

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



Pacific Gas & Electric Company
ELC (Corp ID 39)
Status of Advice Letter 6949E
As of June 13, 2023

Subject: Procurement for Summer 2023 Under Decision 21-03-056 and Decision 21-12-015

Division Assigned: Energy

Date Filed: 05-25-2023

Date to Calendar: 05-31-2023

Authorizing Documents: D2103056

Authorizing Documents: D2112015

Disposition:	Accepted
Effective Date:	05-30-2023

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

edtariffunit@cpuc.ca.gov

AL Certificate Contact Information:

Stuart Rubio

415-973-4587

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- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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

May 25, 2023

Advice 6949-E

Pacific Gas and Electric Company (U 39 E)

Public Utilities Commission of the State of California

Subject: Procurement for Summer 2023 Under Decision 21-03-056 and Decision 21-12-015

Purpose

Pursuant to Decision (D.) 21-03-056 and D.21-12-015 (collectively, the Decisions), Pacific Gas and Electric Company (PG&E) respectfully submits this Tier 1 advice letter seeking the California Public Utilities Commission's (Commission or CPUC) approval of five (5) short-term agreements (the Emergency Reliability Agreements) to procure incremental capacity to serve load at peak and net peak to prepare for potential extreme weather events in the summer of 2023 (2023 Summer Procurement). These short-term agreements are summarized in Confidential Appendices A, B, and E of this Advice Letter. As set forth in the Decisions, PG&E is entering into these agreements on behalf of all customers in its service territory and requests that the total costs of the Emergency Reliability Agreements be allocated to all benefitting customers through the Cost Allocation Mechanism (CAM).

Background

As a result of the summer 2020 rotating outages, an Assigned Commissioner's Ruling (ACR) was issued on December 28, 2020, that directed the large investor-owned utilities (IOUs) to immediately seek contracts for incremental capacity, available for peak and net peak in the summers of 2021 and 2022. On February 11, 2021, the Commission subsequently issued D.21-02-028 directing the IOUs to seek contracts for additional power capacity for summer 2021 reliability and to submit those contracts for consideration before the Commission via advice letters of various tiers, with the costs and benefits allocated to all benefitting customers through the CAM.¹

On March 25, 2021, the Commission approved D.21-03-056, which directs the IOUs to take actions to decrease peak and net peak demand and increase peak and net peak supply for the summers of 2021 and 2022.² The Decision requires that procured resources must be available to serve load at the peak and net peak, and directs the IOUs

¹ D.21-02-028, p. 12.

² D.21-03-056, p. 2.

to give preference to storage contracts, upgrades resulting in increased efficiency of existing generation resources, and contract terms that are shorter in duration.³

D.21-03-056 authorizes the IOUs to continue their procurement efforts and endeavor to meet and exceed their respective incremental procurement targets to achieve an effective 17.5 percent PRM for the months of May through October 2021 and 2022. Increasing the PRM from 15 percent to an effective 17.5 percent results in a minimum incremental procurement target of 450 megawatts (MW) for PG&E.⁴ The Decision further states that all procurement contracts shall be submitted to Energy Division via a Tier 1 advice letter on a continuing basis, except for contracts for incremental gas generation of five years or more, which require a Tier 3 advice letter, and incremental imports.⁵ The Decision states that resource adequacy (RA) resources in excess of an IOU's 15 percent PRM should be charged to all benefiting customers in the IOU's service territory via the CAM, and authorizes the IOUs to acquire and pair imports with maximum import capability to be included in CAM procurement costs.⁶

On December 6, 2021, the Commission approved D.21-12-015 and instructed the IOUs to solicit additional resources for summers 2022 and 2023, including a new target range of 900 MW to 1,350 MW for PG&E for each of the June – October summer months of 2022 and 2023. Resource types to be considered for procurement include Resource Adequacy (RA)-only contracts and incremental capacity from revised power purchase agreements.⁷

Consistent with the parameters in D.21-03-056 and D.21-12-015, PG&E engaged in a series of bilateral transactions to procure letter agreements for additional energy, which are further described in Confidential Appendices A, B, and E of this Advice Letter.

