

PUBLIC UTILITIES COMMISSION

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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.¹ 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.² 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.³

Subsequently, the Commission approved [D.20-12-006](#), adopting the rules that govern the treatment of confidential, market-sensitive information and activities.⁴ On 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).⁵ The filing includes aggregated details on procurement

¹ OP 2 at 91.

² OP 23 at 99.

³ OP 22 at 98.

⁴ OP 9 at 49.

⁵ 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.⁶

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."⁷ 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.⁸

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.⁹

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.¹⁰ 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).¹¹ 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

⁶ WPTF Protest at 1.

⁷ WPTF Protest at 2.

⁸ *Ibid.*

⁹ WPTF Protest at 2.

¹⁰ PG&E Reply at 3 and 5.

¹¹ 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.¹²

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.”¹³ 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.¹⁴ 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](#).¹⁵ To facilitate additional transparency in the CPE procurement process, D.22-03-034 requires the Report to include nine new data fields.¹⁶

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
KELM@pge.com
Klatt@energyattorney.com
EDElectricMarketDesignSection@cpuc.ca.gov

¹² General Rule 7.4.2 and 7.6.1, respectively.

¹³ General Rule 7.6.1 of GO 96-B at 16.

¹⁴ *Ibid.*

¹⁵ OP 23 at 99.

¹⁶ OP 17 at 77.

September 19, 2022

Advice Letter 6706-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

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

Purpose

Pursuant to Decision (“D.”) 20-06-002, the Central Procurement Entity Decision (“CPE Decision”), Pacific Gas and Electric Company (“PG&E”), acting as the Central Procurement Entity (“CPE” or “PGE CPE”) for its electric distribution service area, hereby submits this Advice Letter. Ordering Paragraph (“OP”) 23 of the CPE Decision instructed the CPE to submit an annual compliance report that includes all contract terms, as well as the criteria and methodology used to select local resource adequacy (“RA”) resources.

Background

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

The CPE Decision instructed the PG&E CPE to conduct a competitive, all-source solicitation for local RA procurement with specified requirements,¹ and utilize certain specified criteria and methodologies to guide the selection of local resources.² The CPE Decision further adopted a portfolio approval process whereby a CPE procurement action for an executed contract with a five-year term or less shall be deemed reasonable and preapproved under certain conditions.³ For any executed contract that exceeded a five-year term, the Central Procurement Entity is instructed to submit a Tier 3 Advice Letter for approval.

¹ D. 20-06-002 at 93, OP 8.

² *Id.* at 95, OP 14.

³ *Id.*, OP 22.

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

On March 18, 2022, the Commission issued D. 22-03-034, adopting the modifications to the CPE structure adopted in the CPE Decision, and the LCR RCM Decision, including revisions to the requirements for self-shown resources, revisions to the solicitation criteria, and revisions to the timeline.

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

Compliance Requirements

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

Confidentiality

In support of this Advice Letter, PG&E has provided the confidential information in Confidential Attachments A, B, C, D and E of this Advice Letter. This information is being submitted in the manner directed by Decision 22-03-034, General Order 66-D, and the “Second Revised Protective Order Regarding Confidentiality of Market Sensitive Load and Resource Data and Information” (SRPO) that ALJ Wetzell issued in his March 1, 2007 ruling to demonstrate the confidentiality of the material and to invoke the protection of confidential utility information provided under the SRPO and applicable law, including Appendix A of Decision 22-03-034. Separate Declarations Seeking Confidential Treatment are being submitted concurrently with this Advice Letter.

Public Attachments

- Attachment 1: Narrative
- Attachment 2: Total Capacity Procured: PG&E CPE Aggregate Procurement Summary (Public Attachment A)
- Attachment 3: Public Version of the Independent Evaluator (“IE”) Report (Public Attachment D)
- Attachment 4: Deferred Procurement (Public Attachment E)

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

⁵ D.20-06-002 at 63.

- Attachment 5: (a) CPE Solicitation Protocol, (b) Market Notice Announcement of the Issuance of the RFO, and (c) Compliance with Ordering Paragraphs of Decision 20-06-022, Decision 20-12-006, and Decision 22-03-034
- Attachment 6: Confidentiality Declarations and Matrices

Confidential Attachments

- Attachment A: Attestations and New Contracts Executed/Contracts Amended
- Attachment B: Counterparty Information
- Attachment C: Key Briefing Packages
- Attachment D: Independent Evaluation (IE) Reports
- Attachment E: Deferred Procurement

The public version of this annual compliance report is provided to the service lists for Rulemaking (“R.”) 21-10-002. The confidential version of this annual compliance report is provided to Energy Division.

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

Protests

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than October 10, 2022, which is 21⁶ 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 sent to PG&E either via E-mail at the address shown below on the same date it is electronically delivered to the Commission:

Sid Dietz
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

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

sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

The requested effective date of this Tier 2 advice letter is October 19, 2022, which is 30 days after the date of submittal.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter excluding the confidential appendices is being sent electronically to 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>.

_____/S/

Sidney Bob Dietz II
Director, Regulatory Relations

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

Public Attachments

- Attachment 1: Narrative
- Attachment 2: Total Capacity Procured: PG&E CPE Aggregate Procurement Summary (Public Attachment A)
- Attachment 3: Public Version of the Independent Evaluator ("IE") Report (Public Attachment D)
- Attachment 4: Deferred Procurement (Public Attachment E)
- Attachment 5: (a) CPE Solicitation Protocol, (b) Market Notice Announcement of the Issuance of the RFO, and (c) Compliance with Ordering Paragraphs of Decision 20-06-022, Decision 20-12-006 and Decision 22-03-034
- Attachment 6: Confidentiality Declarations and Matrices



ADVICE LETTER SUMMARY

ENERGY UTILITY



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

Company name/CPUC Utility No.: Pacific Gas and Electric Company (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

Tier Designation: 2

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

Keywords (choose from CPUC listing): Compliance, 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 6

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 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:
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

Narrative

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

SEPTEMBER 19, 2022

TABLE OF CONTENTS

- A. Introduction..... 1
 - 1. Overview of Annual Compliance Report Required Information and Additional Compliance Information 1
 - 2. Overview of PG&E CPE..... 3
- B. Summary of the CPE Procurement Process 4
 - 1. PG&E CPE 2022 Local RA RFO 4
 - a) Procurement processes for self-shown and competitively offered resources. 5
 - i. Electric Procurement – Description..... 5
 - a. Local RA Request for Offers.....6
 - b. Procurement Outside of Annual RA Solicitation through Bilateral or Brokered Transactions.....8
 - b) Electric Procurement – Justification..... 8
 - 2. Contracts and Contract Terms..... 10
 - 3. Evaluation Results for Executed and Amended Contracts..... 11
 - 4. Other Procurement Activities (Approval Through Separate Advice Filing or Regulatory Process)..... 11
- C. Procurement Oversight 12
 - 1. CAM PRG..... 12
 - 2. Independent Evaluator 13
 - 3. Competitive Neutrality Rules and PG&E CPE Code of Conduct..... 13
 - 4. Discussion of how the transactions meet the goals of the CPE Decision, LCR RCM Decision and RA OIR Phase 1 Decision..... 14
- D. Additional Reporting Requirement Pursuant to the CPE Decision..... 15

Summary of Public Attachments

- Public Attachment A: *Total Capacity Procured: PG&E CPE Aggregate Procurement Summary.*
- Public Attachment D: *Independent Evaluator Report, provides the independent evaluator report completed for the compliance period redacted to protect confidential information.*
- Public Attachment E: *Deferred Procurement, provides the rationale for the Pacific Gas and Electric Company Central Procurement Entity deferring to backstop procurement redacted to protect confidential information.*
- Public Attachment 5: *(a) CPE Solicitation Protocol, (b) market notice announcement of the issuance of the RFO, and (c) Compliance with Ordering Paragraphs of Decision 20-06-022, Decision 20-12-006, and Decision 22-03-034.*

Summary of Confidential Attachments

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

A. Introduction

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

Ordering Paragraph (“OP”) 23 of Decision (“D.”) 20-06-002 (“CPE Decision”), requires the Pacific Gas and Electric Company (“PG&E”) Central Procurement Entity (“CPE”) to submit an Annual Compliance Report (“ACR”) through a Tier 2 advice letter in both confidential and public form.¹ The purpose of the ACR is to demonstrate that PG&E CPE has complied with the requirements and objectives adopted in the CPE Decision, OP 17 of D. 22-03-034 (“RA OIR Phase 1 Decision”), as well as the multi-year local resource adequacy (“RA”) program for the 2023, 2024, and 2025 RA compliance period.

OP 17 of the RA OIR Phase 1 Decision specifies new reporting requirements² that the PG&E CPE must include in the ACR. Public Attachment A, *Total Capacity Procured: PG&E CPE Aggregate Procurement Summary* fulfills this requirement for the 2023-2025 compliance period.

In addition to the new reporting requirement described above, the CPE Decision specifies four pieces of information that must be included in the ACR.

