. The list includes Diverse Suppliers.

PG&E CPE initiated a comprehensive process for communicating with bidders for the 2021 PG&E CPE Local RA RFO process. PG&E CPE utilized the PowerAdvocate Platform as the means for Participants to submit their offers or as a repository of offers. In addition, PG&E CPE also established a section on its public website for distribution of information to prospective Participants and other interested parties early on to notify Participants of the PG&E CPE procurement process and RFO launch. The website contained Offer Forms, Agreements, and other forms or information required from bidders to ensure a complete proposal. The public website also included contact information for PG&E CPE should prospective Participants wish to ask any questions or request follow-up information.

PG&E CPE's public website for the 2021 CPE Local RA RFO was developed to provide all information Participants required. The following documents and information were included on the public website for Participant review and utilization:

- CPUC Decisions (D.20-06-002 and D. 20-12-006);
- Schedule for solicitation;
- 2021 PG&E CPE Local RA RFO – Solicitation Protocol (original and updated with redlines);
- PG&E CPE Offer Form Guide – Appendix A1, A2, A3 and A4;
- Appendix A1 – Offer Form – Non-Compensated Self-Shown Resources;
- Appendix A2 – Offer Form – Compensated Self-Shown Resources;
- Appendix A3 – Offer Form – Compensated Offered Resources (CPUC LSEs including PG&E);
- Appendix A4 – Offer Form – Compensated Offered Resources (All Non-CPUC LSE Participants);
- Appendix B1 – Supplemental Resource Information;
- Appendix B2 – Supplemental Counterparty Financial Information;
- Appendix C – FERC Order 717;
- Appendix D – Confidentiality Agreement;
- Appendix E1 – Shown Resource Agreement for Existing Resources (Non-PG&E Participant);
- Appendix E2 – Shown Resource Adequacy Agreement for New Resources (Non-PG&E Participant);

⁵ See Table 14 of this report for a total of the NQC of the capacity located in each Local Area within PG&E's distribution system and the amount of capacity actually offered for August 2023 to get a perspective of the amount of capacity bid relative to the amount available.

- Appendix E3 – Resource Adequacy Agreement for Existing Resources (Non-PG&E Participant);
- Appendix E4 – Resource Adequacy Agreement for New Resources (Non-PG&E Participant);
- Appendix E5 – Shown Resource Adequacy Agreement for Existing Resources (PG&E Participant);
- Appendix E6 – Shown Resource Adequacy Agreement for New Resources (PG&E Participant);
- Appendix E7 – Resource Adequacy Agreement for Existing Resources (PG&E Participant);
- Appendix E8 – Resource Adequacy Agreement for New Resources (PG&E Participant);
- 2021 PG&E CPE Local RA RFO General Q&A;
- Request for Extension of Offer Submittal Timeline;
- Letter from CPUC Executive Director Granting PG&E CPE’s May 3, 2021 Letter Request for Timeline Extension;
- CPUC List of Pre-Determined Prices for LCR RCM;
- PowerAdvocate Instructions;
- Participants Webinar Presentation, Transcript, and Webinar Audio;
- Offer Form Webinar Presentation, Transcript, and Webinar Audio;
- Contact Information.

B. Identify Principles Used to Determine Adequate Robustness of a Procurement Process (e.g., number of proposals submitted, number of MWhs associated with submitted proposals).

With regard to assessing whether the response to the procurement process was adequately robust, there are several criteria to consider:

- Was the response to the procurement process commensurate with the level of outreach?
- Did the procurement process encourage a diverse response from Participants in terms of products requested, project structure, pricing options, etc.?
- Was the response large with respect to the number of proposals and megawatts (“MW”) offered relative to the amount requested?
- Was the process a competitive process based on the amount of MW submitted by Bidders relative to the number of MW requested?
- Were the procurement process documents clear and concise such that Participants could clearly assess how to structure a competitive offer?

C. Did the IOU Do Adequate Outreach? If Not, Explain in What Ways it Was Deficient

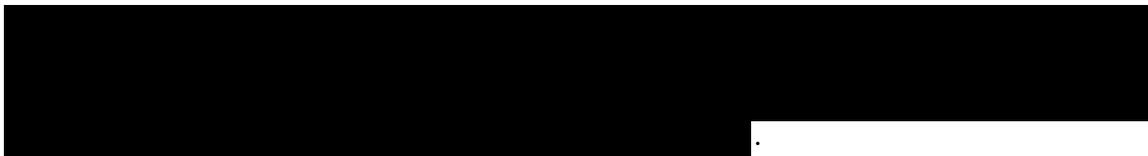
There are several criteria generally applied for assessing the performance of the utility in its outreach and marketing activities:

- Did the utility contact a large number of prospective Participants?
- Were the utility’s outreach efforts active or passive?
- Did the utility adequately market the procurement process?
- Could prospective bidders easily access information about the procurement process?
- Did any prospective bidders complain about the process or access to information?

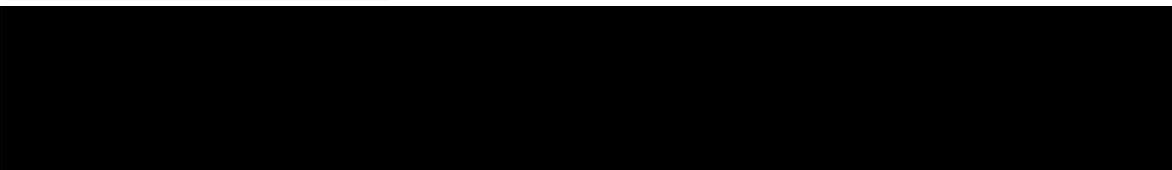
As noted above, PG&E CPE contacted a large number of prospective Participants to inform them of the issuance of the 2021 PG&E CPE Local RA RFO. The outreach activities of PG&E CPE can be classified as “active” given that emails about the 2021 PG&E CPE RA RFO were directly sent to PG&E’s substantial list of prospective Participants. In addition, PG&E CPE held both a Participants webinar and an Offer Form webinar to provide information on the solicitation process, and to allow the Participants to ask questions and seek information about the process. PG&E CPE did engage with bidders throughout the solicitation process to request information from bidders and to interact with bidders regarding bidder input.

D. Was the Solicitation Adequately Robust

The overall result of this outreach activity was a reasonable level of interest from the market and a reasonable response from Participants. Offers were also received from a range of eligible Participants who offered proposals for all products requested.



In conclusion, the reasonable response of the market to PG&E CPE’s initial procurement process provides evidence that the outreach and Participant engagement activities of PG&E CPE were generally effective.



E. Did the IOUs Seek Adequate Feedback About the Bidding/Bid Evaluation Process From All Bidders After the Solicitation Was Complete?

PG&E's CPE project team members were involved in regular communications with prospective Participants, before and after offer submission. After offer submission, in particular, PG&E CPE engaged all Participants with regard to clarifying and updating offer information submitted for purposes of qualifying Participants for the RFO process, discussions regarding the specifics of the offers submitted shortly after submission, and follow-up discussions with Participants regarding the contracting process, and completion of contracts for those Participants selected for final contract execution. Much of the above communications involved teleconference communications as well as email exchanges. The IE participated in most of the calls with Participants and reviewed email exchanges on a regular basis. In cases where the IE was not able to participate in calls with Participants, PG&E CPE team members provided the IE notes from the calls with Participants.

F. Was the Outreach Sufficient and Materials Clear Such That the Bids Received Meet the Needs the Procurement Was Intending to Fill?

PG&E CPE prepared initial versions of the Protocol Document and Agreements and also provided updated documents and agreements on the website. The updated documents reflected the redline changes made to the documents. In addition, to assist Participants in completing the Offer Forms, PG&E CPE held an Offer Form webinar prior to submission of offers. [REDACTED]

[REDACTED] Throughout the solicitation process, PG&E CPE actively engaged all Participants to assist Participants to be qualified to continue in the process. [REDACTED]

G. Any Other Relevant Information or Observations

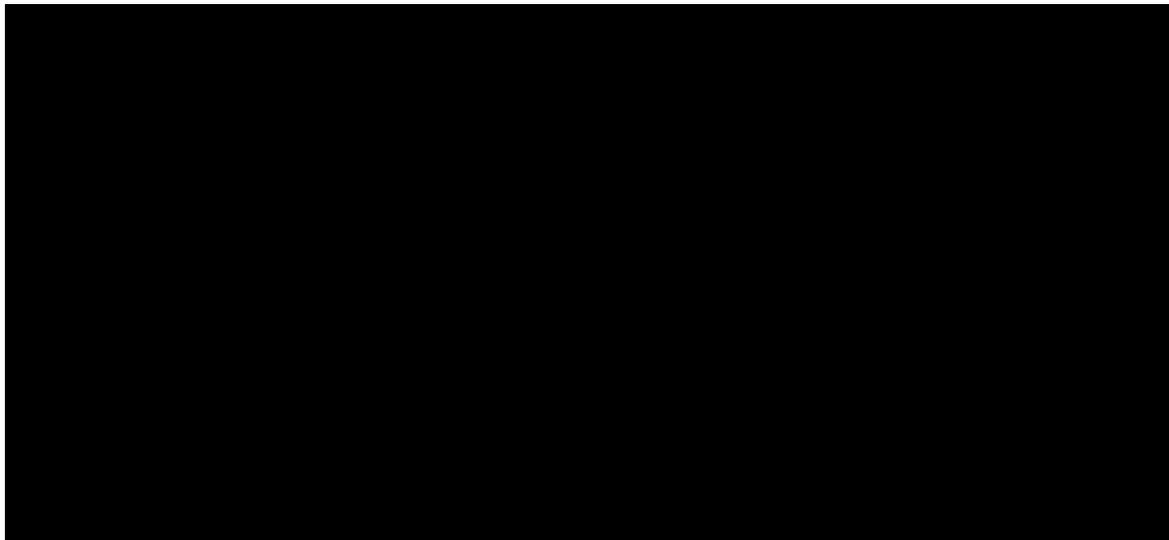
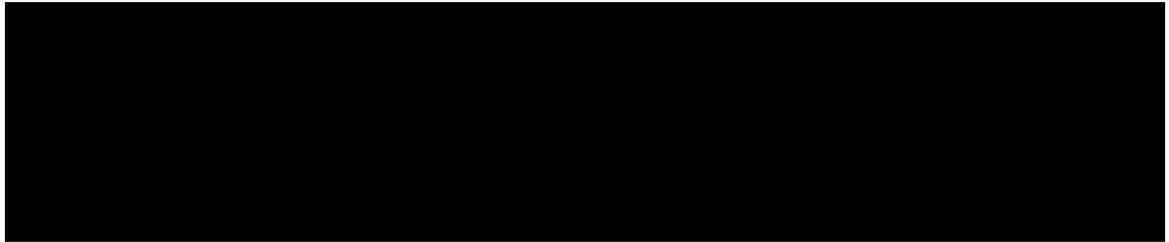
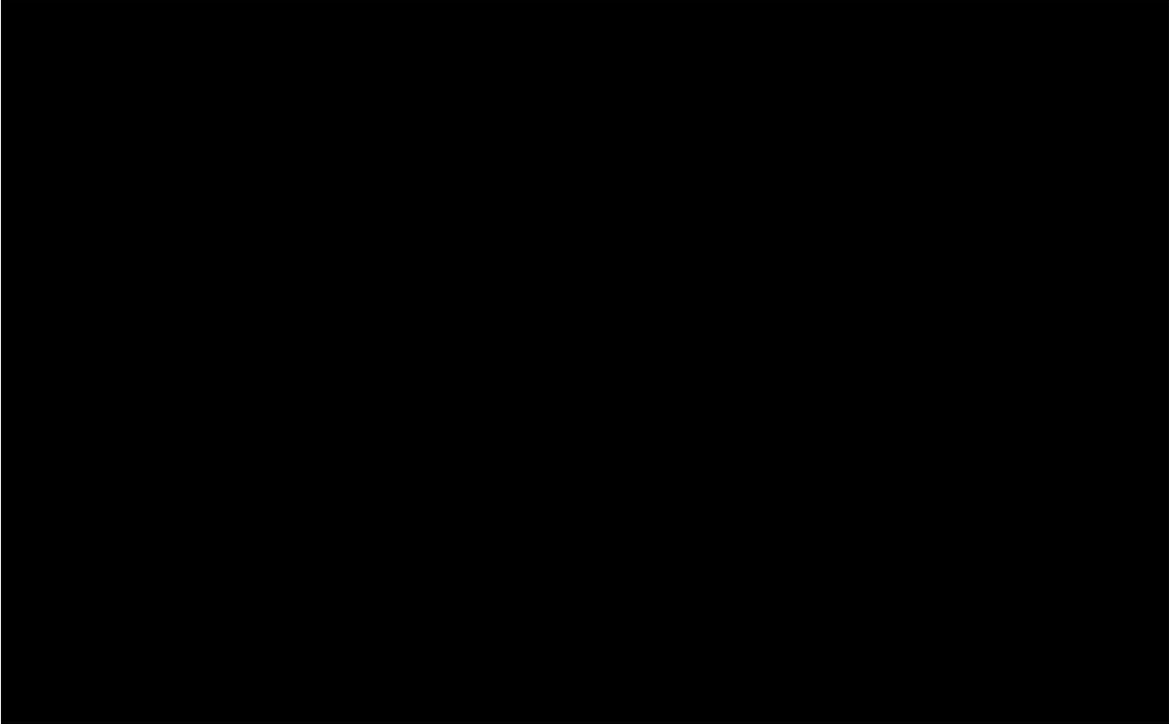
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IV. 2021 CPE Procurement Entity Local RA RFO Framework for The Bid Evaluation and Selection Methodology for the Competitive Offer Process

A. Procurement Framework for PG&E CPE Local RA RFO

The Solicitation Protocol for the 2021 PG&E CPE Local RA RFO states that PG&E CPE will evaluate each Competitive Offer and each non-compensated self-shown offer to determine if it is a qualified offer. The evaluation procedure protocol describes how each offer (non-compensated self-shown and competitive offers) will be deemed qualified.

The Solicitation Protocol also states that PG&E CPE will evaluate each Qualified Competitive Offer using both quantitative and qualitative criteria.



- Engineering, Procurement, and Construction
- Financing
- Permitting and environmental characteristics
- Site control status
- Interconnection status
- Safety
- Credit
- Proposed markups to the form agreement
- Previous experience with counterparty
- Operational characteristics of the resources (efficiency, age, flexibility, facility type)
- Location of the facility (with consideration for environmental justice)
- Cost of potential alternatives (procurement alternatives)
- GHG adders
- Energy-use limitations
- Procurement of preferred resources and energy storage (to be prioritized over fossil generation)
- Type of resources with respect to the loading order contained in the EAP issued jointly on May 8, 2003, by the Commission, the California Energy Commission, and the California Consumer Power and Conservation Financing Authority

[REDACTED]

- Future needs in local and sub-local areas
- Local effectiveness factors as published in the CAISO's LCR Technical Studies
- Resource costs
- Portfolio diversity
- Costs of potential alternatives (transmission alternatives)

[REDACTED]

Prior to submission of offers, PG&E CPE prepared a qualitative evaluation protocol document [REDACTED]

[REDACTED] The IE worked closely with PG&E CPE to prepare the qualitative evaluation protocol and the factors that would be considered in the scoring process. The IE suggested that the criteria and factors should be developed as objective criteria if possible.

Competitive Offers are also evaluated from a quantitative perspective. A Net Market Value (NMV) assessment would be performed on all qualified competitive offers [REDACTED]

In the solicitation process, a Participant submits an Offer detailing the costs and operational characteristics of the energy generation facility or Project. For each Offer, NMV is calculated based on the summation of several components as follows:

[REDACTED]

[REDACTED]

[REDACTED]

The [REDACTED] market curves were used for the initial assessment. Valuations may be refreshed with later curves during the negotiation process.

[REDACTED]

Table 3 below provides a summary of the NMV components for each agreement type along with a description of how the various components are applied.

Table 3: Valuation Summary by Agreement Type

Resource/Contract Type	Components	Explanation
Self-Shown Local RA – Non-Compensated	[REDACTED]	Bidders can submit up to a 24-month offer, and can offer any month subject to delivery term requirements. As such, the delivery term may not commence prior to the 2023 RA compliance period on 1/1/2023 and may not extend beyond the 2024 RA compliance period on 12/31/2024. [REDACTED]

Self-Shown Local RA – Compensated Self Shown		Bidders can submit up to a 24-month offer, and can offer any month subject to delivery term requirements. As such, the delivery term may not commence prior to the 2023 RA compliance period on 1/1/2023 and may not extend beyond the 2024 RA compliance period on 12/31/2024.
Compensated Offered Resource – Bundled RA		Delivery term can be up to 48 months. At least 50% of contract deliveries must be within RA compliance years 2023 and 2024.
Compensated Offered Resources – Bundled RA with Energy Settlement		Delivery term can be up to 48 months. At least 50% of contract deliveries must be within RA compliance years 2023 and 2024.

Valuation Components

The following sections describe in more detail how the costs and benefit values of each component are included for each Agreement type.

[Redacted]

Input Assumptions

An important aspect of the offer evaluation process is the development of input assumptions to use in the evaluation of the Participant's pricing formulas and other

evaluation parameters. The key input prices for the evaluation include [REDACTED]

Selection Process

In the selection of the Offers, [REDACTED]

B. Evaluation of the Strengths and Weaknesses of PG&E's Methodology in This Procurement Process

PG&E CPE has implemented a Least Cost Best Fit evaluation methodology for evaluating the eligible offers received in response to the 2021 PG&E CPE Local RA RFO. PG&E CPE has identified specified quantitative evaluation methodologies to calculate the energy value of each resource. PG&E CPE's methodology is based on comparing cost and benefit components associated with each resource type. PG&E CPE also combines quantitative and qualitative factors to assess and inform selection of the various resources qualified.

Strengths of Evaluation and Ranking Methodology

The following represents the IEs perspective regarding the strengths associated with the evaluation and ranking methodology implemented by PG&E CPE for the 2021 Local RA RFO solicitation process which is primarily seeking Local RA capacity. These include:

- The methodology used by PG&E CPE takes into consideration all reasonable costs and benefits associated with the various types of offers, project structures, and contract structures;

- The overall evaluation methodology is capable of effectively and consistently evaluating a range of different types of resources, project structures with different terms, product sizes, and operating parameters. The IE does not view the methodology as having a bias toward any product submitted into this procurement process;
- PG&E CPE uses consistent input assumptions for undertaking the evaluation of all offers;
- PG&E CPE's Offer Forms were generally transparent and interactive with drop down menus for a number of fields. However, while most Participants were able to utilize the Offer Form on which to submit their offers, PG&E CPE was required to request updated offer forms from a few Participants who had errors or missing information in their offer forms.

Weaknesses of the Evaluation and Ranking Methodology

Based on the proposed evaluation methodology for this procurement process, Merrimack Energy has raised one potential weakness for this solicitation:

- [REDACTED] If the PG&E CPE is to conduct an all-source solicitation for Local RA procurement as ordered by the CPUC, long-term offers should probably be considered for future solicitations [REDACTED]

C. Future LCBF Improvements

Merrimack Energy has provided additional recommendations for future improvements in the evaluation and selection process in the Conclusions section of this report.

D. Revisions to Bid Evaluation Criteria

The CPUC IE Report Template requests the IE to address whether the bid evaluation criteria changed after the bids were received and to explain the rationale for the changes. For this procurement process, PG&E CPE proposed to utilize a Least Cost Best Fit process [REDACTED]

E. Additional Information or Observations Regarding PG&E's Evaluation Methodology

No additional information or observations are provided.

V. Administration of the PG&E CPE Entity Local RA RFO Solicitation Process

In performing its oversight role, the IE participated in and undertook a number of activities in connection with the 2021 PG&E CPE Local RA RFO including reviewing and commenting on the CPE Code of Conduct,¹² reviewing and commenting on PG&E CPE's Procurement Plan, reviewing and commenting on the Protocol documents for the Local RA RFO process, participating in frequent conference calls with the PG&E CPE project team, participating in both the Participants Webinar and Offer Form Webinar, participating in discussions on the offer valuation methodology and selection process, organizing and summarizing the offers received, reviewing and commenting on the evaluation and selection process and results at each step of the process, and participating in calls with bidders throughout the evaluation, selection and negotiation processes. Throughout the process, PG&E's CPE team kept the IE actively informed and involved in the solicitation process, including holding weekly status meetings throughout the solicitation process.

A list of the key milestone events which occurred during the solicitation process as well as the activities of the IE during the procurement process consistent with the important activities and milestones are described below.

Code of Conduct

CPE Decision (D.20-006-002) Ordering Paragraphs 24 and 25 identify the requirements for the CPE to establish procedures to govern how confidential information should be handled and also establishes the requirements for the CPE to develop a strict Code of Conduct.

Ordering Paragraph 24 states: "The central procurement entity (CPE) shall establish a rule or procedure that will govern how confidential, market-sensitive information received from third-party market participants during the solicitation process will be protected and what firewall safeguards will be implemented to prevent the sharing of information beyond those employees involved in the solicitation and procurement process. As guidance to develop the rule or procedure, the CPE may use the competitive neutrality rules adopted in Decision 13-02-029."

Additionally, Ordering Paragraph 25 states: "The central procurement entity (CPE), in collaboration with the independent evaluator, Cost Allocation Mechanism Procurement Review Group, and Energy Division, shall create a strict code of conduct, similar to that adopted in Decision 07-12-052,¹³ that prevents the sharing of confidential, market-

¹² PG&E CPE and Merrimack Energy had initial discussions regarding the development of the Code of Conduct as a first step in the PG&E CPE process in November 2020.

¹³ Decision 07-12-052 requires that as a precondition for conducting an RFO in which offers resulting in partially or wholly utility-owned projects compete against third-party offers, a utility must adopt a Code of

sensitive information beyond those employees involved in the solicitation and procurement process. Personnel employed by the PG&E CPE and involved in the solicitation and procurement process (including management and officers) shall sign the code of conduct as a precondition to engaging in the central solicitation and procurement process.”

The initial task undertaken by Merrimack Energy as IE was to review and comment on the Code of Conduct. PG&E CPE provided the initial draft of the Code of Conduct to the IE in November, 2020. PG&E CPE noted that in establishing the CPE, one of the benefits of having PG&E act as the CPE is to take advantage of PG&E’s resources, knowledge, and the procurement experience to take on this task effectively and efficiently. PG&E CPE also recognized the need to avoid conflicts of interest that could be perceived to favor PG&E’s resources in PG&E CPE procurement activities. To meet these requirements, the confidentiality protocol developed by PG&E CPE as part of the Code of Conduct establishes a one-way flow of information from other PG&E organizations to the PG&E CPE during the period of time prior to launching the PG&E CPE RFO.

The key topic areas included in PG&E CPE’s Code of Conduct included the following:

- Identification of categories of employees, contractors and consultants affected;
- Definition of confidential PG&E CPE information;
- Restrictions on information access and use;
- Non-discrimination requirements for offer evaluation and limitations on use of confidential PG&E CPE information;
- Protection of confidential information;
- Transfers between PG&E CPE and non-CPE positions;
- Treatment of violations of the Code of Conduct
- Inclusion of an organizational chart for the PG&E CPE organization.

Merrimack Energy provided a few rounds of comments on the Code of Conduct based on the IE’s role in other competitive procurement processes as well as working with PG&E on Codes of Conduct in other procurement activities.

On December 21, 2020, PG&E CPE presented the PG&E CPE draft Code of Conduct to the CAM PRG to solicit feedback. The PG&E CPE team discussed the basis for the Code of Conduct including the requirements identified in the CPE Decision (D.20-06-002), described the definition of CPE confidential information, described the categories of personnel including the roles of personnel groups and access to confidential information, and the organizational chart for the PG&E CPE within the procurement function at PG&E. [REDACTED]

Section VII of this report provides additional details with regard to the structure and implementation of the Code of Conduct during this solicitation.

Conduct to prevent the sharing of sensitive information between staff involved in developing offers for utility-owned projects and staff who evaluate and select the winning offers.

PG&E CPE Procurement Plan

On January 29, 2021, PG&E CPE filed its Central Procurement Entity Procurement Plan (“CPE Procurement Plan”) in Advice Letter 6078-E. The PG&E CPE Procurement Plan describes PG&E’s plans for CPE procurement in accordance with Commission guidance and establishes the standards and criteria for PG&E’s CPE procurement activities consistent with the portfolio approval process adopted in the CPE Decision. As stated in the Plan, “the PG&E CPE’s objective is to procure approved products on behalf of all LSEs throughout the PG&E distribution service area in accordance with all Commission guidance and directives”. The PG&E CPE Procurement Plan includes approved electric products and processes which are intended to facilitate PG&E CPE’s efforts in seeking to procure the entire amount of required multi-year local RA (as may be reduced by resources that are voluntarily shown to the PG&E CPE by LSEs) to satisfy the Commission’s local RA requirements, as well as other reliability and resource requirements adopted by the CAISO to ensure a reliable supply of generation in local areas within the PG&E distribution service area.

The Procurement Plan contained multiple sections, including an initial section that provides a summary of compliance and citation regarding PG&E CPE’s Procurement Plan relative to each Ordering paragraph in the Commission’s CPE Decision. In addition to this section on consistency with regulatory decisions/statutes the other sections of the Procurement Plan include:

- Procurement oversight
- Process for demonstrating compliance
- Cost recovery
- Preapproval, approval and filing requirements
- Process for updating the Procurement Plan
- Central Procurement process
- Non-Conformance with CPE Procurement Plan and other considerations

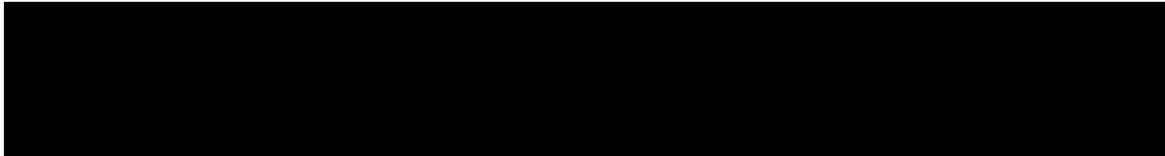
PG&E CPE provided the IE with multiple opportunities to comment on the drafts of the Procurement Plan, including an initial draft in early December, 2020 and another draft in mid-January, 2021. The IE provided comments on both drafts. In addition to providing drafts of the Procurement Plan for review, the PG&E CPE made two presentations to the CAM PRG. The first meeting was held on December 21, 2020 in conjunction with the presentation on the Code of Conduct. The presentation addressed the following topics:

- Overview of the PG&E CPE Procurement Plan including a description of what is included in the Procurement Plan;
- A description of the products sought as well as the procurement methods for each procurement process
- An overall description of the competitive solicitation process;
- Description of the contract structures to be included;
- Discussion regarding credit requirements for existing and new resources;
- Overall description of the evaluation methodology;
- Procurement requirements and local RA position management;

- Procurement oversight and approval process

PG&E CPE held a second meeting with the CAM PRG on January 26, 2021, a few days before submitting the PG&E CPE Procurement Plan to the Commission. PG&E CPE addressed the following topics:

- Proposed timeline for the PG&E CPE process;
- Overview of the PG&E CPE Procurement Plan;
- Description of the updates to the Procurement Plan relative to the presentation of the PG&E CPE from December 21, 2020;



Local RA RFO Solicitation Protocol and Related Documents

The next major step in the solicitation process was the development of the 2021 PG&E Central Procurement Entity Local Resource Adequacy Request for Offers Solicitation Protocol (“Local RA RFO Solicitation Protocol”), which is designed to identify the requirements for the RFO, including a description of the products solicited, eligibility requirements, evaluation criteria, evaluation and selection process, information required for each proposal type, contractual requirements, solicitation schedule, credit information and general information to assist bidders in submitting a complete proposal. The Protocol Document also contained a number of Appendices including the following:

- Appendix A – Offer Forms
 - Appendix A1 – Offer Form – Non-Compensated Self-Shown Resources
 - Appendix A2 – Offer Form – Compensated Self-Shown Resources
 - Appendix A3 – Offer Form – Compensated Offered Resources (CPUC LSEs including PG&E)
 - Appendix A4 – Offer Form – Compensated Offered Resources (Non-CPUC LSEs)
- Appendix B – Supplemental Information
 - Supplemental Resource Information
 - Supplemental Counterparty Financial Information
- Appendix C – FERC Order 717
- Appendix D – Confidentiality Agreement
- Appendix E - Agreement Forms
 - E1 – Shown Resource Adequacy Agreement for Existing Resources (Non-PG&E Participants)
 - E2 – Shown Resource Adequacy Agreement for New Resources (Non-PG&E Participants)
 - E3 – Resource Adequacy Agreement for Existing Resources (Non-PG&E Participants)
 - E4 – Resource Adequacy Agreement for New Resources (Non-PG&E Participants)

- E5 – Shown Resource Adequacy Agreement for Existing Resources (PG&E Participant)
- E6 – Shown Resource Adequacy Agreement for New Resources (PG&E Participant)
- E7 – Resource Adequacy Agreement for Existing Resources (PG&E Participant)
- E8 – Resource Adequacy Agreement for New Resources (PG&E Participant)

PG&E CPE provided the initial draft of the 2021 PG&E CPE Local RA Solicitation Protocol to the IE in mid-March 2021. The IE reviewed the Protocol document and provided comments to PG&E CPE. The parties discussed the comments and PG&E CPE provided an updated draft Protocol document to the IE. Merrimack Energy reviewed and commented on two drafts of the Protocol document prior to completion of the document. In addition to the Solicitation Protocol, the IE reviewed and commented on Appendix B – Supplemental Project Information and Offer Forms.¹⁴ The Supplemental Project Information Appendix provides a list of the specific information bidders are required to provide for each product type. For example, bidders offering existing resources were required to provide limited information while bidders offering new projects were required to provide a more detailed base of information to allow the PG&E CPE team adequate information to assess the viability of the offer. In addition, the Offer Forms were designed to provide a consistent format for information to be provided about offer information for evaluation purposes such as project pricing, monthly volumes offered, other project specific information, bidder contact information, and status of key project aspects such as interconnection. The information provided in the Offer Forms was primarily used for the quantitative evaluation of the offers.

A summary of the 2021 PG&E CPE Local RA RFO Solicitation Protocol requirements is included in Section I.C of this report.

CAM PRG Meeting – March 25, 2021

PG&E's CPE team provided a presentation to the CAM PRG on March 25, 2021 to provide an overview of the goals and structure of PG&E CPE's upcoming solicitation and the evaluation process for the solicitation. The PG&E CPE team stated that the goal of the PG&E CPE solicitation was to seek new and existing local resource capacity that can provide RA in PG&E Local Areas. The PG&E CPE team noted that for the 2021 PG&E CPE solicitation, PG&E CPE is required to procure for 2023 and 2024 local RA requirements. The PG&E CPE team also provided a brief overview of the CPUC Decision, the proposed schedule for the solicitation, the solicitation structure (including eligible products, counterparties, and resource description), PG&E CPE evaluation process (including quantitative and qualitative criteria and process), credit requirements,

¹⁴ The IE did not review the Agreements because the Agreements were completed just prior to the date of launching the RFP. Merrimack Energy was familiar with the RA Agreement for new resources as well as the RA with Energy Settlement Agreement based on serving as IE for other recent PG&E solicitations.

and a description of the iterative process for self-shown resources (i.e., election to self-show for no compensation if not selected).

Website for the RFO

PG&E CPE used two websites for the RFO. PG&E CPE maintained a webpage on its website devoted to the 2021 PG&E CPE Local RA RFO. The website contained information to assist bidders on the front-end of the solicitation process including RFO documents, Q&As, regulatory decisions pertaining to the PG&E CPE requirements, solicitation schedule¹⁵ and other information to assist the bidders. The webpage was activated around the time the RFO was issued on April 23, 2021. Specifically, the webpage included the following information:

- Applicable Regulatory Decisions
- Schedules
- PG&E CPE Local RA Solicitation Protocol and Appendices
- 2021 PG&E CPE Local RA RFO General Q&A
- Request for Extension of Offer Submittal Timeline
- CPUC List of Pre-Determined Prices for LCR RCM
- PowerAdvocate Registration Information and Offer Submittal
- Participants Webinars
 - 2021 PG&E CPE Local RA RFO Participants Webinar Presentation
 - Participants Webinar Transcript
 - Participants Webinar Audio
- Offer Form Webinar
 - 2021 PG&E CPE Local RA RFO Offer Form Webinar Presentation
 - Offer Form Webinar Transcript
 - Offer Form Webinar Audio
- Contact Information

PG&E CPE also utilized the PowerAdvocate Platform, which was used as a repository for the bidders to submit their proposals. The Events on the PowerAdvocate website for bidders to submit their offers were separated by product and resource type. As a result, bidders had to submit their offers to the appropriate Event based on the resources they were bidding. The three Events included: (1) Non-Compensated Self-Shown Resources; (2) Competitive offers from the PG&E Participant; (3) Competitive Offers from all non-PG&E Participants. Since competitive offers from the PG&E Participant were due earlier than other competitive offers and since non-compensated self-shown resources and competitive resources were submitted at different times, the application of different events ensured there was no risk of a bidder gaining any access to data on competitors before their offers were due.

¹⁵ A solicitation schedule was provided for the Non-Compensated Self-Shown Commitment Process and for the Competitive Offer Process.

Issuance of the RFO

The RFO was issued as scheduled on April 23, 2021. However, subsequent to initial issuance, PG&E CPE made revisions to several of the documents on the webpage. Updated versions of the RFO documents were posted to the webpage during May 2021 in the form of redlines to the initial documents.

Request for Extension of Offer Submittal Timeline

On May 3, 2021 PG&E CPE requested an extension of time for submission of offers to June 2021. This request was required because Ordering Paragraph 28 of the CPUC CPE Decision adopted the RA RFO timeline for April – May for LSEs to commit to show self-procured local resources in the RA filing for 2023 and 2024. PG&E CPE requested the extension of the deadline in the interest of supporting a more thorough and complete review by LSEs of the relevant solicitation protocol documents. The CPUC granted the extension on May 7, 2021.

Participants Webinar

PG&E CPE held its CPE Local RA RFO Participants Webinar on May 5, 2021. The IE called into and monitored the Webinar. Topics addressed at the Webinar included:

- Overview of the role of PG&E CPE as the Central Procurement Entity;
- Solicitation schedule;
- Role of the Independent Evaluator;
- Overview of CPUC D.20-06-002 and D.20-12-006;
- Description of PG&E CPE's Local RA RFO goal;
- Solicitation structure including product overview and eligibility;
- Description of the PG&E CPE procurement process;
- Resource eligibility requirements;
- Overview of each of the Agreements;
- Credit requirements;
- Offer submittal requirements;
- Communications and website;
- Description of the iterative process – election to self-show for no compensation if not selected.

After the PG&E CPE team walked through the presentation, prospective bidders and others had an opportunity to prepare questions during the intermission. A Question and Answer process followed. A total of approximately 80 individuals attended the Participants Webinar.

Questions and Answers and Posted Documents for Bidders

PG&E CPE provided responses to a total of 36 questions from prospective bidders by June 1, 2021, including 29 general RFO questions and 7 Offer Form questions. The

Q&As were posted to PG&E's CPE website under the link 2021 CPE Local RA RFO General Q&A. The Questions and Answers are included as Appendix A to this report.

Offer Form Webinar

On May 10, 2021, PG&E CPE held the Offer Form Webinar for the 2021 CPE Local RA RFO. Topics discussed included the following:

- Objectives of the Webinar and agenda;
- Overview of CPUC D.20-06-002 and D.20-12-006;
- Description of the CPE solicitation structure;
- Step-by-step process for downloading and selecting an offer form, completing the appropriate form selected, completing the input variants, and the process for saving and submitting an offer;
- Process for submitting offer forms through PowerAdvocate;
- Offer submittal requirements

Similar to the Participants Webinar, PG&E CPE asked participants to submit questions during the intermission after the walk through the slide deck for the Offer Form Webinar and provided responses to the questions after intermission. A total of forty-two (42) Participants attended the Offer Form Webinar.