Emergency Reliability Agreements

PG&E is requesting approval of five (5) short-term Emergency Reliability Agreements resulting from PG&E's Summer 2023 procurement efforts as described below. Additional information regarding the Emergency Reliability Agreements is included in Confidential Appendix A and B. The Emergency Reliability Agreements are included in Confidential Appendix E.

PG&E's Emergency Reliability Agreements presented hereby consists of five (5) executed letter agreements for additional energy resulting from PG&E's summer 2023 procurement efforts. PG&E approached counterparties with resources within its existing

³ D.21-03-056, p. 46.

⁴ D.21-03-056, p. 43.

⁵ OP 14, D.21-03-056, p. 82.

⁶ D.21-03-056, p. 47.

⁷ D. 21-12-015, p. 100-101.

portfolio who indicated in summer 2022 that they would endeavor to respond to PG&E during a California Independent System Operator (CAISO) system emergency or Flex Alert. The Emergency Reliability Agreements are a non-standard product and provide PG&E with the ability to receive incremental energy, often times associated with generation levels above the CAISO's net qualifying capacity of the resource, during a CAISO system emergency or Flex Alert at an established price. While the primary benefit of these agreements is to provide incremental energy for reliability, they could also provide price protection against extreme market prices, such as those seen in summer 2020 during emergency conditions.

	Project	Resource Type per Decisions	Volume (MW)	Delivery Term
A	SPI Anderon 2 Biomass	Revised Power Purchase Agreement	7-10 depending on month	Jun – Oct 2023
	SPI Burney Biomass			
	SPI Lincoln Biomass			
	SPI Quincy Biomass			
	SPI Sonora Biomass			
B	Shasta - Sustainable Resource Management Inc	Revised Power Purchase Agreement	15.9	Jun – Oct 2023
C	Chevron (Coalinga)	Revised Power Purchase Agreement	3.2	Jun - Oct 2023
D	Chevron (SE Kern River)	Revised Power Purchase Agreement	15	Jun – Oct 2023
E	Chevron (Eastridge)	Revised Power Purchase Agreement	3	Jun - Oct 2023

Cost Recovery

As described above, the procurement of the five (5) short-term agreements is to meet the near-term reliability needs for the summer of 2023 on behalf of all customers in the PG&E distribution service territory, as authorized in D.21-03-056 and D.21-12-015. The contracts and associated costs for incremental capacity presented in this Tier 1 advice letter are eligible for cost recovery as CAM-eligible resources, which are recovered through the New System Generation Charge (NSGC). Accordingly, for the months of June through October 2023, PG&E proposes the five (5) agreements be deemed CAM-eligible with recovery through the NSGC and count towards PG&E's emergency reliability procurement targets in D.21-12-015.⁸

⁸ D.21-12-015, as modified by D.21-12-069, addressed reliability issues for 2023 and directed the IOUs to seek contracts for additional capacity for the summer of 2023 on behalf of all customers, PG&E may seek cost recovery for future CAM-eligible resources in accordance with the directives authorized in D.21-12-015, as modified by D.21-12-069.

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 D.08-04-023 and the August 22, 2006, Administrative Law Judge's Ruling Clarifying Interim 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. A separate declaration Seeking confidential treatment is being submitted concurrently with this advice letter.

Confidential Appendices

Appendix A: Summary of Emergency Reliability Agreements (Confidential)

Appendix B: Cost Competitiveness (Confidential)

Appendix C: Independent Evaluator (IE) Report – Emergency Reliability Agreements
(Confidential)

Appendix D: Independent Evaluator (IE) Report – Emergency Reliability Agreements
(Public)

Appendix E: Emergency Reliability Agreements (Confidential)

Protests

Pursuant to D.21-02-028, the protest period for Tier 1 advice letters is 10 days after submission. Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than June 5, 2023. 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).

Effective Date

Pursuant to D.21-02-028, this advice letter is submitted with a Tier 1 designation and will be effective no sooner than 5 days after submission. PG&E requests that this advice letter be effective on May 30, 2023.