First, pursuant to OP 23 of the CPE Decision, PG&E CPE must include all contract terms in the ACR. Section B.2 below addresses this requirement for contracts executed to date by PG&E CPE for the 2023-2025 compliance period, which are included in Confidential Attachment A.

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

¹ CPE Decision at 99, OP 23.

² RA OIR Phase 1 Decision at 46, at 77, OP 17.

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

Fourth, in accordance with OP 26 of the CPE Decision, the ACR must also indicate whether PG&E CPE deferred to backstop procurement and provide the reason for any deferral to backstop procurement, prices offered in the solicitation, which generators did not participate in the solicitation (if any), and other relevant information.³ This information related to the PG&E CPE’s procurement activity to date is addressed in Section D below and included as Public Attachment E and Confidential Attachment E.

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

³ CPE Decision at 100, OP 26.

each section, PG&E demonstrates that each of the conditions for deemed reasonableness and preapproval have been met for all 2022 PG&E CPE procurement actions associated with executed contracts with terms of five years or less.⁴

PG&E CPE also provides demonstrations of compliance with OPs 8, 13, 14, 15, 17, 18, 21, 24, 25, 26, and 28 of the CPE Decision; OPs 3, 4, 5, 6, 9, and 10 of D.20-12-006, the local capacity requirement reduction compensation mechanism (“LCR RCM”) decision; and OP 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 15, 17, and 19 of the RA OIR Phase 1 Decision in *Attachment 5c, Compliance with Certain Ordering Paragraphs of Decision 20-06-002, Decision 20-12-006, and Decision 22-03-034*. While not required by the CPE Decision, additional helpful information is included in Sections B and C. Of note, OP 22 of the CPE Decision requires PG&E CPE to seek approval of any procurement actions that result in executed contracts with terms greater than five years through a Tier 3 advice letter.⁵ Any such procurement actions taken by PG&E CPE in 2022 are described below in Section B.4 and will be submitted to the Commission for approval via Tier 3 advice letter.

2. Overview of PG&E CPE

Pursuant to the CPE Decision, the Commission designated PG&E to act as the CPE for the multi-year local RA program to procure local RA capacity to meet the three-year forward requirements on behalf of all load-serving entities (“LSE”) in its electric distribution service area beginning with the 2023 RA compliance year.⁶

The LCR RCM Decision includes additional guidance related to the LCR RCM and adopts PG&E CPE’s competitive neutrality rule as required pursuant to OP 24 of the CPE Decision.⁷

⁴ CPE Decision at 98-99, OP 22.

⁵ CPE Decision at 98-99, OP 22.

⁶ See CPE Decision. at 91, OP 2.

⁷ See LCR RCM Decision at 49, OP 9.

Subsequently, the Commission issued the RA OIR Phase 1 Decision which adopts modifications to the CPE structure adopted in the CPE Decision and LCR RCM Decision, including revisions to the requirements for self-shown local resources, revisions to the CPE’s solicitation selection criteria, and revisions to the procurement timeline.

Pursuant to OP 2 of the CPE Decision, beginning in 2021, PG&E acting as CPE assumed the full local RA obligation as adopted by the Commission for the PG&E distribution service area, accounting for 100 percent of the 2023 local RA requirements and 50 percent of the 2024 local RA requirements.⁸ In 2022, PG&E CPE is required to procure 100 percent of the three-year forward local requirements for 2023-2024 and 50 percent of the three-year forward local requirement for 2025, as such requirements may be reduced by any self-shown commitments.⁹

In order to meet these local RA obligations, the PG&E CPE launched its 2022 PG&E CPE Local RA Request For Offers (“RFO”) in April 2022.¹⁰

B. Summary of the CPE Procurement Process

1. PG&E CPE 2022 Local RA RFO

PG&E CPE issued its 2022 PG&E CPE Local RA RFO on April 18, 2022. All transactions were conducted using the procurement processes and methods described below and outlined in PG&E CPE’s solicitation protocol.

⁸ See CPE Decision at 91, OP 2.

⁹ See RA OIR Phase 1 Decision at 4.

The Local Capacity Requirements used for the RA program were established by the CAISO’s Draft 2023 Local Capacity Technical (LCT) Study issued on April 5, 2022 and adopted by the Commission in D.22-06-050 on June 23, 2021 for the 2023-2025 RA compliance years. See CAISO’s 2023 LCT Study: <http://www.caiso.com/InitiativeDocuments/Draft2023LocalCapacityTechnicalReport.pdf>. See also, D.22-06-050 at 6-11 and 124, OP 1-3.

a) Procurement processes for self-shown and competitively offered resources.

i. Electric Procurement – Description

Pursuant to OP 8 of the CPE Decision, PG&E CPE is authorized to procure local RA resources to meet the Commission’s three year forward local RA requirements through an all-source competitive solicitation.¹¹ The PG&E CPE’s overall local procurement obligation can be reduced through the compensated or non-compensated self-showing processes available to Commission-Jurisdictional LSEs. In accordance with OPs 2 through 4 of the RA OIR Phase 1 Decision and the PG&E CPE 2022 PG&E CPE Local RA RFO solicitation protocol, a Commission-Jurisdictional LSE may reduce the PG&E CPE’s overall procurement obligation by providing a non-compensated self-shown commitment or a competitive offer for a compensated self-shown commitment. The Commission-Jurisdictional LSE must submit an attestation (“Self-Shown Attestation”) “that provides that: (a) The LSE has the capacity rights to the RA resource for the period it is self-showing; (b) The LSE intends to self-show the RA resource on annual and monthly RA plans to satisfy its system and/or flexible RA needs; and (c) If applicable, the resource that the LSE intends to self-show for compensation under the LCR RCM meets the eligibility requirements pursuant to D. 20-12-006.”¹² The attestation requirements apply to all self-shown local resources, including where an LSE “bids a local resource and states that if the bid is not selected, the LSE will self-show the local resource for no compensation. The attestation shall be submitted at the time the LSE submits its bid into the CPE’s solicitation.”¹³ In addition to a Self-Shown Attestation, the CPE has discretion to require a self-showing LSE that submits a competitive offer for a compensated self-shown

¹¹ See CPE Decision at 93-94, OP 8.

¹² See RA OIR Phase 1 Decision at 71, OP 2. See also PG&E CPE’s 2022 CPE Local RA RFO Solicitation Protocol

¹³ See RA OIR Phase 1 Decision at 71, OP 3.

commitment to either “execute an agreement between the CPE and self-showing LSE that provides payment information and other relevant terms” or submit an attestation that identifies the resource as a preferred resource and provides the LSE’s payment information¹⁴ if selected for procurement.

a. Local RA Request for Offers

PG&E CPE conducted its second annual competitive, all-source solicitation pursuant to OP 8 of the CPE Decision in the form of an RFO to procure capacity from local resources within the seven local areas that make up PG&E’s distribution service territory.¹⁵ PG&E CPE also obtained self-shown resource commitments as part of the RFO to reduce PG&E CPE’s overall local procurement compliance obligation. Participants submitted competitive offers and self-shown resource commitments to PG&E CPE using two distinct processes as described below.

Process	Commitment or Product	Participant
Non-Compensated Self-Shown Commitment Process	Non-Compensated Self-Shown Commitment	Commission- Jurisdictional LSEs
Competitive Offer Process	Compensated Self-Shown Commitment (LCR RCM)	Commission- Jurisdictional LSEs
	Bundled RA or Bundled RA with Energy Settlement <i>Option for Commission-Jurisdictional LSEs only: May indicate in their Competitive Offers that the Local RA attributes associated with the Competitive Offer for Bundled RA will be a</i>	All Market Participants

¹⁴ See RA OIR Phase 1 Decision at 72, OP 4.

¹⁵ PG&E CPE’s 2022 Local RA RFO solicited offers limited to Local RA resources within the Local Capacity Areas for the PG&E electric distribution area, as defined by the CAISO’s 2022 LCT Study for 2022. See PG&E CPE’s solicitation protocol: https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/resource-adequacy-central-procurement/2022_CPE/2022_CPE_Local_RA_RFO_Solicitation_Protocol_Final_Updated_5-11-2022.pdf.

Process	Commitment or Product	Participant
	<i>Non-Compensated Self-Shown Commitment if the Competitive Offer is not selected as part of the Competitive Offer Process.</i>	

- Non-Compensated Self-Shown Commitment Process:
 - *Non-Compensated Self-Shown Commitments* - PG&E CPE obtained executed attestations¹⁶ from Commission-jurisdictional LSEs for commitments to self-show local RA with no compensation.

- Competitive Offer Process:
 - *Compensated Self-Shown Commitments* - PG&E CPE obtained executed attestations and sought to execute contracts with Commission-jurisdictional LSEs for commitments to self-show local RA with compensation.¹⁷ LSEs showing these local resources are compensated through the LCR RCM and must meet the requirements set forth in the LCR RCM Decision to be eligible.¹⁸
 - *Bundled RA and Bundled RA with Energy Settlement* - PG&E CPE sought to execute contracts with market participants for bundled RA capacity products which include local, system, and flexible RA attributes where applicable.
 - Market participants had the option to include energy value as part of their competitive offer to stipulate how the resource will bid into the energy markets, which took the form of a bundled capacity product with a financial settlement component.