Reviewed and Commented on Internal Evaluation Protocols (Quantitative and Qualitative) and Evaluation Procedures

The IE had the opportunity to review multiple drafts of the internal RFO protocols for both the quantitative evaluation (market valuation protocol) and the qualitative evaluation protocol, as well as overall evaluation procedures and credit evaluation protocol for the 2021 PG&E CPE Local RA RFO solicitation process. PG&E CPE provided the IE draft versions of the evaluation protocol documents beginning in early May, 2021. The IE reviewed the documents and provided written comments and questions on the documents and sent a marked-up version back to PG&E CPE for review. The PG&E CPE team and IE then held conference calls to discuss the IEs comments and questions prior to completing the final evaluation protocol documents for the CPE Local RA RFO on June 8, 2021.

Receipt of Offers – June 1, 2021 – June 8, 2021

As noted previously, the offers were submitted in tranches based on the product type. The deadline for CPUC LSEs to submit Non-Compensated Self-Shown Offers was June 1, 2021. The deadline for the PG&E Participant to submit competitive offers was June 7, 2021, while the deadline for non-PG&E Participants to submit competitive offers was June 8, 2021. The requirement for the PG&E Participant to submit offers one-day in advance of third-party compensated offers was to ensure there was no opportunity for the PG&E Participant to have any competitive information about the market prior to submitting their offers. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

After submission of the Self-Shown offers PG&E CPE began to review the offers for completeness to assess if the offers qualify to move forward to the next stage of the process.

[REDACTED]

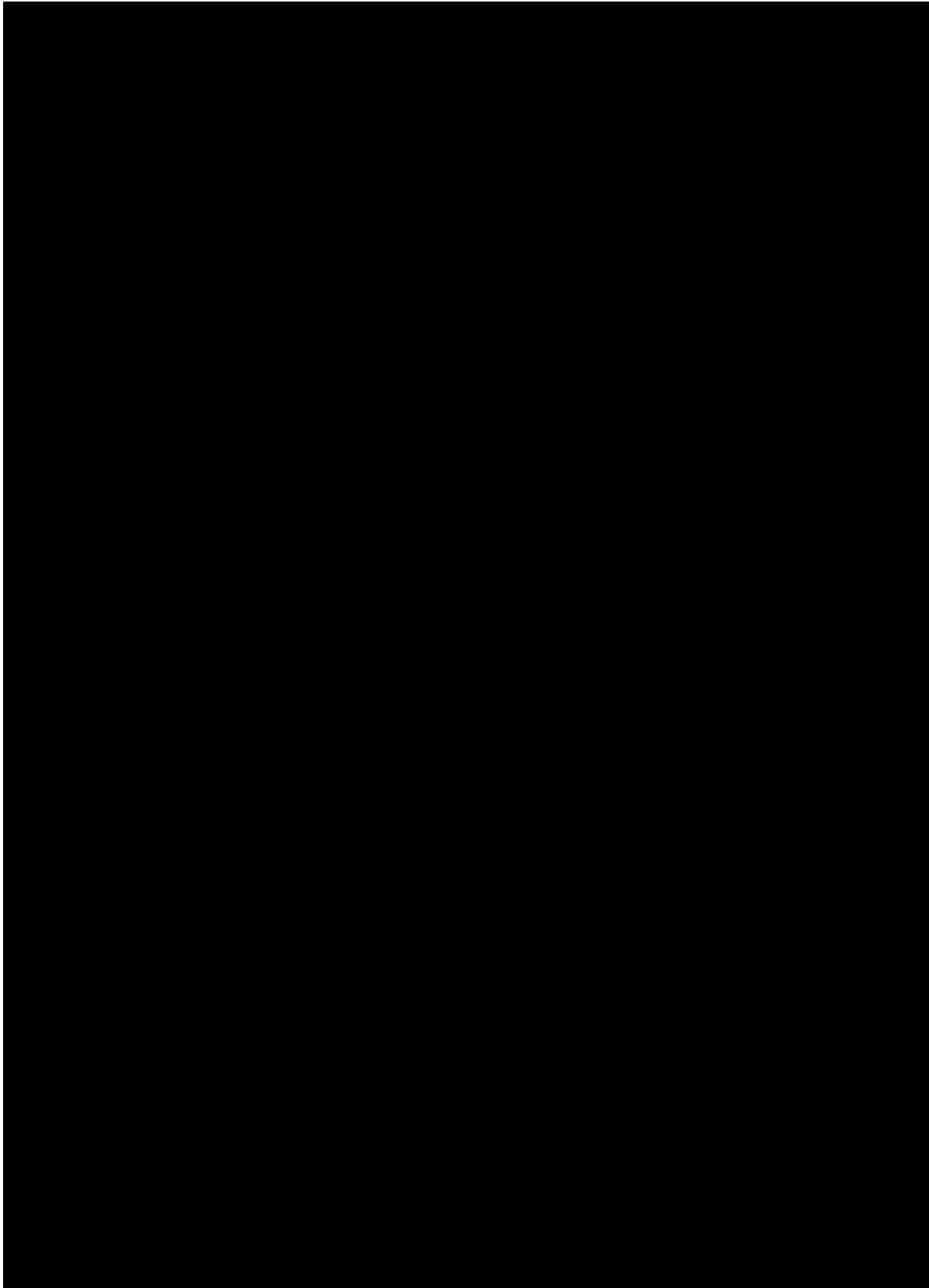
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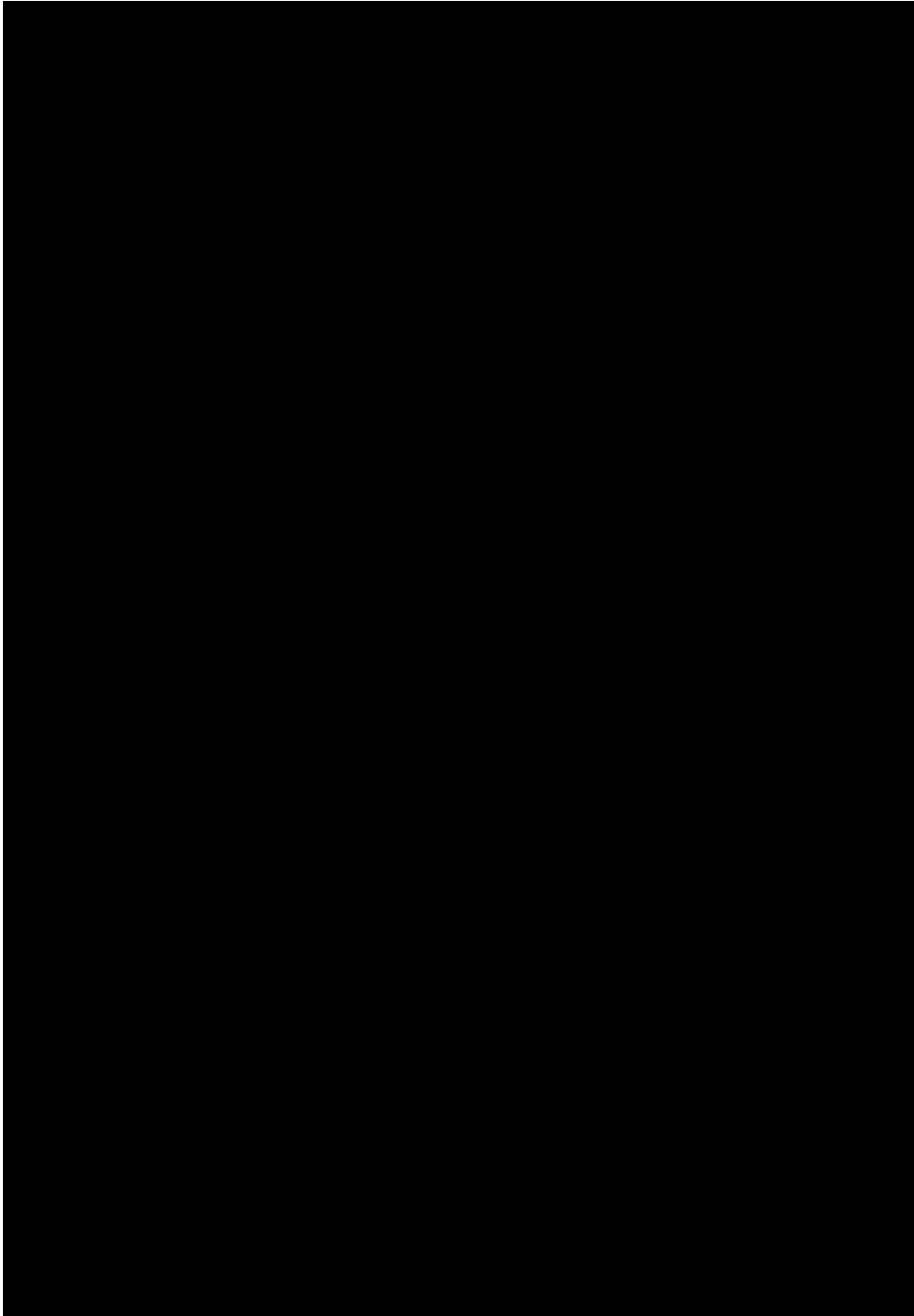
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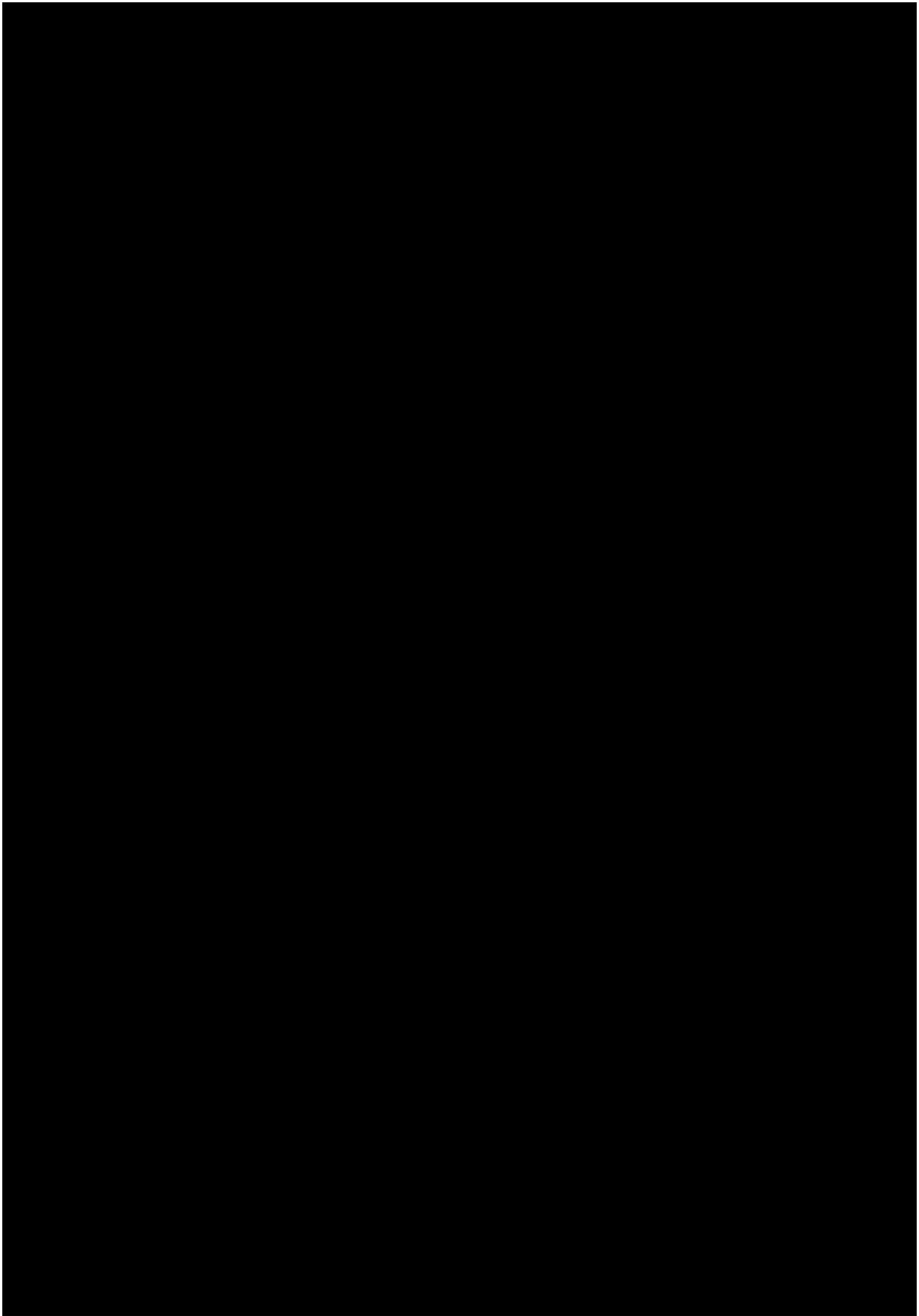
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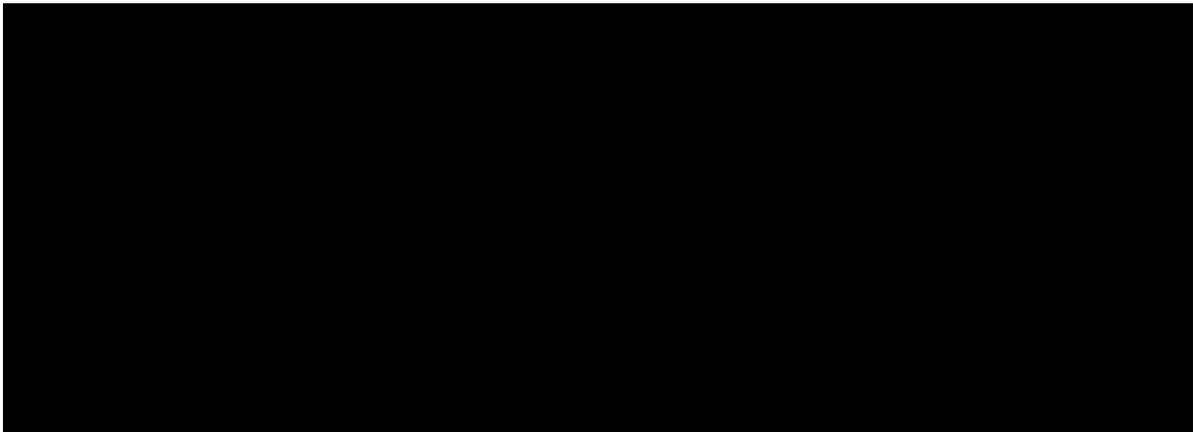
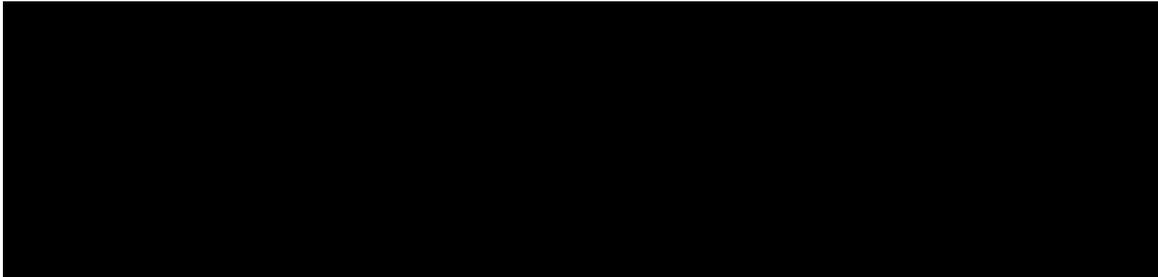
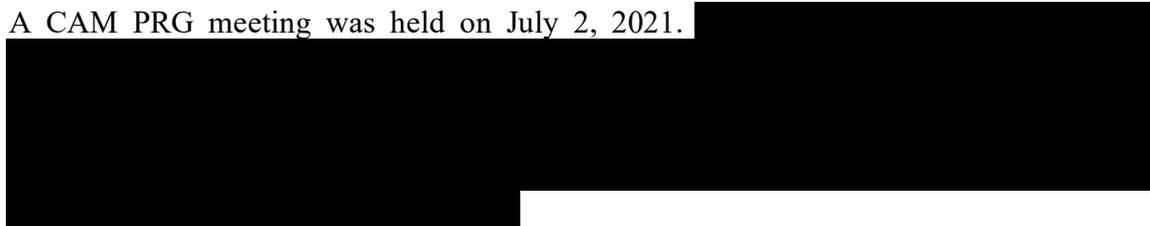
For the competitive offers, PG&E CPE also reviewed the offers for missing or incomplete information and engaged the Participants to identify the information required.

[REDACTED]



CAM PRG Meeting – July 2, 2021

A CAM PRG meeting was held on July 2, 2021.



[Redacted]

Communications with Bidders

On July 8, 2021, PG&E CPE sent letters to all Participants who submitted offers into the PG&E CPE RFO. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Beginning in mid-July, 2021, PG&E CPE began to schedule meetings with Participants for Self-Shown offers as well as competitive offers. [REDACTED]

[REDACTED]

[REDACTED]



Evaluation of the Offers Submitted

Subsequent to the qualification of offers, PG&E CPE began to evaluate the offers from a quantitative and qualitative perspective and prepare evaluation files with the offer evaluation results. [REDACTED]

PG&E CPE's quantitative evaluation methodology was intended to calculate the quantitative values of offers submitted into the PG&E CPE RFO based on Net Market Value. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PG&E CPE also provided the IE with the qualitative evaluation results conducted on each offer by PG&E's CPE qualitative evaluation team. [REDACTED]

Appendix B contains a summary of the qualitative evaluation results for each eligible offer.

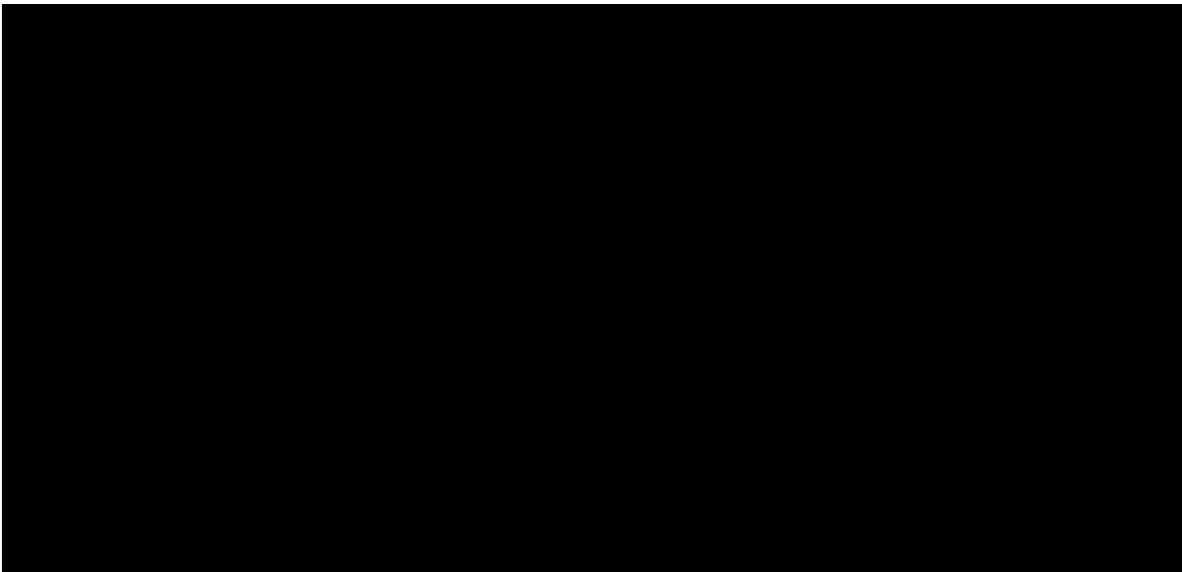
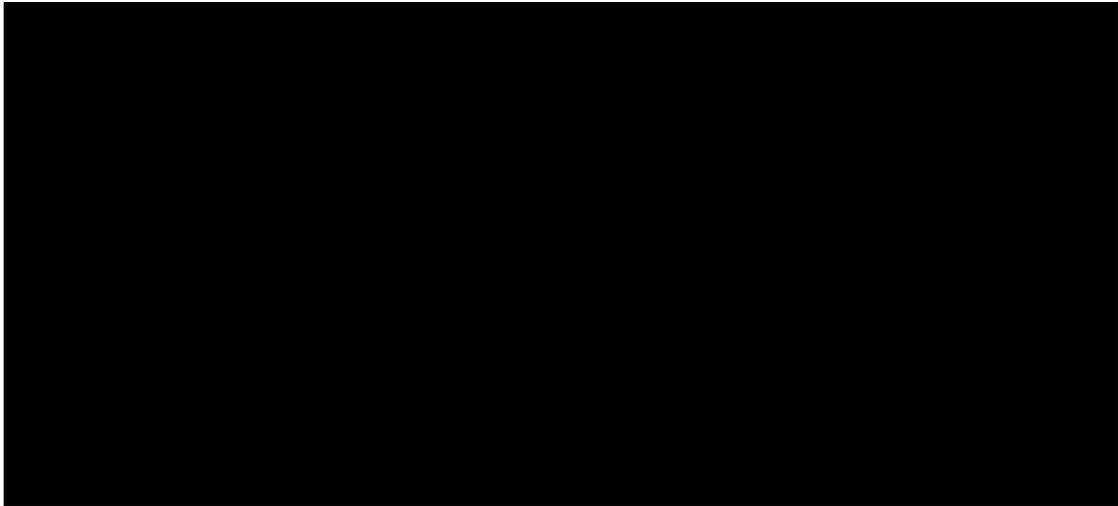
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[REDACTED]



Evaluation Results

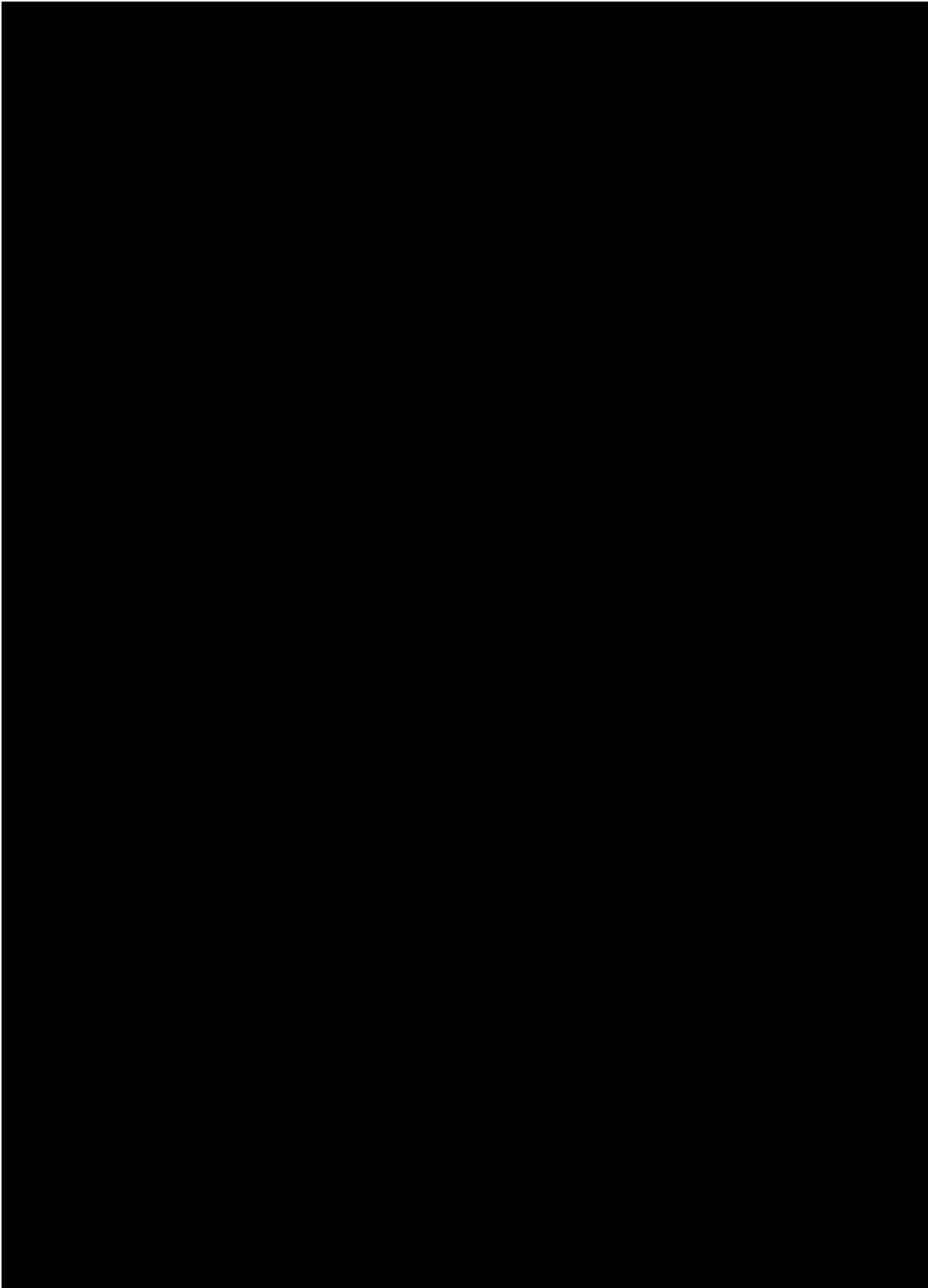
PG&E CPE provided the IE with several copies of the evaluation results for each competitive offer.