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 lists R.20-11-003, R.19-11-009, and 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 service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

 /S/

Sidney Bob Dietz II
Director, Regulatory Relations
CPUC Communications

cc: Service Lists: R.20-11-003, R.19-11-009, and R.20-05-003



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: stuart.rubio@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) #: 6949-E

Tier Designation: 1

Subject of AL: Procurement for Summer 2023 Under Decision 21-03-056 and Decision 21-12-015

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.21-03-056 and D.21-12-015

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: Mark Muranishi, Mark.muranishi@pge.com

Resolution required? Yes No

Requested effective date: 5/30/23

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 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

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

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

**PACIFIC GAS AND ELECTRIC COMPANY
RULEMAKING 20-11-003**

**DECLARATION OF MARK MURANISHI SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION CONTAINED IN PG&E'S ADVICE
LETTER FOR PROCUREMENT FOR SUMMER 2023 UNDER DECISION 21-03-056
AND DECISION 21-12-015**

I, Mark Muranishi, declare:

1. I am a Director of Structured Energy Transactions in the Energy Procurement and Policy Organization at Pacific Gas and Electric Company (PG&E). In this position, my responsibilities include oversight of commercial activities and interactions with market participants related to structured transactions. 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 procurement and bid-related 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 procurement and bid-related data and information contained in PG&E's Advice Letter for Procurement for Summer 2023 Under Decision 21-03-056 and Decision 21-12-015.

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 procurement and bid-related data and information covered by D.06-06-066. 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.

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

**ADVICE LETTER FOR PROCUREMENT FOR SUMMER 2023
UNDER DECISION 21-03-056 AND DECISION 21-12-015
May 25, 2023**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order That Data Corresponds To	PG&E's Justification for Confidential Treatment	Length of Time
Confidential Appendices			
Appendix A: Summary of Emergency Reliability Agreements (Confidential)	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)).	The terms of the executed Emergency Reliability Agreements presented in this appendix are generally confidential. The terms of the executed Emergency Reliability Agreements that are public pursuant to Item VII. B. are publicly disclosed in Section III. Emergency Reliability Agreements.	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: Cost Competitiveness (Confidential)	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)).	The terms of the executed Emergency Reliability Agreements presented in this appendix are generally confidential. The terms of the executed Emergency Reliability Agreements that are public pursuant to Item VII. B. are publicly disclosed in Section III. Emergency Reliability Agreements.	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: Independent Evaluator (IE) Report – Letter Agreements for Additional Energy (Confidential)	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)); Item VIII. B) Specific quantitative analysis involved in scoring and evaluation of participating bids.	The IE Report contains discussion of the specific terms of the agreements and discussions with counterparties. The IE Report also contains information on PG&E's evaluation methodology and process, which constitutes the confidential results of offer evaluation.	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. Information under Item VIII. B is confidential

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

**ADVICE LETTER FOR PROCUREMENT FOR SUMMER 2023
UNDER DECISION 21-03-056 AND DECISION 21-12-015**

May 25, 2023

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order That Data Corresponds To	PG&E's Justification for Confidential Treatment	Length of Time
			for three years from the date winning contracts are submitted for CPUC approval.
Appendix E: Emergency Reliability Agreements (Confidential)	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)).	The terms of the executed Emergency Reliability Agreements presented in this appendix are generally confidential. The terms of the executed Emergency Reliability Agreements that are public pursuant to Item VII. B. are publicly disclosed in Section III. Emergency Reliability Agreements.	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.