¹⁶ See RA OIR Phase 1 Decision at 71, OP 2.

¹⁷ See RA OIR Phase 1 Decision at 72, OPs 2 and 4.

¹⁸ See LCR RCM Decision at 45-47, OP 3-6.

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

b. Procurement Outside of Annual RA Solicitation through Bilateral or Brokered Transactions

OP 11 of the RA OIR Phase 1 Decision authorizes the PG&E CPE to use broker markets or bilateral transactions to procure to fill short positions for any deficiencies in the applicable three-year forward period where the CPE does not procure sufficient resources to meet its multi-year local RA requirements following the annual all-source solicitation.¹⁹

To the extent that PG&E CPE procured outside its annual all-source solicitation process, any relevant information will be included in Confidential Attachments: A, *Attestations and New Contracts Executed/Contracts Amended*; C, *Key Briefing Packages*; and D, *Independent Evaluator Report*.

b) Electric Procurement – Justification

OP 23 of the CPE Decision requires PG&E CPE to include the criteria and methodology used to select local RA resources in the ACR. The criteria are provided in this Section B.1.b and the methodology to evaluate the criteria is included Confidential Attachment A: *Attestations and New Contracts Executed/Contracts Amended*.

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

¹⁹ See RA OIR Phase 1 Decision at 73, OP 11.

Each non-compensated self-shown commitment was reviewed to determine whether it met the applicable requirements and eligibility criteria specified in the solicitation protocol.²⁰

- Competitive Offer Process:

PG&E CPE reviewed each competitive offer for completeness and assessed conformance against the eligibility requirements and criteria specified in PG&E CPE’s solicitation protocol. All competitive offers were evaluated using the same guidelines and criteria to determine qualification. The evaluation remained consistent with the requirements of OP 14 of the CPE Decision, which requires the use of the all-source selection criteria, including the loading order and LCBF methodology adopted in D.04-07-029, and the selection criteria as modified in OP 8 of the RA OIR Phase 1 Decision.²¹ The quantitative and qualitative criteria include the following:

- Quantitative attributes:

- Compares offer’s costs to its benefits, where “costs may consist of contract fixed cost, variable cost, and transmission network upgrade cost, and where the benefit may consist of capacity value and energy value, to the extent provided in the Agreement.”²²

- Qualitative attributes:

- Future needs in local and sub-local areas;
- Resource costs;
- Operational characteristics of the resources (facility type);

²⁰ Eligible resources are defined in PG&E CPE’s solicitation protocol as any new or existing resource that is located within the PG&E local capacity areas and meets the solicitation requirements.

²¹ See RA OIR Phase 1 Decision at 73, OP 8.

²² See PG&E CPE’s solicitation protocol at 39-40.

- Location of the facility (with consideration for environmental justice);²³
 - Costs of potential alternatives;
 - Greenhouse Gas adders;
 - Energy-use limitations; and
 - Procurement of preferred resources and energy storage (to be prioritized over fossil generation).²⁴
- Additional Qualitative factors considered include, but are not limited to:
- Viability of the resource;
 - Flexibility of the resource;
 - Safety;
 - Contract tenor;
 - Counterparty concentration; and
 - Previous experience with a counterparty.

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

2. Contracts and Contract Terms

Pursuant to OP 23 of the CPE Decision, PG&E CPE must include all contract terms in the ACR. The potential contract types and terms of the forms of contracts are outlined in PG&E CPE’s Solicitation Protocol and are available on the PG&E CPE RFO website.²⁵ A list of executed attestations/contracts and contracts amended²⁶ by PG&E CPE in

²³ Footnote 13 of PG&E CPE’s solicitation protocol explains this factor in more detail as follows: “Per OP 9 of D.22-03-034, “In its solicitation, the central procurement entity shall direct bidders to include the CalEnviroScreen score of the resource location (or if unavailable, the pollution burden of the resource location).” Per the California Office of Environmental Health Hazard Assessment, “CalEnviroScreen ranks census tracts in California based on potential exposures to pollutants, adverse environmental conditions, socioeconomic factors, and prevalence of certain health conditions.” For more information, please visit: <https://oehha.ca.gov/calenviroscreen>.” *See also* RA OIR Phase 1 Decision at 73, OP 9.

²⁴ CPE Decision at 95-96, OP 14.

²⁵ CPE Website: https://www.pge.com/en_US/for-our-business-partners/central-procurement-entity/2022-cpe-rfo.page

²⁶ *See* RA OIR Phase 1 Decision at 72, OP5.

connection with its 2022 procurement activities described in this ACR is included in Confidential Attachment A, *Attestations and New Contracts Executed/Amended*.

Copies of the PG&E CPE attestations, and contract documents, including all contract terms as required by OP 23 of the CPE Decision, are also included in this attachment.

All executed contracts provided in Confidential Attachment A include the point of interconnection and local capacity area, based on the CAISO's local capacity requirements technical study, of each resource procured by PG&E CPE.

Furthermore, pursuant to OP 5 of the RA OIR Phase 1 Decision, for any self-shown resource contract between the CPE and an LSE from the prior year's solicitation, the contract was amended to include a provision resulting in automatic termination of the self-shown contract upon submission by the LSE to the CPE of an attestation that complied with the relevant requirements and conformed to the self-shown commitment that was originally entered into between the LSE and the PG&E CPE.²⁷ PG&E CPE demonstrates it has met OP 5 of the RA OIR Phase 1 Decision in Confidential Attachment A for contracts amended.

3. Evaluation Results for Executed and Amended Contracts

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

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

Per OP 22 of the CPE Decision and OP 12 of the RA OIR Phase 1 Decision, approval of contracts that exceed a five-year term are required to be requested through a Tier 3 advice letter submittal.²⁸ For informational purposes only, the next paragraph of this Section B.4 references any such procurement actions taken by PG&E CPE to date.

²⁷ See RA OIR Phase 1 Decision at 72, OP5.

²⁸ See CPE Decision at 98-99, OP 22 and RA OIR Decision at 74, OP 12.

For the 2022 PG&E CPE Local RA RFO, the PG&E CPE did not execute contracts exceeding a five-year term.

C. Procurement Oversight

1. CAM PRG

Pursuant to OP 20 of the CPE Decision, in 2022 PG&E CPE consulted with the CAM PRG throughout the solicitation process on a wide range of activities, including updates to the PG&E CPE code of conduct, the PG&E CPE's 2022 solicitation protocol, offer forms and other solicitation documents, the evaluation criteria including proposed transactions, and feedback received from market participants.²⁹

PG&E CPE actively solicited feedback from CAM PRG members throughout the solicitation process and has provided all applicable materials in accordance with OP 13 and OP 20 of the CPE Decision and OP 12 of the RA OIR Phase 1 Decision in Confidential Attachment C, *Key Briefing Packages*. Confidential Attachment C includes the following:

- Email dated May 20, 2022 to the CAM PRG and IE submitting all IOU offers received;³⁰
- Presentations prepared by the PG&E CPE team for each meeting;
- Meeting summaries distributed by the PG&E PRG coordinators from each meeting held with the CAM PRG members including a list of attendees;
- Calendar invites sent by the PG&E CPE to the CAM PRG Members for each meeting held with the CAM PRG members; and
- All other communications made by PG&E CPE to its CAM PRG members.

²⁹ See CPE Decision at 97, OP 20.

³⁰ OP 13 of the CPE Decision requires that IOU bids be submitted to the CAM PRG and IE in advance of the receipt of bids from any other entities. Per the PG&E CPE's solicitation protocol for the 2022 Local RA RFO, competitive offers from the IOU were due on May 20, 2022, and competitive offers from all other entities were due on May 23, 2022.

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

2. Independent Evaluator

OP 23 of the CPE Decision requires PG&E CPE to include the IE report in both confidential and public form in the ACR. As directed by OP 21, PG&E CPE utilized an IE, Merrimack Energy, to monitor the solicitation process to ensure fairness, transparency, and equal treatment of all participants through contract execution.³¹ The IE was consulted regarding updates to the PG&E CPE code of conduct, development of the 2022 RFO solicitation protocol, offer forms and other solicitation documents, the evaluation criteria including proposed transactions, and feedback received from market participants throughout the solicitation process. The IE was provided with access to all information, negotiations, and communications related to all offers that were submitted by all participants to the PG&E CPE in the 2022 PG&E CPE Local RA RFO and attended all CAM PRG meetings to brief the group on the procurement process and any other concerns.

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

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

Consistent with the OPs 24 and 25 of the CPE Decision, PG&E CPE established and adhered to its competitive neutrality rule, as adopted in the LCR RCM Decision.³²

In order to prevent the sharing of confidential, market sensitive information that PG&E CPE receives from third-parties as part of the CPE procurement process, PG&E CPE developed a strict code of conduct, through collaboration with the CAM PRG, its

³¹ CPE Decision at 97-98, OP 21.