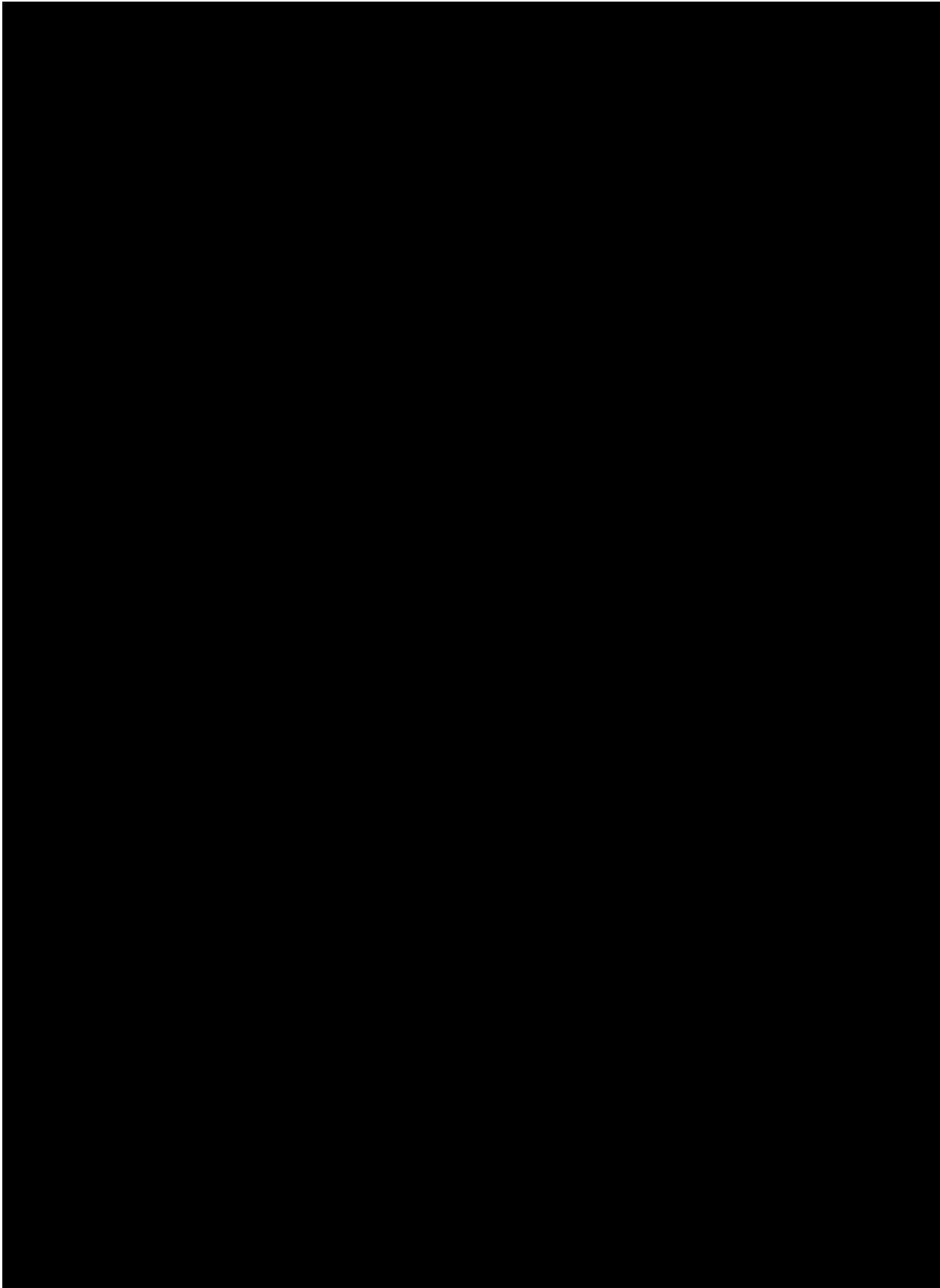


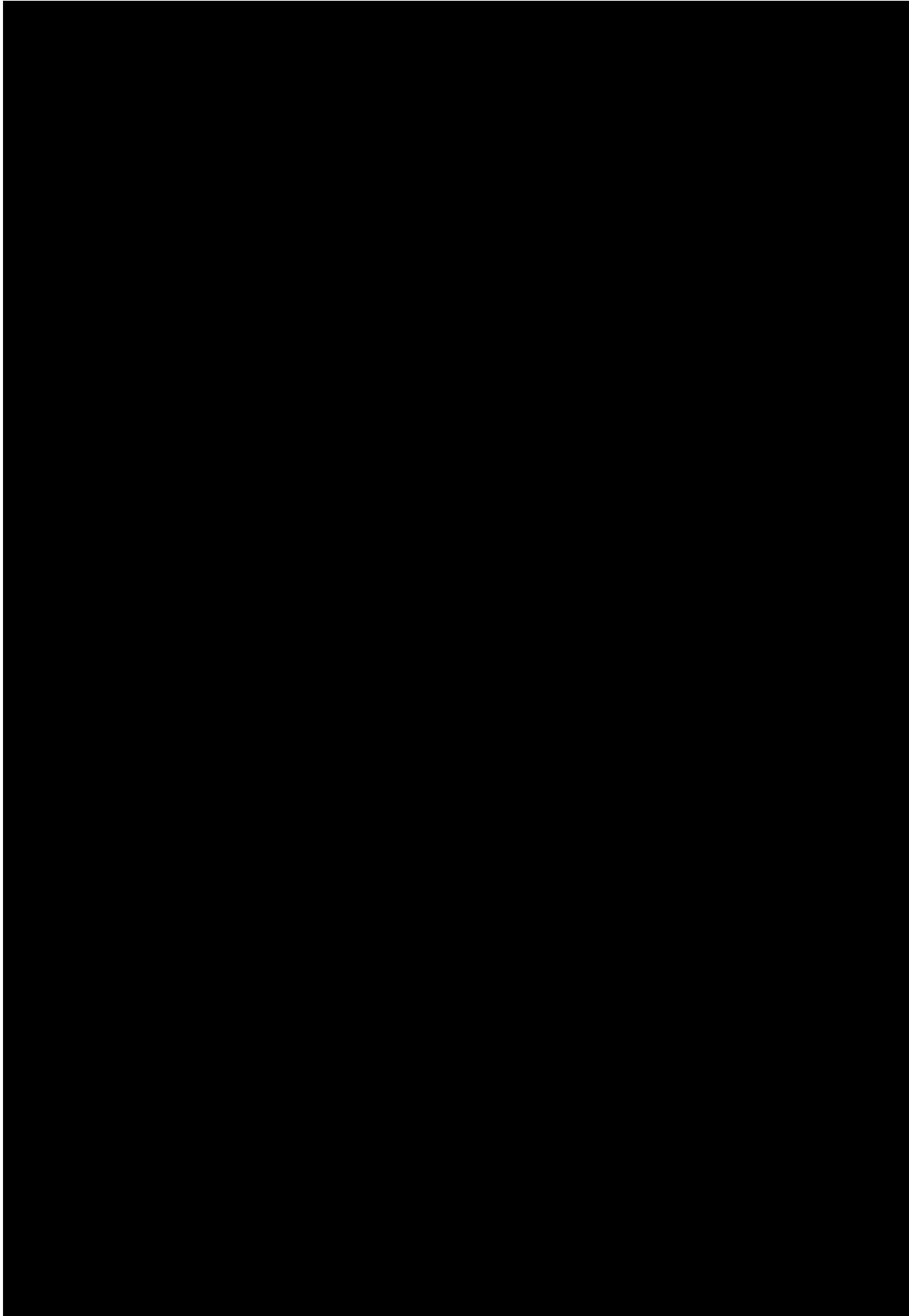
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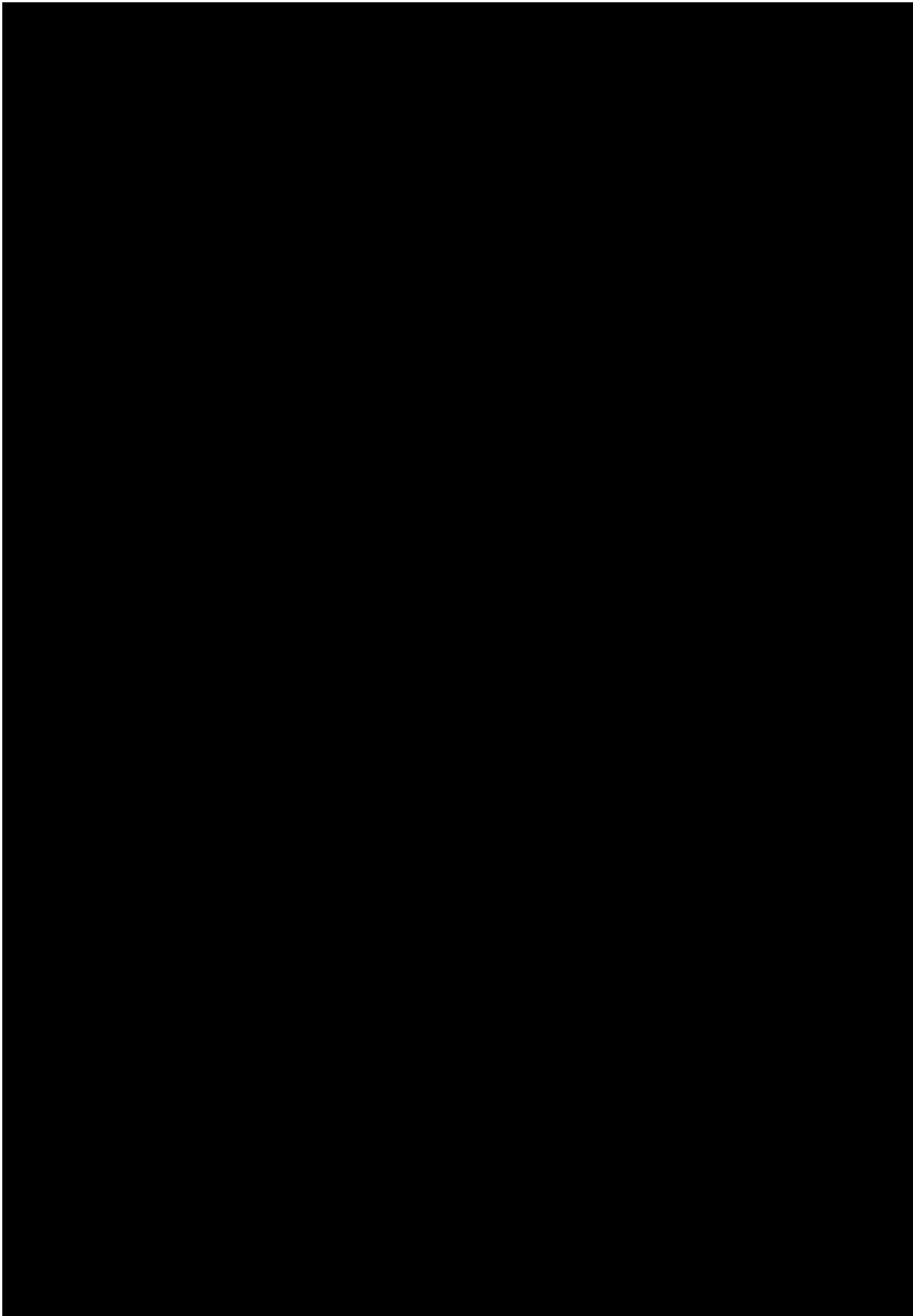
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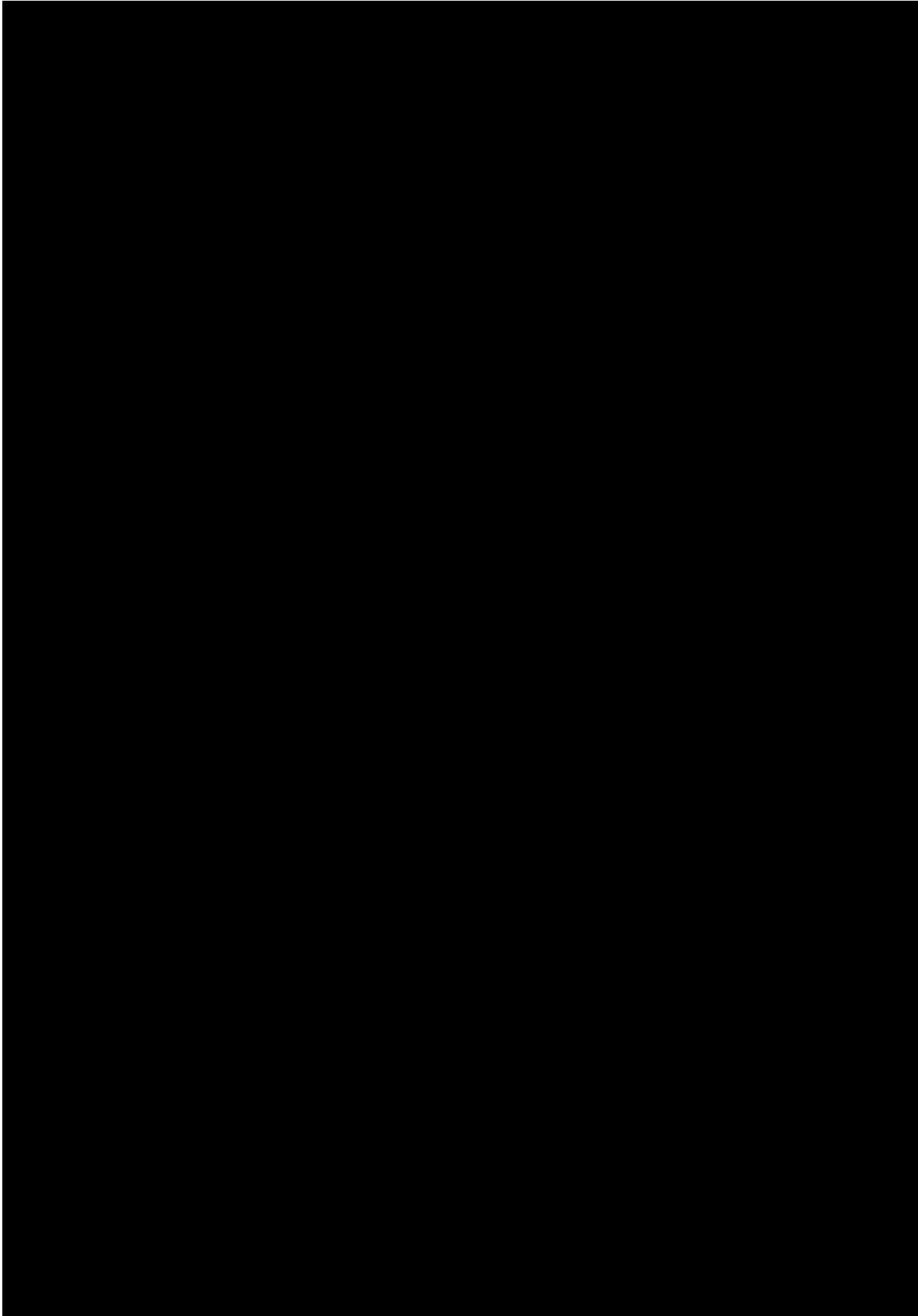
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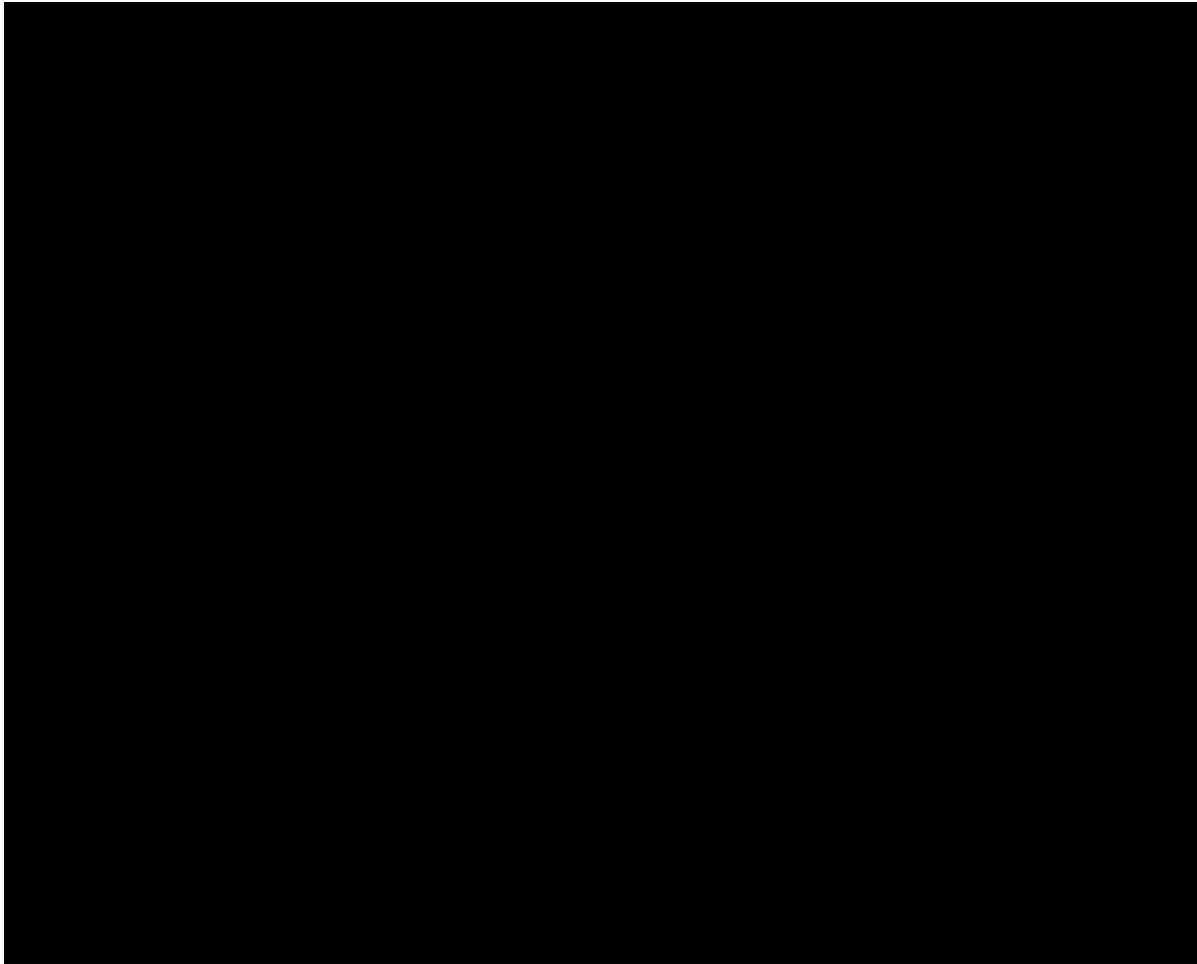






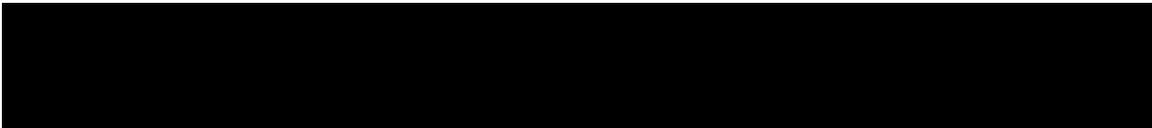
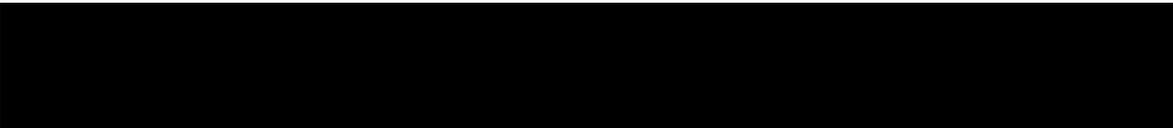
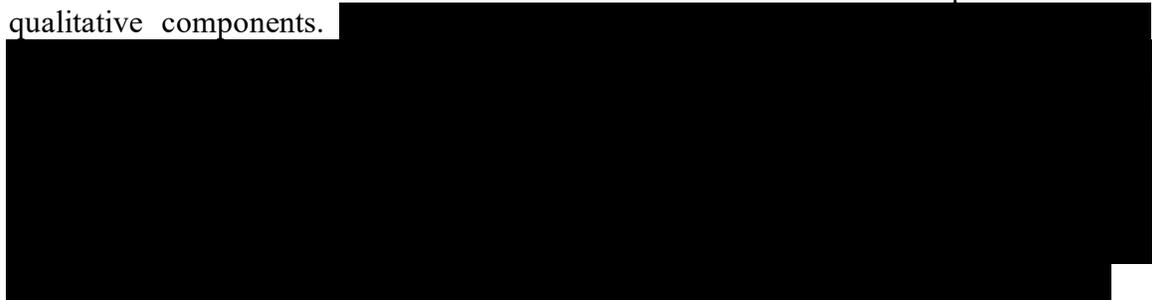






PG&E CPE Presentation to IE with Evaluation Results

The PG&E CPE team met with the IE on August 12, 2021 to discuss portfolio options based on the evaluation results from the PG&E CPE team for both quantitative and qualitative components.



[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

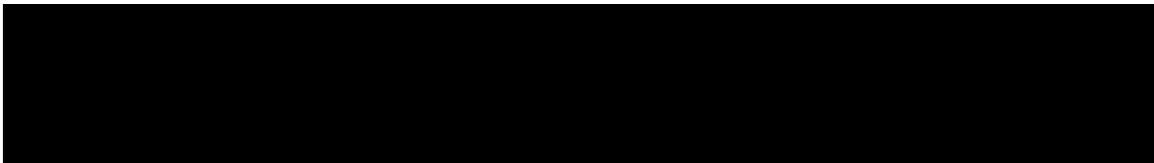
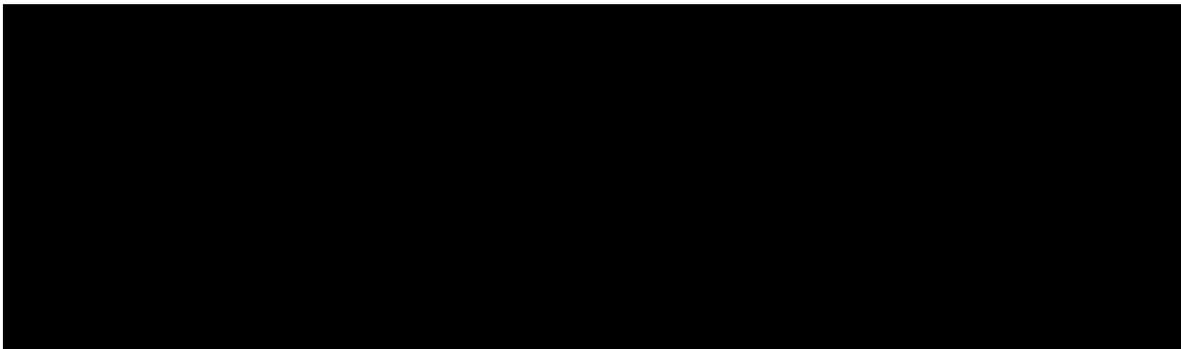
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CAM PRG Meeting Regarding CPE 2021 Local RA RFO Portfolio

On September 1, 2021, a CAM PRG meeting was held with the PG&E CPE to discuss PG&E CPE's Local RA RFO portfolio and to receive feedback from CAM PRG on the proposed portfolio ■



[REDACTED]

[REDACTED]

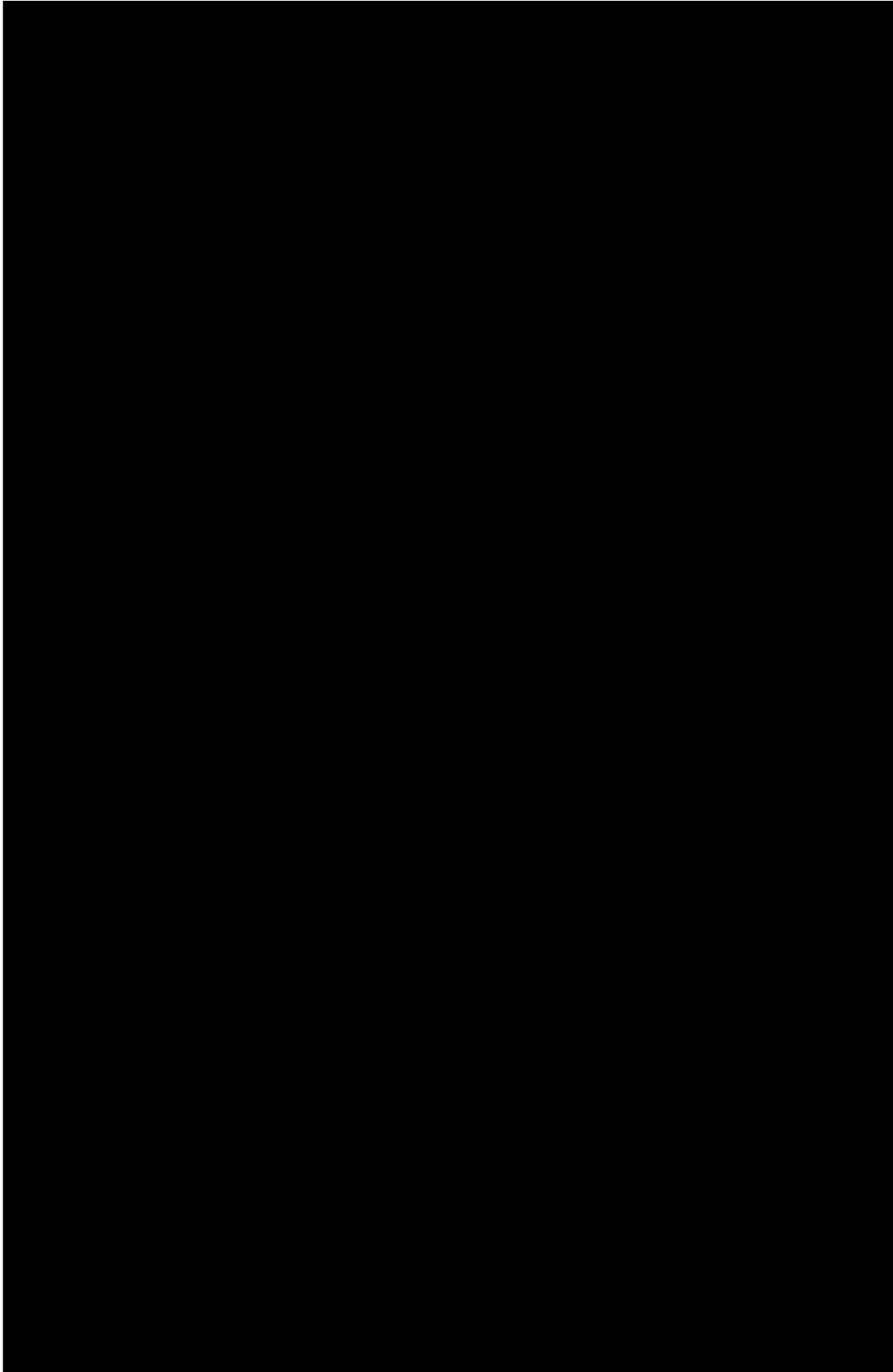
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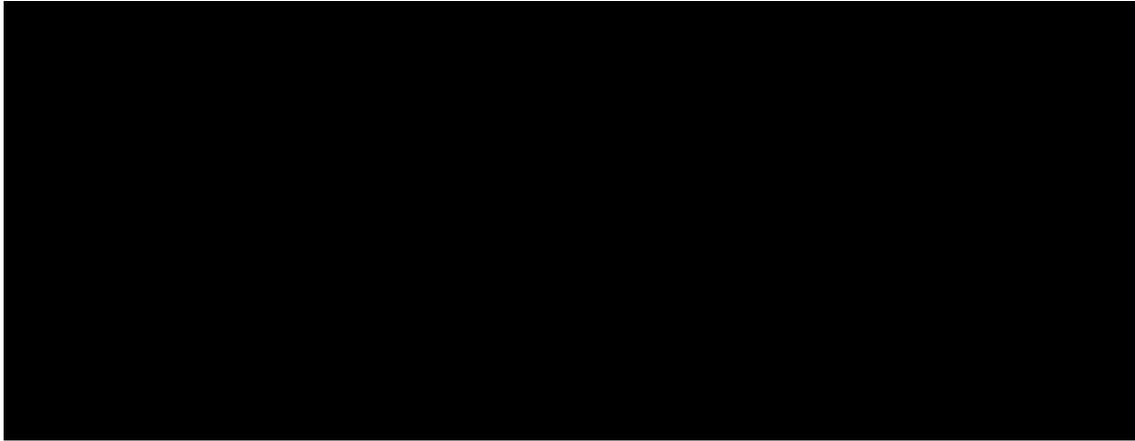
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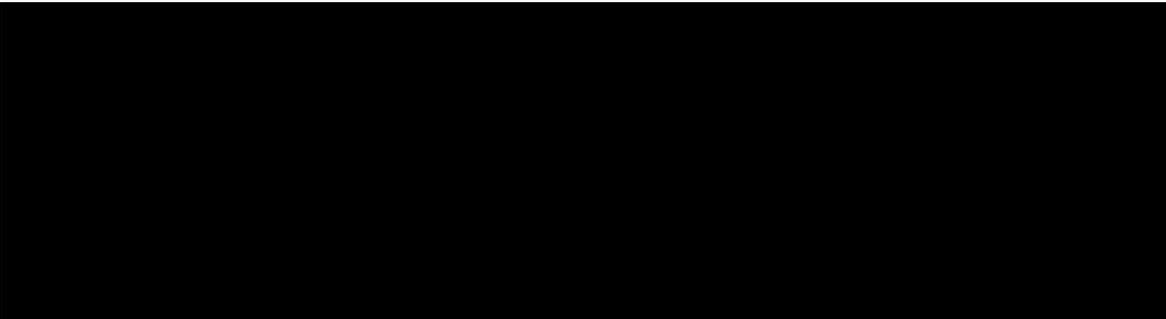
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Contract Negotiations/Execution

As noted in the write-up above, PG&E CPE engaged the Participants on multiple occasions regarding contract issues. Initial discussions occurred with Participants after offer submission.



[Redacted]

Notification of Offer Selection

PG&E CPE notified the Participants with whom it intended to move forward with execution of contracts [REDACTED]

[REDACTED]

Final Contracts

PG&E CPE executed [REDACTED] as a result of the 2021 CPE Local Resource Adequacy RFO. The contracts executed are listed in Appendix C of this report. [REDACTED]

VI. Did PG&E Fairly Administer the Evaluation Process?

A. Principles and Guidelines Used to Determine Fairness of Process

In evaluating PG&E CPE's performance in implementing the 2021 CPE Local Resource Adequacy RFO procurement process, the IE has applied a number of principles and factors, which incorporate those suggested by the Commission's Energy Division in previous Templates as well as additional principles that the IE has used in its oversight of other competitive bidding processes. These include:

- What quantitative factors were used to evaluate offers?
- If applicable, were affiliate offers treated the same as non-affiliate offers?
- Were economic evaluations consistent across offers?
- Was there a reasonable justification for any fixed parameters that enter into the methodology?

[REDACTED]

- Were all Participants treated the same regardless of the identity of the Participants?
- Were Participants questions answered fairly and consistently and the answers made available to all?
- Did the utility ask for “clarifications” from Participants, and what was the effect, if any, of these clarifications?

In the opinion of the IE, PG&E CPE assessed and evaluated all offers in a similar manner although the components of the evaluation methodology and elements of the contract negotiation process varied appropriately by resource type. As previously noted, PG&E CPE used reasonable methodologies for assessing each type of offer structure for competitive resources.

The IE felt that the economic evaluations were consistent across all types of offer structures, with the objective of the evaluation to assess the benefits and costs of each offer based on Net Market Value.

PG&E CPE’s project teams were very actively engaged in the process from the very beginning through final negotiations and execution. PG&E CPE focused on seeking clarification from Participants regarding their offers and to do all it could to qualify the offers. This included providing several opportunities for Participants to cure any information gaps, to assist the Participant secure required information, and conducting its own research to identify available information requested. In our view, PG&E CPE was actively engaged to ensure Participants were qualified in the process and took a number of positive steps to assist Participants.

As IE, we found no cases where PG&E CPE favored any specific resources or Participants over others. All offers and Participants were treated fairly and consistently within PG&E CPE’s procurement framework.

VII. Treatment of Affiliate Bids and UOG Ownership Proposals

The CPE Decision (Decision 20-06-002) which established the Central Procurement Entity process required the PG&E CPE to establish rules that govern how confidential, market-sensitive information is protected and must implement a strict Code of Conduct that prevents the sharing of confidential market-sensitive information beyond those employees involved in the PG&E CPE solicitation and procurement process. CPE Decision Ordering Paragraph 25 states “The central procurement entity, in collaboration with the Independent Evaluator, Cost Allocation Mechanism Procurement Review Group (CAM PRG) and Energy Division, shall create a strict code of conduct, similar to that

adopted in Decision 07-12-052, that prevents the sharing of confidential, market-sensitive information beyond those employees involved in the solicitation and procurement process. Personnel employed by the CPE and involved in the solicitation and procurement process (including management and officers) shall sign the code of conduct as a precondition to engaging in the central solicitation and procurement process.”

The first task in implementing the PG&E CPE Entity process was the development of the Code of the Conduct that would guide this initial solicitation and which was designed to meet the requirements of Decision D.20-06-002. The PG&E CPE team engaged early on with the IE to develop the Code of Conduct for this initial solicitation. As part of the Code of Conduct, PG&E CPE’s Code of Conduct also initially included two appendices. Appendix A illustrates the Organizational Chart for PG&E’s procurement organizations, including the PG&E CPE team. A separate Confidentiality Protocol applicable to those activities necessary to establish the CPE prior to finalization of this Code of Conduct and the launch of the inaugural solicitation is included as Appendix B.

The reason for the Confidentiality Protocol is because PG&E is standing up an internal organization to act as a CPE for Local Resource Adequacy in PG&E’s service territory as directed by D.20-06-002. The CPE will be dedicated to evaluating offers and procuring local RA and RA-related products in PG&E’s service territory. At the same time, D.20-06-002 allows an IOU to have the same options as other LSEs in deciding whether to bid or show its resources to the CPE. The Decision allows PG&E, on behalf of its bundled electric service customers, to participate in the solicitation (“PG&E Participant”) in this solicitation in the same manner as all other CPUC LSEs. The CPE Decision outlines specific requirements as to how PG&E Participant must participate in PG&E CPE’s solicitation (e.g., offer pricing methodology, timing of offer submission).

The Code of Conduct is designed to ensure that an appropriate internal level of confidentiality of confidential RFO information is maintained.

This Section of the Report addresses the provisions of the Code of Conduct implemented by PG&E to undertake the 2021 Central Procurement Entity Local RA solicitation process. As noted, the preparation of a Code of Conduct document is required by the CPUC for investor-owned utility (“IOU”) participation in the IOU’s own competitive procurement of electric energy resources. The CPUC’s 2008 LTPP Decision (D.07-12-052) included several references with regard to the requirements for utilities to develop a Code of Conduct for solicitations seeking utility ownership options.³⁵ PG&E developed

³⁵ On page 206 of D.07-12-052, the CPUC stated “As a precondition for conducting an RFO seeking utility ownership options, the IOU shall develop a strict code of conduct to be signed by any and all IOU personnel involved in the RFO process to prevent sharing of sensitive information between staff involved in developing utility bids and staff who create the bid evaluation criteria and select winning bids”. On page 236 the CPUC stated “If a utility were soliciting turnkey bids or EPC contracts as well as PPAs in a given solicitation, the individuals performing the bid evaluation would have to be functionally separated from the individuals preparing the bids (or the cost estimates) for projects that would ultimately be utility-owned. Under this restriction, the employees developing the utility-owned project would be barred from access to any evaluation protocols, input assumptions, or bid information not made generally available to outside bidders.”

an Internal Confidentiality Protocol for this solicitation to ensure appropriate safeguards are in place to define the roles and responsibilities of the project teams and protect the confidentiality of sensitive confidential information. PG&E required all employees supporting the CPE solicitation that require use of Confidential RFO information to acknowledge the Confidentiality Protocol. The Confidentiality Protocol was established to cover the time period before the Code of Conduct was established and implemented. According to the IE Report Template, two issues are to be addressed in this Section of the Report:

Describe the design and implementation of the required Code of Conduct used by the IOU to prevent sharing of sensitive information between staff working with developers who submitted UOG bids and staff who create the bid evaluation criteria and select winning bids.

Describe any violation(s) of that code

PG&E CPE's Code of Conduct contains seven sections described below, including the following:

A. Categories of Employees, Contractors, and Consultants

- PG&E CPE Procurement Group Employees – Employees, contractors and consultants who are responsible for implementing the solicitation selection methodology and criteria and directly receive and evaluated the viability and costs of, and select bids or proposals associated with third-party offers submitted in response to a PG&E CPE RFO leading to PG&E CPE procurement of local Resource Adequacy (RA) or related products;
- Utility Bid Development Employees – Employees, contractors, and consultants who are directly responsible for discharging PG&E's roles and responsibilities with respect to procurement, sales or portfolio management of RA on behalf of PG&E's bundled service customers or in preparing and submitting bids to the PG&E CPE;
- Executives/Officers – Officers and other executives who are not directly responsible for PG&E CPE or Utility Bid Development Team commercial decisions, but who may nevertheless receive information from both the PG&E CPE Procurement Team and the Utility Bid Development Team for risk management, budgeting, or other business purposes;
- CPE Administrative Employees – Employees, contractors, and consultants who are involved in policy advocacy, contract management and settlements, administrative support for solicitations, quantitative evaluation support, compliance, regulatory, credit risk/treasury, accounting, legal, and other ministerial departments.

B. Confidential CPE Information

- Confidential PG&E CPE information is generally defined as any non-public information that a participant in a PG&E CPE RRO would find commercially useful, including, but not limited to, information concerning the terms of a PG&E

- CPE RFO offer, proposed terms of any agreements for local RA-related services, RFO evaluation protocols, input assumptions, bid information not made generally available to non-participants, evaluation results, or RFO negotiation strategy or tactics;
- Confidential PG&E CPE Information includes the following:
 - Confidential competitive or technical information received from load serving entities (“LSEs”), generators, third-party power marketers, demand response providers (“DRPs”), or others in connection with the PG&E CPE Procurement Program;

C. Restrictions on Information Access and Use

- PG&E CPE Procurement Group Employees shall have full access to Confidential CPE information;
- Utility Bid Development Employees shall have no access to Confidential CPE information;
- Executives/Officers and PG&E CPE Administrative Employees may not have any access to Confidential CPE information except as follows: Executive Officers and CPE Administrative Employees are entitled to access Confidential CPE information as necessary for the performance of their duties, including access to executed contracts and information related to product deliveries and payments during the course solicitation administration, quantitative evaluation of offers, and contract execution and administration.

D. Non-Discrimination Requirements for Offer Evaluation and Limitations on Use of Confidential CPE Information

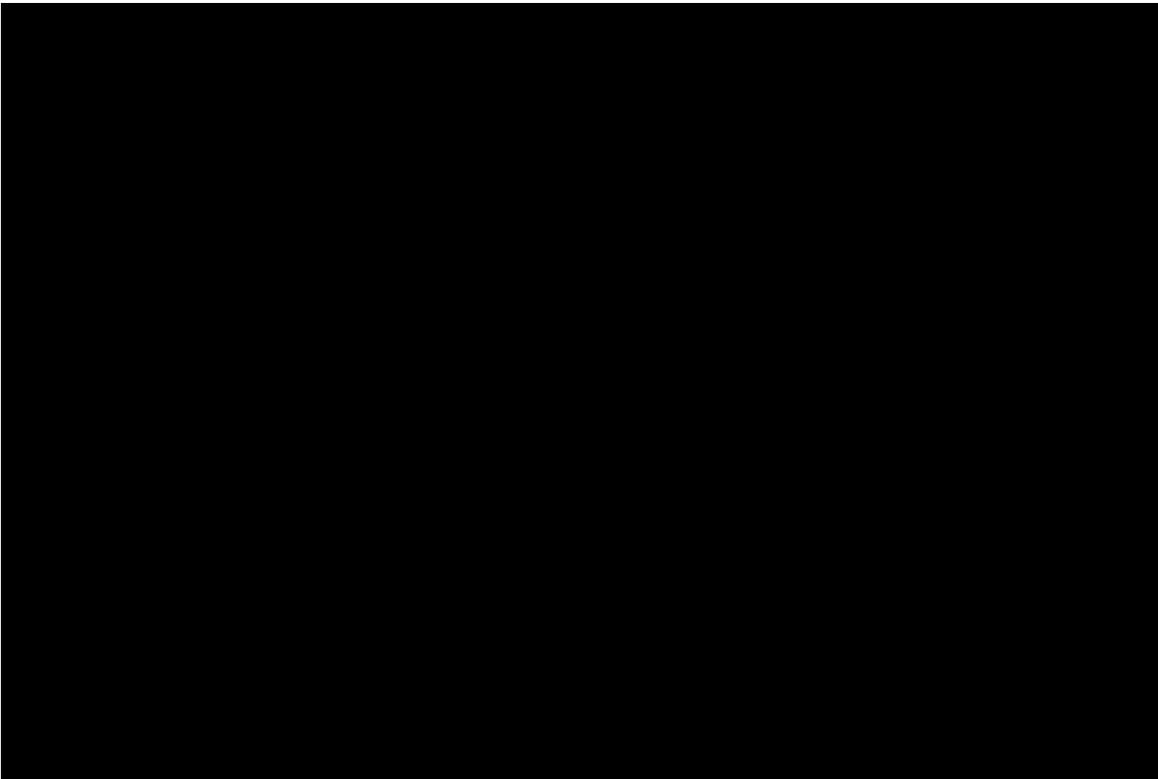
- PG&E CPE Procurement Group Employees will evaluate all offers on a non-discriminatory basis and will not engage in any activity to preferentially benefit PG&E Utility Development Team bids, offers, or proposals;
- PG&E CPE Procurement Group Employees, PG&E CPE Administrative Employees, and Executives/Officers shall not share Confidential CPE information with the Utility Bid Development team or use confidential CPE information to promote PG&E’s RA-related services or gain a competitive advantage for PG&E in the RA market, or to advantage utility-owned generation resources or PG&E-contracted resources that can provide RA and are eligible to bid or show to the CPE;
- PG&E CPE Procurement Group Employees, PG&E CPE Administrative Employees, Executives/Officers, and Utility Bid Development Employees all must adhere to the business objectives of the business unit to which they are assigned.

E. Protection of Confidential Information – To the extent practicable, PG&E CPE will restrict access to network drives, including share drive folders and databases, or files that contain Confidential CPE information. Only PG&E CPE Procurement Group Employees and PG&E CPE Administrative Employees or Executives/Officers who require access to the Confidential CPE information to provide support to the PG&E CPE Procurement Group will have access to shared network drives, folders, databases, or files in which

confidential market-sensitive CPE solicitation and procurement information is stored. Sharing of equipment and passwords by PG&E CPE Procurement Group Employees, PG&E CPE Administrative Employees, and Utility Executives is prohibited. Utility Bid Development Employees shall not have access to Confidential CPE information, including, but not limited to, confidential information on secured network drives, shared drive folders, databases, and files.

F. Transfer Between PG&E CPE and Non-PG&E CPE Positions – A PG&E CPE Procurement Group Employee or PG&E CPE Administrative Employee involved in a specific CPE RFO may not transfer to a Utility Bid Development Team position until that CPE RFO process is completed, winners have been selected, and, if necessary, in a particular case, the contract has been submitted to the CPUC. CPE Administrative Employees and executives/Officers may transfer to become CPE Procurement Group Employees at any time.

G. Violations – If an employee violates the Code of Conduct, PG&E CPE will provide notice of the violation to the Energy Division, the Cost Allocation Mechanism Procurement Review Group (“PRG”) and the PG&E CPE’s Independent Evaluator. PG&E CPE will consult with the Energy Division, CAM PRG, and CPE IE regarding the appropriate remedies to address any Code of Conduct violation. Individuals should report any violations or raise questions regarding compliance to the PG&E attorney representing the PG&E CPE and also to Risk, Compliance and Reporting in Energy Policy and Procurement.



VIII. CPUC IE Report Requirements

Order No 21.b. in the CPUC CPE Decision requires the IE to prepare a report to be submitted on an annual basis to the Commission, assessing the neutrality of the procurement process, market power or aggregate pricing concerns, procurement of preferred resources, consideration of disadvantaged communities made in the procurement process, and other relevant issues. The IE report shall include an explanation of the basis for any fossil fuel procurement for any contract that exceeds the minimum multi-year local procurement requirement.

A. Assess the Neutrality of the Procurement Process

The CPUC Decision 20-12-006 (December 3, 2020) on Track 3.A Issues: Local Capacity Requirement Reduction Compensation Mechanism and Competitive Neutrality Rules states “within the central procurement process, potentially market sensitive information relates to confidential, competitive information received from generators, LSEs, or third-party marketers in the process of enabling the distribution utility to perform duties necessary to conduct solicitations and procure local resources as part of its central procurement role. The Commission recognizes that this competitive information should be appropriately protected in an effort to address anti-competitive concerns and facilitate confidence and certainty in the central procurement process.” The Commission thus directed each CPE: ... to establish a rule or procedure that will govern how confidential, market sensitive information received by the CPE from generators, LSEs, or third-party marketers as part of the central solicitation and procurement process will be protected, as well as what firewall safeguards will be implemented to prevent the sharing of information beyond those employees involved in the central solicitation and procurement process.

