

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



December 21, 2022

Advice Letter 6706-E/6706-E-A

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

**Subject: PG&E Central Procurement Entity (CPE) 2022 Annual Compliance Report**

Dear Sidney Dietz,

Advice Letters (AL) 6706-E and 6706-E-A, PG&E Central Procurement Entity (CPE) 2022 Annual Compliance Report, is approved under Ordering Paragraph (OP) 23 of Decision (D.)22-06-002. It is effective December 6, 2022, for the reasons described below.

**Background:**

In Decision ([D.20-06-002](#)), the California Public Utilities Commission (Commission) designated PG&E and SCE as the central procurement entities (CPEs) responsible for local RA procurement on behalf of all Load Serving Entities (LSEs) in their respective distribution service areas.<sup>1</sup> The Decision required SCE and PG&E to submit an annual compliance report that presents all contract terms, criteria, and methodology used to select local resource adequacy (RA) resources as part of the newly established central procurement framework.<sup>2</sup> On June 17, 2020, the Commission adopted implementation details for the central procurement of multi-year resource adequacy resources beginning in the 2023 compliance year.

The Decision ordered PG&E, in its role as a CPE, to conduct competitive, all-source solicitations under specified requirements and selection criteria. Once selected as part of a portfolio, resources with contract terms that are five years or less will be pre-approved, provided they meet certain conditions. Thirty days after the CPE makes its local RA showing to the Commission, the CPE is required to submit a Tier 2 Advice Letter (AL) with its annual compliance report. CPE procurement contracts that exceed five-year terms are subject to review and approval under a Tier 3 AL process.<sup>3</sup>

Subsequently, the Commission approved [D.20-12-006](#), adopting the rules that govern the treatment of confidential, market-sensitive information and activities.<sup>4</sup> On September 19, 2022, pursuant to Ordering Paragraph (OP) 23 of D.20-06-002, PG&E submitted [AL 6706-E](#), containing its second CPE Annual Compliance Report (Report).<sup>5</sup> The filing includes aggregated details on procurement

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<sup>1</sup> OP 2 at 91.

<sup>2</sup> OP 23 at 99.

<sup>3</sup> OP 22 at 98.

<sup>4</sup> OP 9 at 49.

<sup>5</sup> PG&E's first CPE Annual Compliance Report (ACR) was filed on November 1, 2021 in [AL 6386-E](#).

types and amounts for the multi-year local RA program for each of the 2023, 2024, and 2025 compliance years.

### **Joint Parties' Protest and PG&E's Reply to the Protest**

On October 10, 2022, the Western Power Trading Forum (WPTF), the Alliance for Retail Energy Markets (AREM), and Shell Energy Solutions (together, the "Joint Parties"), timely protested PG&E AL 6706-E. The Joint Parties assert that the Report's redaction led parties to speculate "whether PG&E's conduct of the solicitation, the bid and resource evaluation criteria it employed..." contributed to the solicitation shortfalls for the 2023 and 2024 compliance years.<sup>6</sup>

The Joint Parties state that, unlike the PG&E CPE filing, SCE's CPE Report allows parties to understand factors contributing to the latter's successful procurement efforts. The Joint Parties request that the Energy Division direct the PG&E CPE to submit a revised Report that is comparable to the SCE CPE filing in the scope of the information "made public and preciseness of the redactions."<sup>7</sup> The Joint Parties maintain that this would allow interested parties to conduct an informed assessment of the "additional reforms or measures [that] may be needed to avoid" failures in future PG&E CPE solicitations.<sup>8</sup>

Separately, the Joint Parties ask the Energy Division to expedite its report on the CPE framework so that it can inform CPE reform proposals that can be implemented prior to the 2023 CPE procurement cycle.<sup>9</sup>

PG&E, in its role as the CPE, timely replied to the protest on October 17, 2022. The PG&E CPE responds that it complied with the requirements adopted by the collective CPE Decisions. The PG&E CPE states that the sole purpose of the Report is for the CPE to demonstrate its compliance to the Commission's requirements and that it is not a vehicle for assisting market participants in their analyses of the reasons for solicitation shortfalls.<sup>10</sup> Moreover, PG&E notes that parties seeking to review confidential information can utilize an established process through the execution of a non-disclosure agreement (NDA).<sup>11</sup> PG&E requests that the Energy Division reject the Joint Parties' protest as it fails to comply with the requisite grounds for a protest.

Additionally, on November 4, 2022, PG&E submitted supplemental [AL 6706-E-A](#) in response to Energy Division's request for certain procurement values. PG&E provided the following information in aggregate to protect confidential market sensitive details:

- Total August 2023 MWs not participating in the 2022 PG&E CPE RFO from resources with August NQCs greater than 10 MWs
- A sum of the following:
  - Total August 2023 MWs not procured due to high pricing
  - Total August 2023 MWs not procured where the PG&E CPE could not reach agreement with the RFO participant(s)
  - Total August 2023 MWs for offers withdrawn during the RFO

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<sup>6</sup> WPTF Protest at 1.

<sup>7</sup> WPTF Protest at 2.

<sup>8</sup> *Ibid.*

<sup>9</sup> WPTF Protest at 2.

<sup>10</sup> PG&E Reply at 3 and 5.

<sup>11</sup> PG&E Reply at 3.