PACIFIC GAS AND ELECTRIC COMPANY

Appendix A

Summary of Emergency Reliability Agreements

(Confidential)

PACIFIC GAS AND ELECTRIC COMPANY

Appendix B

**Cost Competitiveness of Emergency Reliability
Agreements**

(Confidential)

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Appendix C

Independent Evaluator (IE) Report – Emergency Reliability Agreements

(Confidential)

PACIFIC GAS AND ELECTRIC COMPANY

Appendix D

Independent Evaluator (IE) Report – Emergency Reliability Agreements

(Public)

May 23, 2023

Mark Muranishi
Director
Structured Energy Transactions
Pacific Gas & Electric Company
300 Lakeside Drive
Oakland, CA 94612-3534

Subject: Letter Report of Merrimack Energy Group, Inc. ("Merrimack Energy") Regarding Letter Agreements for Additional Energy to Respond to CAISO Declared or Anticipated System Emergency for the Time Period of June 1, 2023 through October 31, 2023

Dear Mr. Muranishi:

Pacific Gas & Electric Company ("PG&E") is seeking Commission approval of five (5) Letter Agreements, encompassing nine projects for an estimated additional 47.1 MW for summer of 2023 (e.g., June through October). The additional energy output will be provided via existing agreements with counterparties as option agreements, in the event CAISO declares a System Emergency or in PG&E's judgment that the CAISO may declare a System Emergency. Under the Agreements, PG&E has the ability to call on additional energy from existing projects in cases where the CAISO identifies or has a potential System Emergency. The counterparties with whom PG&E has executed the Letter Agreements were the same counterparties with whom PG&E executed similar agreements for the summer of 2022, which were approved by the Commission.¹ The Letter Agreements which are the subject of this report include agreements for the sale of additional energy from the same projects and counterparties that were executed for the summer of 2022.

As background to the attached agreements, a Rulemaking² instituted by the California Public Utilities Commission ("CPUC") on November 19, 2020 initially resulted in an Assigned Commissioner Ruling ("ACR") on December 28, 2020 directing the large electric IOUs to seek contracts for capacity available for the peak and net peak demand in summer 2021 and/or summer 2022, set parameters for that procurement, and provided guidance for submitting the resulting contracts to the Commission for approval.

On January 8, 2021, a Proposed Decision of ALJ Stevens was issued in Rulemaking 20-11-003 which included revisions to the December 28, 2020 Ruling of the Assigned Commissioner. The Proposed Decision of January 8, 2021 directed and authorized PG&E, Southern California Edison ("SCE"), and San Diego Gas & Electric Company

¹ Three of the six agreements reached by PG&E with Chevron for summer of 2022 were not included this time, due to the resources being unavailable for incremental energy in summer of 2023.

² The impetus for the Rulemaking (20-11-003) was the summer 2020 rolling outages brought on by the prolonged extreme heat event, which required the CAISO to initiate rotating outages in its balancing authority area to prevent wide-spread service interruptions. The rolling outages spotlighted reliability deficiencies in California's electricity system.

(“SDG&E”) to contract for capacity that is available to serve peak and net peak demand in the summer of 2021 and seek approval for cost recovery in rates.³

The Proposed Decision of January 8, 2021 noted that there was little disagreement that a problem exists and there is a risk that outages could occur again in the summer of 2021. The Commission found there is a practical need for action to be taken now to ensure resources would be available by summer 2021. The Proposed Decision therefore ordered the State’s large electric IOUs to pursue contracts for additional incremental capacity procurement on an accelerated timeframe.

The ALJ issued a Proposed Revised Decision on February 8, 2021 which contained the following revisions to the Proposed Decision:

- Asked the IOUs to continue to engage with market participants regarding potential summer 2022 resources;
- Noted that incremental capacity is being procured to provide additional capacity to serve CAISO load. The Revised Decision encouraged CAISO to ensure that these resources do not support exports even if they are not designated as resource adequacy resources;
- Added back Firm Forward Imported Energy to the types of resources that will be considered for procurement;
- Clarified the Commission’s preference for storage resources, shorter duration contracts, and efficiency upgrades.