During the Rulemaking process, PG&E and SCE each proposed competitive neutrality protocols. According to PG&E’s proposal, confidential, competitive information received by PG&E from load serving entities (LSEs), generators, third-party power marketers or demand response providers (DRPs), or from the CAISO related to LSEs, generators, third-party power marketers or DRPs, in connection with PG&E’s performance of its duties as the central procurement entity (CPE) for local resource adequacy (RA) for PG&E distribution service area shall be limited to PG&E CPE staff who are responsible for performing or administratively supporting PG&E’s CPE responsibilities for local RA in accordance with Commission decisions and guidance. Such confidential, competitive information shall not be used to promote PG&E’s RA-related services to its bundled service customers or gain a competitive advantage for PG&E in the RA market, or to advantage utility-owned generation (UOG) resources or PG&E-contracted resources that can provide local RA and are eligible to bid or show to the CPE.

PG&E CPE staff receiving such confidential, competitive information from LSEs, generators, third-party marketers, DRPs or the CAISO in the discharge of PG&E CPE’s roles and responsibilities as the CPE for PG&E’s distribution service area shall not share

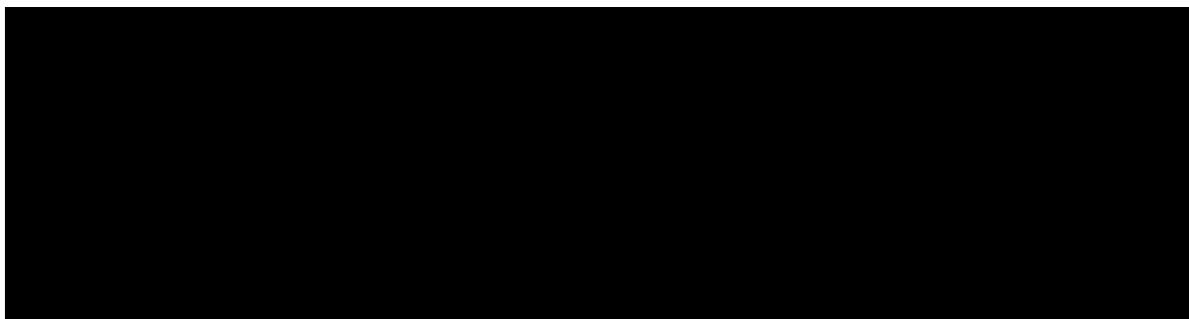
such confidential, competitive information with other individuals in PG&E who are directly responsible for discharging PG&E's roles and responsibilities with respect to procurement, sales, or portfolio management of RA on behalf of PG&E's bundled service customers or in preparing and submitting bids to the CPE.

PG&E stated that as directed in D.20-06-002, it intended to create a strict code of conduct that includes details regarding prevention of disclosure of information in collaboration with the Independent Evaluator, the Procurement Review Group (PRG), and Energy Division. PG&E also stated that it will require the PG&E CPE to submit procurement bids to the PRG and IE before receiving bids from other entities consistent with D.20-06-002.

The CPUC found that PG&E and SCE competitive neutrality procedures were reasonable and responsive to the concerns raised in D.20-06-002. The CPUC, therefore, adopted PG&E CPE's competitive neutrality proposal for PG&E's service territory.

Merrimack Energy, as IE, was actively involved in reviewing and commenting on drafts of the Code of Conduct prepared by PG&E CPE. Furthermore, PG&E CPE made presentations to the CAM PRG and Energy Division staff regarding the proposed Code of Conduct and sought any comments from these parties. Section VII of this report provides an overview of PG&E CPE's Code of Conduct.

B. Assess Any Market Power or Aggregate Pricing Concerns



[REDACTED]

There are some potential generators who may have market power in specific local areas. For example, Calpine owns 3,329.66 MW in the Bay Area or 45.64% of all Bay Area capacity. In addition, Calpine owns 591 MW in NCNB of the total 832.1 MWs or 71%. The dominant units in this area are the Geyser units. For future solicitations, if PG&E CPE is short capacity relative to its requirements, market power could be a potential issue, particularly in these two local areas. Outside of these two local areas we did not find any other cases with dominant generators. [REDACTED]

C. Procurement of Preferred Resources

The CPUC CPE Decision requires the IE report to address on what basis preferred resources were not selected. [REDACTED]

D. Consideration of Disadvantaged Communities (DAC) in the Procurement Process

According to the CPUC CPE Decision, the IE should address how the CPE considered Disadvantaged Communities in the procurement process (e.g., whether any factors led to the selection of any conventional generation in DACs). [REDACTED]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

E. Explanation of the Basis for any Fossil Fuel Procurement for any Contract that Exceeds the Minimum Multi-Year Local Requirements

[REDACTED]

F. IE perspective on PG&E CPE’s Deferral to CAISO’s Backstop Mechanism

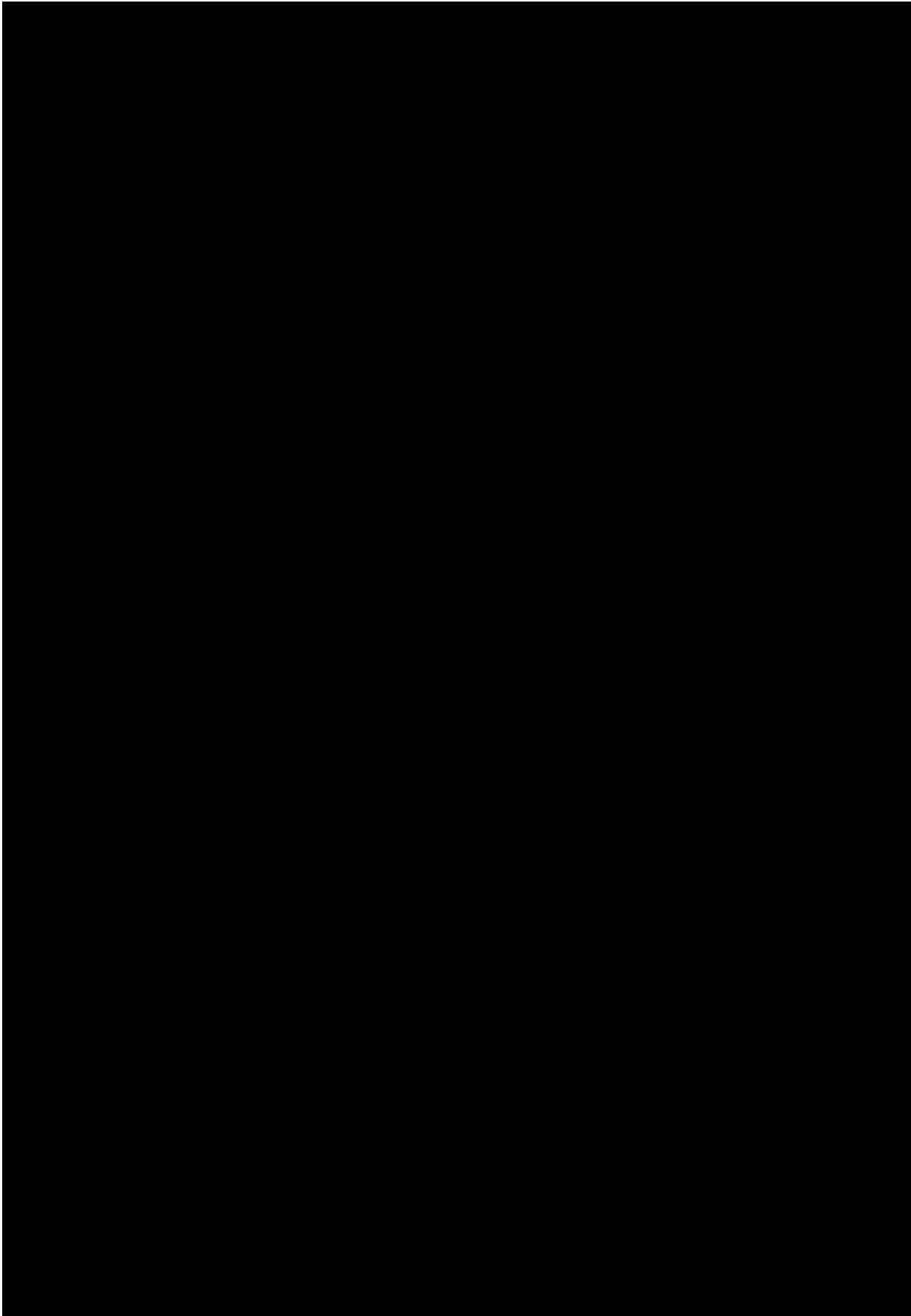
The CPUC CPE Decision gives the CPE discretion to defer procurement of a local resource to the CAISO’s backstop mechanisms, rather than through the solicitation process, if bid costs are deemed unreasonably high. [REDACTED]

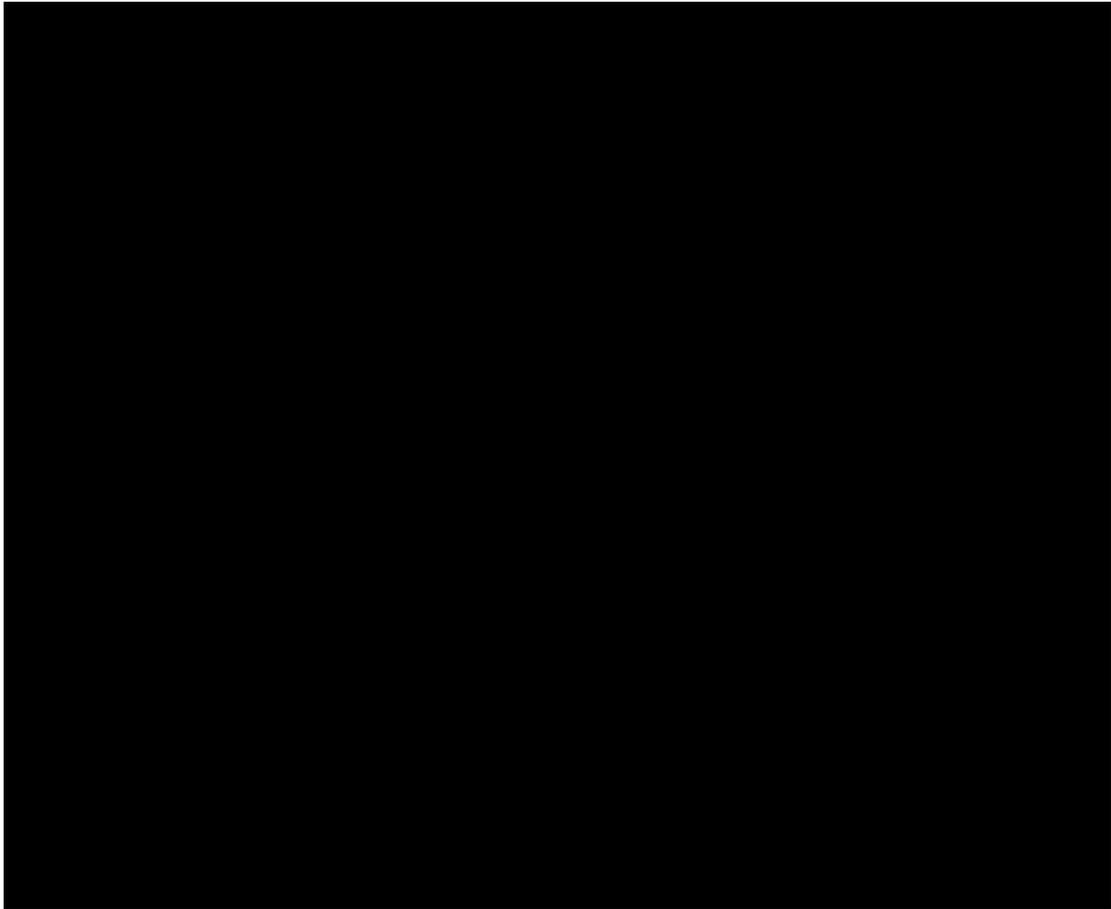
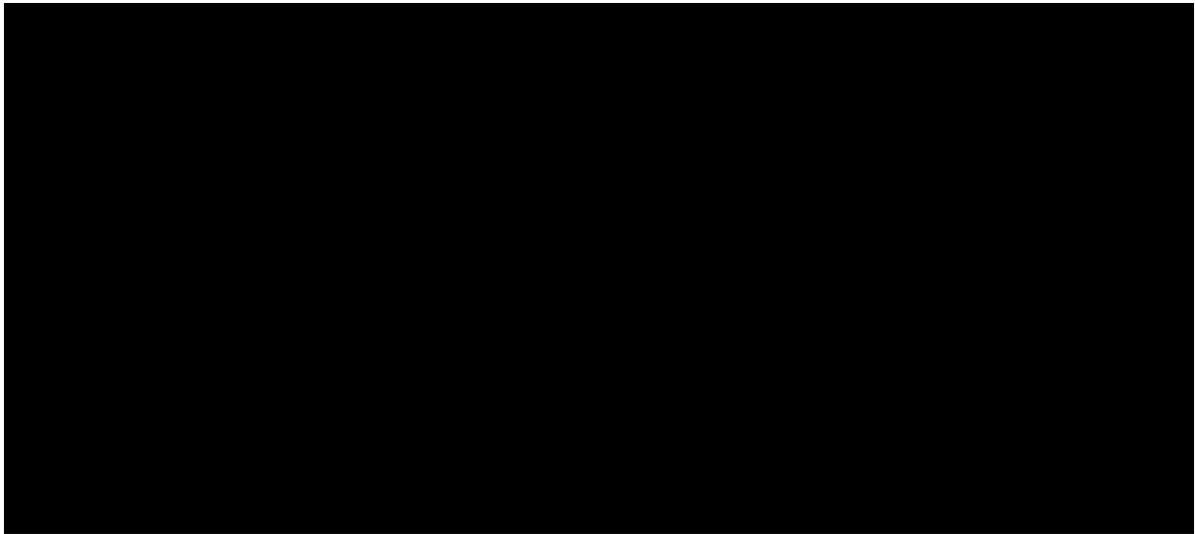
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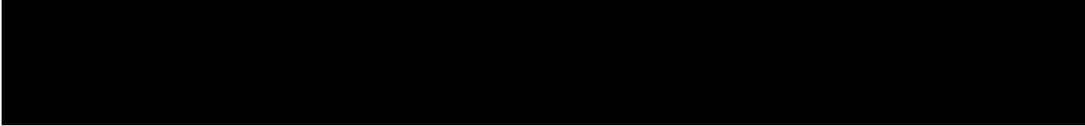
[REDACTED]

[REDACTED]

[REDACTED]







IX. Conclusions, Observations, and Recommendations

Merrimack Energy has the following observations and conclusions regarding the 2021 PG&E CPE Local RA RFO process based on its role of IE in this process:

- The CPUC adopted a hybrid central procurement framework beginning for the 2023 RA compliance year. The hybrid approach allowed the CPE to secure a portfolio of the most effective local resources, using its purchasing power in constrained local areas, mitigate the need for costly backup procurement in certain local areas, and ensured a least cost solution for customers and equitable cost allocation. The hybrid approach also allowed individual LSEs to voluntarily procure local resources to meet their system and flexible RA requirements and count them towards their collective local RA requirements;
- The CPUC stated that the CPE shall evaluate resources using the least cost best fit methodology adopted in D.04-07-029. The least cost best fit methodology employed shall include the following selection criteria: (a) future needs in local and sub-local areas; (b) local effectiveness factors as published in the CAISO's LCRTS; (c) resource costs; (d) operational characteristics of the resources (efficiency, heat rate, age, ramp rate, flexibility, start-up time, facility type); (e) location of the facility (with consideration for environmental justice); (f) cost of potential alternatives; (g) greenhouse gas adders; (h) energy-use limitations; (i) procurement of preferred resources and energy storage (to be prioritized over fossil generation);
- PG&E CPE implemented the 2021 PG&E CPE Local RA RFO process consistent with the CPUC June 17, 2020 Decision D.20-06-002, the Central Procurement Entity Decision ("CPE Decision") and Decision D.20-12-006, the Local Capacity Requirement Reduction Compensation Mechanism Decision ("LCR RCM Decision"). The CPUC's CPE Decision adopted a framework that designates a central buyer to procure multi-year resource adequacy in the PG&E and Southern California Edison distribution service areas. PG&E CPE served the role of central buyer for PG&E's distribution service area. This solicitation process represents the initial solicitation process undertaken by the PG&E CPE to procure Local RA Capacity for 2023 and 2024;
- The CPE Decision also identified specific areas of focus for the IE in addition to traditional IE requirements identified in the IE Report Template. The CPE Decision also directs an Independent Evaluator ("IE") report to be filed annually with the central procurement entities' compliance filing, which will increase transparency into any gas-fired procurement by including the basis for any fossil

fuel procurement that exceeds the minimum multi-year requirements. The IE report will also assess the neutrality of the procurement process, any market power or aggregate pricing concerns, procurement of preferred resources (e.g., on what basis preferred resources were not selected), and consideration of disadvantaged communities in the procurement process. The IE report should also provide its perspective on the PG&E CPE's deferral decision to the CAISO backstop mechanism. In addition, the CPE Decision requires the IE to address if the procurement was deemed by the independent evaluator to have followed all relevant Commission guidance, including the least cost best fit methodology and other noted selection criteria;

- PG&E CPE engaged the IE in the development and implementation of the solicitation process from the very beginning (November 2020). During this time, the IE had the opportunity to review and comment on all solicitation materials including the Code of Conduct, RFO Solicitation Protocols, Offer Forms, Supplemental Local Resource Information (Appendix B), internal Evaluation Protocols for the quantitative and qualitative evaluation, and evaluation results.³⁶ In addition, the PG&E CPE team and IE met weekly to discuss the status of the solicitation process. The IE was also provided the opportunity to participate in all calls with Participants throughout the process and was copied on all emails;
- PG&E CPE engaged the CAM PRG and Energy Division throughout the process, including holding seven (7) CAM PRG meetings throughout the process to seek input on the development and implementation of the 2021 PG&E CPE Local RA solicitation process including development of the solicitation documents (Code of Conduct and RFO Protocol), evaluation methodology (separate meetings to discuss quantitative and qualitative evaluation criteria), offer submission, offer evaluation, and proposed portfolio selection between December 21, 2020 to September 1, 2021;
- The Protocol documents were reasonably clear and transparent. Furthermore, PG&E CPE held a Participants Webinar followed shortly thereafter by an Offer Form Webinar after issuance of the RFO Documents to allow Participants the opportunity to gain a perspective on the requirements of the RFO and Offer Forms and allow the Participants to submit questions and receive responses prior to submission of offers. Since this was the initial solicitation through the CPE process, interaction with Participants was necessary and important;
- PG&E CPE's Solicitation Protocol clearly included a list of the eligibility requirements that Participants must meet to participate in the RFO. The eligibility requirements included:
 - a. New or existing resources that are located within the PG&E Local Capacity Areas and that meet the solicitation requirements;

³⁶ The only documents the IE did not have the opportunity to review were the Contracts due to the timing of completing and posting the documents. The IE, however, was familiar with several of the agreements through serving as IE on recent PG&E solicitations.

- b. Resources offered into the solicitation must have a single CAISO Resource Identification as defined in the CAISO Tariff;
 - c. Aggregated behind-the-meter resources, including demand response, must be in a single Sub-Lap, as such term is defined in the CAISO Tariff;
 - d. Existing resources are resources that are listed on the CAISO NQC list and have achieved a Commercial Operations Date by May 1, 2021;
 - e. New resources are resources that are not listed on the CAISO NQC list or have not achieved CAISO COD by May 1, 2021;
 - f. All Resources providing Local RA in any Offers must provide RA within the PG&E Local Capacity Areas;
 - g. Resources included in any Offer must meet the applicable CPUC and CAISO RA requirements, CAISO requirements for deliverability, as well as requirements that will enable PG&E to receive all of the RA benefits associated with the resource as required in the applicable Agreement;
 - h. CPUC LSE's who submit a Non-Compensated Self-Shown Offer to PG&E CPE are prohibited from using that same resource to participate in the competitive offer process;
 - i. New Resources offered into this Solicitation must have a Maximum Generation Capacity, as defined in the CAISO's Generator Resource Data Template, of at least 1 MW;
- PG&E CPE's Notification to prospective Participants regarding the procurement process was sent to PG&E's list of potential Participants of over 2,600 contacts, illustrating a robust outreach process;
 - PG&E CPE also engaged Participants in the process throughout the solicitation, initially communicating with Participants after submission of offers to attempt to qualify offers for the solicitation and to seek feed-back from Participants. PG&E CPE also engaged the Participants after offer qualification to discuss the contract negotiation process and seek discussion regarding comments on the agreements. The parties were also actively engaged once negotiations were initiated;
 - The IE finds that PG&E CPE followed the CPUC Decision guidance and requirements including:
 - a. Allowing for broad eligibility to bid into the solicitation;
 - b. Applying a least cost best fit methodology;
 - c. Including the evaluation and selection criteria identified in the CPE Decision;
 - d. Maintaining an objective of mitigating the need for backup generation in certain local areas;

█ The 2021 PG&E CPE Local RA RFO resulted in █
█
█

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PG&E CPE evaluated all competitive offers using the same guidelines and criteria, consistent with the requirements in Ordering Paragraph 14 of the CPE Decision, using both quantitative and qualitative criteria to evaluate all qualified competitive offers.

[REDACTED]

- PG&E CPE undertook a quantitative evaluation of the offers submitted consistent with Least Cost Best Fit principles. The quantitative evaluation provided a rank order of offers based on a Net Market Value (“NMV”) evaluation metric [REDACTED] based on PG&E CPE’s internal protocols identifying how each type of offer would be evaluated. [REDACTED]

[REDACTED]

[REDACTED] In addition, PG&E CPE undertook a detailed qualitative evaluation based on the criteria identified in the CPUC's CPE Decision;

[REDACTED]

-

[REDACTED]

PG&E CPE's Offer Form required a significant amount of operational data for the specific unit underlying the contract.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- PG&E CPE executed

[REDACTED]

[REDACTED]

- Since this was the initial PG&E CPE solicitation to procure Local RA, there were a number of lessons learned in the solicitation process that can either be addressed in future solicitations or that warrant further scrutiny and consideration by the CPUC. These include:

[REDACTED]

[REDACTED]

- The IE found no evidence of any preference toward any bidder, resource or type of project. All Participants [REDACTED] were required to respond to the same Offer Forms and other information requirements and were required to execute separate contracts for all resources offered;
- The initial task of PG&E CPE was to develop a Code of Conduct for the PG&E CPE was to develop a Code of Conduct for the PG&E CPE procurement process in conjunction with Competitive Neutrality Rules. The IE was actively involved in reviewing and commenting on drafts of the Code of conduct prepared by PG&E CPE. Furthermore, PG&E CPE made a presentation to the CAM PRG and Energy Division Staff regarding the proposed Code of Conduct and sought comments from these parties;

[REDACTED]

[REDACTED] the IE reviewed the 2022 NQC data list and compiled the NQC data by generator and capacity for each PG&E Local Area compared to the capacity bid in the Local Area and the ownership of the generation capacity by Local Area. The IE found that one generation company does own or control 45% of the capacity in the Bay Area and 71% of the capacity located in the North Coast North Bay Area. The potential for any market power concerns in these two Areas should be considered in the next solicitation, [REDACTED]

[REDACTED]

- The CPUC CPE Decision requires the IE report to address on what basis preferred resources were not selected in CPE procurement process. [REDACTED]

[REDACTED]

[REDACTED]

- According to the CPUC CPE Decision, the IE should address how the CPE considered Disadvantaged Communities in the procurement process (e.g., whether any factors led to the selection of any conventional generation in DACs).

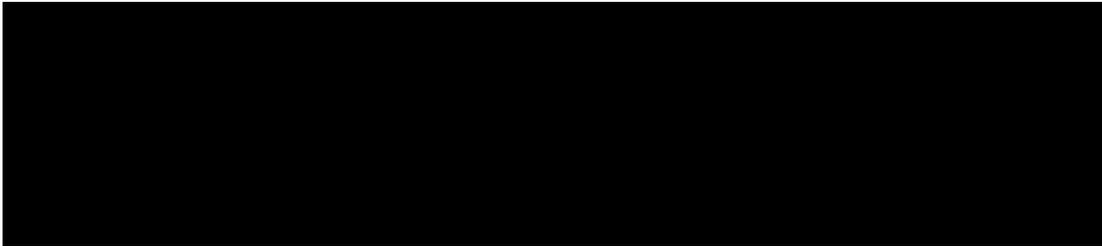
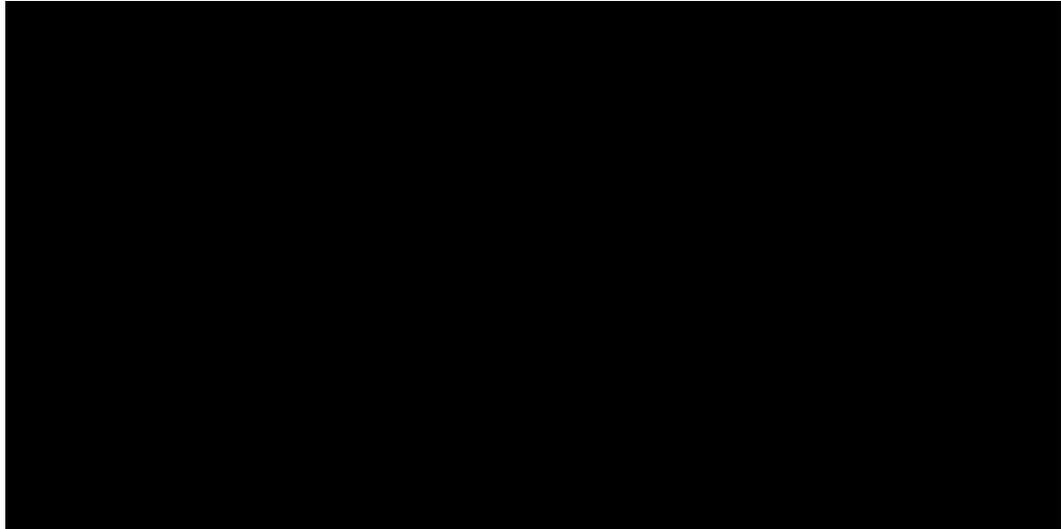
[REDACTED]

- The CPUC CPE Decision asks the IE to provide an explanation of the basis for any fossil fuel procurement for any contract that exceeds the minimum multi-year local requirement.

[REDACTED]

- The CPUC CPE Decision gives the CPE discretion to defer procurement of a local resource to the CAISO's backstop mechanisms, rather than through the solicitation process, if bid costs are deemed unreasonably high.

[REDACTED]



- Ordering Paragraph 22(c) asks if the procurement was deemed by the Independent Evaluator to have followed all relevant Commission guidance, including the least cost best fit methodology and other noted selection criteria. The IE's view is that PG&E CPE closely followed the requirements listed in the CPE Decision, including utilizing the least cost best methodology, all the evaluation criteria listed in the Decision, keeping the CAM PRG and Energy Division actively involved in the process through seven CAM PRG meetings, and providing detailed data and presentations to support decisions.

Recommendations

- 1.

[REDACTED]

2. The IE notes that [REDACTED]
[REDACTED] long-term offers should probably be
considered for future solicitations [REDACTED]
[REDACTED]

3. [REDACTED]
[REDACTED]

4. [REDACTED]
[REDACTED]

5. [REDACTED]
[REDACTED]

Last updated: June 1, 2021

Subject to PG&E CPE's Continued Review and Revision

PG&E CPE's 2021 CPE Local RA RFO

Questions and Answers

General RFO Questions

Question 1

Will the CPE evaluate quantitative attributes before qualitative attributes?

Answer 1

The order of the qualitative and quantitative evaluations is not relevant in determining the competitive value of each Qualified Offer.

Question 2

Is there any price at which PG&E CPE will reject Offers in this RFO?

Answer 2

No, there is no price above which PG&E CPE will reject Offers in this RFO. PG&E CPE will conduct a net market value assessment on all Qualified Competitive Offers to compare an Offer's cost to its benefits.

Question 3

Is the CAISO CPM process and soft offer price cap considered when evaluating offers?

Answer 3

Please review Section IX of the Solicitation Protocol. Per the Solicitation Protocol, pursuant to Ordering Paragraph 14 of CPUC Decision 20-06-002, PG&E CPE will consider the costs of potential alternatives as a qualitative factor when evaluating Offers.

Question 4

What, if any, qualitative factors would severely limit the likelihood an offered resource is accepted? Or, what, if any, qualitative factors would trump the quantitative evaluation?

Answer 4

All Qualified Offers and their respective attributes will be compared on an absolute and relative basis.

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Subject to PG&E CPE's Continued Review and Revision

Question 5

If the LCR RCM premium is zero, does it matter whether I participate as a Non-Compensated Self-Shown Resource or a Compensated Self-Shown Resource?

Answer 5

Participants should review the Solicitation Protocol and review the different eligibility requirements for Self-Shown Resources to determine which process best fits their needs.

Question 6

Given that the local premium is updated every year, does that mean that the price of the Compensated Self Shown Offer may increase or decrease after contract execution?

Answer 6

Per PG&E CPE's understanding of the LCR RCM Decision, the pre-determined local price is fixed at contract execution.

Question 7

Will future PG&E CPE solicitations solicit Delivery Terms of up to 36 months for the Shown Local RA product?

Answer 7

PG&E CPE cannot make any commitments regarding future solicitations at this time.

Question 8

Will PG&E CPE publish targeted procurement volumes before and after the Non-Compensated Self-Shown Commitment Process has concluded?

Answer 8

No, PG&E CPE does not plan to publish any target procurement volumes. Participants interested in the local capacity requirements can review the CAISO's latest Local Capacity Technical Study.

Question 9

Will PG&E-CPE procure above its Local RA procurement targets?

Answer 9

PG&E CPE cannot commit to the amount of Local RA it will procure at this time. It will holistically evaluate the Offers it receives as part of this RFO.

Last updated: June 1, 2021
Subject to PG&E CPE's Continued Review and Revision

Question 10

When will PG&E-CPE find out if its self-show deadline extension request is granted?

Answer 10

At this time, PG&E CPE is not sure when the request will be reviewed.

Question 11

Will PG&E CPE consider longer Delivery Terms than those detailed in the Solicitation Protocol?

Answer 11

Please review Section V.C of the Solicitation Protocol. Per the Solicitation Protocol, PG&E CPE is seeking to enter Agreements for the following Delivery Terms in this RFO:

- Non-Compensated Self-Shown Resources: May have a Delivery Term of 1 to 24 Months, subject to the requirements outlined in the Solicitation Protocol.
- Compensated Self-Shown Resources: May have a Delivery Term of 1 to 24 Months, subject to the requirements outlined in the Solicitation Protocol.
- Compensated Offered Resources: May have a Delivery Term of 1 to 48 Months, subject to the requirements outlined in the Solicitation Protocol.

Question 12

Does the Delivery Term have to include both the 2023 and 2024 compliance years?

Answer 12

Please review Section V.C of the Solicitation Protocol. Per the Solicitation Protocol, PG&E CPE is seeking to enter into Agreements with delivery periods commencing in 2023 or 2024 with varying terms and conditions depending on the resource category.

Question 13

What does "50% of the delivery term must be within relevant compliance years 2023 and 2024" mean?

Answer 13

Please review Section V.D of the Solicitation Protocol. Per the Solicitation Protocol, An example of 50 percent of the Delivery Term occurring within the applicable compliance years would be an Agreement with a Delivery Term of two years that is expected to begin deliveries on January 1, 2024 and expected to conclude deliveries on December 31, 2025.

Question 14

Will the CPE accept redlines of the Agreement Forms?

Answer 14

Please review Section V.D of the Solicitation Protocol. Per the Solicitation Protocol, PG&E CPE prefers to execute agreements that are substantially similar to the form Agreements provided. Participants must

Last updated: June 1, 2021

Subject to PG&E CPE's Continued Review and Revision

provide a fully completed copy of the relevant Agreement, including any proposed markups, as part of their Offer package which will be used by PG&E CPE in its review process. PG&E CPE strongly encourages all Participants to carefully review the terms and obligations of each Agreement in advance of submitting an Offer.

Question 15

For the Project Size component of Resource Eligibility, PG&E CPE states that resources must have a Maximum Generation Capacity of at least 1 MW. Should that be "minimum generation capacity"?

Answer 15

Please review Section VI.C of the Solicitation Protocol. Per the Solicitation Protocol, New Resources offered into this Solicitation must have a Maximum Generation Capacity, as defined in the CAISO's Generator Resource Data Template, of at least 1 MW. For example, New Resources with a Maximum Generation Capacity greater than or equal to 1 MW would meet this requirement.

Question 16

If a resource is offered for a specific delivery year, and the Offer is rejected, will this preclude an Offer for the same resource being selected in future PG&E CPE solicitations?

Answer 16

No, rejection of an Offer in this RFO would not preclude the selection of an Offer for the same resource in future PG&E CPE solicitations.

Question 17

If RA rules change, does that mean if the NQC changes or the ELCC calculations change then the volumes would change to those volumes? What if the ELCC or the NQC calculation increases for a resource?

Answer 17

Change in law associated with RA counting rules is addressed in the applicable Agreement Forms. Please review the applicable Agreement Form for additional details.

Question 18

Can a non-CPUC jurisdictional entity submit a Competitive Offer for Self-Shown Local RA from a Compensated Self-Shown Resource?

Answer 18

Per Attachment 2A of the Solicitation Protocol, only CPUC LSEs are eligible to submit Competitive Offers for Self-Shown Local RA from Compensated Self-Shown Resources in the Competitive Offer Process.

Last updated: June 1, 2021
Subject to PG&E CPE's Continued Review and Revision

Question 19

How will a Participant receive compensation for a Competitive Offer from a Compensated Self-Shown Resource?

Answer 19

Compensation for Compensated Self-Shown Resources is addressed in the applicable Agreement Form. Please review the applicable Agreement Form for additional details.

Question 20

How is PG&E CPE ensuring that confidential information from third parties received as part of the RFO is not shared with PG&E as Participant?

Answer 20

Per Section I of the Solicitation Protocol, consistent with the CPE Decision, PG&E CPE has developed both a competitive neutrality rule, which was adopted in the LCR RCM Decision, and a strict code of conduct in consultation with the Cost Allocation Mechanism Procurement Review Group ("CAM PRG"), an Independent Evaluator ("IE"), and the CPUC's Energy Division ("Energy Division"), to prevent the sharing of confidential, market sensitive information that PG&E CPE receives from third parties as part of this Solicitation.

Question 21

For Offers from New resources, what happens if the resource fails to meet its Initial Delivery Date or Initial Shown Date due to development delays?

Answer 21

Failure to meet the Initial Delivery Date or Initial Shown Date is addressed in the applicable Agreement Form. Please review the applicable Agreement Form for New Resources for additional details.

Question 22

Will PG&E CPE accept any products that are not described in the Solicitation Protocol or the Agreement Forms as part of the 2021 CPE Local RA RFO?

Answer 22

PG&E CPE is only seeking Offers for the Products listed within the Solicitation Protocol as part of this RFO.

Last updated: June 1, 2021
Subject to PG&E CPE's Continued Review and Revision

Question 23

Under the RA Agreement, can a Seller use a resource other than the Project to meet its obligations?

Answer 23

Per Article 3 of the RA Agreement, Seller shall provide to Buyer the Product exclusively from the Project. Please review the applicable Agreement Form and Participants' Webinar materials on the RFO website for additional details.

Question 24

Under the RA Agreement, is Seller responsible for managing outages and substitution with the CAISO for the Project?

Answer 24

Per Article 4 of the RA Agreement, Seller, or a third party designated by Seller, shall be the Scheduling Coordinator (SC) for the Project. Seller shall comply with all applicable CAISO Tariff provisions, CPUC Decisions and all other applicable rules, requirements or Laws, including any Bidding of the Project to meet any Must Offer Obligations, in order to deliver the Product to Buyer and allow Buyer to use the Product. Please review the applicable Agreement Form and Participants' Webinar materials on the RFO website for additional details.