³² See CPE Decision at 99-100, OP 24-25. See also LCR RCM Decision at 49, OP 9.

IE, and the Commission’s Energy Division and continues to update it as necessary to maintain compliance. PG&E personnel, including management and officers, that were involved in the solicitation and procurement process, were each individually required to sign the code of conduct as a precondition to engaging in the PG&E CPE solicitation and procurement process.

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

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

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

4. Discussion of how the transactions meet the goals of the CPE Decision, LCR RCM Decision and RA OIR Phase 1 Decision

As described herein, beginning in 2021, PG&E CPE executed transactions in accordance with the CPE Decision, LCR RCM Decision, and RA OIR Phase 1 Decision.

Relevant information is included in Confidential Attachments: A, *Attestations and New Contracts Executed/Contracts Amended*; C, *Key Briefing Packages*; D, *Independent Evaluator Report*; and Public Attachment 5(c), *Compliance with Certain Ordering Paragraphs of Decision 20-06-002, Decision 20-12-006, and Decision 22-03-034*.

D. Additional Reporting Requirement Pursuant to the CPE Decision

In the event that the CPE defers to backstop procurement, OP 26 of the CPE Decision requires PG&E CPE to provide, through the ACR, the reason for the deferral to backstop procurement, the prices offered in the solicitation, which generators did not participate in the solicitation (if any), and other relevant information.³³

Relevant information is included in Public Attachment E, *Deferred Procurement*, as well as in Confidential Attachments: C, *Key Briefing Packages*; D, *Independent Evaluator Report*; and E, *Deferred Procurement*.

³³ CPE Decision at 100, OP 26.

PACIFIC GAS AND ELECTRIC COMPANY

Attachment 2

**Total Capacity Procured: PG&E CPE
Aggregate Procurement Summary**

(Public Attachment A)

Attachment A - PG&E CPE Aggregate Procurement Summary

Table 1: PG&E CPE 2023 Procurement Summary as of 9/13/22		Jan-2023 (MW)	Feb-2023 (MW)	Mar-2023 (MW)	Apr-2023 (MW)	May-2023 (MW)	Jun-2023 (MW)	Jul-2023 (MW)	Aug-2023 (MW)	Sep-2023 (MW)	Oct-2023 (MW)	Nov-2023 (MW)	Dec-2023 (MW)
1	Total Local RA Allocation from CPUC ¹	(11056.00)	(11056.00)	(11056.00)	(11056.00)	(11056.00)	(11056.00)	(11056.00)	(11056.00)	(11056.00)	(11056.00)	(11056.00)	(11056.00)
2	Total Local Demand Response (DR) allocated by the CPUC ¹	105.31	106.40	109.70	116.28	147.00	163.46	165.66	175.53	173.32	150.30	122.87	161.26
3	Total Local CAM Resources (non-DR) applied towards CPE by the CPUC ²	1298.83	1299.23	1290.50	1275.25	483.50	483.24	484.65	483.11	482.68	482.86	495.06	482.90
4	Total Local Procured Resources ³	1403.07	1401.74	1400.57	1395.60	1882.52	1863.86	1854.62	1855.99	1866.98	1886.58	1903.79	1910.30
5	Total LSE Self-Shown Local Resources ³	5439.05	5291.88	5529.41	5391.19	5560.64	5810.11	7500.88	6704.51	5975.41	5346.66	4049.16	4220.97
6	Net Total Position	(2809.74)	(2956.75)	(2725.82)	(2877.68)	(2982.34)	(2735.33)	(1050.19)	(1836.86)	(2557.61)	(3189.60)	(4485.12)	(4280.57)

Table 2: PG&E CPE 2024 Procurement Summary as of 9/13/22		Jan-2024 (MW)	Feb-2024 (MW)	Mar-2024 (MW)	Apr-2024 (MW)	May-2024 (MW)	Jun-2024 (MW)	Jul-2024 (MW)	Aug-2024 (MW)	Sep-2024 (MW)	Oct-2024 (MW)	Nov-2024 (MW)	Dec-2024 (MW)
1	Total Local RA Allocation from CPUC ¹	(11192.00)	(11192.00)	(11192.00)	(11192.00)	(11192.00)	(11192.00)	(11192.00)	(11192.00)	(11192.00)	(11192.00)	(11192.00)	(11192.00)
2	Total Local Demand Response (DR) allocated by the CPUC ¹	178.81	178.81	178.81	178.81	178.81	178.81	178.81	178.81	178.81	178.81	178.81	178.81
3	Total Local CAM Resources (non-DR) applied towards CPE by the CPUC ²	490.43	490.82	485.08	484.58	483.50	483.24	484.65	482.50	482.50	482.67	494.75	482.52
4	Total Local Procured Resources ³	2349.52	2348.21	2343.63	2328.50	2323.68	2416.36	2404.32	2406.15	2418.14	2440.74	2463.95	2471.37
5	Total LSE Self-Shown Local Resources ³	4461.24	4815.88	4227.26	5046.13	5393.49	5681.19	5879.51	5703.38	5282.65	4792.31	4001.91	3690.89
6	Net Total Position	(3712.00)	(3358.48)	(3956.22)	(3153.98)	(2812.52)	(2432.40)	(2244.71)	(2421.16)	(2829.90)	(3297.47)	(4052.58)	(4368.41)

Table 3: PG&E CPE 2025 Procurement Summary as of 9/13/22		Jan-2025 (MW)	Feb-2025 (MW)	Mar-2025 (MW)	Apr-2025 (MW)	May-2025 (MW)	Jun-2025 (MW)	Jul-2025 (MW)	Aug-2025 (MW)	Sep-2025 (MW)	Oct-2025 (MW)	Nov-2025 (MW)	Dec-2025 (MW)
1	Total Local RA Allocation from CPUC ¹	(5687.00)	(5687.00)	(5687.00)	(5687.00)	(5687.00)	(5687.00)	(5687.00)	(5687.00)	(5687.00)	(5687.00)	(5687.00)	(5687.00)
2	Total Local Demand Response (DR) allocated by the CPUC ¹	183.20	183.20	183.20	183.20	183.20	183.20	183.20	183.20	183.20	183.20	183.20	183.20
3	Total Local CAM Resources (non-DR) applied towards CPE by the CPUC ²	482.50	490.16	485.48	483.67	482.50	482.50	483.66	482.50	482.50	482.67	494.75	482.52
4	Total Local Procured Resources ³	4766.75	4765.29	4763.66	4738.69	4725.60	4695.28	4675.24	4658.79	4675.78	4720.80	4768.87	4776.29
5	Total LSE Self-Shown Local Resources ³	1771.63	1747.99	1834.49	1836.17	1874.48	1887.90	1936.91	1892.59	1811.90	1592.80	1564.59	1597.16
6	Net Total Position	1517.08	1499.64	1579.83	1554.73	1578.78	1561.88	1592.01	1530.08	1466.38	1292.47	1324.41	1352.17

Table 4: PG&E CPE 2026 Procurement Summary as of 9/13/22		Jan-2026 (MW)	Feb-2026 (MW)	Mar-2026 (MW)	Apr-2026 (MW)	May-2026 (MW)	Jun-2026 (MW)	Jul-2026 (MW)	Aug-2026 (MW)	Sep-2026 (MW)	Oct-2026 (MW)	Nov-2026 (MW)	Dec-2026 (MW)
1	Total Local RA Allocation from CPUC ¹	-	-	-	-	-	-	-	-	-	-	-	-
2	Total Local Demand Response (DR) allocated by the CPUC ¹	-	-	-	-	-	-	-	-	-	-	-	-
3	Total Local CAM Resources (non-DR) applied towards CPE by the CPUC ²	-	-	-	-	-	-	-	-	-	-	-	-
4	Total Local Procured Resources ³	4256.75	4255.29	4253.66	4228.69	4215.60	4185.28	4165.24	4148.79	3683.25	3718.17	3758.23	3759.85
5	Total LSE Self-Shown Local Resources ³	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Net Total Position	-	-	-	-	-	-	-	-	-	-	-	-

Table 5: PG&E CPE 2027 Procurement Summary as of 9/13/22		Jan-2027 (MW)	Feb-2027 (MW)	Mar-2027 (MW)	Apr-2027 (MW)	May-2027 (MW)	Jun-2027 (MW)	Jul-2027 (MW)	Aug-2027 (MW)	Sep-2027 (MW)	Oct-2027 (MW)	Nov-2027 (MW)	Dec-2027 (MW)
1	Total Local RA Allocation from CPUC ¹	-	-	-	-	-	-	-	-	-	-	-	-
2	Total Local Demand Response (DR) allocated by the CPUC ¹	-	-	-	-	-	-	-	-	-	-	-	-
3	Total Local CAM Resources (non-DR) applied towards CPE by the CPUC ²	-	-	-	-	-	-	-	-	-	-	-	-
4	Total Local Procured Resources ³	3183.08	3182.93	3185.88	3176.04	3167.77	3156.11	3145.31	3127.49	3133.49	3158.91	3189.77	3190.68
5	Total LSE Self-Shown Local Resources ³	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Net Total Position	-	-	-	-	-	-	-	-	-	-	-	-