- Additional information on outreach conducted by the CPE to resources that did not participate and/or withdrew their bids and the outcome of that outreach

## Discussion

The Joint Parties' protest consists of a request for disclosure of confidential procurement information. These topics are outside the scope of the annual reporting requirements prescribed by D.20-06-002 and [D.22-03-034](#). Under [General Order \(GO\) 96-B](#), an AL may be protested on one or more of six grounds and must be based on these proper grounds.<sup>12</sup>

The advice letter process is for ministerial review and disposition, in which the Energy Division can make a determination on whether the relief requested is “within the scope of what has already been authorized by statutes or Commission orders.”<sup>13</sup> The AL process is not the forum for addressing disputes raised by WPTF about procurement obligations and solicitation decisions. Under GO 96-B, the Energy Division's disposition authority is limited to approved matters.<sup>14</sup> Consequently, Energy Division rejects the Joint Parties' recommendations.

## Disposition

D.20-06-002 requires the CPEs to “submit an annual compliance report that includes all contract terms, as well as the criteria and methodology used to select local RA resources....” The Decision further states that the filing of confidential and public information is subject to the confidentiality provisions of [D.06-06-066](#).<sup>15</sup> To facilitate additional transparency in the CPE procurement process, D.22-03-034 requires the Report to include nine new data fields.<sup>16</sup>

The Energy Division has reviewed PG&E CPE Advice Letters (AL) 6706-E, 6706-E-A, and their confidential attachments. The Energy Division finds that AL 6706-E and AL 6706-E-A meet the requirements of D.20-06-002 and D.22-03-034. The Energy Division hereby approves Pacific Gas and Electric Company's (PG&E) AL 6706-E and 6706-E-A.

Sincerely,



Leuwam Tesfai  
Deputy Executive Director for Energy and Climate Policy/  
Director, Energy Division  
California Public Utilities Commission

cc: [R.21-10-002](#)  
[R.19-11-009](#)  
[PGETariffs@pge.com](mailto:PGETariffs@pge.com)  
[KELM@pge.com](mailto:KELM@pge.com)  
[Klatt@energyattorney.com](mailto:Klatt@energyattorney.com)  
[EDElectricMarketDesignSection@cpuc.ca.gov](mailto:EDElectricMarketDesignSection@cpuc.ca.gov)

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<sup>12</sup> General Rule 7.4.2 and 7.6.1, respectively.

<sup>13</sup> General Rule 7.6.1 of GO 96-B at 16.

<sup>14</sup> *Ibid.*

<sup>15</sup> OP 23 at 99.

<sup>16</sup> OP 17 at 77.

November 4, 2022

**Advice 6706-E-A**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

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

**Purpose**

The purpose of this supplemental advice letter is two-fold:

1. To respond to the request from the California Public Utilities Commission’s (“Commission”) Energy Division dated October 28, 2022.
  - a. Pursuant to the Energy Division’s request, this supplemental advice letter includes a summary of the procurement activity of PG&E acting as the Central Procurement Entity for its distribution electric service area (“PG&E CPE”) for the 2023 resource adequacy (“RA”) compliance year as a result of its 2022 PG&E CPE Local RA Request for Offers and Commitments to allow for additional transparency into PG&E CPE’s procurement activities while protecting confidential market sensitive information.
2. To correct an error on pages 4 – 5 of both the Public and Confidential versions of Attachment E: Deferred Procurement originally submitted in Advice Letter 6706-E.
  - a. This supplemental advice letter works to correct an error found in both the Public and Confidential versions of Attachment E from the original Advice Letter 6706-E. While corrections to pages 4-5 of both the Public and Confidential versions of Attachment E are being resubmitted, the advice letter and its other attachments submitted in original Advice Letter 6706-E remain unchanged.

**Background**

PG&E CPE submitted its annual compliance report as Advice Letter 6706-E on September 19, 2022, pursuant to Ordering Paragraph 23 of the CPE Decision, which instructed the CPE to submit an annual compliance report that includes all contract terms, as well as the criteria and methodology used to select local RA resources.

On October 28, 2022, Energy Division requested that PG&E CPE submit a filing to supplement Advice Letter 6706-E for additional transparency while protecting confidential and market-sensitive information. Energy Division specifically requested that PG&E CPE provide certain procurement values in aggregate. While PG&E CPE maintains that the information requested by Energy Division could appropriately be protected pursuant to legal bases identified by PG&E CPE in Advice Letter 6706-E, PG&E CPE provides the following information within Attachment 1 to this supplement in accordance with that request. The requested information includes the aggregated procurement values listed below and is limited to represent the 2023 RA compliance year in Local Areas in which PG&E CPE is deficient:

1. Total August 2023 MWs not participating in the 2022 PG&E CPE RFO from resources with August NQCs greater than 10 MW
2. The sum of:
  - a. Total August 2023 MWs not procured due to high pricing
  - b. Total August 2023 MWs not procured due to PG&E CPE not reaching an agreement with RFO participant
  - c. Total August 2023 MWs withdrawn during the RFO
3. Additional information on outreach conducted by the CPE to resources that did not participate and/or withdrew their offers and the outcome of that outreach

**Public Attachments:**

Attachment 1: PG&E CPE Supplemental Deferred Procurement Summary for the 2023 RA Compliance Year