In response to its Summer 2021–2022 procurement process, PG&E considered a range of resource types and options including reviewing and evaluating a number of the offers submitted in response to PG&E’s Procurement Notification to bidders in January 2021, including all reasonable offers with a 6/1/2021 or 9/1/2021 COD. In addition, PG&E contacted counterparties with existing QF or RPS contracts who may have extra energy and/or capacity available via shifting energy into peak periods or offering additional resources from an existing unit up to the interconnection limits of the resource based on previous experiences with these projects.⁴ PG&E also sought opportunities to extend existing contracts beyond the termination date with a focus on short-term options. Also, once the Proposed Revised Decision of the ALJ added back Firm Forward Imported Energy as an eligible resource, PG&E immediately pursued contracts for Firm Forward Imported Energy for summer 2021 with counterparties who had offered this product in response to the Procurement Notification or other recent procurement processes.

Through this procurement process, PG&E requested and received CPUC approval of the resources procured through its Summer 2021 – 2022 Procurement process for up to 385.3 MW of firm energy/capacity, including ten Letter Agreements for call options for additional energy during peak period for summer 2021 for up to 135.3 MW, and two

³ The Proposed Decision of ALJ Stevens made two significant changes to the Assigned Commissioner Ruling including focusing solely on procurement of resources that can come on-line in 2021 and deferring consideration of Firm Forward Imported Energy contracts as eligible resources to a subsequent decision in this proceeding.

⁴ PG&E informed the IE that it had executed additional energy Letter Agreements with several of the same counterparties with whom PG&E had executed agreements during the summers of 2020 and 2021. This process proved successful in allowing PG&E to secure additional peak period energy during the 2020 and 2021 summer emergency period through these agreements.

Confirmations for Firm Forward Imported Energy for 250 MW for July – September of 2021.

PG&E's assessment of options for the summer of 2022 included projects from which PG&E had identified the potential for additional energy during the peak summer period of 2020 and 2021, based on previous call option agreements with these counterparties. For summer of 2022, PG&E again contacted the same sellers seeking to execute the same or similar contracts for summer 2022. PG&E was successful in executing eight agreements encompassing twelve projects for summer of 2022, all of which were also executed for the summer of 2021.

PG&E again approached the same counterparties regarding their interest in executing similar agreements for the summer of 2023. The same counterparties with which PG&E reached agreement in 2022 offered the same resources with the exception of Chevron which only offered three projects instead of the six projects agreed to for summer 2022. A summary of the contracts executed are included in Table 1. The pricing and terms and conditions are generally the same as the 2021 and 2022 contracts. The one primary difference from the 2022 contracts is the limited number of projects offered by Chevron, resulting in fewer MWs offered. In addition, the pricing provisions in the Chevron agreements were updated to reflect unit specific heat rates and an updated GHG cost adder.

Table 1: Short-Term Call Option Resources for Summer 2022

Counterparty	Project	Agreement	MW Expected	Term	Pricing
SPI ⁵	Anderson 2	Letter Agreement for Additional Energy	7 - 10	June, July, August, Sept, Oct 2023	Contract price [REDACTED]
SPI	Burney Biomass	Letter Agreement for Additional Energy			Contract price [REDACTED]
SPI	Lincoln Biomass	Letter Agreement for Additional Energy			Contract price [REDACTED]
SPI	Quincy Biomass	Letter Agreement for Additional Energy			Contract price [REDACTED]
SPI	Sonora	Letter Agreement for Additional Energy			Contract price [REDACTED]

⁵ SPI included five projects. PG&E and SPI executed one Letter Agreement encompassing all five projects listed in Table 1 (i.e., rows 1-5).

Chevron USA	Coalinga	Letter Agreement for Additional Energy	3.2	June, July, August, Sept, Oct 2023	HR * Gas cost + GHG cost for each MWh of Emergency Energy delivered by Seller; [REDACTED]
Chevron USA	SE River Kern	Letter Agreement for Additional Energy	3.0		HR * Gas cost + GHG cost for each MWh of Emergency Energy delivered by Seller; [REDACTED]
Chevron USA	East Ridge	Letter Agreement for Additional Energy	15.0		HR * Gas cost + GHG cost for each MWh of Emergency Energy delivered by Seller; [REDACTED]
Shasta Sustainable Resource Management, Inc.	Wheelabrator Shasta Bioenergy	Letter Agreement for Additional Energy	15.9		HR * Gas cost + GHG cost for each MWh of Emergency Energy delivered by Seller; [REDACTED]

The above offers are for summer 2023 months only from existing resources under contract to PG&E which include a mix of RPS projects and Qualifying Facilities (QF). Under the proposed Letter Agreements, the underlying PPAs will remain intact and are not amended by the Letter Agreements.