Table 6: PG&E CPE 2028 Procurement Summary as of 9/13/22		Jan-2028 (MW)	Feb-2028 (MW)	Mar-2028 (MW)	Apr-2028 (MW)	May-2028 (MW)	Jun-2028 (MW)	Jul-2028 (MW)	Aug-2028 (MW)	Sep-2028 (MW)	Oct-2028 (MW)	Nov-2028 (MW)	Dec-2028 (MW)
1	Total Local RA Allocation from CPUC ¹	-	-	-	-	-	-	-	-	-	-	-	-
2	Total Local Demand Response (DR) allocated by the CPUC ¹	-	-	-	-	-	-	-	-	-	-	-	-
3	Total Local CAM Resources (non-DR) applied towards CPE by the CPUC ²	-	-	-	-	-	-	-	-	-	-	-	-
4	Total Local Procured Resources ³	3183.08	3182.93	3185.88	3176.04	3167.77	3156.11	3145.31	3127.49	3133.49	3158.91	3189.77	3190.68
5	Total LSE Self-Shown Local Resources ³	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Net Total Position	-	-	-	-	-	-	-	-	-	-	-	-

Table 7: PG&E CPE 2029 Procurement Summary as of 9/13/22		Jan-2029 (MW)	Feb-2029 (MW)	Mar-2029 (MW)	Apr-2029 (MW)	May-2029 (MW)	Jun-2029 (MW)	Jul-2029 (MW)	Aug-2029 (MW)	Sep-2029 (MW)	Oct-2029 (MW)	Nov-2029 (MW)	Dec-2029 (MW)
1	Total Local RA Allocation from CPUC ¹	-	-	-	-	-	-	-	-	-	-	-	-
2	Total Local Demand Response (DR) allocated by the CPUC ¹	-	-	-	-	-	-	-	-	-	-	-	-
3	Total Local CAM Resources (non-DR) applied towards CPE by the CPUC ²	-	-	-	-	-	-	-	-	-	-	-	-
4	Total Local Procured Resources ³	3088.54	3088.39	3091.34	3081.50	2960.23	2950.23	2942.23	2923.95	2928.95	2951.37	2976.23	2976.23
5	Total LSE Self-Shown Local Resources ³	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Net Total Position	-	-	-	-	-	-	-	-	-	-	-	-

¹ Based on PG&E CPE 2023 Year-Ahead Initial Allocation provided by the CPUC on 7/8/22

² Local CAM Capacity from 2023 Initial Year Ahead IOU CAM List (<https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/resource-adequacy-homepage/resource-adequacy-compliance-materials/2023-initial-ya-cam-list-public.xlsx>)

³ Capacity data based on the CPUC's 2022 NQC List

Attachment A - PG&E CPE Aggregate Procurement Summary

Year	Month	Total Capacity of Preferred Resources that were bid or shown to CPE in the 2022 RFO (MW)	Total Capacity of Preferred Resources not selected by the CPE in the 2022 RFO (MW)	Total Capacity of MW procured by the CPE from generation facilities located in DAC in the 2022 RFO
2023	January	3682.00	359.99	0.00
2023	February	3545.19	357.95	0.00
2023	March	3830.70	399.38	0.00
2023	April	3888.37	392.55	0.00
2023	May	3951.84	397.37	0.00
2023	June	4245.97	444.42	0.00
2023	July	4455.04	7.00	0.00
2023	August	4259.40	7.00	0.00
2023	September	3845.86	7.00	0.00
2023	October	3194.23	7.00	0.00
2023	November	3276.33	349.80	0.00
2023	December	3427.33	349.80	0.00
2024	January	3511.75	326.99	144.00
2024	February	3372.96	392.95	144.00
2024	March	3628.03	159.80	144.00
2024	April	3689.11	427.55	144.00
2024	May	3751.80	39.20	144.00
2024	June	4146.31	145.00	255.34
2024	July	4363.81	145.00	252.54
2024	August	4172.83	145.00	253.00
2024	September	3771.51	145.00	254.00
2024	October	3254.76	145.00	257.00
2024	November	3231.09	371.06	263.00
2024	December	3379.83	347.80	263.91
2025	January	2197.31	140.8	2495.38
2025	February	2173.67	140.8	2495.23
2025	March	2260.17	140.8	2498.18
2025	April	2261.85	140.8	2488.34
2025	May	2301.56	142.2	2476.18
2025	June	2617.78	445	2464.52
2025	July	2666.79	445	2453.72
2025	August	2622.47	445	2435.90
2025	September	2541.78	445	2441.90
2025	October	2322.68	445	2467.32
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2026	March	438.00	438.00	2498.18
2026	April	438.00	438.00	2488.34
2026	May	438.00	438.00	2476.18
2026	June	438.00	438.00	2464.52
2026	July	438.00	438.00	2453.72
2026	August	438.00	438.00	2435.90
2026	September	438.00	438.00	2441.90
2026	October	438.00	438.00	2467.32
2026	November	438.00	438.00	2498.18
2026	December	438.00	438.00	2499.09
2027	January	438.00	438.00	2495.38
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2027	May	438.00	438.00	2476.18
2027	June	438.00	438.00	2464.52

2027	July	438.00	438.00	2453.72
2027	August	438.00	438.00	2435.90
2027	September	438.00	438.00	2441.90
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2043	December	35.00	35.00	0.00

PACIFIC GAS AND ELECTRIC COMPANY

Attachment 3

**Public Version of the Independent Evaluator
("IE") Report**

(Public Attachment D)

PACIFIC GAS & ELECTRIC COMPANY

September 19, 2022

2022 CENTRAL PROCUREMENT ENTITY LOCAL RESOURCE ADEQUACY REQUEST FOR OFFERS

Independent Evaluator Report

Prepared By



MERRIMACK
ENERGY GROUP, INC.

1	INTRODUCTION.....	3
1.1	OVERVIEW OF PG&E’S 2022 CPE LOCAL RA RFO	3
1.2	REGULATORY BACKGROUND	4
1.3	2022 PG&E CPE LOCAL RA RFO SOLICITATION PROTOCOL SUMMARY	10
1.4	ISSUES ADDRESSED IN THIS REPORT	21
2	DESCRIPTION OF THE ROLE OF THE IE	23
2.1	REGULATORY REQUIREMENTS FOR THE IE	23
2.2	DESCRIPTION OF KEY IE ROLES	24
2.3	DESCRIPTION OF IE REQUIREMENTS PER CPE DECISION (D.20-06-002)	26
2.4	DESCRIPTION OF IE OVERSIGHT ACTIVITIES.....	27
3	DESCRIPTION OF CPE’S OUTREACH ACTIVITIES AND ROBUSTNESS OF SOLICITATION	28
3.1	DESCRIPTION OF IOU OUTREACH TO POTENTIAL BIDDERS	28
3.2	IDENTIFY PRINCIPLES USED TO DETERMINE ADEQUATE ROBUSTNESS OF A PROCUREMENT PROCESS	29
3.3	DID THE IOU CONDUCT ADEQUATE OUTREACH?.....	30
3.4	WAS THE SOLICITATION ADEQUATELY ROBUST?.....	31
3.5	DID THE IOU SEEK FEEDBACK ABOUT THE BID EVALUATION PROCESS FROM ALL BIDDERS AFTER THE SOLICITATION WAS COMPLETE?	31
3.6	WAS THE OUTREACH SUFFICIENT AND MATERIALS CLEAR SUCH THAT BIDS RECEIVED MET THE NEEDS OF THE PROCUREMENT? ...	32
3.7	ANY OTHER RELEVANT INFORMATION OR OBSERVATIONS	32
4	DESCRIPTION OF BID EVALUATION AND SELECTION METHODOLOGY.....	33
4.1	PROCUREMENT FRAMEWORK FOR PG&E CPE LOCAL RA RFO	33
4.2	EVALUATION OF THE STRENGTHS & WEAKNESSES OF CPE’S EVALUATION METHODOLOGY.....	40
4.2.1	Strengths of the evaluation and ranking methodology	41
4.2.2	weaknesses of the evaluation and ranking methodology	41
4.3	FUTURE LCBF IMPROVEMENTS	41
4.4	REVISIONS TO BID EVALUATION CRITERIA	42
4.5	ADDITIONAL INFORMATION OR OBSERVATIONS REGARDING CPE’S EVALUATION METHODOLOGY	42
5	ADMINISTRATION OF THE CPE LOCAL RA RFO SOLICITATION PROCESS.....	43
5.1	CODE OF CONDUCT	43
5.2	PG&E CPE PROCUREMENT PLAN.....	45
5.3	LOCAL RA RFO SOLICITATION PROTOCOL & RELATED DOCUMENTS	45
5.4	CAM PRG MEETING – APRIL 8, 2022	46
5.5	WEBSITE FOR THE RFO	48
5.6	ISSUANCE OF THE RFO.....	49
5.7	PARTICIPANT’S WEBINAR	49
5.8	QUESTIONS & ANSWERS POSTED FOR BIDDERS.....	50
5.9	REVIEW OF INTERNAL EVALUATION PROTOCOLS (QUANTITATIVE & QUALITATIVE) AND EVALUATION PROCEDURES	50
5.10	RECEIPT OF OFFERS – MAY 18, 2022 THROUGH MAY 23, 2022	50
5.11	CAM PRG MEETING – JUNE 9, 2022	55
5.12	COMMUNICATION WITH BIDDERS.....	58
5.13	EVALUATION OF THE OFFERS SUBMITTED	59
5.14	CONTRACT NEGOTIATIONS.....	60
5.15	EVALUATION RESULTS	62
5.16	PG&E CPE PRESENTATION TO IE WITH EVALUATION RESULTS.....	66
5.17	CAM PRG MEETING REGARDING CPE 2022 LOCAL RA RFO PORTFOLIO	67
5.18	NOTIFICATION OF OFFER SELECTION	70
5.19	FINAL CONTRACTS & PROPOSED PORTFOLIO BASED ON CONTRACTS EXECUTED	70