Attachment 2: Revised Deferred Procurement (Public Attachment E) – Redline

Attachment 3: Revised Deferred Procurement (Public Attachment E) – Clean

Attachment 4: Confidentiality Declaration and Matrices

**Confidential Attachments:**

Attachment 5: Revised Deferred Procurement (Confidential Attachment E) – Redline

Attachment 6: Revised Deferred Procurement (Confidential Attachment E) – Clean

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

**Protests**

PG&E as CPE asks that the Commission, pursuant to CPUC General Order 96-B, Section 7.5.1, maintain the original protest and comment period designated in Advice Letter 6706-E and not reopen the protest period. The additional information and corrections provided in this supplement do not have a material impact on PG&E's compliance showing in Advice Letter 6706-E. As such, this supplement could not support any appropriate grounds for protest set forth in General Order 96-B.

**Effective Date**

PG&E requests that this Tier 2 supplemental advice letter become effective concurrent with original Advice Letter 6706-E on October 19, 2022.

**Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter excluding the confidential appendices is being sent electronically to parties shown on the attached list and the service lists for R. 21-10-002. 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>.

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Sidney Bob Dietz II  
Director, Regulatory Relations

**Public Attachments:**

Attachment 1: PG&E CPE Supplemental Deferred Procurement Summary for the 2023 RA Compliance Year

Attachment 2: Deferred Procurement (Public Attachment E) – Redline

Attachment 3: Deferred Procurement (Public Attachment E) – Clean

Attachment 4: Confidentiality Declaration and Matrices

cc: Service List R. 21-10-002



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39 E)

Utility type:

- ELC       GAS       WATER  
 PLC       HEAT

Contact Person: Kimberly Loo

Phone #: (415)973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: KELM@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
 PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 6706-E-A

Tier Designation: 2

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

Keywords (choose from CPUC listing): Compliance, Procurement

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:

Confidential treatment requested?  Yes  No

If yes, specification of confidential information: See Attachment 4  
 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, Amol.Patel@pge.com

Resolution required?  Yes  No

Requested effective date: 10/19/22

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:  
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

**PACIFIC GAS AND ELECTRIC COMPANY**

**Attachment 1**

**PG&E CPE Supplemental Deferred  
Procurement Summary for the 2023 RA  
Compliance Year**

**Attachment 1:**  
**PG&E CPE Supplemental Deferred Procurement Summary**  
**for the 2023 RA Compliance Year**

**I. Introduction**

In response to a data request received from the Energy Division on October 28, 2022, the PG&E CPE provides the following information as supplementary information to Advice Letter 6078-E: PG&E CPE's Annual Compliance Report. This information is being provided in addition to the previously submitted information in Public Attachment E – Deferred Procurement, as revised in Attachments 2-3 of this supplemental filing.

**II. Supplemental Information on Deferred Procurement**

**1. Total August 2023 MWs not participating in the 2022 PG&E CPE RFO from resources with August NQCs greater than 10 MW**

As represented in the table below, the total capacity from resources that did not participate in PG&E CPE's 2022 Local Resource Adequacy Request for Offers and Commitments ("2022 PG&E CPE Local RA RFO") that are located within the local areas in which the PG&E CPE remains deficient for the 2023 compliance period amounts to a total of about 2,565 MWs based on August MW capacity values.<sup>1</sup>

**2. The sum of:**

- a. Total August 2023 MWs not procured due to high pricing**
- b. Total August 2023 MWs not procured due to PG&E CPE not reaching an agreement with RFO participant; and**
- c. Total August 2023 MWs withdrawn during the RFO**

As represented in the table below, the sum of the capacity that was offered but not procured in the month of August 2023 was about 228 MWs.

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<sup>1</sup> This number has been revised and re-submitted in the Revised Deferred Procurement Attachment E of this supplement.

The data in the table below provides the values for questions 1 and 2 above and is based on PG&E CPE procurement activities from the 2022 PG&E CPE Local RA RFO. Consistent with the data relied on for the Annual Compliance Report in AL-6078-E, all data represented below uses capacity values from the Final Net Qualifying Capacity Report for Compliance Year 2022 as published by the CAISO and is limited to the local capacity areas in which the PG&E CPE remains deficient for the 2023 compliance year.

	<b>August 2023 (MW)</b>
<b>Total August NQC of resources with August NQCs greater than 10 MW that did not participate in the 2022 PG&amp;E CPE RFO</b>	<b>2565.48</b>
<b>Sum of total August 2023 capacity offered to PG&amp;E CPE but not procured due to: (1) high pricing, (2) an inability to reach contractual agreement, or (3) the offers being withdrawn during the RFO</b>	<b>228.33</b>

**3. Additional information on outreach conducted by the CPE to resources that did not participate and/or withdrew their offers and the outcome of that outreach**

Following the conclusion of the 2022 PG&E CPE Local RA RFO, the PG&E CPE reviewed and attempted to identify owners of the resources that did not participate in order to conduct outreach to potentially procure additional resources in the local areas in which PG&E CPE had not met its local obligation. The outreach did not result in any opportunities for PG&E CPE to procure additional capacity for its three-year-forward Resource Adequacy compliance period (2023 – 2025).