Question 25

Does executing a self-shown RA agreement for the local RA attribute with PG&E CPE preclude the showing party from being able to resell the system RA (and flex RA if applicable) from that same resource to another party at a later date?

Answer 25

Per Article 3 of the Shown Agreement, Provider shall not sell any Capacity Attributes from the Project that form part of the Showing Quantity or that are otherwise required for CPE to use the Showing Quantity for the purposes of the Compliance Showings.

Question 26

Does PG&E CPE intend to procure enough Local RA capacity to meet 100% of the local RA needs for 2023 and 2024 in each of the local areas in PG&E's service territory, in the 2021 Local RA RFO?

Answer 26

PG&E CPE cannot commit to the amount of Local RA it will procure at this time. It will holistically evaluate the Offers it receives as part of this RFO. Please review CPUC Decision 20-06-002 for details on CPE procurement obligations.

Last updated: June 1, 2021

Subject to PG&E CPE's Continued Review and Revision

Question 27

If a Participant signs a PPA after completion of this CPE solicitation, but which will be online by 2023, will this Participant be able to self-show or offer this resource in a future solicitation?

Answer 27

PG&E CPE cannot make any commitments regarding future solicitations at this time.

Question 27

Are Participants allowed to submit a version of proposed markups for each Offer submitted?

Answer 27

Per Section X of the Solicitation Protocol, Participants may not submit more than version of proposed markups for each relevant Agreement. For example, a Participant submitting multiple Non-Compensated Self-Shown Offers for Existing Resources may only submit one version of proposed markups of the Shown Resource Adequacy Agreement for Existing Resources.

Question 28

Under the RA Agreement, what quantity of Capacity Attributes is Seller obligated to deliver in each Contract Month?

Answer 28

Per Article 3 of the RA Agreement, Seller shall provide Buyer the Contracted Percentage of all Capacity Attributes that may be calculated or derived from the Operational Characteristics, which must be exclusively from the Project, during each Contract Month. Please review the applicable Agreement Form and Participants' Webinar materials on the RFO website for additional details.

Question 29

Under the RA Agreement, how is the quantity of Capacity Attributes delivered from Seller to Buyer determined and how does it impact payment to Seller?

Answer 29

Per Article 3 of the RA Agreement, the lowest daily quantity that Seller submits for each of the Capacity Attributes in a Supply Plan shall be deemed to be the amount of each of the Capacity Attributes of Product that Seller has delivered for such Showing Year or Showing Month, as applicable. Please review the applicable Agreement Form and Participants' Webinar materials on the RFO website for additional details on how the Monthly Payment is calculated.

Offer Form Questions

Question 1

For Offer Form fields that require a number to be entered but the response is "None" (e.g., start and run hour limitations), what value should a Participant use?

Answer 1

For start and run hour limitations, if the response is "None" but a number is required, please leave the cell blank.

Question 2

Are Participants required to select an "Energy Settlement" in the initial setup of the Offer Form?

Answer 2

No, Participants are only required to select an "Energy Settlement" as part of their Offer Form submittal if they are offering the Bundled RA with Energy Settlement product as part of their Offer.

Question 3

For the Transaction section of the Offer Form, what information should a Participant enter into the RA Attributes section if it does not have the full NQC output of the resource under contract?

Answer 3

In the RA Attributes fields under the Transaction section of the Offer Form, Participants should enter the full NQC of the resource. The Contracted Percentage fields that are entered by the Participant will then be used to determine the percentage of RA Attributes that are offered from the Participant to PG&E CPE.

Per Section X of the Solicitation Protocol, Participants are strongly advised to carefully review the relevant Agreement(s) prior to inputting data into Appendix A1-A4 – Offer Form. PG&E CPE will utilize the information from the Offer Form submitted by a Participant to populate the relevant data in the Agreement(s). Participants should input data into Appendix A – Offer Form with the understanding that this information will result in terms with contractual implications.

Please reference the Offer Form Guide that was posted to the CPE RFO website for more details:
[CPE Offer Form Guide Appendices A3 and A4.pdf](#).

Question 4

How does a Participant enter a Delivery Term that is less than one year within the Offer Form?

Answer 4

As part of the Setup Initial Offer prompt within the Offer Form, Participants can specify the length of the Offer's Delivery Term in months.

Last updated: June 1, 2021
Subject to PG&E CPE's Continued Review and Revision

Question 5

Why are Participants required to enter Operational Characteristics data for Compensated Offered Resources within the Offer Form?

Answer 5

The Operational Characteristic data for Compensated Offered Resources is used within the relevant Form Agreement. Per Section X of the Solicitation Protocol, Participants are strongly advised to carefully review the relevant Agreement(s) prior to inputting data into Appendix A1-A4 – Offer Form. PG&E CPE will utilize the information from the Offer Form submitted by a Participant to populate the relevant data in the Agreement(s). Participants should input data into Appendix A – Offer Form with the understanding that this information will result in terms with contractual implications.

Question 6

For the Non-Compensated Self-Shown Resource Offer Form, are Participants required to populate the Operational Characteristics section for Existing Resources?

Answer 6

In the Non-Compensated Self-Shown Resource Offer Form, Operational Characteristic information is not required for Existing Resources. Please review the latest version of Appendix A1 – Offer Form – Non-Compensated Self-Shown Resource on the RFO website for additional details.

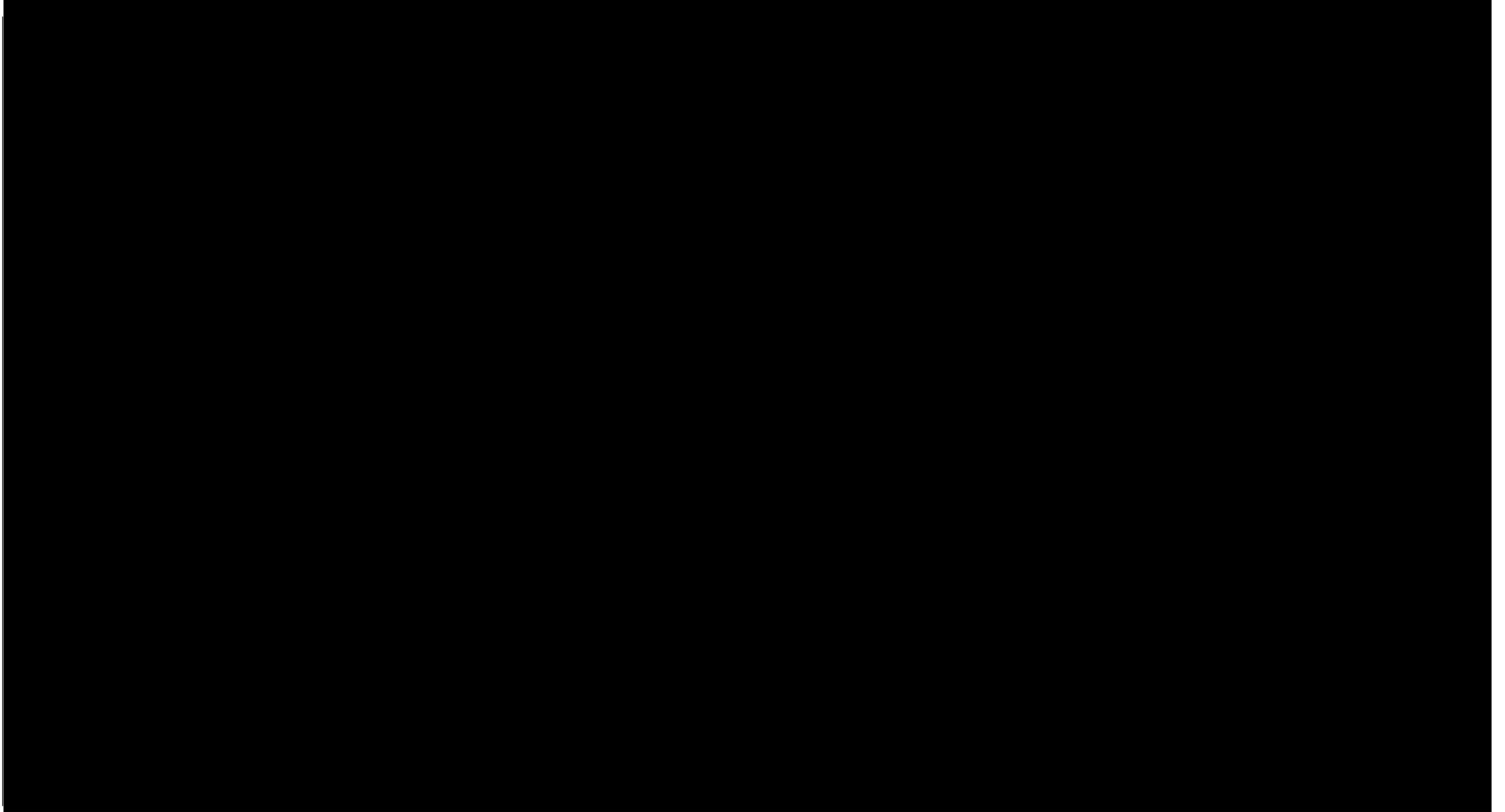
Question 7

For an existing facility located at a single point of interconnection (POI) with multiple CAISO Resource IDs, should the Participant submit one Offer Form per CAISO Resource ID or one Offer Form per POI?

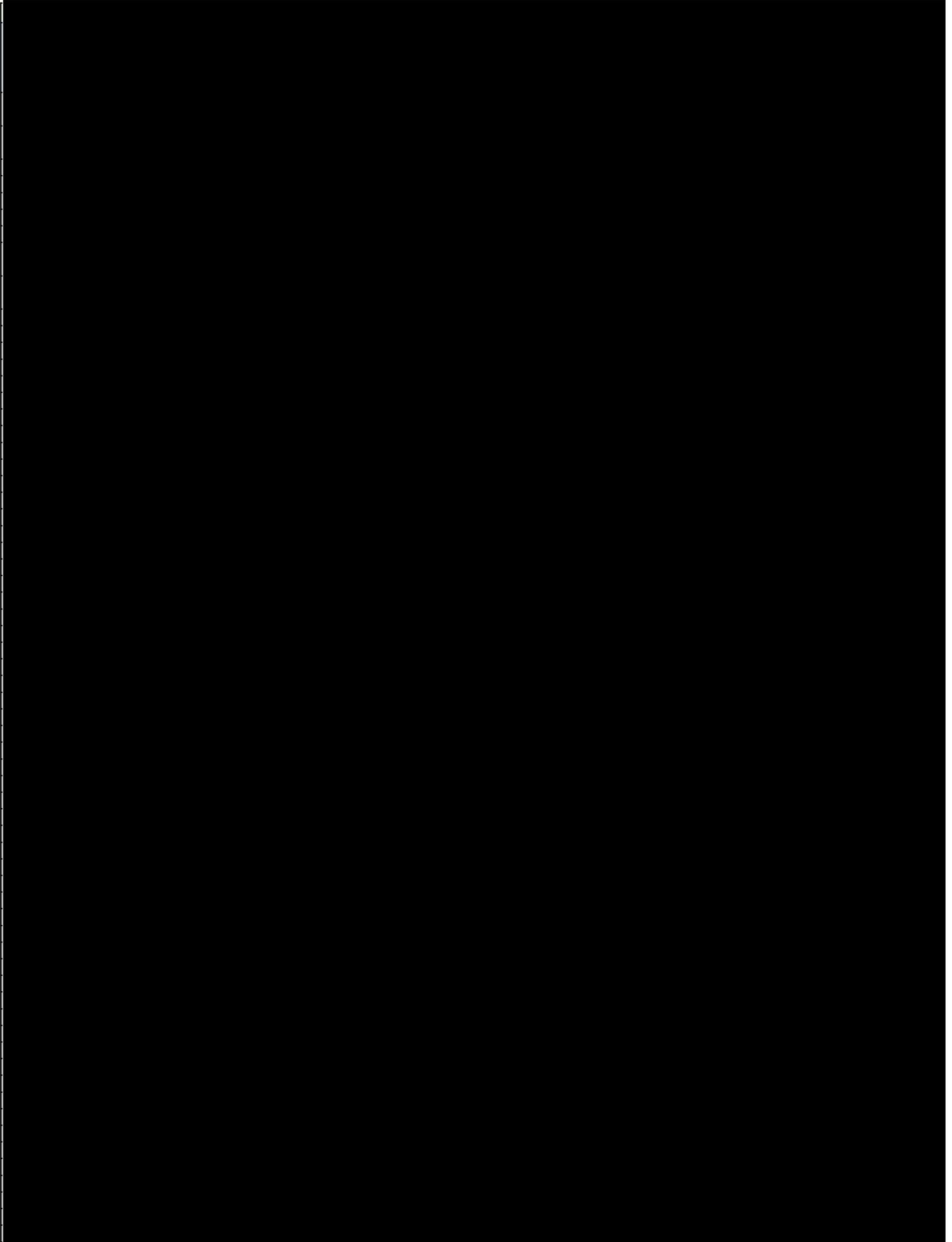
Answer 7

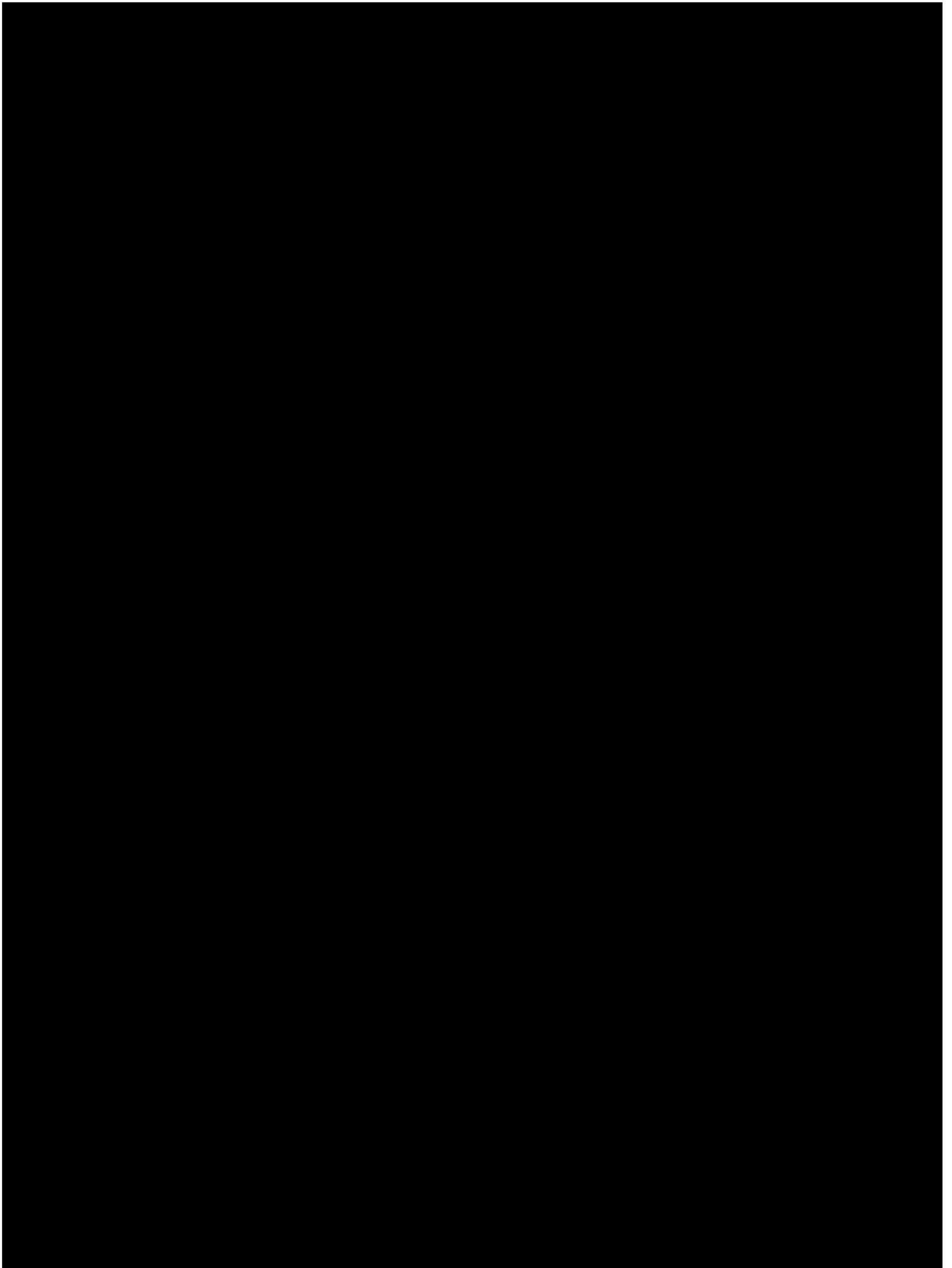
Per Section VI of the Solicitation Protocol, offered resources must have a single CAISO Resource Identification (“CAISO Resource ID”), as defined in the CAISO Tariff. As such, if an existing facility has multiple CAISO Resource IDs each CAISO Resource ID should be considered a separate resource and Participants should submit a separate Offer Form for each CAISO Resource ID.

Appendix B - Qualitative Evaluation Results



Appendix C - List of Agreements Executed for 2023 and 2024





Attachment 3

(a) CPE Solicitation Protocol, (b) market notice announcement of the issuance of the RFO, and (c) Compliance with Ordering Paragraphs of Decision 20-06-022 and Decision 20-12-006.



*Pacific Gas and
Electric Company®*

2021 Central Procurement Entity

Local Resource Adequacy

Request for Offers

Solicitation Protocol

April 23, 2021

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Appendix A

Offer Forms

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Appendix A2	Offer Form - Compensated Self-Shown Resources
Appendix A3	Offer Form - Compensated Offered Resources (CPUC LSEs including PG&E)
Appendix A4	Offer Form - Compensated Offered Resource (Non-CPUC LSEs)

Appendix B

Supplemental Information

Appendix B1	Supplemental Resource Information
Appendix B2	Supplemental Counterparty Financial Information

Appendix C

FERC Order 717

Appendix D

Confidentiality Agreement

Appendix E

Agreement Forms (“Agreements”)

Appendix E1	Shown Resource Adequacy Agreement for Existing Resources (Non-PG&E Participants)
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Appendix E4	Resource Adequacy Agreement for New Resources (Non-PG&E Participants)

Appendix E5	Shown Resource Adequacy Agreement for Existing Resources (PG&E Participant)
Appendix E6	Shown Resource Adequacy Agreement for New Resources (PG&E Participant)
Appendix E7	Resource Adequacy Agreement for Existing Resources (PG&E Participant)
Appendix E8	Resource Adequacy Agreement for New Resources (PG&E Participant)

I. Introduction and Overview

I.A. Overview

Pursuant to California Public Utilities Commission (“CPUC”) Decision [D.20-06-002](#), the Central Procurement Entity Decision (“CPE Decision”) and Decision [D.20-12-006](#), the Local Capacity Requirement Reduction Compensation Mechanism Decision (“LCR RCM Decision”), Pacific Gas and Electric Company (“PG&E”) acting as the Central Procurement Entity (“CPE” or “PG&E CPE”) is issuing its 2021 CPE Local Resource Adequacy (“RA”) Request for Offers (“RFO” or “Solicitation”) to procure local RA (“Local RA”) from participants (“Participants”) on behalf of all CPUC jurisdictional load serving entities (“CPUC LSEs”) in PG&E’s distribution service area. This Solicitation is being conducted as described in PG&E CPE’s Procurement Plan, filed in Advice Letter 6078-E.

PG&E CPE is procuring Local RA in areas within California that are transmission constrained (“Local Capacity Areas”). The CPE Decision requires PG&E CPE to begin Local RA procurement responsibilities in 2021 for 100 percent of the CPUC’s 2023 Local RA requirements and 50 percent of the CPUC’s 2024 Local RA requirements in PG&E’s distribution service area.

Participants are strongly encouraged to review the CPE Decision, LCR RCM Decision, and PG&E CPE’s Procurement Plan prior to participating in this Solicitation.

I.B. Resource Categories

The CPE Decision allows PG&E CPE to meet its procurement requirements by procuring Local RA from two categories of resources (“Resources”):

Self-Shown Resources: CPUC jurisdictional LSEs, including investor owned utilities (“IOUs”), that (1) already have contracts for the purchase of Local RA from resources located in Local Capacity Areas within PG&E’s distribution service area or (2) own resources located in such Local Capacity Areas can commit (“Self-Show”) the Local RA of those resources to PG&E CPE. These Self-Shown commitments will reduce the total amount of Local RA that PG&E CPE will need to procure through other methods.

Pursuant to the LCR RCM Decision, the Local RA that is Self-Shown to PG&E CPE from certain preferred, energy storage, and hybrid resources is eligible for compensation up to an administratively pre-determined price (“Compensated Self-Shown Resources”). More detail on Compensated Self-Shown Resources can be found in Attachment 2A of this Solicitation Protocol.

The Local RA from all other Self-Shown Resources will not be eligible for compensation (“Non-Compensated Self-Shown Resources”).¹

Compensated Offered Resources: PG&E CPE may also procure Local RA from resources located in Local Capacity Areas (“Compensated Offered Resources”) through an all-source competitive solicitation process. PG&E CPE can use Local RA from Compensated Offered Resources to meet its Local RA procurement obligation.

I.C. CPE Procurement Processes

PG&E CPE intends to procure Local RA from the resource categories identified above to meet its Local RA procurement obligations using two distinct processes:

1. Non-Compensated Self-Shown Commitment Process:

PG&E seeks to execute Agreements as described herein with CPUC LSEs that elect to commit Self-Shown Local RA from Non-Compensated Self-Shown Resources. PG&E CPE requests that CPUC LSEs that meet the criteria set forth in this Solicitation Protocol submit a commitment to Self-Show Local RA to PG&E CPE (“Non-Compensated Self-Shown Offer”).²

CPUC LSEs who submit a Non-Compensated Self-Shown Offer to PG&E CPE are prohibited from using that same resource to participate in the competitive process described below.

2. Competitive Offer Process:

PG&E CPE is required to conduct a competitive all-source solicitation to procure Local RA in Local Capacity Areas in PG&E’s distribution service area. PG&E CPE requests that entities that meet the criteria set forth in this Solicitation Protocol submit offers (each, a “Competitive Offer”) to provide PG&E CPE products from the resource categories below:

Compensated Self-Shown Resources: PG&E CPE seeks to execute Agreements as described herein with CPUC LSEs that elect to commit Local RA from Compensated Self-Shown Resources to the CPE. CPUC LSEs that submit Competitive Offers for Local RA from Compensated Self-Shown Resources may not submit another Competitive Offer or Non-Compensated Self-Shown Offer from the same resource.

Compensated Offered Resources: PG&E CPE seeks to execute Agreements as described herein with Participants for Bundled RA (inclusive of System and Flexible RA attributes, if

¹ The existing definition of preferred resources from the State’s Energy Action Plan (“EAP”) II, as adopted in D.14-03-004, shall apply to the LCR RCM.

² The schedule for the Non-Compensated Self-Shown Commitment Process, including execution of an Agreement, is set forth in Table III.1 below.

applicable) from local resources that are both new and existing. Consistent with Ordering Paragraph (“OP”) 8(e) of the CPE Decision, participants have the option to include energy value as part of their Competitive Offer from Compensated Offered Resources.

- **Option to Self-Show for No Compensation:** Per OP 4(b)(2) of the CPE Decision, CPUC LSEs have the option to indicate in their Competitive Offers that the Local RA from Compensated Offered Resources will be Self-Shown for no compensation if their Competitive Offer is not selected as part of the Competitive Offer Process (“Non-Compensated Self-Show Option”).

Consistent with the CPE Decision and LCR RCM Decision, PG&E CPE will collectively evaluate all conforming Competitive Offers, whether for Compensated Self-Shown Resources or Compensated Offered Resources.

An overview of the processes used in this Solicitation for PG&E CPE to meet its central procurement obligations are described Table I.1 below.

Table I.1: Overview of 2021 CPE Local RA Solicitation Processes

Process	Resource Categories	Participant Type
Non-Compensated Self-Shown Commitment Process	Non-Compensated Self-Shown Resources	CPUC LSEs
Competitive Offer Process	Compensated Self-Shown Resources	CPUC LSEs
	Compensated Offered Resources <i>Option for CPUC LSEs only: May indicate in their Competitive Offers that the Local RA attributes of the Compensated Offered Resource will be Self-Shown for no compensation if the Competitive Offer is not selected as part of the Competitive Offer Process.</i>	Any Participant

This Solicitation Protocol sets forth the terms and conditions by which PG&E CPE will accept Non-Compensated Self-Shown Offers and Competitive Offers (collectively, “Offers”) to meet the objectives of the CPE Decision. An entity submitting an Offer in response to this Solicitation agrees to be bound by all the terms, conditions, and other provisions of this Solicitation and any

changes or supplements to it that may be issued by PG&E CPE. The obligations of the Participant are further described in Section XI.A “Agreement by Participant”.

Offers that meet the requirements and eligibility criteria specified in this Solicitation Protocol will be deemed qualified (“Qualified”) and PG&E CPE will notify Participants that their Offers are Qualified in accordance with the schedules in Table III.1 and Table III.2 below. PG&E CPE will seek to enter into an Agreement related to all Non-Compensated Self-Shown Offers that are deemed Qualified. PG&E CPE will evaluate Competitive Offers that are deemed Qualified and, depending on the results of this evaluation, may seek to enter into an Agreement related to those Competitive Offers.

This Solicitation Protocol governs the administration and submission of Offers into the Solicitation. This Solicitation Protocol supersedes any other written or oral form of communication during the Solicitation.

I.D. PG&E as the CPE

This Solicitation is being performed by PG&E acting in its role as the CPE and is separate and distinct from PG&E’s procurement on behalf of its bundled electric service customers.

The CPE Decision allows PG&E, on behalf of its bundled electric service customers, to participate (“PG&E Participant”) in this Solicitation in the same manner as all other CPUC LSEs. The CPE Decision outlines specific requirements as to how PG&E Participant must participate in PG&E CPE’s Solicitation (e.g., offer pricing methodology, timing of offer submission).

Consistent with the CPE Decision, PG&E CPE has developed both a competitive neutrality rule, which was adopted in the LCR RCM Decision, and a strict code of conduct in consultation with the Cost Allocation Mechanism Procurement Review Group (“CAM PRG”), an Independent Evaluator (“IE”), and the CPUC’s Energy Division (“Energy Division”), to prevent the sharing of confidential, market sensitive information that PG&E CPE receives from third parties as part of this Solicitation.

II. Website and Communication

PG&E CPE has established a website at <http://www.pge.com/2021cperfo> where Participants may access and download all Solicitation documents, announcements, and Q&As that are posted.

To ensure the accuracy and consistency of information provided to all Participants, PG&E CPE encourages Participants to submit any inquiries via e-mail to CPESolicitations@pge.com and

copy the IE, Merrimack Energy Group, Inc., at merrimackIE@merrimackenergy.com. With respect to a matter of general interest raised by any Participant, PG&E CPE may, without reference to the inquiring Participant, post the question and PG&E CPE’s response on PG&E CPE’s solicitation website. PG&E CPE will attempt to respond to all inquiries but may decline to respond to any particular inquiry.

All correspondence will be monitored by the IE, Merrimack Energy Group, who was selected to oversee this Solicitation. The IE is an independent, third-party evaluator who is required by the CPUC to monitor and evaluate PG&E CPE’s competitive solicitation process as well as the Agreement execution process.

III.Solicitation Schedule

III.A. Expected Schedule for Non-Compensated Self-Shown Commitment Process

The expected schedule for the Non-Compensated Self-Shown Commitment Process is listed in Table III.1 below. All deadlines occur at 5:00 P.M. Pacific Prevailing Time (“PPT”), unless otherwise noted.

Table III.1: Schedule for Non-Compensated Self-Shown Commitment Process of PG&E’s 2021 CPE Local RA Solicitation

Event	Date
Participants are invited to register online to receive notices regarding the Solicitation at www.pge.com/cpe	Ongoing
PG&E CPE issues Solicitation	April 23, 2021
Participants’ Webinar	May 5, 2021
Offer Form Webinar	May 10, 2021

Deadline for CPUC LSEs to submit Non-Compensated Self-Shown Offers ³	June 1, 2021 at 1PM (PPT)
PG&E CPE notifies CPUC LSEs that their Non-Compensated Self-Shown Offers are Qualified. PG&E CPE notifies the CAM/PRG of all Non-Compensated Self-Shown Offers that are deemed Qualified.	Late-June – Early July 2021
Estimated Execution of Agreement(s) resulting from the Non-Compensated Self-Shown Offer Process, provided that the Agreement(s) are mutually agreed to by both PG&E CPE and Participant.	August – Early-September 2021
PG&E CPE’s estimated Local RA Showing for the 2023 and 2024 compliance years with the CPUC	Late-September 2021

III.B. Expected Schedule for the Competitive Offer Process

The expected schedule for the Competitive Offer Process of the Solicitation is listed in Table III.2 below. All deadlines occur at 5:00 P.M. Pacific Prevailing Time (“PPT”), unless otherwise noted.

Table III.2: Schedule for Competitive Offer Process of PG&E’s 2021 CPE Local RA Solicitation

Event	Date
Participants are invited to register online to receive notices regarding the Solicitation at www.pge.com/cpe	Ongoing
PG&E CPE issues Solicitation	April 23, 2021
Participants’ Webinar	May 5, 2021

³ Schedule for Non-Compensated Self-Shown Resources to Self-Show is consistent with the timeline in Section 3.10 of the CPE Decision and the letter from the CPUC Executive Director, Rachel Peterson, dated May 7, 2021 granting PG&E CPE’s May 3, 2021 letter request for an extension of time, “Request for Extension of Time for All Load Serving Entities to Comply with the April-May Commitment Deadline in Ordering Paragraph 28 of Decision 20-06-002”.

Offer Form Webinar	May 10, 2021
Deadline for PG&E Participant to submit Competitive Offers via Power Advocate	June 7, 2021 at 1PM (PPT)
Deadline for Non-PG&E Participants to submit Competitive Offers via Power Advocate⁴	June 8, 2021 at 1PM (PPT)
PG&E CPE notifies Participants that their Competitive Offer(s) are Qualified. PG&E CPE notifies the CAM/PRG of all Competitive Offers that are deemed Qualified.	Late-June – Early July 2021
Participants with Qualified Competitive Offers are required to have completed safety prequalification with IS-Net as further described in Section V of Attachment 2A and 2B.	July 29, 2021
Estimated Execution of Agreement(s) resulting from the Competitive Offer Process, provided that the Agreement(s) are mutually agreed to by both PG&E CPE and Participant.	August – Early-September 2021
PG&E CPE’s estimated Local RA Showing for the 2023 and 2024 compliance years with the CPUC	Late-September 2021

The schedules above and documents associated with the Solicitation are subject to change at PG&E CPE’s sole discretion at any time and for any reason. PG&E CPE will endeavor to notify Participants of any changes to the Solicitation but shall not be liable for any costs or liability incurred by Participants or any other party due to a change or for failing to provide notice or acceptable notice of any change.

⁴ Deadline for Compensated Self-Shown Resources to Self-Show is consistent with the timeline in Section 3.10 of the CPE Decision and the letter from the CPUC Executive Director, Rachel Peterson, dated May 7, 2021 granting PG&E CPE’s May 3, 2021 letter request for an extension of time, “Request for Extension of Time for All Load Serving Entities to Comply with the April-May Commitment Deadline in Ordering Paragraph 28 of Decision 20-06-002”.

IV. Background

IV.A. Local RA Program

In 2004, the CPUC adopted the RA framework to ensure adequate generation capacity is available for reliable electric service in California. The RA program requires all CPUC LSEs to procure sufficient generation capacity, or RA, for their customers' expected load plus a planning reserve margin.

The CPUC's RA program contains three distinct requirements: System RA requirements (effective June 1, 2006), Local RA requirements (effective January 1, 2007) and Flexible RA requirements (effective January 1, 2015).

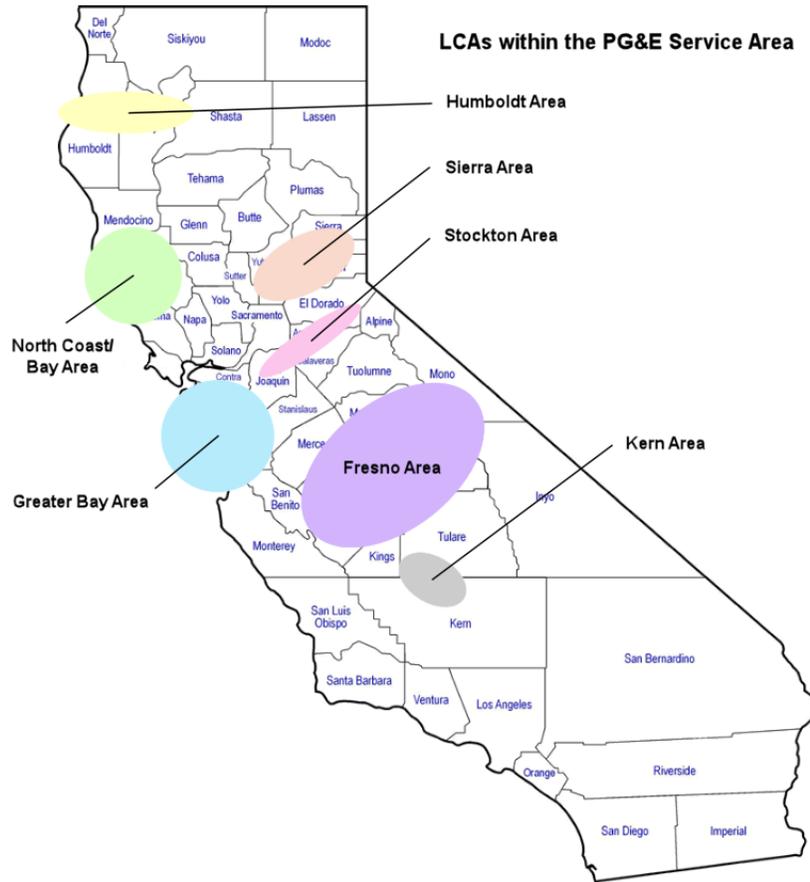
The Local RA program incorporates a three-year forward multi-year requirement for procurement of generation capacity in areas within California that are transmission constrained.

Local capacity requirements are determined through California Independent System Operator's ("CAISO") annual Local Capacity Technical Study. The capacity that meets these requirements is referred to as Net Qualifying Capacity ("NQC"), which is calculated by the CPUC and CAISO for each resource and published by the CAISO on an annual basis. The most recent NQC list is located on CAISO's website at the following link:

<http://www.caiso.com/planning/Pages/ReliabilityRequirements/Default.aspx>.

The Local Capacity Areas in PG&E's electric distribution area are Greater Bay, Greater Fresno, Humboldt, Kern, North Coast/North Bay, Sierra, and Stockton ("PG&E Local Capacity Areas"), as shown in Figure IV.1.

Figure IV.1: PG&E Local Capacity Area (LCA) Map



IV.B. Central Procurement Entity

On June 17, 2020, the CPUC issued the CPE Decision, effective as of June 11, 2020, identifying PG&E and Southern California Edison Company (SCE) as the central procurement entities for their respective electric distribution service areas. Beginning in 2021, PG&E and SCE are required to procure local capacity to meet the 3-year forward multi-year local RA requirement on behalf of all CPUC LSEs within their respective electric distribution service areas.

The CPE Decision adopted a hybrid central procurement framework whereby the CPE is tasked with procuring the entire amount of required Local RA on behalf of all CPUC LSEs in its electric distribution service area.