6	FAIRNESS OF ADMINISTRATION OF SOLICITATION PROCESS	72
6.1	PRINCIPLES AND GUIDELINES USED TO DETERMINE FAIRNESS OF PROCESS	72
7	TREATMENT OF AFFILIATE BIDS & UOG OWNERSHIP PROPOSALS	74
7.1	DESCRIBE THE DESIGN AND IMPLEMENTATION OF THE REQUIRED CODE OF CONDUCT USED BY THE IOU TO PREVENT SHARING OF SENSITIVE INFORMATION BETWEEN STAFF WORKING WITH DEVELOPERS WHO SUBMITTED UOG BIDS AND STAFF WHO CREATE THE BID EVALUATION CRITERIA AND SELECT WINNING BIDS.....	75
7.2	DESCRIBE ANY VIOLATION(S) OF THAT CODE.....	78
8	CPUC IE REPORT REQUIREMENTS	79
8.1	ASSESS THE NEUTRALITY OF THE PROCUREMENT PROCESS	79
8.2	ASSESS ANY MARKET POWER OR AGGREGATE PRICING CONCERNS	80
8.3	PROCUREMENT OF PREFERRED RESOURCES	81
8.4	CONSIDERATION OF DISADVANTAGED COMMUNITIES (“DAC”) IN THE PROCUREMENT PROCESS	83
8.5	EXPLANATION OF THE BASIS FOR FOSSIL FUEL PROCUREMENT THAT EXCEEDS THE MINIMUM MULTI-YEAR LOCAL REQUIREMENTS	84
8.6	IE PERSPECTIVE ON PG&E CPE’S DEFERRAL TO CAISO’S BACKSTOP MECHANISM	85
9	OBSERVATIONS, CONCLUSIONS, AND RECOMMENDATIONS	88
9.1	OBSERVATIONS & CONCLUSIONS.....	88
9.2	RECOMMENDATIONS	96

1 INTRODUCTION

1.1 OVERVIEW OF PG&E'S 2022 CPE LOCAL RA RFO

On April 18, 2022, Pacific Gas & Electric Company's ("PG&E") Central Procurement Entity ("CPE" or "PG&E CPE") issued its second Request for Offers to prospective market Participants to procure local RA capacity pursuant to California Public Utility Commission's ("CPUC") June 17, 2020 Decision D.20-06-002, the Central Procurement Entity Decision ("CPE Decision"), Decision D.20-12-006, the Local Capacity Requirement Reduction Compensation Mechanism Decision ("LCR RCM Decision") and the CPUC RA OIR Phase 1 Decision (D.22-03-034). The CPUC's CPE Decision adopted a framework that designates a central buyer to procure local, multi-year resource adequacy in the PG&E and Southern California Edison ("SCE") distribution service areas. As stated in the press release accompanying the Decision, beginning in 2021, PG&E and SCE will serve as the central procurement entities for their respective distribution service areas and begin procuring local resource adequacy for the 2023 compliance year. D.22-03-034 issued on March 17, 2022 adopted modifications to the CPE structure originally adopted in the CPE and LCR RCM Decisions. For this second CPE RFO, PG&E CPE is required to procure or obtain self-shown commitments for (1) 100 percent of the CPUC's 2023 Local RA requirements in PG&E's distribution service area; (2) 100 percent of the CPUC's 2024 Local RA requirements in PG&E's distribution service area; and (3) 50 percent of the CPUC's 2025 Local RA requirements in PG&E's distribution service area.

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

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

and energy storage resources will be prioritized over fossil fuel generation. As such, the CPUC expects preferred resources to be procured by the CPEs.

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

Merrimack Energy was retained as IE for the 2022 CPE solicitation process in March 2022. PG&E’s CPE issued its 2022 CPE Solicitation Protocol to the market on April 18, 2022.

1.2 REGULATORY BACKGROUND

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

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

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

Provision	Commission Decision
Scope of Central Procurement	The CPUC adopted a hybrid central procurement framework beginning for the 2023 RA compliance year. The hybrid approach allowed the CPE to secure a portfolio of the most effective local resources, using its purchasing power in constrained local areas, mitigate the need for costly backup procurement in certain local areas, and ensured a least cost solution for customers and equitable cost allocation. The hybrid approach also allowed individual LSEs to voluntarily procure local resources to meet their system and flexible RA requirements and count them towards their collective local RA requirements, providing LSEs flexibility and autonomy to procure local resources. If an LSE-procured resource also meets a local RA need,

	<p>the LSE may choose to either (a) show the resource to reduce the CPE's overall local procurement obligation; (b) bid the resource into the CPE solicitation; or (c) elect not to show or bid the resource to the CPE and only use the resource to meet its own system and flexible RA needs.</p>
Identity of a Central Procurement Entity	<p>The CPUC stands by its conclusions reached in D.19-02-022 that the distribution utilities are the candidates with the resources, knowledge, and experience to procure local reliability resources on behalf of all LSEs without excessive delay. The CPUC continues to believe that a central procurement structure is appropriate and necessary for procurement of multi-year local RA resources. The CPUC adopted a hybrid procurement model, which provided individual LSEs an opportunity to self-procure local resources if they so choose.</p>
Procurement Mechanism	<p>The CPUC found that an RFO process gives the CPE the flexibility to select resources based on multiple targeted criteria, in addition to costs and local needs, including broader environmental goals, such as preferred resources. The CPUC adopted a competitive solicitation process as the appropriate central procurement mechanism. The CPE is permitted to conduct multiple solicitations per year, as needed.</p>
Compensation Mechanism	<p>The CPUC recognized that a financial credit mechanism for preferred and energy storage resources that considers local effectiveness factors and use limitations to the shown MW value would more closely align the financial compensation with the actual LCR MW reduction the resource provided. The CPUC referred to this as the LCR reduction compensation mechanism. The CPUC also noted that a key purpose in creating a CPE framework was to reduce costs to ratepayers by mitigating local market power.</p>
Transition Period to the CPE Structure	<p>The adopted three-year local requirements and procurement percentages will apply to the CPE, as they currently do for LSEs. Therefore, the CPE will begin local procurement responsibilities in 2021 for 100 percent of the 2023 local requirements and 50 percent of the 2024 local requirements. In 2022, the CPE will be responsible for procuring the entire current 3-year local requirements for the 2023, 2024, and 2025 compliance years.</p>

Resources to be Solicited	<p>The CPUC found it reasonable that the CPE use similar requirements for its solicitation process, as adopted in D.04-12-048. Accordingly, the CPE shall run an all-source solicitation that is transparent, competitive, and open to all resources. Any existing local resource that does not have a contract, any new local resource that can be brought online in time to meet solicitation requirements, or any LSE or third-party with an existing local RA contract can bid into the solicitation. It is also reasonable for the IOU to bid its resources into the CPE's RFO, including utility-owned generation (UOG) or contractually committed resources that are not already allocated to all benefitting customers, at their levelized fixed costs. The CPUC also directs the IOU to submit its procurement bids to the Procurement Review Group and the Independent Evaluator in advance of the receipt of bids from any other entities. The CPUC also strongly encouraged the CPE to procure dispatch rights along with the RA capacity, whenever doing so is in the financial interest of all ratepayers (e.g., when the benefits of least cost dispatch requirements outweigh increased contract costs) because this will reduce the local RA costs paid by all LSEs after the energy benefits are netted out of the total contract. The Commission also clarified with regard to minimum requirements, that the three-year requirements do not preclude the CPE from entering into contracts exceeding three years or from procuring in excess of the adopted percentages if it is the ratepayer's interest to do so.</p>
Solicitation Selection Criteria	<p>The CPUC stated that the CPE shall evaluate resources using the least cost best fit methodology adopted in D.04-07-029. The least cost best fit methodology employed shall include the following selection criteria: (a) future needs in local and sub-local areas; (b) local effectiveness factors as published in the CAISO's LCRTS; (c) resource costs; (d) operational characteristics of the resources (efficiency, heat rate, age, ramp rate, flexibility, start-up time, facility type); (e) location of the facility (with consideration for environmental justice); (f) cost of potential alternatives; (g) greenhouse gas adders; (h) energy-use limitations; (i) procurement of preferred resources and energy storage (to be prioritized over fossil generation).</p>

