

PUBLIC UTILITIES COMMISSION  
505 Van Ness Avenue  
San Francisco CA 94102-3298



**Pacific Gas & Electric Company**  
**ELC (Corp ID 39)**  
**Status of Advice Letter 6658E**  
**As of October 18, 2022**

Subject: Amendments to System Reliability Contracts approved in Advice Letter 6033-E,  
Procurement Toward Procurement Requirements Under D.19-11-016 Nexus Renewables  
and NextEra North Central Valley

Division Assigned: Energy

Date Filed: 07-20-2022

Date to Calendar: 07-22-2022

Authorizing Documents: D1911001

<b>Disposition:</b>	<b>Signed</b>
<b>Effective Date:</b>	<b>10-06-2022</b>

Resolution Required: Yes

Resolution Number: E-5231

Commission Meeting Date: None

CPUC Contact Information:

[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)

AL Certificate Contact Information:

Stuart Rubio

(415) 973-4587

[PGETariffs@pge.com](mailto:PGETariffs@pge.com)

**PUBLIC UTILITIES COMMISSION**  
505 Van Ness Avenue  
San Francisco CA 94102-3298



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

- Advice Letter Number
- Name of Filer
- CPUC Corporate ID number of Filer
- Subject of Filing
- Date Filed
- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
- Effective Date of Filing
- Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to  
**[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)**



**Sidney Bob Dietz II**  
Director  
Regulatory Relations

Pacific Gas and Electric Company  
77 Beale St., Mail Code B13U  
P.O. Box 770000  
San Francisco, CA 94177  
Fax: 415-973-3582

July 20, 2022

**Advice 6658-E**  
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Amendments to System Reliability Contracts approved in Advice Letter 6033-E, Procurement Toward Procurement Requirements Under D.19-11-016 – Nexus Renewables and NextEra North Central Valley**

**I. Purpose**

Pursuant to Decision (D.) 19-11-016 (Decision), Pacific Gas and Electric Company (PG&E) respectfully requests approval of amendments to two transactions resulting from PG&E's 2020 System Reliability Request for Offers – Phase 2 (SR RFO – Phase 2) that were approved by the California Public Utilities Commission (Commission or CPUC) in Resolution (Res.) E-5140 on April 15, 2021. The original transactions are:

<u>Counterparty (Project Name)</u>	<u>Technology</u>	<u>Initial Delivery Date</u>	<u>Term (Years)</u>	<u>Size (MW)</u>
Nexus Renewables U.S. INC (AMCOR)	Lithium Ion Batteries	8/1/2022	15	27
NextEra Energy Resources Development (North Central Valley)	Lithium Ion Batteries	8/1/2023	15	132

The amendment to the agreement with Nexus Renewables U.S. INC (Nexus) amends the agreement to change the initial delivery date from August 1, 2022 to August 1, 2023 and reduces the project capacity from 27 megawatts (MW) to 10 MW. The amendment to the agreement with NextEra Energy Resources Development (NextEra) amends the agreement to increase the agreement price, with no delay in the project development schedule. For the reasons described herein, the amendments presented by this advice letter are reasonable and in the interest of customers, and thus should be approved. Timing is of the essence for these amendments, accordingly, PG&E respectfully requests that the Commission issue a final resolution approving this Tier 3 advice letter by no later than October 6, 2022 which is 80 days from the submittal date. This timeline will provide certainty to the parties going forward as to whether the amendments can become effective and will enable the timely development of the projects to meet their expected in operation dates.

## II. Background

On November 13, 2019, the Commission issued the D.19-11-016, which takes a number of steps to address the potential for system resource adequacy (RA) shortages beginning in 2021, including ordering incremental electric system reliability procurement by all load-serving entities (LSEs) operating within the California Independent System Operator Corporation's (CAISO) balancing area to meet system RA needs for the period 2021-2023. The Decision requires incremental procurement of system-level qualifying RA capacity of 3,300 MW, of which PG&E is responsible for 716.9 MW for its bundled customer portion. Further, the Decision requires that at least 50 percent of LSE resource responsibilities come online by August 1, 2021, at least 75 percent by August 1, 2022, and the remaining by August 1, 2023.

Additionally, the Decision affirms that the investor-owned utilities (IOU) are to act as the backstop procurement agent for Community Choice Aggregators (CCA) and Energy Service Providers (ESPs) that choose not to voluntarily self-procure or that fail to meet their procurement responsibilities after electing to self-provide their assigned MW of system RA capacity under the Decision. On April 15, 2020, Administrative Law Judge Fitch issued a ruling in Rulemaking 20-05-003 that informed PG&E that it must procure 48.2 MWs of additional system RA resources for LSEs that chose to opt-out of voluntarily self-providing their required portion.