V. Solicitation Goals

V.A. PG&E CPE Resource Needs

In order to meet its central procurement obligations ordered in the CPE Decision, PG&E CPE is seeking to procure local RA attributes from new and existing resources (“New and Existing Resources”), as further defined below in Section VI.A, that are located in PG&E’s Local Capacity Areas. All offered resources must meet the requirements and criteria specified in this Solicitation.

V.B. Products Sought by PG&E CPE

PG&E CPE is seeking to procure the following products:

Self-Shown Local RA: Local RA that is Self-Shown by a CPUC LSE to PG&E CPE consistent with the process outlined in the CPE Decision and LCR RCM Decision. Participants that Self-Show Local RA retain the System and, if applicable, Flexible RA attributes of the resource. As described in Section I.B only Non-Compensated Self-Shown Resources and Compensated Self-Shown Resources can provide Self-Shown Local RA to PG&E CPE.

Bundled RA: A bundled capacity product used to meet RA obligations, which includes local, System and, if applicable, Flexible RA attributes. As described in Section I.B, only Compensated Offered Resources can provide Bundled RA to PG&E CPE.

Bundled RA with Energy Settlement: Bundled RA with a financial energy settlement based on CAISO market energy prices. As described in Section I.B, only Compensated Offered Resources can provide Bundled RA with Energy Settlement to PG&E CPE.

V.C. Delivery Term

In accordance with the CPE Decision, PG&E CPE is seeking to enter into Agreements with delivery periods commencing in 2023 or 2024 with varying terms and conditions depending on the resource category.

Non-Compensated Self-Shown Resources

- May have a delivery term (“Delivery Term”) of 1 to 24 months.⁵

⁵ Delivery term is measured from the expected commencement of deliveries to the expected conclusion of deliveries.

- The Delivery Term may not commence prior to the 2023 RA compliance period on 1/1/2023 and may not extend beyond the end of the 2024 RA compliance period on 12/31/2024.
- Delivery Term must commence on the first day of any calendar month within the 2023 or 2024 RA compliance periods.

Compensated Self-Shown Resources

- May have a Delivery Term of 1 to 24 months.
- Per OP 3 of the LCR RCM Decision, the Delivery Term must commence on the later of (1) the start of the term of the underlying contract for the resource, or, for utility-owned generation (“UOG”), the beginning of the useful life for that resource, and (2) the beginning of the 2023 RA compliance period on 1/1/2023.
- Per OP 3 of the LCR RCM Decision, the Delivery Term must end on the earlier of (1) the end term of the underlying contract, or, for UOG, the end of the resource’s useful life, and (2) the end of the 2024 RA compliance period on 12/31/2024.
- Delivery Term must commence on the first day of any calendar month within the 2023 or 2024 RA compliance periods.

Compensated Offered Resources

- At least 50 percent of the Delivery Term must be within the applicable 2023 and 2024 RA compliance years.⁶
- May have a Delivery Term of 1 to 48 months.
- Delivery Term must commence on the first day of any calendar month within the 2023 or 2024 RA compliance periods.

V.D. Agreement Types

The following section describes the Agreements for each of the products PG&E CPE is seeking in this Solicitation.

PG&E CPE prefers to execute agreements that are substantially similar to the form Agreements provided. Participants must provide a fully completed copy of the relevant Agreement, including any proposed markups, as part of their Offer package which will be used by PG&E CPE

⁶ An example of 50 percent of the Delivery Term remaining within the applicable compliance years would be an Agreement with a Delivery Term of two years that is expected to begin deliveries on January 1, 2024 and expected to conclude deliveries on December 31, 2025.

in its review process. PG&E CPE strongly encourages all Participants to carefully review the terms and obligations of each Agreement in advance of submitting an Offer.

Shown RA Agreement for Existing Resources (Non-PG&E Participants)

PG&E CPE seeks to execute a Shown RA Agreement with Non-PG&E Participants for Self-Shown Local RA provided by both Existing Non-Compensated Self-Shown and Existing Compensated Self-Shown Resources. For details, see Appendix E1, Shown Resource Adequacy Agreement for Existing Resources (Non-PG&E Participants).

Shown RA Agreement for New Resources (Non-PG&E Participants)

PG&E CPE seeks to execute a Shown RA Agreement with Non-PG&E Participants for Self-Shown Local RA provided by both New Non-Compensated Self-Shown and New Compensated Self-Shown Resources. For details, see Appendix E2, Shown Resource Adequacy Agreement for New Resources (Non-PG&E Participants).

RA Agreement for Existing Resources (Non-PG&E Participants)

PG&E CPE seeks to execute an RA Agreement with Non-PG&E Participants for Bundled RA, or Bundled RA with Energy Settlement, with Non-PG&E Participants provided by Existing Compensated Offered Resources. For details, see Appendix E3, Resource Adequacy Agreement for Existing Resources (Non-PG&E Participants).

RA Agreement for New Resources (Non-PG&E Participants)

PG&E CPE seeks to execute an RA Agreement with Non-PG&E Participants for Bundled RA, or Bundled RA with Energy Settlement, provided by New Compensated Offered Resources. For details, see Appendix E4, Resource Adequacy Agreement for New Resources (Non-PG&E Participants).

Shown RA Agreement for Existing Resources (PG&E Participant)

PG&E CPE seeks to execute a Shown RA Agreement with PG&E as Participant for Self-Shown Local RA provided by both Existing Non-Compensated Self-Shown and Existing Compensated Self-Shown Resources. For details, see Appendix E5, Shown Resource Adequacy Agreement for Existing Resources (PG&E Participant).

Shown RA Agreement for New Resources (PG&E Participant)

PG&E CPE seeks to execute a Shown RA Agreement with PG&E as Participant for Self-Shown Local RA provided by both New Non-Compensated Self-Shown and New Compensated Self-Shown Resources. For details, see Appendix E6, Shown Resource Adequacy Agreement for New Resources (PG&E Participant).

RA Agreement for Existing Resources (PG&E Participant)

PG&E CPE seeks to execute an RA Agreement with PG&E as Participant for Bundled RA, or Bundled RA with Energy Settlement, provided by Existing Compensated Offered

Resources. For details, see Appendix E7, Resource Adequacy Agreement for Existing Resources (PG&E Participant).

RA Agreement for New Resources (PG&E Participant)

PG&E CPE seeks to execute an RA Agreement with PG&E as Participant for Bundled RA, or Bundled RA with Energy Settlement, provided by New Compensated Offered Resources. For details, see Appendix E8, Resource Adequacy Agreement for New Resources (PG&E Participant).

V.E. Overview of Products

Participants **must** carefully review this Solicitation Protocol, including Attachments 1, 2A and 2B, for details on the PG&E CPE procurement processes and requirements.

An overview of the products and corresponding process in this Solicitation are listed below in Table V.1.

Table V.1: Overview of Products

Product	Resource Category	Process	Delivery Term (Months) ⁷	Initial Delivery Date (“IDD”) or Initial Showing Date (“ISD”)	Agreement(s)
Self-Shown Local RA	Non-Compensated Self-Shown Resources	- Non-Compensated Self-Shown Commitment Process - See Attachment 1 for additional information.	- 1 to 24	- Any month from 2023 to 2024; provided that the term complies with Section V.C above - ISD must be the first day of the month	Appendix E1 – Shown RA Agreement for Existing Resources (Non-PG&E Participants) Appendix E2 – Shown RA Agreement for New Resources (Non-PG&E Participants) Appendix E5 – Shown RA Agreement for Existing Resources (PG&E Participant) Appendix E6 – Shown RA Agreement for New Resources (PG&E Participant)
	Compensated Self-Shown Resources	- Competitive Offer Process – Compensated Self-Shown - See: Attachment 2A for additional information.			

⁷ Additional restrictions on Delivery Terms for Non-Compensated Self-Shown Resources, Compensated Self-Shown Resources and Compensated Offered Resources are detailed in Section V.C.

Product	Resource Category	Process	Delivery Term (Months) ⁷	Initial Delivery Date (“IDD”) or Initial Showing Date (“ISD”)	Agreement(s)
Bundled RA	Compensated Offered Resources	- Competitive Offer Process – Compensated Offered Resources - See: Attachment 2B for additional information.	- 1 to 48	- Any month from 2023 to 2024 - IDD must be the first day of the month	Appendix E3 – RA Agreement for Existing Resources (Non-PG&E Participants)
Bundled RA with Energy Settlement					Appendix E4 – RA Agreement for New Resources (Non-PG&E Participants)
					Appendix E7 –RA Agreement for Existing Resources (PG&E Participant)
					Appendix E8 –RA Agreement for New Resources (PG&E Participant)

VI. Overall Eligibility Requirements

This section covers the eligibility requirements for all Resources providing Local RA as part of any Offer submitted to PG&E CPE in this Solicitation.

VI.A. Eligible Resources

Per OP 8 of the CPE Decision, PG&E CPE is conducting an all-source solicitation to procure Local RA for the 2023 and 2024 RA compliance years for the applicable Delivery Terms specified in Section V.C above from any new or existing Resource that is located within the PG&E Local Capacity Areas and that meets the Solicitation requirements.

Resources offered into this Solicitation must have a single CAISO Resource Identification (“CAISO Resource ID”), as defined in the CAISO Tariff. Aggregated behind-the-meter resources, including demand response, must be in a single Sub-LAP, as such term is defined in the CAISO Tariff.

Details on the specific Resource eligibility requirements for each resource category in the Solicitation are included in Attachment 1, 2A and 2B. Participants are encouraged to thoroughly review each attachment that may apply to their Offer.

For the purposes of this Solicitation, New and Existing Resources are defined as follows:

- **Existing:** Resources that are listed on the CAISO NQC List **and** have achieved Commercial Operation Date (“COD”) in accordance with CAISO’s New Resource Implementation process and requirements (“CAISO COD”) by May 1, 2021.⁸
- **New:** Resources that are **not** listed on the CAISO NQC List **or** have **not** achieved CAISO COD by May 1, 2021.

VI.B. Performance and Operational Requirements

All Resources providing Local RA in any Offers must provide RA within the PG&E Local Capacity Areas. Resources included in any Offer must meet the applicable CPUC and CAISO RA requirements, CAISO requirements for deliverability, as well as any other requirements that will enable PG&E CPE to receive all of the RA benefits associated with the resource as required in the applicable Agreement.

VI.C. Minimum Resource Capacity

New Resources offered into this Solicitation must have a Maximum Generation Capacity, as defined in the CAISO's Generator Resource Data Template, of at least 1 MW.⁹

VII. Credit

Upon execution of an Agreement with PG&E CPE, the Participant may need to provide credit support to secure its obligations under the Agreement (“Performance Assurance”).¹⁰ For reference, the tables below describe the credit requirements in each of the Agreements.¹¹

⁸ <http://www.caiso.com/participate/Pages/NewResourceImplementation/Default.aspx>

⁹The CAISO Generator Resource Data Template definitions can be located at the following link: <http://www.caiso.com/market/Pages/NetworkandResourceModeling/Default.aspx>

¹⁰ PG&E as the CPE will not be required to provide Performance Assurance.

¹¹ Credit requirements described in Section VII only apply to procurement by PG&E CPE in this Solicitation. PG&E CPE reserves the right to amend the credit requirements based on market conditions in future CPE solicitations.

If a Participant is rated investment grade and meets PG&E CPE’s credit evaluation criteria, it may qualify for an appropriate amount of unsecured credit.¹² Participants, who qualify for unsecured credit, may still be required to provide Performance Assurance if the credit requirement is beyond the assigned unsecured credit limit. If the Agreement requires the Participant to provide Performance Assurance and the Participant is providing a Letter of Credit or a Guaranty, please carefully review the Letter of Credit and Guaranty requirements set forth in the applicable Agreement.

Shown RA Agreements (Non-PG&E Participants)

Table VII.1 below describes the collateral requirements within the Shown RA Agreement for Existing Resources (Non-PG&E Participants)(Appendix E1), and Shown RA Agreement for New Resources (Non-PG&E Participants)(Appendix E2).

Table VII.1: Credit/Collateral Requirements for Shown RA Agreement for Existing Resources (Non-PG&E Participants) and Shown RA Agreement for New Resources (Non-PG&E Participants)

Resource Type	Shown Term	Credit Requirement
Existing Resources	Less than or equal to 24 months	No collateral requirements
New Resources		<p>Project Development Security (PDS):¹³ \$40/kW (Within five days of execution)</p> <p>Delivery Term Security (DTS):¹⁴ N/A</p>

¹² A credit rating of BBB- or higher by Standard and Poor’s Inc. or Baa3 by Moody’s is considered investment grade.

¹³ PDS is Performance Assurance required of seller and maintained with PG&E CPE from Agreement execution until completion of the Project and Initial Shown Date.

¹⁴ DTS is Performance Assurance required of seller and maintained with the PG&E CPE for the duration of the Delivery Term.

RA Agreements (Non-PG&E Participants)

Tables VII.2 and VII.3 below describe the collateral requirements within both the RA Agreement for Existing Resources (Non-PG&E Participants)(Appendix E3), and the RA Agreement for New Resources (Non-PG&E Participants)(Appendix E4). Table VII.2 only applies to Participants who are CPUC LSEs within PG&E’s electric distribution service area. Table VII.3 applies to all other entities.

Table VII.2: Credit/Collateral Requirements for the RA Agreement for Existing Resources (Non-PG&E Participants) and RA Agreement for New Resources (Non-PG&E Participants) for CPUC LSEs within PG&E’s Electric Distribution Service Area

Resource Type	Delivery Term	Credit Requirement
Existing Resources	Less than or equal to 48 months	Unsecured credit, no collateral requirements
New Resources		<p>Project Development Security (PDS): \$40/kW (Within five days of execution)</p> <p>Delivery Term Security (DTS): N/A</p>

Table VII.3: Credit/Collateral Requirements for RA Agreement for Existing Resources (Non-PG&E Participants) and RA Agreement for New Resources (Non-PG&E Participants) for All Other Entities

Resource Type	Delivery Term	Credit Requirement
Existing Resources	Less than or equal to 36 months	20% of consecutive 12 months of the highest capacity payments
	Greater than 36 months and less than or equal to 48 months	10% of total capacity payment for two consecutive calendar years with the highest capacity payments.
New Resources	Less than or equal to 48 months	<p>Project Development Security (PDS): \$40/kW (Within five days of execution)</p>

		<p style="text-align: center;">Delivery Term Security (DTS):</p> <p style="text-align: center;">Greater of \$40/kW or 10% of total capacity payment for three consecutive calendar years with the highest capacity payments.</p>
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In the event that an Offer by PG&E Participant is selected and an Agreement is executed between PG&E Participant and PG&E CPE, PG&E Participant will not be required to post collateral.

VIII. Pricing

Non-Compensated Self-Shown Offers

This section does not apply to Non-Compensated Self-Shown Offers.

Competitive Offers

Participants are required to include pricing in their Offer for Competitive Offers.

IX. Evaluation of Offers

Non-Compensated Self-Shown Offers

Non-Compensated Self-Shown Offers will be reviewed for eligibility based on the requirements and criteria specified in this Solicitation Protocol, including Attachment 1.

Competitive Offers

Competitive Offers will be reviewed for eligibility based on the requirements and criteria specified in this Solicitation Protocol, including Attachment 1. PG&E CPE’s Evaluation of Competitive Offers from Compensated Self-Shown Resources and Compensated Offered Resources will remain consistent with the requirements in OP 14 of the CPE Decision. OP 14 of the CPE Decision requires the use of all-source selection criteria, including the loading order and least cost best fit (“LCBF”) methodology adopted in D.04-07-029, using quantitative and qualitative criteria. The LCBF methodology described below includes the selection criteria listed in OP 14 of the CPE Decision.

Criteria used to evaluate Offers for products from Compensated Self-Shown Resources and Compensated Offered Resources may include but are not limited to the criteria listed below.

Quantitative Attributes:

The quantitative valuation compares an Offer's cost to its benefits. The cost may consist of the contract fixed cost, variable cost, and transmission network upgrade cost. The benefit may consist of capacity value and energy value, to the extent provided in the Agreement.

Qualitative Attributes:

In addition to the quantitative criteria noted above, pursuant to OP 14 of the CPE Decision, PG&E CPE will consider the following selection criteria as qualitative factors:

- Future needs in local and sub-local areas;
- Local effectiveness factors, as published in the CAISO's LCR Technical Studies;
- Resource costs;
- Operational characteristics of the resources (efficiency, age, flexibility, facility type);
- Location of the facility (with consideration for environmental justice);¹⁵
- Costs of potential alternatives;
- GHG adders;
- Energy-use limitations;
- Procurement of preferred resources and energy storage (to be prioritized over fossil generation); and
- Type of resource with respect to the loading order contained in the EAP issued jointly on May 8, 2003, by the Commission, the California Energy Commission and the California Consumer Power and Conservation Financing Authority.

Consistent with the requirement in OP 14 to use the all-source selection criteria, including the loading order, and LCBF methodology adopted in D.04-07-029, PG&E CPE may also consider additional qualitative factors that it has considered in previous LCBF evaluation protocols adopted by the Commission, including but not limited to:

- Viability of the resource;
- Safety;
- Contract tenor;

¹⁵ Per OP 15 of the CPE Decision, the CalEnviroScreen score of the resource location must be provided with all Competitive Offers. Per the California Office of Environmental Health Hazard Assessment, "CalEnviroScreen ranks census tracts in California based on potential exposures to pollutants, adverse environmental conditions, socioeconomic factors, and prevalence of certain health conditions." For more information, please visit: <https://oehha.ca.gov/calenviroscreen>.

- Proposed markups to the form agreement;
- Counterparty concentration; and
- Previous experience with a counterparty.

Per OP 3(b) of Decision 20-12-006, all of the methodology and criteria set forth in OP 14 of the CPE Decision apply to Offers for Local RA from Compensated Self-Shown Resources in the same way as the methodology and criteria are applied to Offers for products from Compensated Offered Resources.

Any or all qualitative factors may impact the evaluation of an Offer and the execution of any potential Agreement.

X. Offer Submittal Process

X.A. Offer Form Information

Participants are strongly advised to carefully review the relevant Agreement(s) prior to inputting data into Appendix A1-A4 – Offer Form. PG&E CPE will utilize the information from the Offer Form submitted by a Participant to populate the relevant data in the Agreement(s). **Participants should input data into Appendix A – Offer Form with the understanding that this information will result in terms with contractual implications. Participants will need to ensure that the Offer Form is completely and accurately filled out. Participants who request changes to the information in their Offer Form after the relevant submittal deadline may be removed from any further participation in the Solicitation.**

Participants should follow all instructions for Offer submission as detailed in the Offer Form.

X.B. Offer Process Overview

All Offers must be provided to PG&E CPE by their applicable deadlines as specified in the schedules in Table III.1 for Non-Compensated Self-Shown Offers and Table III.2 for Competitive Offers.

Submitting Documents: All Offers for this Solicitation must be submitted electronically through Power Advocate, a web-based platform PG&E CPE will use to collect all documents from Participants in this Solicitation.

Prior to submitting an Offer, Participants must register with Power Advocate. Detailed instructions submitting documents through Power Advocate and using the online platform are posted on the Solicitation website. Power Advocate registrants should be registered under the

entity submitting the Offer. Consultants or advisers of Participants should not submit an Offer on behalf of Participants. PG&E CPE strongly encourages Participants to review the detailed instructions and register with Power Advocate well before Offers are due.

Each Offer should be uploaded as a “Commercial and Administrative” document type in Power Advocate. If submitting more than one Offer, each Offer should be in a separate zip file. Document file names should **not** contain any special characters such as “*&#”. Please keep file names short and include short references to Participant’s name (such as an acronym), project name, and the appendix that is being submitted (e.g., App B).

There are separate Power Advocate Links provided for each Offer process in this Solicitation. Please ensure documents are submitted to the applicable site listed below.

Table X.1: PG&E 2021 CPE Local RA Solicitation Offer Package Submittal

Offer Type	Power Advocate Links	Event ID
Non-Compensated Self-Shown Offer(s) from all Participants	https://www.poweradvocate.com/pR.do?okey=114636&pubEvent=true	114636
Competitive Offer(s) from PG&E Participant ¹⁶	https://www.poweradvocate.com/pR.do?okey=114637&pubEvent=true	114637
Competitive Offer(s) from All Non-PG&E Participants	https://www.poweradvocate.com/pR.do?okey=114638&pubEvent=true	114638

Electronic Document Formats: Electronic documents must be submitted as Microsoft Word, Microsoft Excel, or PDF files, as identified in Tables X.2 and X.3. However, maps or drawings may be in alternate formats (e.g., jpg, kmz) as appropriate. Each Appendix must be submitted as a separate document. PDF files should be provided in a searchable format. The Participant should not provide documents in other electronic formats, unless specifically requested.

1. Non-Compensated Self-Shown Offer Package

Non-Compensated Self-Shown Offers must contain all required information noted in Table X.2 below and must be organized in accordance with these instructions.

Table X.2: PG&E 2021 CPE Local RA Solicitation Non-Compensated Self-Shown Offer Package

¹⁶ Per OP 13 of the Decision, all PG&E Participant Offers, including utility-owned generation (UOG), must be submitted to the CAM PRG and IE in advance of the receipt of offers from any other entities.

Appendix	Title	Description	Format
A1	Offer Form – Non-Compensated Self-Shown Resources	Appendix A1 is to be used for Non-Compensated Self-Shown Resources only.	MS Excel
D	Confidentiality Agreement	CPUC LSEs must acknowledge acceptance of the Confidentiality Agreement within the Offer Form.	PDF
E1, E2, E5 or E6	Shown RA Agreement for Existing Resources (Non-PG&E Participants) Shown RA Agreement for New Resources (Non-PG&E Participants) Shown RA Agreement for Existing Resources (PG&E Participant) Shown RA Agreement for New Resources (PG&E Participant)	CPUC LSEs must provide any proposed markups to the Agreement. CPUC LSEs may not submit more than version of proposed markups for each relevant Agreement.	MS Word

2. Competitive Offer Package

Competitive Offers must contain all required and relevant information noted in Table X.3 below and must be organized in accordance with these instructions.

Table X.3: PG&E 2021 CPE Local RA Solicitation Competitive Offer Package

Appendix	Title	Description	Format
A2	Offer Form – Compensated Self-Shown resources	Appendix A2 is to be used for Compensated Self-Shown Resources.	MS Excel
A3	Offer Form – Compensated Offered Resources (CPUC LSEs including PG&E Participant)	Appendix A3 is to be used for Compensated Offered Resources submitted by CPUC LSEs (including PG&E Participant).	MS Excel
A4	Offer Form – Compensated Offered Resources (Non-CPUC LSEs)	Appendix A4 is to be used for Compensated Offered Resources for any Participant that is not a CPUC LSE.	MS Excel
B1	Supplemental Local Resource Information	Appendix B1 is to be used to describe the existing or proposed local resource.	MS Word

B2	Supplemental Counterparty Financial Information	Appendix B2 is to be used to provide counterparty financial information.	MS Word
C	FERC 717 Waiver	Authorizes the disclosure of Participant’s transmission-related information to PG&E CPE.	MS Word
D	Confidentiality Agreement	Participants must acknowledge acceptance of the Confidentiality Agreement within the applicable Offer Form.	PDF
E1, E2, E5 or E6	Shown RA Agreement for Existing Resources (Non-PG&E Participants) Shown RA Agreement for New Resources (Non-PG&E Participants) Shown RA Agreement for Existing Resources (PG&E Participant) Shown RA Agreement for New Resources (PG&E Participant)	CPUC LSEs must provide any proposed markups to the Agreement. CPUC LSEs may not submit more than version of proposed markups for each relevant Agreement.	MS Word
E3, E4, E7 or E8	RA Agreement for Existing Resources (Non-PG&E Participants) RA Agreement for New Resources (Non-PG&E Participant) RA Agreement for Existing Resources (PG&E Participant) RA Agreement for New Resources (PG&E Participant)	Participants must provide any proposed markups to the Agreement. Participants may not submit more than version of proposed markups for each relevant Agreement.	MS Word
N/A	Map of Local Resource Facilities	(New Resources Only) In-front-of-the-meter resources must provide files of the local resource’s major facility components, which include, at a minimum, the generation facility, access roads, electric and gas connection routes to utility facilities, and the outline of the land parcel that the facilities are located on.	Google KML/KMZ or ESRI Shapefile

X.C. Need for Complete Offer Packages

Each Participant's Offer must be complete at the time of submission. Failure to provide all required information and documents may result in PG&E CPE determining the Offer as being incomplete and not Qualified. PG&E CPE will only seek to enter into an Agreement with Offers that are deemed Qualified.

X.D. Number of Offers and Offer Variations Allowed Per Participant

Subject to the requirements within this Solicitation Protocol, Participants may only submit one Offer at a specific interconnection point within the Offer Form. Resources may only be offered as one of the resource categories described in this Solicitation Protocol: Non-Compensated Self-Shown Resource, Compensated Self-Shown Resource, or Compensated Offered Resource.

Within a Competitive Offer, Participants are allowed to submit multiple Offer Variations. Participants can vary the following Offer characteristics: price, delivery term, and quantity offered.

Non-Compensated Self-Shown Offer Variations

Participants may only submit one Non-Compensated Self-Shown Offer for a Non-Compensated Self-Shown Resource at a specific interconnection point. No Offer Variations are allowed.

Competitive Offer Variations

Each Competitive Offer submitted by a Participant may include up to five mutually exclusive Competitive Offer Variations at a specific interconnection point. The Offer Form has been developed so that all five (5) Offer Variations will reside in one excel workbook.

X.E. Additional Offer Information

Note on Joint Offers: If a Participant is submitting an Offer with another Participant ("Joint Offer"), each Participant will need to be registered as a separate Participant in Power Advocate. For each Joint Offer, PG&E CPE may require additional documentation or conditions. Additional documents or conditions could include retaining separate legal counsel, restricting the sharing of certain information, or requiring all parties to the Joint Offer to execute a modified Confidentiality Agreement. PG&E CPE may require Participants in a Joint Offer to agree to and

execute modified terms for Solicitation participation, similar to those set forth in Section XI.A, “Agreement by Participant”.

Note on Multiple Variations: Participants need to only submit one Appendix B1 per Offer. Differences in Offer variations should be described within Appendix B1.

XI. Terms for Solicitation Participation

XI.A. Agreement by Participant

Each Participant providing an Offer shall provide their electronic signature of a duly authorized officer of Participant in the Offer Form. By providing such signature the Participant (a) agrees to be bound by all terms, conditions and other provisions of this Solicitation and any changes or supplements to it that may be issued by PG&E CPE, and (b) makes the following representations and warranties:

1. Participant has read, understands, and agrees to be bound by all terms, conditions and other provisions of the Solicitation.
2. Participant has had the opportunity to seek independent legal and financial advice of its own choosing with respect to the Solicitation and all Appendices to the Solicitation.
3. Participant has obtained all necessary authorizations, approvals and waivers, if any, required of Participant as a condition of providing its Offer and executing the applicable Agreement with PG&E CPE in the form submitted with its Offer.
4. Participant is not PG&E, an affiliate of PG&E, PG&E Corporation, or any of their affiliates; provided that, this representation and warranty shall not be applicable to PG&E Participant.
5. Participant is submitting its Offer subject to all applicable laws including, but not limited to, the Federal Power Act and all amendments thereto, and Public Utilities Code section 454.5, and all amendments thereto.
6. Participant represents that it has carefully considered the terms and conditions of its Offer and that it is submitting its Offer in good faith, such that PG&E CPE may reasonably expect Participant to enter into a definitive Agreement as provided in its Offer..
7. Neither Participant nor any of Participant’s consultants has engaged in and will not engage in communications concerning any terms contained in Participant’s Offer or

evaluation of Participant's Offer, unless explicitly authorized by PG&E CPE, with any of the following parties or entities: any other Participant in the Solicitation or their consultants or any non-PG&E members of PG&E's CAM or PRG group. The Participant (including any of its respective consultants) has not engaged in and shall not engage in activities in violation of State or Federal antitrust laws or other unlawful or unfair business practices in connection with the Solicitation ("Prohibited Communication Activities")."

Notwithstanding the foregoing, Participant may engage in communications with its advisors, counsel, experts or employees who have a need to know the content of the communications and have agreed to keep such information confidential (collectively, "advisors"). In addition, Participant may engage in communications with other Participants submitting an Offer in the Solicitation and their advisors ("Other Participants"), so long as: (1) such Other Participants are under common ownership and control with Participant; (2) Participant and Other Participants do not engage in Prohibited Communication Activities; and (3) in the event Participant and Other Participant share a common advisor, Participant has, prior to sharing communications with such Other Participant and the common advisor, provided PG&E CPE with (a) notice of such Other Participant and common advisor and (b) an attestation that Participant has not and will not engage in Prohibited Communication Activities with either the Other Participant or the common advisor.

8. If Participant's Offer is Qualified, Participant agrees to participate in good faith, and to inform PG&E CPE if the Resource that is the subject of the Qualified Offer has been submitted into another solicitation with PG&E or any other entity.
9. If a Participant is submitting an Offer jointly with other entities, and the Offer is Qualified, PG&E CPE may require, as part of the qualifying process, additional representations and warranties, along with additional documentation, from all entities involved in the Joint Offer.
10. Participant will promptly notify PG&E CPE of any change in circumstances that may affect its ability to fulfill the terms of its Offer, at any time from Offer submission to PG&E CPE's acceptance of the Offer, or Participant's withdrawal of the Offer.
11. Participant will list any additional services its resource will provide outside of this solicitation, per CPUC D.18-01-003, on Multiple-Use Application Issues, as applicable.

A BREACH BY ANY PARTICIPANT OF THE REPRESENTATIONS AND WARRANTIES IN SECTION XI.A OF THIS SOLICITATION PROTOCOL, IN ADDITION TO ANY OTHER REMEDIES THAT MAY BE AVAILABLE TO PG&E UNDER APPLICABLE LAW, IS GROUNDS FOR IMMEDIATE DISQUALIFICATION OF SUCH PARTICIPANT FROM PARTICIPATION IN THE SOLICITATION AND,

DEPENDING ON THE NATURE OR SEVERITY OF THE BREACH, MAY ALSO BE GROUNDS FOR TERMINATING THE SOLICITATION IN ITS ENTIRETY.

XII. PG&E CPE's Reservation of Rights

This Solicitation is an invitation to submit Offers to PG&E CPE; it does not constitute an offer to buy and creates no obligation for PG&E CPE to execute any Agreement or to enter into a transaction under any Agreement as a consequence of the Solicitation. PG&E CPE reserves the right to request information from a Participant at any time during the Solicitation process. PG&E CPE reserves the right, in its sole discretion, to reject any Offer at any time for any reason, including but not limited to grounds that the Offer does not conform to the terms and conditions of this Solicitation or contains terms that are not acceptable to PG&E CPE. PG&E CPE also retains the discretion, in its sole judgment, at any time; (a) to formulate and implement new or additional criteria for the evaluation and selection of Offers only after consulting with the IE; (b) to engage with any Participant or no longer deem Offers as Qualified; or (c) to modify this Solicitation as it deems appropriate to implement the Solicitation and to comply with applicable law or other direction provided by the CPUC. In addition, PG&E CPE reserves the right to either suspend or terminate this Solicitation at any time for any reason. PG&E CPE will not be liable in any way, by reason of such withdrawal, rejection, suspension, termination or any other action described in this paragraph to any third party, including any Participant. PG&E CPE will not reimburse the Participant for its expense of participating in this Solicitation under any circumstances.

XIII. Confidentiality Agreement

Except with PG&E CPE's prior written consent, no Participant shall disclose its participation in this Solicitation (other than by attendance at any meeting held by PG&E CPE with respect to the Solicitation), collaborate on, or discuss with any other Participant or potential Participant bidding strategies or the substance of any Offer(s), including without limitation the price or any other terms or conditions of any Offer(s).

Except as provided below, all information and documents clearly identified by Participant as "Confidential" on the page(s) on which confidential information appears shall be considered confidential information. PG&E CPE shall maintain such confidential information in strict confidence and, subject to the exceptions set forth below, shall only disclose such confidential information to PG&E or PG&E Corporation's officers, directors, employees, agents, counsel, accountants, advisors, or contractors for the sole purpose of performing their duties in connection with the Solicitation or the evaluation or negotiation of any Agreement; provided

that, PG&E CPE may use Confidential Information, consolidated with other market information and not specifically attributed to the Provider, for PG&E CPE's own internal use or in the context of regulatory or other proceedings.

It is expressly contemplated that materials submitted by a Participant in connection with this Solicitation will be provided to the CPUC, its staff, the Independent Evaluator, PG&E Procurement Review Group ("PRG"), and Cost Allocation Mechanism group ("CAM"). To the extent available under applicable law, regulation, rule or order, PG&E CPE will seek confidential treatment with respect to any Participant-supplied non-public Solicitation information and documents ("Participant's Confidential Information") that are submitted by PG&E CPE to the CPUC. PG&E CPE will also seek confidentiality and/or non-disclosure agreements with the PRG and CAM applicable to the Participant's confidential information. PG&E CPE cannot, however, ensure that the CPUC will afford confidential treatment to a Participant's confidential information, or that those confidentiality agreements or orders will be obtained from and/or honored by the PRG, CAM, or the CPUC.

With respect to any information or documents provided by the Participant, PG&E CPE shall have the right to disclose to the CPUC, its staff, the Independent Evaluator, the PRG, CAM, CAISO, other control area operator or balancing authority and any other entity in order to comply with any applicable law, regulation, rule or order issued by a court or entity with competent jurisdiction over PG&E CPE, at any time, even in the absence of a protective order, confidentiality agreement or nondisclosure agreement, as the case may be, without notification to the Participant and without liability or any responsibility of PG&E CPE to the Participant.

Depending upon Participant's submittal in response to Appendix B, PG&E CPE may require additional confidentiality obligations with collaborating entities.

XIV. Procurement Review Group/Cost Allocation Mechanism Review

Following the completion of PG&E CPE's review of Non-Compensated Self-Shown Offer, PG&E CPE will submit a summary of all Qualified Non-Compensated Self-Shown Offers to the PRG and CAM. PG&E CPE has no obligation to obtain the concurrence of the PRG and CAM with respect to any Non-Compensated Self-Shown Offer.

In accordance with OP 13 of the CPE Decision, PG&E CPE will submit Competitive Offers received from PG&E Participant to the PRG, CAM, and IE in advance of the receipt of Competitive Offers from any other entities, via email with a timestamp date before the offer deadline for other Participants. PG&E CPE will also consult the IE, PRG and CAM in accordance with the CPE Decision.

Following completion of PG&E CPE's review of Competitive Offers, PG&E CPE will submit a summary of all Qualified Competitive Offers to the PRG and CAM. Following the evaluation of Competitive Offers, PG&E CPE will submit the results of the evaluation and its recommendations to the PRG and CAM. Such information may include the ranking of Competitive Offers, the consideration of qualitative criteria, and PG&E CPE's recommendations based on such information. PG&E CPE has no obligation to obtain the concurrence of the PRG and CAM with respect to any Competitive Offer.

PG&E CPE assumes no responsibility for the actions of the PRG or CAM, including actions that may delay or otherwise affect the schedule for this Solicitation, including the timing of the selection of Offers.

XV. Notification to Participants

The Solicitation Schedules set forth in Section III, Expected Schedules, may be modified at PG&E CPE's sole discretion. PG&E CPE expects to be able to provide an e-mail notification to Participants whose Offers have been deemed Qualified. PG&E CPE anticipates notifying those Participants whose Offers were not Qualified shortly thereafter. As previously stated, PG&E CPE may contact Participants prior to determining which Offers are Qualified during the review and evaluation process to seek or notify Participants of deficiencies in their Offers or Offer Packages, however Participants should not expect this level of guidance due to the time constraints of the Solicitation.