**PACIFIC GAS AND ELECTRIC COMPANY**

**Attachment 2**

**Deferred Procurement  
(Public Attachment E) – Redline**

**Public Attachment E - [Revised](#)**

**Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE)  
CPE Annual Compliance Report (ACR)  
~~September 19~~[November 4](#), 2022**

**Deferred Procurement**

**I. Introduction**

OP 26 of the CPE Decision provides PG&E CPE “discretion to defer procurement of a local resource to the California Independent System Operator’s backstop mechanisms, rather than through the solicitation process, if bid costs are deemed unreasonably high.”<sup>1</sup> This Attachment E, *Deferred Procurement*, provides “the reason for the deferral to backstop procurement, prices offered in the solicitation, which generators did not participate in the solicitation (if any), and other relevant information,” as required by OP 26 of the CPE Decision.<sup>2</sup>

**A. PG&E CPE Procurement for 2023 Compliance Year**

Pursuant to OP 2 of the CPE Decision, PG&E CPE was designated as the CPE for its electric distribution service area for the multi-year local RA program beginning for the 2023 RA compliance year. The PG&E CPE ran its annual competitive solicitation in both 2021 and 2022 in an effort to procure local RA capacity for compliance year 2023 and beyond through LSE self-shown resources or competitive offers. From those

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<sup>1</sup> D.20-06-002 at 100, OP 26.

<sup>2</sup> *Id.*

**Public Attachment E - Revised**

**Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE)  
CPE Annual Compliance Report (ACR)  
~~September 19~~November 4, 2022**

solicitations, the PG&E CPE was able to procure enough local RA resources to meet the local requirements in [REDACTED] local capacity areas for the 2023 compliance year. Following the 2022 PG&E CPE Local RA RFO, the PG&E CPE team has engaged in bilateral outreach to potentially procure additional capacity to meet RA requirements for 2023 in the remaining deficient local areas, [REDACTED]

[REDACTED]

While participation in the 2022 RFO increased from the prior year, the PG&E CPE did not receive enough offers of local RA capacity to meet the local RA requirements for compliance year 2023 [REDACTED]

[REDACTED] Furthermore, from the competitive offers that were received for 2023 local RA capacity in those remaining deficient local areas, the offers that were not executed through the competitive solicitation were either withdrawn during the RFO, not selected due to high pricing, or there was an inability for the parties to come to contractual agreement. As a result, the PG&E CPE has not been able to procure enough capacity to meet the needs [REDACTED] within its territory and will be deferring procurement to CAISO backstop mechanisms for those areas for each month of the 2023 compliance year.

**Public Attachment E - [Revised](#)**

**Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE)  
CPE Annual Compliance Report (ACR)  
~~September 19~~[November 4](#), 2022**

For compliance years 2024-2025, it would be premature for PG&E CPE to defer procurement of local resources to the CAISO's CPM at this time. The PG&E CPE expects to undertake additional procurement activities to seek to meet its local RA procurement obligations, which may impact whether the circumstances triggering CAISO's authority to backstop procure local resources through the CPM or RMR process in those RA compliance years. In the event that such circumstances do ultimately materialize, PG&E CPE will provide the reason for any deferral to CAISO backstop procurement and the other information required under OP 26 of the CPE Decision in subsequent submittals, where applicable.