Furthermore, the Decision outlined eligibility requirements for resources to meet the procurement obligations and requirements for the solicitation, including evaluation criteria and information that the IOUs need to include in advice letters presenting the results of their solicitation and approval of contracts.

In compliance with the Decision, PG&E issued the System Reliability Request For Offers (SR RFO) – Phase 1 on February 28, 2020, and executed seven cost-effective system RA agreements for approximately 423 MW, of which 250 MW provide Local RA to meet its procurement responsibilities for the August 1, 2021 requirement. PG&E sought approval of those contracts on May 18, 2020, which the Commission approved on August 27, 2020.<sup>1</sup>

PG&E issued Phase 2 of the SR RFO on July 10, 2020. SR RFO – Phase 2 provided PG&E the opportunity to procure the approximately 350 MW of residual capacity that was required to meet the procurement target for 2022 and 2023 but that was not procured by the Phase 1 SR RFO.

On December 20, 2020, PG&E submitted Advice 6033-E for approval of six agreements for the procurement of the 350 MW of capacity. On April 15, 2021, the Commission approved the six agreements in Res. E-5140.

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<sup>1</sup> CPUC Res. E-5100.

Since the contracts were executed, both parties approached PG&E describing market conditions which resulted in their being unable to complete the projects pursuant to the terms and conditions of the contracts. Both parties requested amendments to their contracts to allow them to complete the projects and contribute to system reliability. The changes to market conditions, and the resulting amendments are described below.

**A. Nexus Renewables U.S. Inc. – AMCOR Project**

The general purpose of the amendment to the Nexus agreement is to resolve issues that have been raised by the seller that are impacting the seller's ability to construct 27 MW by 2022, to allow the project to remain viable and make a contribution to PG&E's system reliability needs. See Confidential Attachment A for key drivers of the amendment.

The amendment does not change the price terms of the Nexus agreement. The Nexus agreement continues to have a competitive price and provides market value to PG&E customers.

PG&E has presented the amendment in Confidential Attachment B to this Advice Letter.

**B. North Central Valley Energy Storage, LLC – North Central Valley Energy Storage Project**

PG&E executed a Long-Term RA Agreement with Energy Settlement for the North Central Valley Energy Storage project. North Central Valley Energy Storage, LLC is a wholly owned subsidiary of NextEra, which is a wholly owned subsidiary of NextEra Energy Inc.

Since the NextEra agreement was executed in 2020, there has been industry-wide inflationary pressure on project costs. NextEra requested a price increase in order for the project to remain viable. The main drivers cited for the increased costs include:

- Battery prices have risen significantly due to dramatic increases in commodity prices for lithium carbonate and metals used in lithium-ion batteries. This impacts both initial construction cost and ongoing augmentation costs to maintain capacity;
- Continued supply chain constraints;
- Balance of systems costs have been increasing due to high inflation affecting materials and labor costs; and
- Cost of capital has been increasing as the Federal Reserve has been raising interest rates to combat inflation.

Absent the price increase, the counterparty would not be able to build the project, and the project would default and terminate. PG&E has negotiated aggressively with NextEra with respect to the price increase, and has conducted due diligence on the proposed price increase, assessing what kind of mitigation actions the counterparty has taken and how much of the burden is being passed to the Utility. In addition, the Utility has issued its

midterm reliability request for offer (“MTR RFO”) – Phase 2 and the proposed price increase is competitive with the current market prices and quantity of MWs available in the RFO.

In addition to the price increase, parties also agreed to increase the delivery term security amount to a commensurate amount consistent with the increased amended price.

### **III. Procurement Review Group/Cost Allocation Mechanism**

PG&E notified the Procurement Review Group and the Cost Allocation Mechanism (“PRG/CAM”) group about the Nexus amendment on May 18, 2022. PG&E notified the PRG/CAM about the NextEra amendment on June 29, 2022.

### **IV. Request for Expedited Commission Approval**

PG&E requests that the Commission issue a final resolution to approve this advice letter no later than 80 days from the submittal date.

Both projects’ continued development is important in meeting the system needs identified in the Decision. Similarly, the continued development of the projects and expedited resolution of this advice letter will support emergency capacity needs.

Sellers of each project have expressed concern regarding the schedule to effectuate the amendments in order to continue development progress to meet the near term online dates for each projects.

Accordingly, time is of the essence for timely achievement of the online dates for these projects. Expedited approval is requested to provide certainty for both Sellers so that they can continue project development activities, so that PG&E customers will be able to realize the value of the projects and the projects can help contribute toward continued system reliability needs.