Cost Allocation	The CPUC applied the CAM methodology as the cost recovery mechanism to cover the procurement costs incurred by the CPE. The administrative costs incurred by the CPE in serving the central procurement function shall be recoverable under the cost allocation mechanism.
Procurement Oversight	The CPE is required to consult with the CAM PRG members (including Energy Division) and an Independent Evaluator as the CPE outlines procurement plans, drafts RFO solicitation bid documents, and collects feedback from market participants regarding the RFO process for potential refinements. This section of the Decision also outlines the requirements for the IE, including specific issues the IE must address in its report. These requirements are discussed in more detail later in the report in Section II. In addition, in this section of the Decision, the Commission stated that for contracts of five years or less, a procurement action is deemed reasonable and preapproved if the resource procured by the CPE: (1) meets the established local capacity requirements and underlying data supporting those requirements, which are based on the CAISO's LCRTS and adopted annually by Commission Decision; (2) if the CAM PRG was properly consulted, and (3) if procurement was deemed by the IE to have followed all relevant Commission guidance, including least cost best fit methodology and other noted selection criteria. The Commission also directed the CPE to establish a rule or procedure that will govern how confidential, market sensitive information received by the CPE from generators, LSEs, or third-party marketers as part of the central procurement solicitation and process will be protected, as well as what firewall safeguards will be implemented to prevent the sharing of information beyond those employees involved in the central solicitation and procurement process.
Modifications to RA Timeline	Section 3.10 contains the detailed timeline for CPE solicitations which is based on the current RA timeline with modifications proposed by the Energy Division. The process starts in April-May and lasts through October.

On October 7, 2021, the CPUC issued an Order Instituting Rulemaking, R.21-10-002 to oversee the RA program. On December 2, 2021 a Scoping Memo was issued that established two tracks for the proceeding: the Implementation Track and the Reform Track. The Scoping Memo divided the Implementation Track into Phases 1, 2, and 3. Phase 1 of the Implementation Track was required to consider critical modifications to the CPE structure and process.

On March 17, 2022, the CPUC issued the RA OIR Phase 1 Decision (D.22-03-034), which adopted modifications to the CPE structure originally adopted in the CPE and LCR RCM Decisions. A summary of the key changes adopted by the RA OIR Phase 1 Decision are summarized below. Table 2 provides an outline of the key changes adopted by the RA OIR Phase 1 Decision that are relevant for the 2022 CPE Local RA RFO:

Table 2: Description of Changes in 2022 CPE Local RFO

Area of Change	Description of Change
Self-Showing Attestation	<ul style="list-style-type: none"> • OP 2 requires a CPUC LSE that elects to self-show a local resource to the CPE to execute an attestation that proves: <ul style="list-style-type: none"> ○ The LSE has the capacity rights to the RA resource for the period it is self-showing. ○ The LE intends to self-show the RA resource on annual and monthly RA plans to satisfy its system and/or flexible RA needs. ○ The resource that the LSE intends to self-show for compensation under the LCR RCM meets the eligibility requirements pursuant to D.20-12-006. • The attestation requirement replaces the previous requirement in the LCR RCM Decision that a self-shown resource must be documented on an agreement. • For a resource self-shown through LCR RCM, OP 4 allows the CPE the discretion to require an LSE to execute an agreement between the CPE and self-showing LSE that provides payment information and other relevant terms, or submit an attestation that provides the LSE's payment information. • OP 5 requires existing self-shown contracts to be amended to include a provision resulting in automatic termination of the contract upon submission by a CPUC LSE of an attestation, provided that the attestation complies with the relevant requirements and

	<p>conforms to the self-shown commitment originally entered into through the contract between the CPE and CPUC LSE.</p>
Self-Shown Resource Performance	<ul style="list-style-type: none"> • OP 1 adopts the following requirements for non-performance of self-shown local resources <ul style="list-style-type: none"> ○ A self-showing LSE shall be allowed to provide a like-for-like local resource to replace non-performing self-shown resources. ○ If the CAISO makes a local CPM designation for an individual deficiency, the CPE shall be charged any associated backstop procurement costs. Any backstop procurement costs allocated to the CPE shall be allocated to all LSEs in the CPE's Transmission Access Charge area on a load ratio share basis through CAM. • Non-Performance is defined as the failure to provide: <ul style="list-style-type: none"> ○ The CPUC with an RA plan with the self-shown local resource. ○ The CAISO with a matching supply plan for the self-shown local resource.
Eligible Delivery Terms	<p>OP 10 requires the CPE to consider bids of any contract term length greater than or equal to one month. PG&E CPE does not interpret this requirement as applying to the self-showing process.</p>
CPE Selection Criteria	<ul style="list-style-type: none"> • OP 8 modifies the required CPE selection criteria as established in OP 14 of the CPE Decision. <ul style="list-style-type: none"> ○ Remove the Local Effectiveness Factors, as published in the CAISO's Local Capacity Requirement Technical Study as required by the CPE selection criteria. ○ Removal of efficiency, age, and flexibility as required components of the CPE's evaluation of "operational characteristics of the resources." • OP 9 removes facility age, heat rate, start-up time, and ramp rate from the data participants are required to provide to the CPE in its solicitation process as established in OP 15 of the CPE Decision.
LSE Justification for Non-Participation	<p>OP 6 requires that if an LSE either a) declines to self-show a local resource to the CPE, or b) declines to bid a local resource into the CPE's solicitation process, the LSE shall file a justification statement in its</p>

	year-ahead RA filing explaining why the LSE declined to self-show or offer the local resource to the CPE.
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In addition to the changes listed in Table 2, OP 13 modifies the CPE procurement timeline as detailed in Table 3, below:

Table 3: CPE Procurement Timeline Changes

Event	2021 Timeline	2022 Timeline
LSEs Commit Self-Shown Resources to CPE	April-May	No Later Than Mid-May
CPUC Adopts Multi-Year Local RA Requirements	June	No Later Than June
CPE Receives Total Jurisdictional Share of Multi-Year Local RA Requirements	June	No Later Than Early July
CPE Makes Local RA Showing to the CPUC	Late September	Mid-August
LSEs in PG&E's TAC Area are Allocated CAM Credits for Any System and Flexible Capacity Procured by the CPE	Late September/Early October	September
LSEs Make Year-Ahead System & Flexible RA Showings	End of October	End of October

1.3 2022 PG&E CPE LOCAL RA RFO SOLICITATION PROTOCOL SUMMARY

On April 18, 2022 PG&E CPE launched the 2022 Central Procurement Entity Local Resource Adequacy Request for Offers Solicitation Protocol document on its website. In the 2022 CPE Local RA RFO Protocol document, PG&E CPE listed a number of requirements and preferences to inform prospective Participants of the requirements for competing in the procurement process. A summary of the key provisions of the final Solicitation Protocol posted on April 18, 2022 is provided in Table 4:

Table 4: Provisions for PG&E's 2022 CPE Local RA RFO Solicitation Protocol

2022 PG&E CPE Local RA RFO Requirements or Characteristics	Description of Key Provisions
PG&E CPE Resource Needs	In order to meet its central procurement obligations ordered in the Decision, PG&E CPE seeks to: <ol style="list-style-type: none"> 1. Obtain commitments from CPUC LSEs that will self-show their resources to reduce the total

	<p>Local RA need in PG&E's distribution service area; and</p> <p>2. Procure RA capacity from new and existing resources that are located in PG&E's Local Capacity Areas to meet the local RA requirements allocated to PG&E CPE by the CPUC.</p> <p>Per the CAISO's Draft 2023 Local Capacity Technical Study, the following PG&E Local Capacity Areas are resource deficient. The development of new resources in these Local Capacity Areas will help to ensure local reliability in PG&E's distribution service area:</p> <ul style="list-style-type: none"> • Greater Bay Area • Greater Fresno Area • Kern • Sierra • Stockton
Local RA Program	<p>The RA program requires all CPUC LSEs to procure sufficient generation capacity, or RA, for their customers' expected load plus a planning reserve margin. The CPUC's RA program contains three distinct requirements including Local RA requirements (effective January 1, 2007). The Local RA program incorporates a three-year forward multi-year requirement for procurement of generation capacity in areas within California that are transmission constrained. Local capacity requirements are determined through the CAISO annual Local Capacity Technical Study. Local Capacity Areas within PG&E's service area includes: Humboldt, North Coast/Bay Area, Sierra, Stockton, Greater Bay, Fresno, and Kern</p>
Objectives of RFO	<p>In 2022 PG&E CPE is required to procure or obtain self-shown commitments for: 1) 100 percent of the CPUC's 2023 Local RA requirements in PG&E's distribution service area; 2) 100 percent of the CPUC's 2024 Local RA requirements in PG&E's distribution service area; and 3) 50 percent of the CPUC's 2025 Local RA requirements in PG&E's distribution service area</p>