**B. Reasons for Deferral to Backstop Mechanisms**

**1. Lack of Participation**

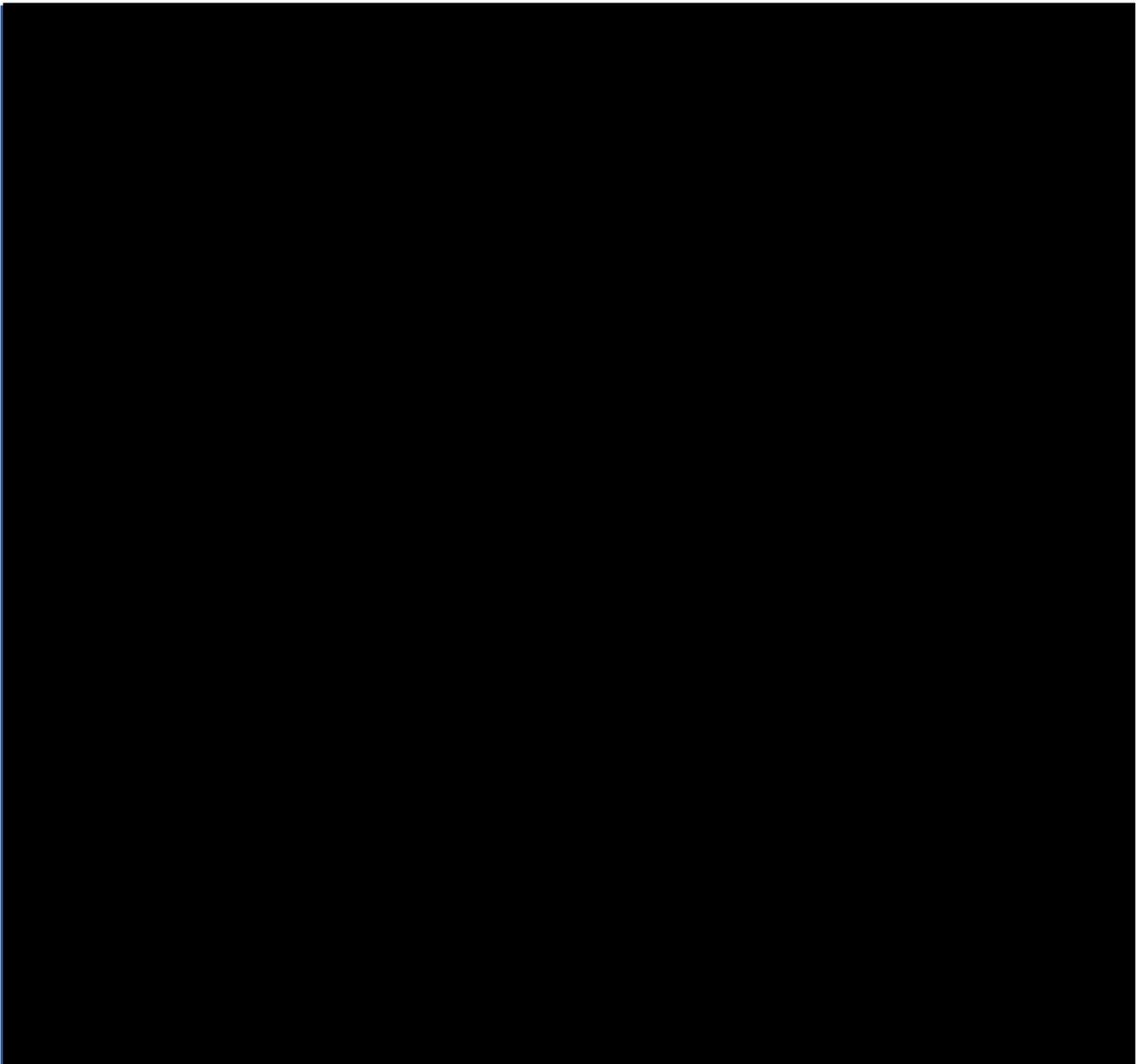
As described above, while participation from market participants in the 2022 PG&E CPE Local RA RFO increased substantially from the previous year's RFO, the PG&E CPE still did not receive enough offers of local RA capacity through the competitive offer or the self-shown process to meet the 2023 local capacity requirements in the local capacity areas that the PG&E CPE remains deficient.

Below is a list of resources that were not offered into the 2022 PG&E CPE Local RA RFO through either the competitive offer or self-shown process. The list only includes resources with an August NQC value of greater than 10 MWs that were not

**Public Attachment E - [Revised](#)**

**Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE)  
CPE Annual Compliance Report (ACR)  
~~September 19~~[November 4](#), 2022**

offered for any capacity amounts in any months during the compliance years solicited from the local capacity areas that the PG&E CPE remains deficient. The total capacity not offered in the remaining deficient local areas amounts to a total of about 2,[404](#)[565](#) MWs based on August MW capacity values.



**Public Attachment E - [Revised](#)**

**Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE)  
CPE Annual Compliance Report (ACR)  
~~September 19~~[November 4](#), 2022**



**Public Attachment E - [Revised](#)**

**Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE)  
CPE Annual Compliance Report (ACR)  
~~September 19~~[November 4](#), 2022**

**2. High Pricing**

[REDACTED]

**Public Attachment E - [Revised](#)**

**Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE)  
CPE Annual Compliance Report (ACR)  
~~September 19~~[November 4](#), 2022**

[REDACTED]

**3. Inability to Come to Terms in Contractual Agreement**

[REDACTED]

[REDACTED]

[REDACTED]

**Public Attachment E - [Revised](#)**

**Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE)  
CPE Annual Compliance Report (ACR)  
~~September 19~~[November 4](#), 2022**

[REDACTED]

**4. Other Relevant Information**

Per OP 26 of the CPE Decision, the Independent Evaluator for the PG&E CPE 2022 Local RA RFO is required to address deferral to backstop procurement mechanisms within their IE report. Please see *Public and/or Confidential Attachment D, Independent Evaluator Report* for more information.

**PACIFIC GAS AND ELECTRIC COMPANY**

**Attachment 3**

**Deferred Procurement  
(Public Attachment E) – Clean**

## Public Attachment E - Revised

### Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE) CPE Annual Compliance Report (ACR) November 4, 2022

## Deferred Procurement

### I. Introduction

OP 26 of the CPE Decision provides PG&E CPE “discretion to defer procurement of a local resource to the California Independent System Operator’s backstop mechanisms, rather than through the solicitation process, if bid costs are deemed unreasonably high.”<sup>1</sup> This Attachment E, *Deferred Procurement*, provides “the reason for the deferral to backstop procurement, prices offered in the solicitation, which generators did not participate in the solicitation (if any), and other relevant information,” as required by OP 26 of the CPE Decision.<sup>2</sup>

#### A. PG&E CPE Procurement for 2023 Compliance Year

Pursuant to OP 2 of the CPE Decision, PG&E CPE was designated as the CPE for its electric distribution service area for the multi-year local RA program beginning for the 2023 RA compliance year. The PG&E CPE ran its annual competitive solicitation in both 2021 and 2022 in an effort to procure local RA capacity for compliance year 2023 and beyond through LSE self-shown resources or competitive offers. From those

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<sup>1</sup> D.20-06-002 at 100, OP 26.