### **V. Confidentiality Treatment**

In support of this advice letter, PG&E has provided the confidential information listed below. This information is being submitted in the manner directed by Decision (D.) 08-04-023 establishing procedures for complying with D.06-06-066 to demonstrate the confidentiality of the material and to invoke the protection of confidential utility information provided under Public Utilities Code section 454.5(g) or the Investor Owned Utility Matrix, Appendix 1 of D.06-06-066 and Appendix C of D.08-04-023. The Declaration of Don Howerton seeking confidential treatment of confidential materials provided herein is being submitted concurrently with this advice letter.

**Confidential Appendices**

- Attachment A: Key Aspects to the Amendment to the Nexus Renewables U.S. INC - AMCOR (BTM) Agreement
- Attachment B: Nexus Renewables U.S. INC - AMCOR (BTM) Amendment
- Attachment C: North Central Valley Energy Storage, LLC – North Central Valley Energy Storage (LT RAA w/ES) Amendment
- Attachment D: Confidentiality Declaration and Matrix

**VI. Protests**

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than August 9, 2022, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
E-mail: EDTariffUnit@cpuc.ca.gov

The protest shall also be electronically sent to PG&E via E-mail at the address shown below on the same date it is electronically delivered to the Commission:

Sidney Bob Dietz II  
Director, Regulatory Relations  
c/o Megan Lawson  
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name and 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).

**VII. Effective Date**

Pursuant to General Order (GO) 96-B, Rule 5.3, this advice letter is submitted with a Tier 3 designation. PG&E requests that this advice letter become effective upon Commission approval.

**VIII. Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically to parties shown on the attached list and the parties on the service list for R.20-05-003. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other





# 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) #: 6658-E

Tier Designation: 3

Subject of AL: Amendments to System Reliability Contracts approved in Advice Letter 6033-E, Procurement Toward Procurement Requirements Under D.19-11-016 – Nexus Renewables and NextEra North Central Valley

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.19-11-01

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: Don Howerton, dphk@pge.com

Resolution required?  Yes  No

Requested effective date:      No. of tariff sheets: 0

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

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

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

Tariff schedules affected: N/A

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

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

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

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

California Public Utilities Commission  
Energy Division Tariff Unit Email:  
[EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Contact Name: Sidnev Bob Dietz II. c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility/Entity Name: Pacific Gas and Electric Company  
  
Telephone (xxx) xxx-xxxx: (415)973-2093  
Facsimile (xxx) xxx-xxxx:  
Email: PGETariffs@pge.com

Contact Name:  
Title:  
Utility/Entity Name:  
  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

CPUC  
Energy Division Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Clear Form

## **Attachment A**

Key Aspects to the Amendment to the Nexus Renewables U.S. INC -  
AMCOR (BTM) Agreement

(Redacted)

## Appendix A: Key Aspects to the Amendment to the Nexus Renewables U.S. INC - AMCOR (BTM) Agreement

There are two key aspects to the amendment:

Change to online date from 8/2/2022 to 8/1/2023: Nexus is providing RA pursuant to the Behind the Meter Long Term RA Agreement approved in Resolution E-5140 by obtaining a Net Qualifying Capacity (NQC) through the CPUC's Load Impact Process (LIP) for behind the meter resources. After contract execution, [REDACTED]

[REDACTED] The LIP process for 2023 is now underway, and the project is expected to have an NQC to support delivery of RA by August 1, 2023.

### Capacity reduction from 27 MW to 10 MW

Nexus has, since execution of the agreement, faced unexpected challenges in acquiring sufficient customers willing to site behind-the-meter batteries to support the project. [REDACTED]

[REDACTED]

In response to these challenges, Nexus requested and PG&E agreed to reduce the capacity of the Nexus agreement to 10 MW rather than terminate the agreement entirely. Both parties recognize that there is an impact to PG&E of losing 17 MW toward its compliance requirement. [REDACTED]

## **Attachment B**

Nexus Renewables U.S. INC - AMCOR (BTM) Amendment

(Confidential)

## **Attachment C**

North Central Valley Energy Storage, LLC – North Central Valley  
Energy Storage (LT RAA w/ES) Amendment

(Confidential)

# **Attachment D**

Confidentiality Declaration and Matrix

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

**PACIFIC GAS AND ELECTRIC COMPANY  
ADVICE LETTER TO AMEND AGREEMENTS  
RESULTING FROM PG&E'S 2020 SYSTEM RELIABILITY  
REQUEST FOR OFFERS – PHASE 2**

**DECLARATION OF DON HOWERTON  
SEEKING CONFIDENTIAL TREATMENT  
FOR CERTAIN DATA AND INFORMATION  
CONTAINED IN PG&E'S ADVICE LETTER**

I, Don Howerton, declare:

1. I am a Director in the Energy Procurement and Policy Organization at Pacific Gas and Electric Company (PG&E). In this position, I am responsible for procurement of various electric resources and products including energy storage and renewable energy. This declaration is based on my personal knowledge of PG&E's practices and my understanding of the Commission's decisions protecting the confidentiality of market-sensitive information.