XVI. Execution of Agreement

By submitting an Offer, Participant agrees, if its Offer is Qualified, that the Participant is prepared to execute the applicable Agreement consistent with the Participant's Offer. PG&E CPE's determination of a Participant's Offer as being Qualified will not constitute agreement by PG&E CPE to any of the Participant's changes to the Agreement submitted.

PG&E CPE reserves the right to execute Agreements resulting from this Solicitation with any individual Participant at any time. PG&E CPE has a strong preference to execute agreements that are substantially similar to the form Agreements.

XVII. Waiver of Claims and Limitations of Remedies

Except as expressly set forth in this Protocol, by submitting an Offer, Participant knowingly and voluntarily waives all remedies or damages at law or equity concerning or related in any way to the Solicitation, the Solicitation Protocol and/or any attachments to the Solicitation Protocol

("Waived Claims"). The assertion of any Waived Claims by Participant may, to the extent that Participant's Offer has not already been disqualified, automatically disqualify such Offer from further consideration in the Solicitation or otherwise.

By submitting an Offer, Participant agrees that the only forums in which Participant may assert any challenge with respect to the conduct or results of the Solicitation is through the Alternative Dispute Resolution ("ADR") services provided by the CPUC pursuant to Resolution ALJ 185, August 25, 2005. The ADR process is voluntary in nature, and does not include processes, such as binding arbitration, that impose a solution on the disputing parties. However, PG&E CPE will consider the use of ADR under the appropriate circumstances. Additional information about this program is available on the CPUC's website at the following link:

http://docs.cpuc.ca.gov/published//Agenda_resolution/47777.htm

Participant further agrees that other than through the ADR process, the only means of challenging the conduct or results of the Solicitation is a protest to PG&E CPE's submittal to the CPUC of one or more Agreements entered into as a result of the Solicitation, that the sole basis for any such protest shall be that PG&E CPE allegedly failed in a material respect to conduct the Solicitation in accordance with this Protocol, and the exclusive remedy available to Participant in the case of such a protest shall be an order of the CPUC that PG&E CPE again conduct any portion of the Solicitation that the CPUC determines was not previously conducted in accordance with the Solicitation Protocol. Participant expressly waives any and all other remedies, including, without limitation, compensatory and/or exemplary damages, restitution, injunctive relief, interest, costs, and/or attorney's fees. Unless PG&E CPE elects to do otherwise in its sole discretion during the pendency of such a protest or ADR process, the Solicitation and any related regulatory proceedings related to the Solicitation, will continue as if the protest had not been filed, unless the CPUC has issued an order suspending the Solicitation or PG&E CPE has elected to terminate the Solicitation.

Participant agrees to indemnify and hold PG&E CPE harmless from any and all claims by any other Participant asserted in response to the assertion of a Waived Claim by Participant or as a result of a Participant's protest to an Advice Letter filing with the CPUC resulting from the Solicitation.

Except as expressly provided in this Protocol, nothing herein including Participant's waiver of the Waived Claims as set forth above, shall in any way limit or otherwise affect the rights and remedies of PG&E CPE.

XVIII. Termination of the Solicitation-Related Matters

PG&E CPE reserves the right at any time, in its sole discretion, to terminate the Solicitation for any reason whatsoever without prior notification to Participants and without liability of any

kind to, or responsibility of, PG&E CPE or anyone acting on PG&E CPE 's behalf. Without limitation, grounds for termination of the Solicitation may include the assertion of any Waived Claims by a Participant or a determination by PG&E CPE that, following evaluation of the Offers, there are no Offers that provide adequate ratepayer benefit.

PG&E CPE reserves the right to change the Offer evaluation criteria for any reason, to terminate further participation in this process by any Participant, to accept any Offer or to enter into any definitive Agreement, to evaluate the qualifications of any Participant, and to reject any or all Offers, all without notice and without assigning any reasons and without liability to PG&E CPE or anyone acting on PG&E CPE 's behalf. PG&E CPE shall have no obligation to consider any Offer.

Unless earlier terminated, the Solicitation will terminate automatically upon the execution of one or more Agreements by selected Participants as described herein. In the event that no Agreements are executed, then the Solicitation will terminate automatically on 12 months after issuance of the Solicitation.

In the event of termination of the Solicitation for any reason, PG&E CPE will not reimburse the Participant for any expenses incurred in connection with the Solicitation regardless of whether such Participant's Offer is selected, not selected, rejected or disqualified.

Attachment 1: Non-Compensated Self-Shown Commitment Process

I. OVERVIEW

In accordance with OP 4 of the CPE Decision, PG&E CPE is seeking Non-Compensated Self-Shown Offers in the Non-Compensated Self-Shown Commitment Process of this Solicitation. CPUC LSEs can Self-Show Local RA from procured or owned resources for no compensation to PG&E CPE. PG&E CPE strongly encourages Participants to review the CPE Decision for details on how Self-Shown Resources can be used by the Self-Showing LSE to meet its own System and Flexible RA needs.

Pursuant to the CPE Decision, CPUC LSEs who elect to Self-Show a resource in the Non-Compensated Self-Shown Commitment Process cannot also submit an Offer using the same resource within the Competitive Offer Process of the Solicitation.

The deadline for the Non-Compensated Self-Shown Commitment Process is detailed in Table III.1.

II. ELIGIBILITY REQUIREMENTS

a) Eligible Participants

Per the CPE Decision, only CPUC LSEs may participate in the Non-Compensated Self-Shown Commitment Process of the Solicitation.

b) Eligible Resources

Per OP 4 of the CPE Decision, any resource that is procured or owned by a CPUC LSE that can provide local RA within the PG&E Local Areas may be Self-Shown to PG&E CPE for no compensation.

III. PRODUCT ATTRIBUTES

Table III.1 of Attachment 1 below provides an overview of the products solicited in the Non-Compensated Self-Shown Commitment Process of this Solicitation.

Table III.1 (Attachment 1): Overview of Products for Non-Compensated Self-Shown Resources

Product	Resource Type	Delivery Term	Initial Showing Date (“ISD”)	Agreement(s)
<p>Self-Shown Local RA</p>	<p>Non-Compensated Self-Shown</p>	<p>- May not commence prior to the 2023 RA compliance period on 1/1/2023 and may not extend beyond the 2024 RA compliance period on 12/31/2024.</p> <p>- 1 to 24 months.</p>	<p>Any month from 2023 to 2024.</p> <p>ISD must begin on first day of month.</p>	<p>Appendix E1 – Shown RA Agreement for Existing Resources (Non-PG&E Participants)</p> <p>Appendix E2 – Shown RA Agreement for New Resources (Non-PG&E Participants)</p> <p>Appendix E5 – Shown RA Agreement for Existing Resources (PG&E Participant)</p> <p>Appendix E6 – Shown RA Agreement for New Resources (PG&E Participant)</p>

IV. AGREEMENTS

PG&E CPE prefers to execute agreements that are substantially similar to the form Agreement provided. PG&E CPE has a strong preference for standardized agreements. Participants must provide a completed version of the relevant Agreement, including any proposed markups, as part of their Non-Compensated Self-Shown Offer package which will be used by PG&E CPE as

part of the review process for that Non-Compensated Self-Shown Offer. Participants may only submit one version of proposed markups for each relevant Agreement.

The following Agreement(s) may be used for Local RA from Non-Compensated Self-Shown Resources:

- Appendix E1 –Shown RA Agreement for Existing Resources (Non-PG&E Participants)
- Appendix E2 – Shown RA Agreement for New Resources (Non-PG&E Participants)
- Appendix E5 – Shown RA Agreement for Existing Resources (PG&E Participant)
- Appendix E6 – Shown RA Agreement for New Resources (PG&E Participant)

**** End of Attachment 1 ****

Attachment 2A: Competitive Offer Process – Compensated Self-Shown Resources

I. OVERVIEW

In accordance with the CPE Decision and LCR RCM Decision, PG&E CPE is seeking Competitive Offers for Local RA from Compensated Self-Shown Resources. Compensated Self-Shown Resources must meet the eligibility requirements for compensation under the LCR RCM Decision as detailed in Attachment 2A. PG&E CPE strongly encourages Participants to review the CPE Decision for details on how Self-Shown Resources can be used by the Self-Showing LSE to meet its own system and flexible RA needs.

CPUC LSEs that Self-Show Local RA for compensation are compensated through the LCR RCM. If selected, pursuant to the LCR RCM Decision, Competitive Offers for Local RA from Compensated Self-Shown Resources will have their compensation capped at a pre-determined local price. The pre-determined local price is determined by:

- Using the weighted average price from the last four quarters of Energy Division Power Charge Indifference Adjustment (PCIA) responses for both System and Local RA
- Subtracting System RA price from Local RA price.

The pre-determined local price will be differentiated by local area or sub-local area unless higher-level aggregation is required to mask individual resource prices.

The pre-determined local prices will be located on PG&E CPE's Solicitation website.

If a CPUC LSE elects to Self-Show Local RA for compensation through the LCR RCM, the CPUC LSE cannot also submit an Offer for that same resource as either (1) a Compensated Offered Resource in the Competitive Offer Process or (2) part of the Non-Compensated Self-Shown Commitment Process.

Consistent with the CPE Decision, PG&E CPE may accept or reject a Competitive Offer for Local RA from a Compensated Self-Shown Resource depending on the results of the PG&E CPE's evaluation.

The deadline to submit Competitive Offers for Compensated Self-Shown Resources is detailed in Table III.2.

II. PRODUCT ATTRIBUTES

Table II.1 of Attachment 2A below provides an overview of the products eligible in the Competitive Offer Process of this Solicitation for Local RA from Compensated Self-Shown Resources.

Table II.1 (Attachment 2A): Overview of Products from Compensated Self-Shown Resources

Product	Resource Type	Delivery Term	Initial Showing Date (“ISD”)	Agreement(s)
Self-Shown Local RA	Compensated Self-Shown	<ul style="list-style-type: none"> - 1 to 24 months - Must commence on the later of (1) the start of the term of the underlying contract for the resource, or for UOG the beginning of the useful life for that resource, and (2) the beginning of the 2023 RA compliance period on 1/1/2023 - Must end on the earlier of (1) the end term of the underlying contract, or for UOG the end of the resource’s useful life, and (2) the end of the 2024 RA compliance period on 12/31/2024 	<ul style="list-style-type: none"> - Any month from 2023 to 2024, subject to the Delivery Term requirements - ISD must begin on first day of month 	<ul style="list-style-type: none"> Appendix E1 – Shown RA Agreement for Existing Resources (Non-PG&E Participants) Appendix E2 – Shown RA Agreement for New Resources (Non-PG&E Participants) Appendix E5 – Shown RA Agreement for Existing Resources (PG&E Participant) Appendix E6 – Shown RA Agreement for New Resources (PG&E Participant)

III. ELIGIBILITY REQUIREMENTS

a) Eligible Participants

Only CPUC LSEs are eligible to submit Competitive Offers for Local RA from Compensated Self-Shown Resources in the Competitive Offer Process of this Solicitation.

b) Eligible Resources

Pursuant to the LCR RCM Decision, the following resources are eligible to qualify as Compensated Self-Shown Resources:

- Any local preferred resource or energy storage resource with an original contract executed on or after June 17, 2020 up to the life of the resource's original contract, or in the case of utility-owned generation up to the original life of the resource. Per the LCR RCM Decision, the existing definition of preferred resources from the State's Energy Action Plan EAP II, as adopted in D.14-03-004, applies to the LCR RCM, which identifies demand response, renewable resources, and distributed generation as preferred resources.
- A hybrid resource that consists of a preferred resource and an energy storage resource, if either the preferred or the energy storage resource has an original contract executed on or after June 17, 2020.
 - In the case of a hybrid resource, the entire hybrid resource may be eligible for the LCR RCM.
 - In the case of an energy storage resource added to a preferred resource with an original contract executed before June 17, 2020, in which the resources are co-located, only the component with an original contract executed on or after June 17, 2020 shall be eligible for the LCR RCM.
 - The LCR RCM shall not apply to hybrid resources that consist of a fossil resource and an energy storage resource with an original contract executed on or after June 17, 2020. If the energy storage resource is co-located with a fossil resource, the energy storage resource may be separately eligible as a standalone component.

IV. AGREEMENTS

PG&E CPE prefers to execute agreements that are substantially similar to the form Agreement provided. PG&E CPE has a strong preference for standardized agreements. Participants must provide a completed version of the relevant agreement, including any proposed markups, as part of their Offer package which will be used by PG&E CPE as part of the review process for

that Competitive Offer. Participants may only submit one version of proposed markups for each relevant Agreement.

The following Agreement(s) may be used for Local RA from Compensated Self-Shown Resources:

- Appendix E1 – Shown RA Agreement for Existing Resources (Non-PG&E Participants)
- Appendix E2 – Shown RA Agreement for New Resources (Non-PG&E Participants)
- Appendix E5 – Shown RA Agreement for Existing Resources (PG&E Participant)
- Appendix E6 – Shown RA Agreement for New Resources (PG&E Participant)

V. SAFETY

New Resources:

PG&E is committed to providing safe utility (electric and gas) service to its customers. As part of this commitment, PG&E requires that the Participants recognize safety is of paramount importance. In connection with this Solicitation, Participants will be required to meet certain safety standards, provide safety information related to the technology for the Resource, and provide information regarding safety history, including for the entities that will construct, operate, or maintain the Resource(s). Per Appendix B of this Solicitation, Participants are required to identify the known safety-related hazards and risks associated with their technology. Participants are also required to describe their ability to mitigate safety risks and comply with applicable safety-related codes and standards identified by the Participant.

A Participant's obligations with respect to safety may vary based on the particular Agreement, Resource, and product type, as well as the commercial relationship of the entities involved in the transaction. Each of the Agreements contains specific requirements intended to ensure that the Participant and the entities that construct, operate, or maintain the Resource, as applicable, do so in a safe, reliable, and efficient manner that protects the public health and safety of California residents, business, employees, and the community. Participants will be responsible for any fees and costs associated with meeting PG&E CPE's safety requirements in the Solicitation and the applicable Agreement. Prior to a Participant submitting a Competitive Offer, PG&E CPE recommends that Participants review the safety provisions in the form Agreement and PG&E's Contractor Safety Program Requirements.

Existing Resources:

Not required to provide this demonstration.

VI.IS-NET

New Resources (Participant is Owner of Resource):

To be eligible for execution of an Agreement, Participants are required to complete PG&E's safety registration and prequalification process with ISNetworld ("ISNet"), PG&E's primary contractor safety management system. To complete this requirement, Participant's should go to www.isn.com, and register the project entity who will be party to the Agreement, or, if the project entity has not yet been formed, Participants may register the parent organization to undergo prequalification during the Solicitation. Participants will be required to submit company information related to safety performance and practices for evaluation by ISNet based on criteria described in Section 3 of PG&E's Contractor Safety Program Requirements, which can be found at: www.pge.com/contractorsafety. As the prequalification process can take several weeks and active follow-up through ISNet, PG&E recommends Participants familiarize themselves with ISNet and PG&E's Contractor Safety Program prequalification requirements as soon as possible. Participants with Qualified Offers that are required to complete and satisfy PG&E CPE's prequalification process must do so prior to execution in this Solicitation to be considered eligible for execution of an Agreement. Failure to complete prequalification may result in a Participant's Offer no longer being deemed Qualified.

New Resources (Participant is Not Owner of Resource):

Not required to provide this demonstration.

Existing Resources:

Not required to provide this demonstration.

VII.SITE CONTROL REQUIREMENTS

New Resources:

a) In-Front-of-the-Meter

Participants must demonstrate site control at the time of the Competitive Offer submission.

Examples of acceptable forms of Site Control are:

- 1) Fee Title
- 2) Recorded Exclusive Easement
- 3) Executed Option Agreement
- 4) Lease (Non-revocable)
- 5) Lease Option (Non-revocable)

b) Aggregated Behind-the-Meter (BTM) Customer-Connected and Demand Response

Not required to provide this demonstration.

Existing Resources:

Not required to provide this demonstration.

VIII. INTERCONNECTION REQUIREMENTS

New Resources:

a) In-Front-of-the-Meter

At the time of the Competitive Offer submittal, Participants must have Participating Transmission Operator (PTO) or Utility Distribution Company (UDC) documentation showing that the Resource is expected to receive Full Capacity Deliverability Status (FCDS) in order to support delivery of product, including RA, per the obligations of the corresponding agreement. Participants must remain active in the applicable interconnection queue until the Resource's required network upgrades have been completed. At a minimum, Resources must have an interconnection report or agreement as a result of an interconnection request demonstrating evidence of a construction schedule that can meet the proposed Initial Showing Date.

Participants are reminded that PG&E is releasing this Solicitation in its central procurement function and in that function PG&E has no obligation nor ability to influence the Participating Transmission Operator or Utility Distribution Company. PG&E in its CPE function is not responsible or liable for delays in interconnection or transmission or distribution service or inability to obtain retail electric service for any Resource. For more information, please refer to the Separation of Functions section of the applicable Agreement.

b) Aggregated Behind-the-Meter (BTM) Customer-Connected and Demand Response

Not required to provide this demonstration but must describe their customer acquisition plans in Appendix B.

Existing Resources:

Not required to provide this demonstration.

**** End of Attachment 2A***

Attachment 2B: Competitive Offer Process – Compensated Offered Resources

I. OVERVIEW

In accordance with the CPE Decision, PG&E CPE is seeking Competitive Offers for Bundled RA (System, local, and, if applicable, Flexible). Per OP 8(e) of the CPE Decision, Participants have the option to include energy value as part of their Competitive Offer from Compensated Offered Resources. Per OP 8(c) of the CPE Decision, PG&E CPE will retain the Local RA attributes associated with any selected Competitive Offers and CPUC LSEs will receive credits for any System and Flexible RA procured based on coincident peak load share (as is currently done by the CPUC for Cost Allocation Mechanism resources).

Within its Competitive Offers, CPUC LSEs may indicate that the Local RA attributes of Compensated Offered Resources will be Self-Shown to PG&E CPE for no compensation if their Competitive Offer is not selected in the Competitive Solicitation Process. This option is only available to Participants who are CPUC LSEs. CPUC LSEs electing this option must also meet the requirements for Non-Compensated Shown Resources as detailed in Attachment 1 of this Solicitation Protocol in addition to the requirements detailed in this Attachment 2B.

The deadline to submit Competitive Offers for Compensated Offered Resources is detailed in Table III.2.

II. PRODUCT ATTRIBUTES

An overview of the products eligible to be submitted in the Competitive Offer Process for Compensated Offered Resources are listed in Table II.1 below.

Table II.1 (Attachment 2B): Overview of Products for Compensated Offered Resources

Product	Resource Category	Delivery Term	Initial Delivery Date (“IDD”)	Agreement(s)
Bundled RA	Compensated Offered Resources	- At least 50 percent of contract deliveries must be within RA compliance years (2023 and 2024) - 1 to 48 months	- Any month from 2023 to 2024 - IDD must begin on first day of month	Appendix E3 – RA Agreement for Existing Resources (Non-PG&E Participants)
Bundled RA with Energy Settlement				Appendix E4 – RA Agreement for New Resources (Non-PG&E Participants) Appendix E7 –RA Agreement for Existing Resources (PG&E Participant) Appendix E8 –RA Agreement for New Resources (PG&E Participant)

Non-Compensated Self-Show Option

Per the CPE Decision, CPUC LSEs may indicate in their Competitive Offers that the Local RA attributes of Compensated Offered Resources will be Self-Shown for no compensation if their Competitive Offer is not selected by PG&E CPE as part of the Competitive Offer Process. CPUC LSEs may only elect for the Non-Compensated Self-Show Option with resources that are owned or under an existing contract. CPUC LSEs electing this option must also meet the requirements for Non-Compensated Shown Resources as detailed in Attachment 1 of this Solicitation Protocol in addition to the requirements detailed in this Attachment 2B.

An overview of the additional eligible product in the Competitive Offer Process for Participants who elect for the Non-Compensated Self-Show Option is listed in Table II.2 below.

Table II.2 (Attachment 2B): Overview of Product for Option to Self-Show for No Compensation if Not Selected

Product	Resource Category	Delivery Term	Initial Showing Date (“ISD”)	Agreement(s)
Self-Shown Local RA	Non-Compensated Self-Shown	<p>- The Delivery Term may not commence prior to the 2023 RA compliance period on 1/1/2023 and may not extend beyond the 2024 RA compliance period on 12/31/2024</p> <p>- 1 to 24 months</p>	<p>- Any month from 2023 to 2024, subject to the Delivery Term requirements</p> <p>- ISD must begin on first day of month</p>	<p>Appendix E1 – Shown RA Agreement for Existing Resources (Non-PG&E Participants)</p> <p>Appendix E2 – Shown RA Agreement for New Resources (Non-PG&E Participants)</p> <p>Appendix E5 – Shown RA Agreement for Existing Resources (PG&E Participant)</p> <p>Appendix E6 – Shown RA Agreement for New Resources (PG&E Participant)</p>

III. ELIGIBILITY

a) Eligible Participants

All Participants are eligible to participate in this process of the Solicitation; however, only CPUC LSEs are eligible for the Non-Compensated Self-Show Option.

a) Eligible Resources

Any new or existing Resource of any technology type that can provide local RA within the PG&E Local Capacity Areas.

IV. AGREEMENTS

To comply with the CPE Decision, PG&E CPE is seeking Competitive Offers for products from New and Existing Compensated Offered Resources. PG&E CPE prefers to execute agreements that are substantially similar to the form Agreement provided. PG&E CPE has a strong preference for standardized agreements. Participants must provide a completed version of the relevant Agreement, including any proposed markups, as part of their Competitive Offer package which will be used by PG&E CPE as part of the review process for that Competitive Offer. Participants may only submit one version of proposed markups for each relevant Agreement.

The following Agreement(s) may be used for products from Compensated Offered Resources:

- Appendix E3 – RA Agreement for Existing Resources (Non-PG&E Participants)
- Appendix E4 – RA Agreement for New Resources (Non-PG&E Participants)
- Appendix E7 – RA Agreement for Existing Resources (PG&E Participant)
- Appendix E8 – RA Agreement for New Resources (PG&E Participant)

The following Agreement(s) may be used for Local RA from Non-Compensated Self-Shown Resources:

- Appendix E1 – Shown RA Agreement for Existing Resources (Non-PG&E Participants)
- Appendix E2 – Shown RA Agreement for New Resources (Non-PG&E Participants)
- Appendix E5 – Shown RA Agreement for Existing Resources (PG&E Participant)
- Appendix E6 – Shown RA Agreement for New Resources (PG&E Participant)

V. SAFETY

New Resources:

PG&E is committed to providing safe utility (electric and gas) service to its customers. As part of this commitment, PG&E requires that the Participants recognize safety is of paramount importance. In connection with this Solicitation, Participants will be required to meet certain safety standards, provide safety information related to the technology for the Resource, and provide information regarding safety history, including for the entities that will construct, operate, or maintain the Resource(s). Per Appendix B of this Solicitation, Participants are

required to identify the known safety-related hazards and risks associated with their technology. Participants are also required to describe their ability to mitigate safety risks and comply with applicable safety-related codes and standards identified by the Participant.

A Participant's obligations with respect to safety may vary based on the particular Agreement, Resource, and product type, as well as the commercial relationship of the entities involved in the transaction. Each of the Agreements contains specific requirements intended to ensure that the Participant and the entities that construct, operate, or maintain the Resource, as applicable, do so in a safe, reliable, and efficient manner that protects the public health and safety of California residents, business, employees, and the community. Participants will be responsible for any fees and costs associated with meeting PG&E CPE's safety requirements in the Solicitation and the applicable Agreement. Prior to a Participant submitting a Competitive Offer, PG&E CPE recommends that Participants review the safety provisions in the form Agreement and PG&E's Contractor Safety Program Requirements.

Existing Resources:

Not required to provide this demonstration.

VI.IS-NET

New Resources (Participant is Owner of Resource):

To be eligible for execution of an Agreement, Participants are required to complete PG&E's safety registration and prequalification process with ISNetworld ("ISNet"), PG&E's primary contractor safety management system. To complete this requirement, Participants should go to www.isn.com, and register the project entity who will be party to the Agreement, or, if the project entity has not yet been formed, Participants may register the parent organization to undergo prequalification during the Solicitation. Participants will be required to submit company information related to safety performance and practices for evaluation by ISNet based on criteria described in Section 3 of PG&E's Contractor Safety Program Requirements, which can be found at: www.pge.com/contractorsafety. As the prequalification process can take several weeks and active follow-up through ISNet, PG&E recommends Participants familiarize themselves with ISNet and PG&E's Contractor Safety Program prequalification requirements as soon as possible. Participants with Qualified Offers that are required to complete and satisfy PG&E CPE's prequalification process must do so prior to execution in this Solicitation to be considered eligible for execution of an Agreement. Failure to complete prequalification may result in a Participant's Offer no longer being deemed Qualified.

New Resources (Where Participant is Not Owner of Resource):

Not required to provide this demonstration.

Existing Resources:

Not required to provide this demonstration.

VII.SITE CONTROL REQUIREMENTS

New Resources:

a) In-Front-of-the-Meter

Participants must demonstrate site control at the time of the Competitive Offer submission.

Examples of acceptable forms of Site Control are:

- 1) Fee Title
- 2) Recorded Exclusive Easement
- 3) Executed Option Agreement
- 4) Lease (Non-revocable)
- 5) Lease Option (Non-revocable)

b) Aggregated Behind-the-Meter (BTM) Customer-Connected and Demand Response

Not required to provide this demonstration.

Existing Resources:

Not required to provide this demonstration.

VIII.INTERCONNECTION REQUIREMENTS

New Resources:

a) In-Front-of-the-Meter

At the time of the Competitive Offer submittal, Participants must have Participating Transmission Operator (PTO) or Utility Distribution Company (UDC) documentation showing that the Resource is expected to receive Full Capacity Deliverability Status (FCDS) in order to support delivery of product, including RA, per the obligations of the corresponding agreement. Participants must remain active in the applicable interconnection queue until the Resource's required network upgrades have been completed. At a minimum, Resources must have an interconnection report or agreement as a result of an interconnection request demonstrating evidence of a construction schedule that can meet the proposed Initial Delivery Date.

Participants are reminded that PG&E is releasing this Solicitation in its central procurement function and in that function PG&E has no obligation nor ability to influence the Participating Transmission Operator or Utility Distribution Company. PG&E in its CPE function is not responsible or liable for delays in interconnection or transmission or distribution service or inability to obtain retail electric service for any Resource. For more information, please refer to the Separation of Functions section of the applicable Agreement.

b) Aggregated Behind-the-Meter (BTM) Customer-Connected and Demand Response

Not required to provide this demonstration but must describe their customer acquisition plans in Appendix B.

Existing Resources:

Not required to provide this demonstration.

**** End of Attachment 2B ****

From: PG&E Central Procurement Entity (CPE) Solicitations <CPESolicitations@pge.com>
Sent: Friday, April 23, 2021 2:14 PM
To: Muranishi, Mark
Subject: Issuance of PG&E as Central Procurement Entity's 2021 Local Resource Adequacy Request For Offers

*******CAUTION: This email was sent from an EXTERNAL source. Think before clicking links or opening attachments.*******



[View this email in your browser](#)

Market Participants,

PG&E acting as the Central Procurement Entity ("PG&E as CPE") is pleased to announce the issuance of the 2021 Central Procurement Entity Local Resource Adequacy Request for Offers ("2021 CPE Local RA RFO" or "Solicitation") seeking offers to procure local resource adequacy ("Local RA") to meet the objectives of California Public Utility Commission ("CPUC") Decision [D.20-06-002](#), the Central Procurement Entity Decision ("CPE Decision") and Decision [D.20-12-006](#), the Local Capacity Requirement Reduction Compensation Mechanism Decision.

In the CPE Decision, the California Public Utilities Commission ("CPUC") designated PG&E as the CPE for the multi-year Local RA Program for PG&E's electric distribution service area. All procurement conducted by PG&E as CPE is separate and distinct from procurement conducted by PG&E for PG&E's bundled electric service customers.

PG&E as CPE is seeking to procure Local RA to meet the PG&E electric distribution service area Local RA procurement requirements for the 2023 and 2024 compliance years. Procurement in the 2021 CPE Local RA RFO will qualify towards meeting the minimum procurement requirements detailed in the CPE Decision.

PG&E as CPE will use the Power Advocate platform for the receipt of offers in this Solicitation. All participants are required to pre-register through Power Advocate in order to submit an offer. The instructions for offer submittal will be available on PG&E as CPE's website at the link below.

PG&E as CPE will host a Participants' Webinar on Wednesday May 5th, 2021 which will provide an overview of PG&E as CPE's 2021 CPE Local RA RFO and the requirements. PG&E as CPE will also host an Offer Form Webinar on Monday May 10th, 2021 which will provide an overview of the functionality of the offer forms. Webinar links and dial-in information will be provided prior to the dates above.

Please refer to PG&E as CPE's 2021 CPE Local RA RFO website for all Solicitation materials, schedule, and updates pertaining to this RFO at: <http://www.pge.com/2021cperfo>.

Any questions regarding this Solicitation may be directed to: CPEsolicitations@pge.com with a copy to the Independent Evaluator, Merrimack Energy at MerrimackIE@merrimackenergy.com. We look forward to your participation.

Regards,

PG&E as CPE

www.pge.com/cpe

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**Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity
(CPE)**

CPE Annual Compliance Report (ACR)

November 1, 2021

**Compliance with Certain Ordering Paragraphs of Decision 20-06-002 and Decision 20-12-
006**

OP	<p align="center">CPE Decision (D. 20-06-022) Ordering Paragraph Language</p>	<p align="center">Section of Report or Supporting Documentation</p>
8	<p>The central procurement entity (CPE) shall conduct a competitive, all-source solicitation for local Resource Adequacy (RA) procurement with the following requirements:</p> <ul style="list-style-type: none"> a) Any existing local resource that does not have a contract, any new local resource that can be brought online in time to meet solicitation requirements, or any load serving entity (LSE) or third-party with an existing local RA contract may bid into the solicitation b) If an LSE-procured local resource is not selected by the CPE, the local resource may still count towards the LSE’s system or flexible RA obligations, if applicable. c) RA attributes shall remain bundled and LSEs shall receive credits for any system or flexible capacity procured during the local RA or backstop processes, based on coincident peak load shares, as is currently done with Cost Allocation Mechanism (CAM) resources. d) CAM resources and investor-owned utility local Demand Response resources shall reduce the local RA amount that the CPE must procure. e) The CPE shall include dispatch rights, or other means that stipulate how local resources bid into the energy markets, in its solicitation as an optional term that bidders are encouraged to include. 	<p>Refer to Public Attachment 3(a) CPE’s Solicitation Protocol from the 2021 PG&E CPE Local RA RFO.</p> <p>For 8.e., PG&E CPE solicited offers for energy value through a financial settlement (Bundled RA with Energy Settlement) to incentivize local resources to bid into and act rationally in the wholesale energy market.</p>
13	<p>All Investor-Owned Utility bids, including utility-owned generation, shall be submitted to the Cost Allocation Mechanism Procurement Review Group and independent evaluator, in advance of the receipt of bids from any other entities.</p>	<p>Refer to CPE_Conf_Atch_C_Key_Briefing_Packages for documentation related to the IOU bids being submitted to the CAM PRG and IE before receipt of other Participant bids.</p>

OP	CPE Decision (D. 20-06-022) Ordering Paragraph Language	Section of Report or Supporting Documentation
14	<p>To guide the selection of local resources procured by the central procurement entity (CPE), the CPE shall use the all-source selection criteria, including the loading order, and least cost best fit methodology adopted in Decision (D.) 04-07-029. The least cost best fit methodology employed shall also include the following selection criteria:</p> <ul style="list-style-type: none"> a. Future needs in local and sub-local areas; b. Local effectiveness factors, as published in the California Independent System Operator’s Local Capacity Requirement Technical Studies; c. Resource costs; d. Operational characteristics of the resources (efficiency, age, flexibility, facility type); e. Location of the facility (with consideration for environmental justice); f. Costs of potential alternatives; g. Greenhouse Gas (GHG) adders; h. Energy-use limitations; and i. Procurement of preferred resources and energy storage (to be prioritized over fossil generation). <p>The GHG planning price, adopted in D.18-02-016, shall guide development of the GHG adder used by the central procurement entity.</p>	<p>Refer to Public Attachment 3(a) CPE’s Solicitation Protocol from the 2021 PG&E CPE Local RA RFO indicating the information required to be submitted for all offers.</p>
15	<p>In its solicitation, the central procurement entity shall direct bidders to include the following attributes for a resource: the CalEnviroScreen score of the resource location (or if unavailable, the pollution burden of the resource location), facility age, heat rate, start-up time, and ramp rate.</p>	<p>Refer to Public Attachment 3(a) CPE’s Solicitation Protocol from the PG&E CPE 2021 Local RA RFO indicating the information required to be submitted for all offers.</p> <p>Please also refer to the Offer Forms for the CPE RFO that requested this information on the CPE RFO website here: https://www.pge.com/en_US/for-our-business-partners/central-procurement-entity/2021-cpe-rfo.page (See Appendix A4 for example)</p>
17	<p>The central procurement entity (CPE) shall establish a Centralized Local Procurement Balancing Account as a sub-account of the New Generation Services Balancing Account within 60 days of the issuance of this decision to facilitate the cost recovery process. The CPE shall submit its administrative costs associated with central procurement for review in its annual Energy Resource Recovery Account forecast and compliance process.</p>	<p>PG&E CPE established the Centralized Local Procurement Balancing Account through AL 5919-E, which became effective on September 16, 2020.</p>
18	<p>The central procurement entity shall submit supplemental testimony with the forecasted administrative costs associated with central procurement for 2021 in its Energy Resource Recovery Account forecast proceeding within 75 days of the issuance of this decision.</p>	<p>PG&E as the CPE filed supplemental testimony in the ERRA forecast proceeding on August 14, 2020.</p>

OP	CPE Decision (D. 20-06-022) Ordering Paragraph Language	Section of Report or Supporting Documentation
21	<p>An independent evaluator (IE) shall be retained to monitor the central procurement entity’s (CPE) solicitation process and contract execution process, as follows:</p> <p>a. The CPE shall develop a pool of at least three IEs, with the appropriate level of technical expertise and experience, to serve on a rotating basis for solicitations. Energy Division will have final approval over the selection of the IEs.</p> <p>e. The CPE shall permit periodic oversight of the IE process by Energy Division.</p> <p>g. The CPE shall rely on the requirements for the IE process adopted in Decision 04-12-048 as guidance; however, such guidance shall represent a minimum standard for the IE process.</p>	<p>Refer to CPE_Conf_Atch_D_IE_Report for more information on the role of the IE during the CPE solicitation process.</p> <p>PG&E CPE retained Merrimack Energy from PG&E’s pool of IE’s, to serve as the IE for its 2021 procurement activities in November 2020.</p>
24	<p>The central procurement entity (CPE) shall establish a rule or procedure that will govern how confidential, market-sensitive information received from third-party market participants during the solicitation process will be protected and what firewall safeguards will be implemented to prevent the sharing of information beyond those employees involved in the solicitation and procurement process. As guidance to develop the rule or procedure, the CPE may use the competitive-neutrality rules adopted in Decision 13-02-029. The CPE shall file and serve the proposed rule into the successor Resource Adequacy proceeding, Rulemaking 19-11-009, by September 1, 2020.</p>	<p>Refer to CPUC Decision 20-12-006, OP 9 (copied in table below for reference) to evidence PG&E CPE’s competitive neutrality rule as adopted by the Commission.</p>
25	<p>The central procurement entity (CPE), in collaboration with the independent evaluator, Cost Allocation Mechanism Procurement Review Group, and Energy Division, shall create a strict code of conduct, similar to that adopted in Decision 07-12-052, that prevents the sharing of confidential, market-sensitive information beyond those employees involved in the solicitation and R.17-09-020 100 - procurement process. Personnel employed by the CPE and involved in the solicitation and procurement process (including management and officers) shall sign the code of conduct as a precondition to engaging in the central solicitation and procurement process.</p>	<p>Refer to CPE_Conf_Atch_C_Key Briefing_Packages for documentation relating to collaboration with the CAM PRG, IE and ED regarding the PG&E CPE’s Code of Conduct.</p> <p>All PG&E personnel employed by the CPE signed the Code of Conduct prior to engagement in the 2021 Local RA RFO.</p>
28	<p>The Resource Adequacy timeline outlined in Section 3.10 is adopted in anticipation of the 2023 compliance year and future years.</p>	<p>Refer to Public Attachment 3(a) CPE RFO Documentation for the CPE’s Solicitation Protocol from the 2021 PG&E CPE Local RA RFO outlining the timeline for the RFO, including the launch date in April 2021.</p> <p>Additionally, in compliance with the timeline outlined in the CPE Decision, the PG&E CPE made its local RA showing to the Commission and the CAISO on September 30, 2021.</p>