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**Public Attachment E - Revised**

**Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE)  
CPE Annual Compliance Report (ACR)  
November 4, 2022**

solicitations, the PG&E CPE was able to procure enough local RA resources to meet the local requirements in [REDACTED] local capacity areas for the 2023 compliance year. Following the 2022 PG&E CPE Local RA RFO, the PG&E CPE team has engaged in bilateral outreach to potentially procure additional capacity to meet RA requirements for 2023 in the remaining deficient local areas, [REDACTED]

[REDACTED]

While participation in the 2022 RFO increased from the prior year, the PG&E CPE did not receive enough offers of local RA capacity to meet the local RA requirements for compliance year 2023 [REDACTED]

[REDACTED] Furthermore, from the competitive offers that were received for 2023 local RA capacity in those remaining deficient local areas, the offers that were not executed through the competitive solicitation were either withdrawn during the RFO, not selected due to high pricing, or there was an inability for the parties to come to contractual agreement. As a result, the PG&E CPE has not been able to procure enough capacity to meet the needs [REDACTED] within its territory and will be deferring procurement to CAISO backstop mechanisms for those areas for each month of the 2023 compliance year.

## **Public Attachment E - Revised**

### **Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE) CPE Annual Compliance Report (ACR) November 4, 2022**

For compliance years 2024-2025, it would be premature for PG&E CPE to defer procurement of local resources to the CAISO's CPM at this time. The PG&E CPE expects to undertake additional procurement activities to seek to meet its local RA procurement obligations, which may impact whether the circumstances triggering CAISO's authority to backstop procure local resources through the CPM or RMR process in those RA compliance years. In the event that such circumstances do ultimately materialize, PG&E CPE will provide the reason for any deferral to CAISO backstop procurement and the other information required under OP 26 of the CPE Decision in subsequent submittals, where applicable.

#### **B. Reasons for Deferral to Backstop Mechanisms**

##### **1. Lack of Participation**

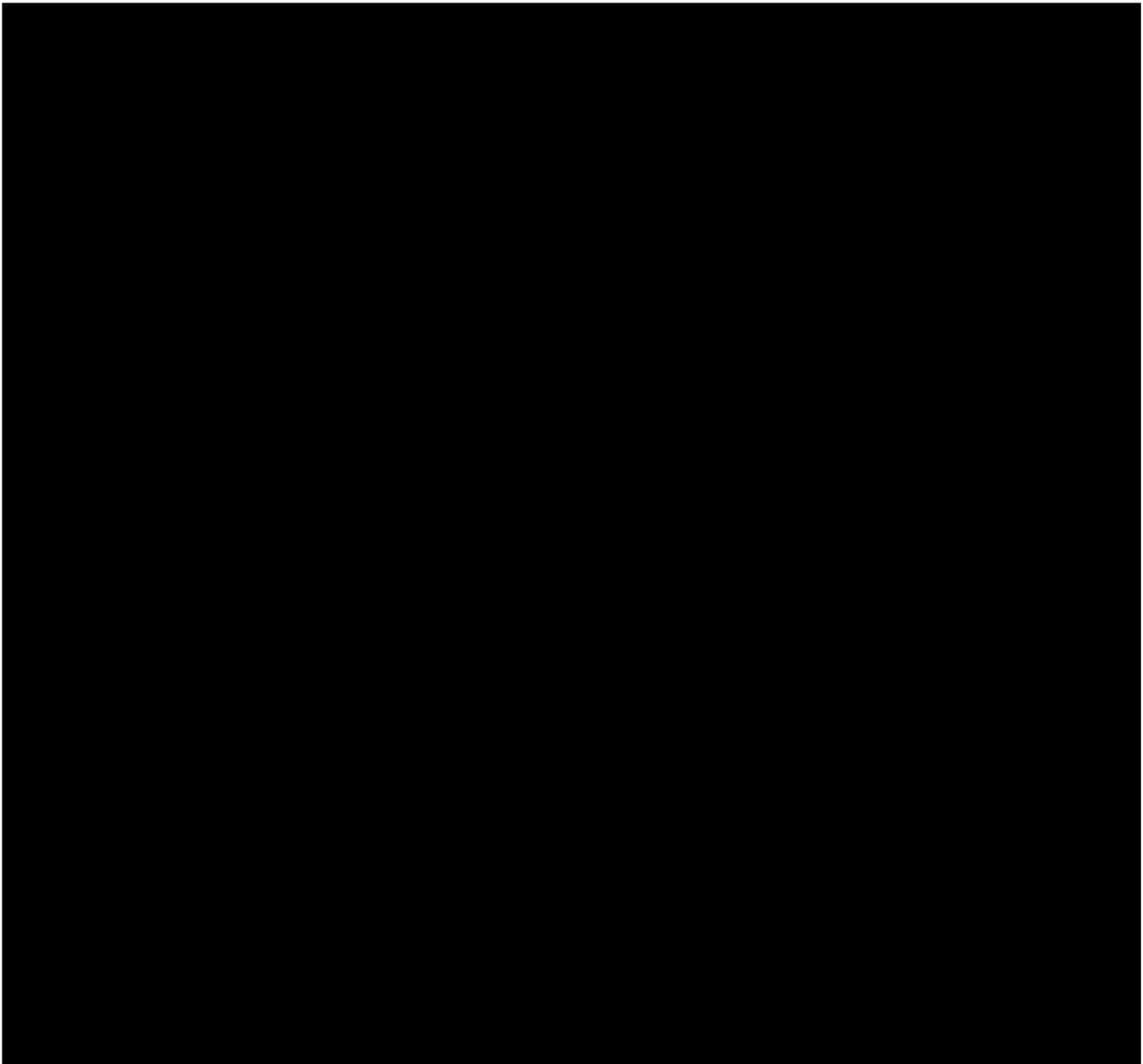
As described above, while participation from market participants in the 2022 PG&E CPE Local RA RFO increased substantially from the previous year's RFO, the PG&E CPE still did not receive enough offers of local RA capacity through the competitive offer or the self-shown process to meet the 2023 local capacity requirements in the local capacity areas that the PG&E CPE remains deficient.