For the projects listed in Table 1 above, counterparties have agreed to sign letter agreements. Under these Letter Agreements, PG&E has the right to call on the resource to provide additional energy during the peak period when PG&E is notified by CAISO of an anticipated or declared system emergency/need during the months of June through October. The additional energy volumes are above the facility's normal or existing generation levels up to operational or interconnection limits. The volume of energy available from each resource is dependent on the schedule for the specific month. Resources are not penalized if they are unable to generate the additional energy when called upon by PG&E.

The SPI Letter Agreement was executed on May 19, 2023 and governs Additional Energy⁶ as of June 1, 2023 through and including October 31, 2023. Upon the expiration of this Letter Agreement, Buyer has no obligation to accept and/or pay for Additional

⁶ Additional Energy is defined as Energy in excess of the volumes provided by seller to Buyer on a monthly basis as included in Exhibit A of the Agreement, including Energy that exceeds 110% of the contract capacity delivered by Seller to Buyer as a result of Buyer's notice under Section 6 of this Letter Agreement. In no event shall Buyer be obligated to receive or pay for, in any hour, any Product produced from any Aggregated Generation Facility that exceeds the interconnection limit of that Aggregated Generation Facility.

Energy. During the Additional Energy Period⁷, Seller shall make commercially reasonable efforts to provide the Available Capacity forecasts to Buyer.

Under the Letter Agreement, the operating protocol for the Additional Energy shall consist of the following steps:

1. If Buyer determines, in Buyer's judgment, that the CAISO may declare a System Emergency, or if the CAISO declares a System Emergency, Buyer and Seller will coordinate to deliver additional energy during a specified time period;
2. Upon Buyer contact with Seller pursuant to this agreement, Seller will confirm each Aggregated Generation Facility's ability to generate Additional Energy and the quantity of the Additional Energy such facilities are capable of delivering within the specified time period;
3. Seller shall make commercially reasonable efforts to provide schedule updates reflecting confirmed Additional Energy quantity to be delivered during the Additional Energy Period to Buyer.

From a pricing perspective, the price of the additional energy supplied under each agreement is specific to each resource and has a pre-set price or formula applicable only for the volume requested by PG&E in response to the CAISO's request. For the SPI Agreement, the price is the same as in the original agreement executed in 2012 of

The actual pricing will reflect the time period at which the additional energy is produced. For example,

The Chevron Letter Agreement was executed on May 23, 2023. Similar to the SPI Letter Agreement, the Chevron Letter Agreement is also triggered by CAISO-declared System Emergencies. The contract period is the same (i.e., June 1, 2023 through October 31, 2023). Under the Letter Agreement, Emergency Energy would be delivered to Buyer by Seller only at the request of Buyer during the period requested by Buyer or the California Independent System Operator (CAISO). In no event shall Seller be obligated to deliver or seller, or Buyer be obligated to receive or pay for, in any hour, any energy produced from any facility that exceeds the interconnection limit of the Facility. Seller shall make commercially reasonable efforts to provide the available capacity forecasts from PG&E.

Under the Letter Agreement, the operating protocol for the delivery of Emergency Energy shall consist of the following steps:

1. Seller availability and volume of the Emergency Energy shall be delivered consistent with Seller's monthly submission of Appendix A (Emergency Energy Volume) for the periods requested by Buyer. Appendix A shall be updated by Seller no later than the 25th of the month prior to each month of the period June 1 through October 1, 2023;
2. Upon receipt of the updated Appendix A, PG&E, as Scheduling Coordinator, will submit a schedule into the CAISO for the Power Export Capability Volume per Appendix A for each Emergency Energy period;
3. The energy schedule shall not change once the schedule is entered to the CAISO for the entirety of each Emergency Period, unless Seller notifies Buyer of a need to amend the schedule consistent with the scheduling protocols;

⁷ The Additional Energy Period is June 1, 2023 through October 31, 2023.