2. Based on my knowledge and experience, and in accordance with the Decisions 06-06-066, 08-04-023, and relevant Commission rules, I make this declaration seeking confidential treatment for certain data and information contained in the appendices in PG&E's Advice Letter to Amend Agreements Resulting from PG&E's 2020 System Reliability Request for Offers – Phase 2.

3. Attached to this declaration is a matrix identifying the data and information for which PG&E is seeking confidential treatment. The matrix specifies that the material PG&E is seeking to protect constitutes confidential market sensitive data and information covered by D.06-06-066, Appendix 1, and Public Utilities Code §454.5(G). The matrix also specifies why confidential protection is justified. Further, the data and information: (1) is not already public; and (2) cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure. By this reference, I am incorporating into this declaration all of the explanatory text that is pertinent to my testimony in the attached matrix.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on July 20, 2022 at San Francisco, California.

/s/

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Don Howerton

**PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)**

**ADVICE LETTER FOR AMENDING CONTRACTS RESULTING FROM ITS  
SYSTEM RELIABILITY REQUEST FOR OFFERS – PHASE 2 PURSUANT TO DECISION 19-11-016  
July 20, 2022**

**IDENTIFICATION OF CONFIDENTIAL INFORMATION**

<b>Redaction Reference</b>	<b>Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order That Data Corresponds To</b>	<b>PG&amp;E’s Justification for Confidential Treatment</b>	<b>Length of Time</b>
<b>Confidential Appendices</b>			
Appendix A: Key Aspects of the Nexus Renewables U.S. INC – AMCOR BTMRAA	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)).	The terms of the Behind The Meter Resource Adequacy Agreement (BTMRAA) presented in this appendix are generally confidential. The terms of this contract that are public pursuant to Item VII. B. are publicly disclosed in Section IV. Selected Projects.	Contract documents and terms of contracts are confidential for three years from the date that the contract states that deliveries are to begin, or until one year following expiration, whichever comes first.
Appendix B: Nexus Renewables U.S. INC – AMCOR BTMRAA	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)).	The terms of the Behind The Meter Resource Adequacy Agreement (BTMRAA) presented in this appendix are generally confidential. The terms of this contract that are public pursuant to Item VII. B. are publicly disclosed in Section IV. Selected Projects.	Contract documents and terms of contracts are confidential for three years from the date that the contract states that deliveries are to begin, or until one year following expiration, whichever comes first.
Appendix C: North Central Valley – North Central Valley Energy Storage LTRAA w/ES	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)).	The terms of the Long-Term Resource Adequacy Agreement with Energy Settlement (LTRAA w/ES) presented in this appendix are generally confidential. The terms of this contract that are public pursuant to Item VII. B. are publicly disclosed in Section IV. Selected Projects.	Contract documents and terms of contracts are confidential for three years from the date that the contract states that deliveries are to begin, or until one year following expiration, whichever comes first.

**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.  
Braun Blasing Smith Wynne, P.C.  
California Cotton Ginners & Growers Assn  
California Energy Commission

California Hub for Energy Efficiency  
Financing

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

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

Chevron Pipeline and Power  
City of Palo Alto

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

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

East Bay Community Energy Ellison  
Schneider & Harris LLP  
Engineers and Scientists of California

GenOn Energy, Inc.  
Goodin, MacBride, Squeri, Schlotz &  
Ritchie  
Green Power Institute  
Hanna & Morton  
ICF  
International Power Technology

Intertie

Intestate Gas Services, Inc.  
Kelly Group  
Ken Bohn Consulting  
Keyes & Fox LLP  
Leviton Manufacturing Co., Inc.

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

Modesto Irrigation District  
NLine Energy, Inc.  
NRG Solar

OnGrid Solar  
Pacific Gas and Electric Company  
Peninsula Clean Energy

Pioneer Community Energy

Public Advocates Office

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

SPURR  
San Francisco Water Power and Sewer  
Sempra Utilities

Sierra Telephone Company, Inc.  
Southern California Edison Company  
Southern California Gas Company  
Spark Energy  
Sun Light & Power  
Sunshine Design  
Stoel Rives LLP

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