Below is a list of resources that were not offered into the 2022 PG&E CPE Local RA RFO through either the competitive offer or self-shown process. The list only includes resources with an August NQC value of greater than 10 MWs that were not

**Public Attachment E - Revised**

**Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE)  
CPE Annual Compliance Report (ACR)  
November 4, 2022**

offered for any capacity amounts in any months during the compliance years solicited from the local capacity areas that the PG&E CPE remains deficient. The total capacity not offered in the remaining deficient local areas amounts to a total of about 2,565 MWs based on August MW capacity values.



**Public Attachment E - Revised**

**Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE)  
CPE Annual Compliance Report (ACR)  
November 4, 2022**



**Public Attachment E - Revised**

**Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE)  
CPE Annual Compliance Report (ACR)  
November 4, 2022**

**2. High Pricing**

[REDACTED]

**Public Attachment E - Revised**

**Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE)  
CPE Annual Compliance Report (ACR)  
November 4, 2022**

[REDACTED]

**3. Inability to Come to Terms in Contractual Agreement**

[REDACTED]

[REDACTED]

[REDACTED]

**Public Attachment E - Revised**

**Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE)  
CPE Annual Compliance Report (ACR)  
November 4, 2022**

[REDACTED]

**4. Other Relevant Information**

Per OP 26 of the CPE Decision, the Independent Evaluator for the PG&E CPE 2022 Local RA RFO is required to address deferral to backstop procurement mechanisms within their IE report. Please see *Public and/or Confidential Attachment D, Independent Evaluator Report* for more information.

**PACIFIC GAS AND ELECTRIC COMPANY**

**Attachment 4**

**Confidentiality Declaration 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  
THE SUPPLEMENT TO PG&E CPE'S ANNUAL COMPLIANCE REPORT  
ADVICE LETTER 6706-E-A  
NOVEMBER 4, 2022**

I, Amol Patel, declare:

1. I am the Director of 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, 22-03-034, and relevant Commission rules, I make this declaration seeking confidential treatment for certain procurement data and information contained in the Supplement to PG&E CPE's Annual Compliance Report – Revised Deferred Procurement Attachment E, Clean and Redlined Confidential versions.

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 covered by D.06-06-066 (as modified by subsequent decisions), identified in D.22-03-034 for CPE-specific data, and/or other relevant Commission rules. 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 4, 2022, at San Rafael, California.

/s/

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AMOL PATEL

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

**PG&E CENTRAL PROCUREMENT ENTITY  
SUPPLEMENT TO ANNUAL COMPLIANCE REPORT  
ADVICE LETTER 6706-E-A  
November 4, 2022**

**IDENTIFICATION OF CONFIDENTIAL INFORMATION**

Redaction Reference	Category from D.06-06-066, Appendix 1, D.22-03-034, Appendix A or Separate Confidentiality Statute, or Order That Data Corresponds To	Justification for Confidential Treatment	Length of Time Data To Be Kept Confidential
<b>Document: Supplement: PG&amp;E CPE Annual Compliance Report – Revised Confidential Attachment E: Deferred Procurement</b>			
<p>Gray-shaded information in “PGE CPE Revised Confidential Atch E – Deferred_Procurement.pdf” on pages: 2, and 4 – 8; and</p> <p>Gray-shaded information in “PGE CPE Revised Confidential Atch E – Deferred_Procurement_Redline.pdf” on pages: 2, and 4 – 8.</p>	D.22-03-034, Appendix A: Score sheets, analysis and evaluation	Disclosure of the score sheets, analysis and evaluation for CPE procurement could potentially have an adverse effect on the market, put the 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.	3 years after conclusion of solicitation
	D.22-03-034, Appendix A: Bid/Offer data	Disclosure of the bid/offer data received during CPE procurement could potentially have an adverse effect on the market, put the 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.	3 years after conclusion of solicitation
	D.22-03-034, Appendix A: Net Open Position Capacity (MW) – Local Area	Disclosure of the capacity that was procured in each local area could potentially have an adverse effect on the market, put the 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 3 years

**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 the Director of the Central Procurement Entity (“CPE”) Implementation at Pacific Gas and Electric Company (“PG&E”), a California corporation. Fong Wan, the Senior Vice President of Energy Policy and Procurement at PG&E, delegated authority to me to sign this declaration. My business office is located at:

Pacific Gas and Electric Company  
77 Beale Street  
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.21-10-002

3. Title and description of document(s):

Advice Letter 6706-E-A: Supplement to PG&E CPE Annual Compliance Report – Revised  
Deferred Procurement Attachment E, Clean and Redlined Confidential versions.