OP	<p align="center">LCR RCM Decision (D.20-12-006) Ordering Paragraph Language</p>	<p align="center">Section of Report or Supporting Documentation</p>
<p align="center">3</p>	<p>California Community Choice Association’s Option 2 local capacity requirements (LCR) reduction compensation mechanism (RCM) is adopted to apply to new preferred resources and new energy storage resources, including utility-owned generation, with modifications, as follows:</p> <p>(a) The central procurement entity (CPE) may accept or reject the shown local resource if more cost-effective resources are available.</p> <p>(b) The CPE shall apply all of the methodology and criteria set forth in Ordering Paragraph 14 of Decision (D.) 20-06-002 to shown resources in the same way the methodology and criteria are applied to bid resources.</p> <p>(c) If selected, the load-serving entity (LSE) shall be paid up to the showing price without annual adjustment for effectiveness. The showing price shall not exceed the pre-determined local price, which is calculated as follows:</p> <p>Year 1: Use the weighted average price from the last four quarters of Energy Division Power Charge Indifference Adjustment (PCIA) responses for both system and local RA; subtract system Resource Adequacy (RA) price from local RA price.</p> <p>Subsequent Years: Use the weighted average price from the last four quarters of Energy Division PCIA responses for system RA and the most recent weighted average price reported in the CPE solicitation results (prior year’s results) for local RA price; subtract system RA price from local RA price.</p> <p>(d) The price shall be differentiated by local area or sub-local area, unless higher-level aggregation is required to mask individual resource prices.</p> <p>(e) For a resource eligible for the LCR RCM, if the load-serving entity (LSE) elects to show for the LCR RCM, the LSE cannot also provide a bid into the CPE solicitation for that resource. If an LSE with a resource eligible for the LCR RCM elects not to show under the LCR RCM, it still has all of the options available under Decision 20-06-002: (1) show the resource for no compensation in advance of the CPE’s solicitation, (2) bid the resource into the CPE’s solicitation, (3) bid the resource into the CPE’s solicitation and indicate that the resource will be available to show the local RA attribute for no compensation if the bid is not accepted, or (4) retain all RA attributes for the LSE.</p> <p>(f) A new local preferred or energy storage resource may be eligible for the LCR RCM up to the life of the resource’s original contract, or in the case of utility-owned generation, up to the original life of the resource.</p> <p>(g) A shown resource that qualifies for the LCR RCM shall have a commitment equivalent to the period the resource is under control or contracted for, that corresponds to the 3-year forward compliance period, where the start date may be any year within the 3-year forward compliance period.</p> <p>(h) A shown resource shall be documented on an agreement as determined by the CPE, which may include the Edison Electric Institute Master Agreement. LSEs intending to show resources to the CPE are encouraged to enter into an enabling agreement with the CPE in advance of the CPE’s solicitation.</p>	<p>Refer to Public Attachment 3(a) CPE’s Solicitation Protocol from the 2021 PG&E CPE Local RA RFO explaining the LCR RCM Compensated Self-Shown product requirements.</p> <p>Please also refer to CPE_Conf_Atch_A_New_Contracts, Contract Documents folder which includes the executed confidential contract document provided for this agreement type.</p>
<p align="center">4</p>	<p>The existing definition of preferred resources from the State’s Energy Action Plan II, as adopted in Decision 14-03-004, shall apply to the local capacity requirement reduction compensation mechanism.</p>	<p>Refer to Public Attachment 3(a) CPE’s Solicitation Protocol from the 2021 PG&E CPE Local RA RFO.</p>

OP	<p align="center">LCR RCM Decision (D.20-12-006) Ordering Paragraph Language</p>	<p align="center">Section of Report or Supporting Documentation</p>
5	<p>Any new preferred resource or energy storage resource with an original contract executed on or after June 17, 2020, shall be eligible for the local capacity requirement reduction compensation mechanism (LCR RCM). For utility-owned generation, any resource approved by the Commission or by Advice Letter on or after June 17, 2020, shall be eligible for the LCR RCM. An existing preferred or energy storage resource with a new contract or amended contract executed on or after June 17, 2020, is not eligible for the LCR RCM.</p>	<p>Refer to Public Attachment 3(a) CPE RFO Documentation for the CPE’s Solicitation Protocol from the 2021 PG&E CPE Local RA RFO.</p>
6	<p>A hybrid that consists of a preferred resource and an energy storage resource may be eligible for the local capacity requirement reduction compensation mechanism (LCR RCM), if either the preferred or the energy storage resource is a new resource.</p> <p>(a) In the case of a new hybrid resource, the entire hybrid resource may be eligible for the LCR RCM.</p> <p>(b) In the case of a new energy storage resource added to an existing preferred resource, in which the resources are co-located, only the new component shall be eligible for the LCR RCM.</p> <p>(c) The LCR RCM shall not apply to hybrid resources that consist of a fossil resource and a new energy storage resource. If the new energy storage resource is co-located with a fossil resource, the energy storage resource may be separately eligible as a standalone component.</p>	<p>Refer to Public Attachment 3(a) CPE RFO Documentation for the CPE’s Solicitation Protocol from the 2021 PG&E CPE Local RA RFO.</p>
9	<p>Pacific Gas and Electric Company’s (PG&E) proposed competitive neutrality protocol is adopted, as follows:</p> <p>Confidential, competitive information received by PG&E from load serving entities (LSEs), generators, third-party power marketers or demand response providers (DRPs), or from the CAISO related to LSEs, generators, third-party power marketers or DRPs, in connection with PG&E’s performance of its duties as the central procurement entity (CPE) for local resource adequacy (RA) for PG&E’s distribution service area shall be limited to PG&E staff who are responsible for performing or administratively supporting PG&E’s CPE responsibilities for local RA in accordance with Commission decisions and guidance. Such confidential, competitive information shall not be used to promote PG&E’s RA-related services to its bundled service customers or gain a competitive advantage for PG&E in the RA market, or to advantage utility-owned generation (UOG) resources or PG&E-contracted resources that can provide local RA and are eligible to bid or show to the CPE.</p> <p>PG&E staff receiving such confidential, competitive information from LSEs, generators, third-party marketers, DRPs or the CAISO in the discharge of PG&E’s roles and responsibilities as the CPE for PG&E’s distribution service area shall not share such confidential, competitive information with other individuals in PG&E who are directly responsible for discharging PG&E’s roles and responsibilities with respect to procurement, sales, or portfolio management of RA on behalf of PG&E’s bundled service customers or in preparing and submitting bids to the CPE.</p>	<p>Refer to CPE_Conf_Atch_D_IE_Report for more information regarding the PG&E CPE’s compliance with the competitive neutrality rule.</p>
10	<p>For the Energy Resource Recovery Account (ERRA) compliance filings, the central procurement entity (CPE) shall: (1) include confidential, market-sensitive information in either a separate chapter of testimony or supplemental testimony, (2) redact the information from public filings, and (3) only allow CPE personnel and support personnel (including contract management, law, and regulatory compliance) to sponsor, prepare, and view non-public versions of the filing.</p>	<p>N/A – No ERRA compliance filings have been submitted related to CPE procurement activities to date.</p>

Advice 6386-E
November 1, 2021

Attachment 4

Confidentiality Declarations and Matrices

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

**PACIFIC GAS AND ELECTRIC COMPANY
CENTRAL PROCUREMENT ENTITY (CPE)**

**DECLARATION OF AMOL PATEL
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION
CONTAINED IN PG&E CPE's ANNUAL COMPLIANCE REPORT FOR 2021
ADVICE LETTER 6386-E**

I, Amol Patel, declare:

1. I am a Chief in the CPE Implementation department within the Energy Policy and Procurement organization at Pacific Gas and Electric Company (PG&E). In this position, my responsibilities include overseeing Resource Adequacy (RA) commercial and compliance activities at PG&E for the CPE. This declaration is based on my personal knowledge of PG&E CPE's practices and my understanding of the Commission's decisions protecting the confidentiality of market-sensitive procurement information.

2. Based on my knowledge and experience, and in accordance with the Decisions (D.) 06-06-066, 20-06-002, and relevant Commission rules, I make this declaration seeking confidential treatment for certain procurement data and information contained in PG&E CPE's Annual Compliance Report for 2021.

3. Attached to this declaration is a matrix identifying the data and information for which PG&E CPE is seeking confidential treatment. The matrix specifies that the material PG&E CPE is seeking to protect constitutes confidential market sensitive procurement data and information identified by D. 06-06-066 (as modified by subsequent decisions). 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 the explanatory text that is pertinent to my declaration 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 1, 2021, at San Rafael, California.

A handwritten signature in black ink, appearing to read 'AP', is positioned above a horizontal line.

AMOL PATEL

**PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)
CENTRAL PROCUREMENT ENTITY (CPE) ANNUAL COMPLIANCE REPORT FOR 2021
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IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Statute or Order That Data Corresponds To	Justification for Confidential Treatment	Length of Time Data To Be Kept Confidential
Document: CPE Annual Compliance Report – Confidential Attachment A: New Contracts Executed/Amended			
<p>All information contained in the following files/folders in Confidential Attachment A:</p> <ol style="list-style-type: none"> 1) “PGE CPE Confidential Atch A New Contracts.pdf”; 2) Documents within the CPE RFO Documentation Folder: (“03_PG&E CPE 2021 RFO – Qualitative Evaluation Results.pdf”; “04_PG&E CPE 2021 RFO – Quantitative Evaluations Results.pdf”) 3) All executed contract documents in the following zip files within the CPE Contracts Folder: “RA Agreement with Energy Settlement_CONF.zip”; “RA Agreement_CONF.zip”; “Shown Capacity Agreement with LCR RCM_CONF.zip”; and “Shown Capacity Agreement_CONF.zip” 	<p>D.20-06-002 (applying framework from D.06-06-066 to CPE procurement)</p> <p>D.06-06-066, Appendix 1 Section VI A) – Utility Bundled Net Open (Long or Short) Position for Capacity (MW)</p>	<p>Disclosure of the information in the executed contracts can be used to closely approximate the capacity (Local RA) net open position of the PG&E CPE.</p> <p>Confidential Attachment A contains commercially sensitive information detailing the capacity PG&E CPE has acquired in various local areas that make up the PG&E CPE’s portfolio. Disclosure of the capacity that was procured in each local area could potentially have an adverse effect on the market, put PG&E CPE at a competitive disadvantage with regard to other market participants, and impact participants’ future bidding behavior for capacity that has not yet been procured.</p>	<p>Front three years</p>

**PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)
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IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Statute or Order That Data Corresponds To	Justification for Confidential Treatment	Length of Time Data To Be Kept Confidential
<p>All information contained in the following files/folders in Confidential Attachment A:</p> <ol style="list-style-type: none"> 1) “PGE CPE Confidential Atch A New Contracts.pdf”; 2) Documents within the CPE RFO Documentation Folder: (“03_PG&E CPE 2021 RFO – Qualitative Evaluation Results.pdf”; “04_PG&E CPE 2021 RFO – Quantitative Evaluations Results.pdf”) 3) All executed contract documents in the following zip files within the CPE Contracts Folder: “RA Agreement with Energy Settlement_CONF.zip”; “RA Agreement_CONF.zip”; “Shown Capacity Agreement with LCR RCM_CONF.zip”; and “Shown Capacity Agreement_CONF.zip” 	<p>D.20-06-002 (applying framework from D.06-06-066 to CPE procurement)</p> <p>D.06-06-066, Appendix 1 Section VIII.A – Bid Information and VIII.B –Quantitative analysis for scoring and evaluating bids</p>	<p>Confidential bid information from solicitation. Confidential Attachment A includes contract identifiers, contract terms, counterparty information and resource quantities that were bid into the PG&E CPE Local RA RFO. Total number of projects and megawatts bid by resource type public after final contract submitted for CPUC approval.</p> <p>Confidential Attachment A contains commercially sensitive information detailing the specific resource information PG&E CPE has acquired in various local areas that make up the PG&E CPE’s portfolio. Disclosure of the contracts, evaluation criteria applied and specific resource information that was offered into the PG&E CPE RFO and procured in each local area could potentially have an adverse effect on the market, put PG&E CPE at a competitive disadvantage with regard to other market participants, and impact participants’ future bidding behavior for resources that have not yet been procured.</p>	<p>Three years</p>

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IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Statute or Order That Data Corresponds To	Justification for Confidential Treatment	Length of Time Data To Be Kept Confidential
<p>All information contained in the following files/folders in Confidential Attachment A:</p> <ol style="list-style-type: none"> 1) "PGE CPE Confidential Atch A New Contracts.pdf"; 2) All executed contract documents in the following zip files within the CPE Contracts Folder: "RA Agreement with Energy Settlement_CONF.zip"; "RA Agreement_CONF.zip"; "Shown Capacity Agreement with LCR RCM_CONF.zip"; and "Shown Capacity Agreement_CONF.zip" 	<p>D.20-06-002 (applying framework from D.06-06-066 to CPE procurement)</p> <p>D.06-06-066, Appendix 1 Section VII.B – Terms and conditions of non-RPS contracts</p>	<p>Confidential terms and conditions of non-RPS contract. PG&E CPE Confidential Attachment A includes the executed contracts resulting from the PG&E CPE 2021 Local RA RFO. Those documents contain contract identifiers, contract terms, counterparty information and resource quantities that were bid into the PG&E CPE Local RA RFO.</p> <p>Confidential Attachment A contains commercially sensitive information detailing the specific resource information PG&E CPE has acquired in various local areas that make up the PG&E CPE's portfolio. Disclosure of the contracts, evaluation criteria applied and specific resource information that was offered into the PG&E CPE RFO and procured in each local area could potentially have an adverse effect on the market, put PG&E CPE at a competitive disadvantage with regard to other market participants, and impact participants' future bidding behavior for resources that have not yet been procured.</p>	<p>Three years from contract date for deliveries to start or one year after expiration</p>
Document: CPE Annual Compliance Report – Confidential Attachment B: Counterparty Information			
<p>"PGE CPE Confidential Atch B – Non-Invest Grade Ctrpty.pdf"</p>	<p>D.20-06-002 (applying framework from D.06-06-066 to CPE procurement)</p> <p>D.06-06-066, Appendix 1 Section VII.B – Terms and conditions of non-RPS contracts</p>	<p>Confidential terms and conditions of non-RPS contract. Confidential Attachment B contains commercially sensitive information resulting from participation in the PG&E CPE 2021 Local RA RFO.</p>	<p>Three years from contract date for deliveries to start or one year after expiration</p>

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IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Statute or Order That Data Corresponds To	Justification for Confidential Treatment	Length of Time Data To Be Kept Confidential
Document: CPE Annual Compliance Report – Confidential Attachment C: Key Briefing Packages			
<p>All information contained in the following files/folders in Confidential Attachment C:</p> <ol style="list-style-type: none"> 1) “Confidential Attachment C.docx”; 2) All files, folders and documents within zip file “CPE_CAM PRG Materials_CONF.zip” including the materials within the “Meeting Invitation, Materials and Summaries” folder 3) Files included in the PGE LSE Offers folder: “06-07-21 ESFT PGE CAMPRG Info CPE 2021 Local RA RFO Ofrs Rec from PGE Part.msg” and “06-07-21 PGE CAMPRG Info CPE 2021 Local RA RFO Ofrs Rec from PGE Part.pdf” 	<p>D.20-06-002 (applying framework from D.06-06-066 to CPE procurement)</p> <p>D.06-06-066, Appendix 1 Section VI A) – Utility Bundled Net Open (Long or Short) Position for Capacity (MW)</p>	<p>Disclosure of the information in the executed contracts can be used to closely approximate the capacity (Local RA) net open position of the PG&E CPE.</p> <p>Confidential Attachment A contains commercially sensitive information detailing the capacity PG&E CPE has acquired in various local areas that make up the PG&E CPE’s portfolio. Disclosure of the capacity that was procured in each local area could potentially have an adverse effect on the market, put PG&E CPE at a competitive disadvantage with regard to other market participants, and impact participants’ future bidding behavior for capacity that has not yet been procured.</p>	<p>Front three years</p>

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<p>All information contained in the following files/folders in Confidential Attachment C:</p> <ol style="list-style-type: none"> 1) “Confidential Attachment C.docx”; 2) All files, folders and documents within zip file “CPE_CAM PRG Materials_CONF.zip” including the materials within the “Meeting Invitation, Materials and Summaries” folder 3) Files included in the PGE LSE Offers folder: “06-07-21 ESFT PGE CAMPRG Info CPE 2021 Local RA RFO Ofrs Rec from PGE Part.msg” and “06-07-21 PGE CAMPRG Info CPE 2021 Local RA RFO Ofrs Rec from PGE Part.pdf” 	<p>D.20-06-002 (applying framework from D.06-06-066 to CPE procurement)</p> <p>D.06-06-066, Appendix 1 Section VIII.A – Bid Information and VIII.B –Quantitative analysis for scoring and evaluating bids</p>	<p>Confidential bid information from solicitation. The PG&E CPE Key Briefing Packages include contract identifiers, contract terms, counterparty information and resource quantities that were bid into the PG&E CPE Local RA RFO. Total number of projects and megawatts bid by resource type public after final contract submitted for CPUC approval.</p> <p>Confidential Attachment C contains commercially sensitive information detailing the specific resource information PG&E CPE has acquired in various local areas that make up the PG&E CPE’s portfolio. Disclosure of the contracts, evaluation criteria applied and specific resource information that was offered into the PG&E CPE RFO and procured in each local area could potentially have an adverse effect on the market, put PG&E CPE at a competitive disadvantage with regard to other market participants, and impact participants’ future bidding behavior for resources that have not yet been procured.</p>	<p>Three years</p>

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<p>All information contained in the following files/folders in Confidential Attachment C:</p> <ol style="list-style-type: none"> 1) “Confidential Attachment C.docx”; 2) All files, folders and documents within zip file “CPE_CAM PRG Materials_CONF.zip” including the materials within the “Meeting Invitation, Materials and Summaries” folder 3) Files included in the PGE LSE Offers folder: “06-07-21 ESFT PGE CAMPRG Info CPE 2021 Local RA RFO Ofrs Rec from PGE Part.msg” and “06-07-21 PGE CAMPRG Info CPE 2021 Local RA RFO Ofrs Rec from PGE Part.pdf” 	<p>D.20-06-002 (applying framework from D.06-06-066 to CPE procurement)</p> <p>D.06-06-066, Appendix 1 Section VII.B – Terms and conditions of non-RPS contracts</p>	<p>Confidential terms and conditions of non-RPS contract. PG&E CPE Confidential Attachment A includes the executed contracts resulting from the PG&E CPE 2021 Local RA RFO. Those documents contain contract identifiers, contract terms, counterparty information and resource quantities that were bid into the PG&E CPE Local RA RFO.</p> <p>Confidential Attachment A contains commercially sensitive information detailing the specific resource information PG&E CPE has acquired in various local areas that make up the PG&E CPE’s portfolio. Disclosure of the contracts, evaluation criteria applied and specific resource information that was offered into the PG&E CPE RFO and procured in each local area could potentially have an adverse effect on the market, put PG&E CPE at a competitive disadvantage with regard to other market participants, and impact participants’ future bidding behavior for resources that have not yet been procured.</p>	<p>Three years from contract date for deliveries to start or one year after expiration</p>
Document: CPE Annual Compliance Report – Confidential Attachment D: IE Report			
<p>Confidential Attachment D – Independent Evaluator Report: Grey-shaded information within “PGE CPE ACR-20211101-IE Report-CONF.pdf”</p>	<p>D.20-06-002 (applying framework from D.06-06-066 to CPE procurement)</p> <p>D.06-06-066, Appendix 1 Section VI A) – Utility Bundled Net Open (Long or Short) Position for Capacity (MW)</p>	<p>Disclosure of the information in the executed contracts can be used to closely approximate the capacity (Local RA) net open position of the PG&E CPE.</p> <p>Confidential Attachment D contains commercially sensitive information detailing the capacity PG&E CPE has acquired in various local areas that make up the PG&E CPE’s portfolio. Disclosure of the capacity that was procured in each local area could potentially have an adverse effect on the market, put PG&E CPE at a competitive disadvantage with regard to other market participants, and impact participants’ future bidding behavior for capacity that has not yet been procured.</p>	<p>Front three years</p>

Table continues on following page

**PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)
CENTRAL PROCUREMENT ENTITY (CPE) ANNUAL COMPLIANCE REPORT FOR 2021
ADVICE LETTER 6386-E
NOVEMBER 1, 2021**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Statute or Order That Data Corresponds To	Justification for Confidential Treatment	Length of Time Data To Be Kept Confidential
Confidential Attachment D – Independent Evaluator Report: Grey-shaded information within “PGE CPE ACR-20211101-IE Report-CONF.pdf”	D.20-06-002 (applying framework from D.06-06-066 to CPE procurement) D.06-06-066, Appendix 1 Section VIII.A – Bid Information and VIII.B –Quantitative analysis for scoring and evaluating bids	Confidential bid information from solicitation. The PG&E CPE Confidential Independent Evaluator Report include contract identifiers, contract terms, counterparty information and resource quantities that were bid into the PG&E CPE Local RA RFO. Total number of projects and megawatts bid by resource type public after final contract submitted for CPUC approval. Confidential Attachment D contains commercially sensitive information detailing the specific resource information PG&E CPE has acquired in various local areas that make up the PG&E CPE’s portfolio. Disclosure of the contracts, evaluation criteria applied and specific resource information that was offered into the PG&E CPE RFO and procured in each local area could potentially have an adverse effect on the market, put PG&E CPE at a competitive disadvantage with regard to other market participants, and impact participants’ future bidding behavior for resources that have not yet been procured.	Three years
Confidential Attachment D – Independent Evaluator Report: Grey-shaded information within “PGE CPE ACR-20211101-IE Report-CONF.pdf”	D.20-06-002 (applying framework from D.06-06-066 to CPE procurement) D.06-06-066, Appendix 1 Section VII.B – Terms and conditions of non-RPS contracts	Confidential terms and conditions of non-RPS contract. The PG&E CPE Confidential Independent Evaluator Report includes the terms and conditions of executed contracts resulting from the PG&E CPE 2021 Local RA RFO, including contract terms, counterparty information and resource quantities that were bid into the PG&E CPE Local RA RFO. Confidential Attachment D contains commercially sensitive information detailing the specific resource information PG&E CPE has acquired in various local areas that make up the PG&E CPE’s portfolio. Disclosure of the contracts, evaluation criteria applied and specific resource information that was offered into the PG&E CPE RFO and procured in each local area could potentially have an adverse effect on the market, put PG&E CPE at a competitive disadvantage with regard to other market participants, and impact participants’ future bidding behavior for resources that have not yet been procured.	Three years from contract date for deliveries to start or one year after expiration

Table continues on following page

**PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)
CENTRAL PROCUREMENT ENTITY (CPE) ANNUAL COMPLIANCE REPORT FOR 2021
ADVICE LETTER 6386-E
NOVEMBER 1, 2021**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Statute or Order That Data Corresponds To	Justification for Confidential Treatment	Length of Time Data To Be Kept Confidential
Document: CPE Annual Compliance Report – Confidential Attachment E: Deferred Procurement			
“PGE CPE Confidential Atch E – Deferred_Procurement.pdf”	D.20-06-002 (applying framework from D.06-06-066 to CPE procurement) D.06-06-066, Appendix 1 Section VI A) – Utility Bundled Net Open (Long or Short) Position for Capacity (MW)	Disclosure of the information regarding deferred procurement by the PG&E CPE can be used to closely approximate the capacity (Local RA) net open position of the PG&E CPE. Confidential Attachment E contains commercially sensitive information detailing pricing and participation in the PG&E CPE RFO. Disclosure of the capacity that was offered or not offered for each local area could potentially have an adverse effect on the market, put PG&E CPE at a competitive disadvantage with regard to other market participants, and impact participants’ future bidding behavior for capacity that has not yet been procured.	Front three years
“PGE CPE Confidential Atch E – Deferred_Procurement.pdf”	D.20-06-002 (applying framework from D.06-06-066 to CPE procurement) D.06-06-066, Appendix 1 Section VIII.A – Bid Information and VIII.B –Quantitative analysis for scoring and evaluating bids	Confidential bid information from solicitation. The PG&E CPE Confidential Attachment E is required to include pricing information, counterparty information and resource quantities that were bid into the PG&E CPE Local RA RFO. Total number of projects and megawatts bid by resource type public after final contract submitted for CPUC approval. Confidential Attachment E contains commercially sensitive information detailing the specific resource information offered into PG&E CPE RFO. Disclosure of the evaluation criteria applied and specific resource information that was offered into the PG&E CPE RFO for each local area could potentially have an adverse effect on the market, put PG&E CPE at a competitive disadvantage with regard to other market participants, and impact participants’ future bidding behavior for resources that have not yet been procured.	Three years

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

**DECLARATION SUPPORTING CONFIDENTIAL DESIGNATION
ON BEHALF OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)
CENTRAL PROCUREMENT ENTITY (CPE)**

1. I, Amol Patel, am a Chief in the Energy Policy and Procurement organization of Pacific Gas and Electric Company (“PG&E”), a California corporation. Fong Wan, the Senior Vice President of Energy Policy and Procurement of PG&E, delegated authority to me to sign this declaration. My business office is located at:

Pacific Gas and Electric Company
77 Beale Street, 25th Floor
San Francisco, CA 94105

2. PG&E will produce the information identified in Paragraph 3 of this Declaration to the California Public Utilities Commission (“CPUC”) or departments within or contractors retained by the CPUC in response to a CPUC audit, data request, proceeding, or other CPUC request.

Name or Docket No. of CPUC Proceeding (if applicable):

R.19-11-009 and R.21-10-002

3. Title and description of document(s):

Advice Letter 6386-E: PG&E CPE Annual Compliance Report for 2021

4. These documents contain confidential information that, based on my information and belief, has not been publicly disclosed. These documents have been marked as confidential, and the basis for confidential treatment and where the confidential information is located on the documents are identified on the following chart with further detail provided in Appendix A, which is incorporated into this declaration:

Check	Basis for Confidential Treatment	Where Confidential Information is Located on the Documents
<input type="checkbox"/>	<p>Customer-specific data, which may include demand, loads, names, addresses, and billing data.</p> <p>(Protected under PUC § 8380; Civ. Code §§ 1798 <i>et seq.</i>; Govt. Code § 6254; Public Util. Code § 8380; Decisions (D.) 14-05-016, 04-08-055, 06-12-029)</p>	
<input type="checkbox"/>	<p>Personal information that identifies or describes an individual (including employees), which may include home address or phone number; SSN, driver’s license, or passport numbers; education; financial matters; medical or employment history (not including PG&E job titles); and statements attributed to the individual.</p> <p>(Protected under Civ. Code §§ 1798 <i>et seq.</i>; Govt. Code § 6254; 42 U.S.C. § 1320d-6; and General Order (G.O.) 77-M)</p>	
<input type="checkbox"/>	<p>Physical facility, cyber-security sensitive, or critical infrastructure data, including without limitation critical energy infrastructure information (CEII) as defined by the regulations of the Federal Energy Regulatory Commission at 18 C.F.R. § 388.113 and/or General Order 66-D (“The subject information: (1) is not customarily in the public domain by providing a declaration in compliance with Section 3.2(c) stating that the subject information is not related to the location of a physical structure that is visible with the naked eye or is available publicly online or in print; and (2) the subject information either: could allow a bad actor to attack, compromise or incapacitate physically or electronically a facility providing critical utility service; or</p>	

discusses vulnerabilities of a facility providing critical utility service”).

(Protected under Govt. Code § 6254(k), (ab); 6 U.S.C. § 131; 6 CFR § 29.2)

Proprietary and trade secret information or other intellectual property and protected market sensitive/competitive data.

(Protected under Civ. Code §§3426 *et seq.*; Govt. Code §§ 6254, *et seq.*, e.g., 6254(e), 6254(k), 6254.15; Govt. Code § 6276.44; Evid. Code §1060; D.11-01-036)

Corporate financial records.

(Protected under Govt. Code §§ 6254(k), 6254.15)

Third-Party information subject to non-disclosure or confidentiality agreements or obligations.

(Protected under Govt. Code § 6254(k); see, e.g., CPUC D.11-01-036)

Other categories where disclosure would be against the public interest (Govt. Code § 6255(a)):

The PG&E CPE Annual Compliance Report contains commercially sensitive information detailing the specific resources and contracts that PG&E CPE has acquired in various local areas that make up the PG&E CPE’s portfolio. It also includes confidential

Documents and Files provided within the CPE_04_Confidential Attachments Folder:

- 1) Confidential Attachment A: CPE_Conf_Atch_A_New_Contracts_Executed_Contracts_Amended;
 - 2) Confidential Attachment B: CPE_Conf_Atch_B_Counterparty_Information;
 - 3) Confidential Attachment C: CPE_Conf_Atch_C_Key_Briefing_Packages;
 - 4) Confidential Attachment D: CPE_Conf_Atch_D_IE_Report; and
 - 5) Confidential Attachment E: CPE_Conf_Atch_E_Deferred_Procurement
-

Documents and Files provided within the CPE_04_Confidential Attachments Folder:

- 1) Confidential Attachment A: CPE_Conf_Atch_A_New_Contracts_Executed_Contracts_Amended;
 - 2) Confidential Attachment B: CPE_Conf_Atch_B_Counterparty_Information;
 - 3) Confidential Attachment C: CPE_Conf_Atch_C_Key_Briefing_Packages; and
 - 4) Confidential Attachment D: CPE_Conf_Atch_D_IE_Report;
-

Documents and Files provided within the CPE_04_Confidential Attachments Folder:

- 1) Confidential Attachment A: CPE_Conf_Atch_A_New_Contracts_Executed_Contracts_Amended;
 - 2) Confidential Attachment B: CPE_Conf_Atch_B_Counterparty_Information;
 - 3) Confidential Attachment C: CPE_Conf_Atch_C_Key_Briefing_Packages;
 - 4) Confidential Attachment D: CPE_Conf_Atch_D_IE_Report; and
 - 5) Confidential Attachment E: CPE_Conf_Atch_E_Deferred_Procurement
-

bid information offered into the PG&E CPE RFO. Disclosure of the specific resource and contractual information that was procured could potentially have an adverse effect on the market and impact participants' future bidding and negotiation behavior for resources that have not yet been procured.

5. The importance of maintaining the confidentiality of this information outweighs any public interest in disclosure of this information. This information should be exempt from the public disclosure requirements under the Public Records Act and should be withheld from disclosure.
6. I declare under penalty of perjury that the foregoing is true, correct, and complete to the best of my knowledge.
7. Executed on this 1st day of November, 2021 at San Rafael, California.



Amol Patel
Chief, CPE Implementation
Pacific Gas and Electric Compa

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

**PG&E CENTRAL PROCUREMENT ENTITY
ANNUAL COMPLIANCE REPORT FOR 2021
ATTACHMENT TO DECLARATION
Submitted on November 1, 2021**

ATTACHMENT NAME	DOCUMENT NAME	CATEGORY OF CONFIDENTIALITY	LOCATION
<p>Documents and Files provided within the CPE_04_Confidential Attachments Folder:</p> <ol style="list-style-type: none"> 1) Confidential Attachment A: CPE_Conf_Atch_A_New_Contracts_Executed_Contracts_Amended; 2) Confidential Attachment B: CPE_Conf_Atch_B_Counterparty_Information; 3) Confidential Attachment C: CPE_Conf_Atch_C_Key_Briefing_Packages; 4) Confidential Attachment D: CPE_Conf_Atch_D_IE_Report; and 5) Confidential Attachment E: CPE_Conf_Atch_E_Deferred_Procurement 	<ul style="list-style-type: none"> ▪ “PGE CPE Confidential Atch A New Contracts.pdf”; ▪ “00_RFO_Solicitation Materials.docx”; ▪ “01_Solicitation Issuance Mailing List – PG&E CPE 2021 Local RA RFO.xlsb”; ▪ “02_20210913 Added Mailing List Contacts – PG&E CPE 2021 Local RA RFO.xlsx”; ▪ “03_PG&E CPE 2021 RFO – Qualitative Evaluation Results.pdf”; ▪ “04_PG&E CPE 2021 RFO – Quantitative Evaluations Results.pdf”; ▪ <u>All executed contract documents</u> in the following zip files within the CPE Contracts Folder: <ul style="list-style-type: none"> ○ “RA Agreement with Energy Settlement_CONF.zip”; ○ “RA Agreement_CONF.zip”; ○ “Shown Capacity Agreement with LCR RCM_CONF.zip”; and ○ “Shown Capacity Agreement_CONF.zip”; ▪ “PGE CPE Confidential Atch B – Non-Invest Grade Ctrpty.pdf”; ▪ “Confidential Attachment C.docx”; ▪ All files, folders and documents within zip file “CPE_CAM PRG_CONF.zip” including the materials within the “Meeting Invitation, Materials, and Summaries” folder; ▪ Files included in the PGE LSE Offers folder: <ul style="list-style-type: none"> ○ “06-07-21 ESFT PGE CAMPRG Info CPE 2021 Local RA RFO Ofrs Rec from PGE Part.msg” and ○ “06-07-21 PGE CAMPRG Info CPE 2021 Local RA RFO Ofrs Rec from PGE Part.pdf”; ▪ Grey-shaded information within “PGE CPE ACR-20211101-IE Report-CONF.pdf”; and ▪ “PGE CPE Confidential Atch E – Deferred Procurement.pdf” 	<p>Proprietary and trade secret information or other intellectual property and protected market sensitive/competitive data.</p> <p>(Protected under Civ. Code §§3426 <i>et seq.</i>; Govt. Code §§ 6254, <i>et seq.</i>, e.g., 6254(e), 6254(k), 6254.15; Govt. Code § 6276.44; Evid. Code §1060; D.11-01-036)</p>	<p>Documents and Files provided within the CPE_04_Confidential Attachments Folder:</p> <ol style="list-style-type: none"> 1) Confidential Attachment A: CPE_Conf_Atch_A_New_Contracts_Executed_Contracts_Amended; 2) Confidential Attachment B: CPE_Conf_Atch_B_Counterparty_Information; 3) Confidential Attachment C: CPE_Conf_Atch_C_Key_Briefing_Packages; 4) Confidential Attachment D: CPE_Conf_Atch_D_IE_Report; and 5) Confidential Attachment E: CPE_Conf_Atch_E_Deferred_Procurement

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Attachment A

New Contracts Executed/Contracts Amended

(Confidential)

Attachment B

Counterparty Information

(Confidential)

Attachment C

Key Briefing Packages

(Confidential)

Attachment D

Independent Evaluator (IE) Report

(Confidential)

Attachment E

Deferred Procurement

(Confidential)

**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

IGS Energy
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
Semptra 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