4. The duration of Emergency Energy delivered shall be the longer of the time specified in PG&E's notification or 72 hours;
5. The Buyer shall provide 24 to 48 hours advance notice to Seller of Emergency Energy delivery.

From a pricing perspective, the Buyer shall pay the Seller for delivered Emergency Energy in the amount equal to (a) the Emergency Energy heat rate of each Facility as defined in each of the Agreements, multiplied by (b) the Emergency Energy gas cost, which shall be equal to the greater of (i) [REDACTED]

[REDACTED] in relation to the GHG cost for each MWh of the Emergency Energy delivered by Seller.

The Shasta – Sustainable Resources Management, Inc. Letter Agreement, which is also designed to respond to an anticipated CAISO declared system emergency for the period June 1, 2023 through October 31, 2023, was executed on May 19, 2023. The Parties agreed to allow for Surplus Delivered Energy to be delivered from the project during the time periods specified in Buyer Notification. Surplus Delivered Energy means in any Settlement interval, the Delivered Energy that exceeds the product of 100% of Contract Capacity multiplied by a Settlement interval, delivered by Seller to Buyer as a result of Buyer's notice under Section 6 of the Letter Agreement. In no event shall Buyer be obligated to receive or pay for, in any Settlement interval, any Surplus Delivered Energy that exceeds [REDACTED]

Under the Letter Agreement, the operating protocol for the Surplus Delivered Energy shall consist of the following steps:

1. If Buyer determines, in Buyer's judgment, that the CAISO may declare a System Emergency, or if the CAISO declares a System Emergency, the Buyer and Seller will coordinate to deliver Surplus Delivered Energy, during a specified time period. Such specified time period shall (a) commence at least four (4) hours following Buyer's notification to Seller and (b) have a duration of at least twelve (12) consecutive hours, which may occur within two consecutive days;
2. Seller will confirm the Project's ability to generate and the quantity of the Surplus Delivered Energy to be delivered within the specified time period;
3. Seller shall make commercially reasonable efforts to provide the Available Capacity forecasts, including making timely updates as soon as possible. Before the Day Ahead Market closes, Seller will make best operational effort to enter schedules in PG&E's website. After Day Ahead Market closes, Seller will communicate updated schedules directly to PG&E's Real Time Desk.

PG&E noted that in the summer of 2022 these resources generated for up to 14 days as needed during August and September. PG&E asked the Sellers to generate as much as they could generate up to the interconnection capacity limit.

With regard to the evaluation of the Letter Agreements, since PG&E has a "free call option" on each of the above resources, calculation of an expected Net Market Value ("NMV") is not applicable.⁸ The Letter Agreements have value based on the option value

⁸ Based on this pricing structure, it is expected that these options will be called when power is needed in an emergency, which would coincide with the time of highest market prices in the

to PG&E to call on more capacity and energy during an emergency condition, if available. PG&E also has the ability to call on the capacity and energy from individual agreements that provide the most value. It can be expected that PG&E will call on the energy only in cases where market prices are very high and capacity and energy needs are greatest. Given the nature of these Agreements as no cost options, the IE recommends approval of these Agreements for summer of 2023.

Very Truly Yours,



Wayne Oliver
President
Merrimack Energy Group, Inc.
26 Shipway Place
Charlestown, Mass. 02129

CAISO. As a result, it is expected that market prices will exceed the contract price which would mean the options would be in the money and actually have a positive value.

PACIFIC GAS AND ELECTRIC COMPANY

Appendix E

Emergency Reliability Agreements

(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.
Braun Blaising Smith Wynne, P.C.
California Community Choice Association
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
Downey Brand LLP
Dish Wireless L.L.C.

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

GenOn Energy, Inc.
Green Power Institute
Hanna & Morton
ICF

iCommLaw
International Power Technology
Intertie

Intestate Gas Services, Inc.

Johnston, Kevin
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