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&amp;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 energy 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</p> <p>(Protected under Govt. Code § 6254(k), (ab); 6 U.S.C. § 131; 6 CFR § 29.2)</p>	

X

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)

Gray-shaded information in “PGE CPE Revised Confidential Atch E – Deferred\_Procurement.pdf” on pages 2, and 4 – 8; and

Gray-shaded information in “PGE CPE Revised Confidential Atch E – Deferred\_Procurement\_Redline.pdf” on pages 2, and 4-8.

Corporate financial records

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

X

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)

Gray-shaded information in “PGE CPE Revised Confidential Atch E – Deferred\_Procurement.pdf” on pages 2, and 4 – 8; and

Gray-shaded information in “PGE CPE Revised Confidential Atch E – Deferred\_Procurement\_Redline.pdf” on pages 2, and 4-8.

X

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 PG&E CPE has acquired in various local areas that make up the PG&E CPE’s portfolio. Disclosure of the specific resource information that was procured in each local area and the duration of such procurement, and information concerning the totality of the existing CPE portfolio as of the reporting date, could potentially have an adverse effect on the market and impact

Gray-shaded information in “PGE CPE Revised Confidential Atch E – Deferred\_Procurement.pdf” on pages 2, and 4 – 8; and

Gray-shaded information in “PGE CPE Revised Confidential Atch E – Deferred\_Procurement\_Redline.pdf” on pages 2, and 4-8.

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participants' future bidding behavior for resources that have not yet been procured. Release of this information is against the public interest because this information can provide a commercial advantage to new bidders and existing contract counterparties, materially impact the price of capacity procurement.

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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 4th day of November, 2022 at San Rafael, California.

\_\_\_\_\_  
/s/  
Amol Patel  
Director, CPE Implementation  
Pacific Gas and Electric Company

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

**PG&E CENTRAL PROCUREMENT ENTITY  
ADVICE LETTER 6706-E: PG&E CPE ANNUAL COMPLIANCE REPORT  
ATTACHMENT TO DECLARATION SUBMITTED ON SEPTEMBER 19, 2022**

ATTACHMENT NAME	DOCUMENT NAME	CATEGORY OF CONFIDENTIALITY	LOCATION
<p>Confidential Attachment E: “PGE CPE Revised Confidential Atch E – Deferred_Procurement.pdf”; and “PGE CPE Revised Confidential Atch E – Deferred_Procurement_Redline.pdf”</p>	<p>Confidential Attachment E: “PGE CPE Revised Confidential Atch E – Deferred_Procurement.pdf”; and “PGE CPE Revised Confidential Atch E – Deferred_Procurement_Redline.pdf”</p>	<p>Proprietary and trade secret information or other intellectual property and protected market sensitive/competitive data.  (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>Gray-shaded information in “PGE CPE Revised Confidential Atch E –Deferred_Procurement.pdf” on pages 2, and 4 – 8; and  Gray-shaded information in “PGE CPE Revised Confidential Atch E – Deferred_Procurement_Redline.pdf” on pages 2, and 4-8.</p>
<p>Confidential Attachment E: “PGE CPE Revised Confidential Atch E – Deferred_Procurement.pdf”; and “PGE CPE Revised Confidential Atch E – Deferred_Procurement_Redline.pdf”</p>	<p>Confidential Attachment E: “PGE CPE Revised Confidential Atch E – Deferred_Procurement.pdf”; and “PGE CPE Revised Confidential Atch E – Deferred_Procurement_Redline.pdf”</p>	<p>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)</p>	<p>Gray-shaded information in “PGE CPE Revised Confidential Atch E –Deferred_Procurement.pdf” on pages 2, and 4 – 8; and  Gray-shaded information in “PGE CPE Revised Confidential Atch E – Deferred_Procurement_Redline.pdf” on pages 2, and 4-8.</p>
<p>Confidential Attachment E: “PGE CPE Revised Confidential Atch E – Deferred_Procurement.pdf”; and “PGE CPE Revised Confidential Atch E – Deferred_Procurement_Redline.pdf”</p>	<p>Confidential Attachment E: “PGE CPE Revised Confidential Atch E – Deferred_Procurement.pdf”; and “PGE CPE Revised Confidential Atch E – Deferred_Procurement_Redline.pdf”</p>	<p>Other categories where disclosure would be against the public interest (Govt. Code § 6255(a))</p>	<p>Gray-shaded information in “PGE CPE Revised Confidential Atch E –Deferred_Procurement.pdf” on pages 2, and 4 – 8; and  Gray-shaded information in “PGE CPE Revised Confidential Atch E – Deferred_Procurement_Redline.pdf” on pages 2, and 4-8.</p>

**PACIFIC GAS AND ELECTRIC COMPANY**

**Attachment 5**

**Revised Deferred Procurement  
(Confidential Attachment E) – Redline**

**PACIFIC GAS AND ELECTRIC COMPANY**

**Attachment 6**

**Revised Deferred Procurement  
(Confidential Attachment E) – Clean**

**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.

Resource Innovations

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