<p>Proposed Schedule</p>	<p>The Schedule contained in PG&E CPE's 2022 CPE Local RA RFO Protocol document included the following key dates:</p> <ul style="list-style-type: none"> • April 18, 2022 – PG&E CPE issues RFO • April 27, 2022 – Participants' Webinar • May 18, 2022 at 1PM (PPT) – Deadline for CPUC LSEs to submit Non-Compensated Self-Shown Commitments • May 20, 2022 at 1PM (PPT) – Deadline for PG&E Participant to submit Competitive Offers via Power Advocate • May 23, 2022 at 1PM (PPT) – Deadline for Non-PG&E Participants to submit Competitive Offers via Power Advocate. • Mid-June 2022 – PG&E CPE notifies Participants that their Competitive Offer(s) are Qualified. PG&E CPE notifies the CAM PRG of all Competitive Offers that are deemed Qualified • June 30, 2022 – Participants with Qualified Competitive Offers for New resources are required to have completed the safety prequalification with IS-Net as further described in Section VI of Attachment 2A and Attachment 2B • Late July 2022 – Estimated time frame for execution of Agreement(s) resulting from the Competitive Offer Process, provided that the Agreement(s) are mutually agreed to by both PG&E CPE and the respective Participant • Mid-August 2022 – PG&E CPE's estimated Local RA Showing for the 2023, 2024, and 2025 compliance years with the CPUC
<p>Commitment and Products</p>	<p>Overview of 2022 CPE Local RA RFO Commitments, Products, and Processes:</p> <ul style="list-style-type: none"> • Non-Compensated Self-Shown Commitment Process: CPUC LSEs <ul style="list-style-type: none"> ○ Any Existing or New resource under contract with or owned by a CPUC jurisdictional LSE that meets the minimum eligibility requirements of the RFO • Competitive Offer

	<ul style="list-style-type: none">○ Compensated Self-Shown Commitment: CPUC LSEs<ul style="list-style-type: none">▪ Any preferred resource or energy storage resource with an original contract executed on or after June 17, 2020 that meets the minimum eligibility requirements of the RFO. For utility-owned generation, any resource approved by the Commission or by Advice Letter on or after June 17, 2020 that meets the minimum eligibility requirements of the RFO.○ Bundled RA: Any Participant<ul style="list-style-type: none">▪ <u>Option for CPUC LSEs only:</u> May indicate in their Competitive Offers that the Local RA attributes associated with the Competitive Offer for Bundled RA will be a Non-Compensated Self-Shown Commitment if the Competitive Offer is not selected as part of the Competitive Offer Process○ Bundled RA with Energy Settlement<ul style="list-style-type: none">▪ <u>Option for CPUC LSEs only:</u> May indicate in their Competitive Offers that the Local RA attributes associated with the Competitive Offer for Bundled RA with Energy Settlement will be a Non-Compensated Self-Shown Commitment if the Competitive Offer is not selected as part of the Competitive Offer Process● Default to Self-Shown<ul style="list-style-type: none">▪ Per the CPE Decision, CPUC LSEs may indicate in their Competitive Offers that the Local RA attributes associated with such Competitive Offer will be a Non-Compensated Self-Shown Commitment if their Competitive Offer is not selected by PG&E CPE as part of the
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	<p>Competitive Offer Process. CPUC LSEs may only elect for the Default to Self-Shown Option with resources that are owned or under an existing contract. CPUC LSEs electing this option must also meet the requirements for the Non-Compensated Self-Shown Commitment Process.</p>
<p>Product Characteristics Requested</p>	<p>PG&E CPE is requesting the following commitments and/or products in this RFO (per the Decisions):</p> <ul style="list-style-type: none"> • Non-Compensated Self-Shown Commitment: A commitment from a CPUC LSE to self-show Local RA that is ineligible for compensation consistent with the process outlined in the Decisions. Participants that provide a Non-Compensated Self-Shown Commitment will retain the system and, if applicable, flexible RA attributes of the resource. Must provide Self-Shown Attestation: <ul style="list-style-type: none"> ○ The LSE has capacity rights to the RA ○ The LSE intends to self-show the resource on annual and monthly RA plans to satisfy its system and/or flexible RA needs • Compensated Self-Shown Commitment: A commitment from a CPUC LSE to self-show Local RA that is eligible for compensation consistent with the process outlined in the Decisions. Participants that provide a Compensated Self-Shown Commitment will retain the system and, if applicable, flexible RA attributes of the resource. • Bundled RA: A bundled RA capacity product ("Bundled RA") that will be compensated, which includes local, system and, if applicable, flexible RA attributes. • Bundled RA with Energy Settlement: Bundled RA that will be compensated, which includes a financial energy settlement based on CAISO market energy prices

<p>Delivery Term</p>	<p>In accordance with the CPE Decision, PG&E CPE is seeking Competitive Offers for Bundled RA and Bundled RA with Energy Settlement with delivery periods commencing in 2023, 2024, or 2025.</p> <ul style="list-style-type: none"> • Bundled RA and Bundled RA with Energy Settlement <ul style="list-style-type: none"> ○ Greater than or equal to one month ○ PG&E CPE Preferred Delivery Terms: <ul style="list-style-type: none"> ▪ Preference for 1 – 60 months ▪ For new resources where seller is the owner of the resource, PG&E CPE may prefer a delivery term of 10-15 years to help incentivize new local area resources • Non-Compensated Self-Shown Resources: <ul style="list-style-type: none"> ○ The Shown Term may not commence prior to the 2023 RA compliance period on 1/1/2023 and may not extend beyond the 2025 RA compliance period on 12/31/2025 • Compensated Self-Shown Resources: <ul style="list-style-type: none"> ○ Must commence on the later of (1) the start of the term of the underlying contract for the resource, or for UOG the beginning of the useful life for that resource, and (2) the beginning of the 2023 RA compliance period on 1/1/2023 ○ Must end on the earlier of (1) the end term of the underlying contract, or for UOG the end of the resource's useful life, and (2) the end of the 2025 RA compliance period on 12/31/2025
<p>Resource Eligibility Requirements</p>	<p>The following are the eligibility requirements for all Resources providing Local RA as part of any Offer submitted to PG&E CPE in this Solicitation:</p> <ul style="list-style-type: none"> • All resources participating in this RFO must have a single CAISO Resource Identification (“CAISO Resource ID”), as defined in the CAISO Tariff. Aggregated behind-the-meter resources, including demand response, must be in a single

	<p>Sub-LAP, as such term is defined in the CAISO Tariff</p> <ul style="list-style-type: none"> • All resources participating in this RFO must be able to provide RA. Resources must meet the applicable CPUC and CAISO RA requirements, CAISO requirements for deliverability, as well as any other requirements that will enable PG&E CPE to receive all applicable RA benefits associated with the resource • All resources participating in this RFO must be electrically connected in a PG&E Local Capacity Area and remain listed as such per the CAISO's Local Capacity Technical Study <p>The RA program requires all CPUC LSEs to procure sufficient generation capacity, or RA, for their customers' expected load plus a planning reserve margin. The CPUC's RA program contains three distinct requirements including Local RA requirements (effective January 1, 2007). The Local RA program incorporates a three-year forward multi-year requirement for procurement of generation capacity in areas within California that are transmission constrained. Local capacity requirements are determined through the CAISO annual Local Capacity Technical Study.</p> <p>Based on the results of the CAISO's annual Local Capacity Technical Study, the CPUC adopts and allocates local capacity requirements for PG&E and SCE's service areas to the relevant central procurement entity (PG&E or SCE). The Local Capacity Areas in PG&E's electric distribution service area are Greater Bay Area, Greater Fresno, Humboldt, Kern, North Coast/North Bay, Sierra, and Stockton (collectively, "PG&E Local Capacity Areas").</p>
<p>Agreement Types and Commitment Forms</p>	<p>Participants are required to provide a fully completed copy of the relevant Agreement, including any proposed markups, as part of their Offer package. Agreement types and forms include:</p> <ol style="list-style-type: none"> 1. Compensated Self-Shown Commitment Agreement

	<ol style="list-style-type: none"> 2. Resource Adequacy Agreement for Owner of Existing Resources 3. Resource Adequacy Agreement for Owner of New Resource 4. Resource Adequacy Agreement for Non-Owner of Existing Resources 5. Resource Adequacy Agreement for Non-Owner of New Resource 6. Non-Compensated Self-Shown Commitment Form 7. Compensated Self-Shown Commitment Form 8. Default to Self-Shown Commitment Form
<p>Pricing Agreement Types</p>	<p>Participants are required to include pricing in their Competitive Offers for Bundled RA and Bundled RA with Energy Settlement. Pricing must be provided as \$/kW-month per calendar year.</p> <p>For Competitive Offers, Participants are required to include pricing in their Offers. Participants are required to provide a fully completed copy of the relevant Agreement, including any proposed markups, as part of their Offer package. Offer Forms include:</p> <ol style="list-style-type: none"> 1. Compensated Self-Shown Commitment Agreement 2. Bundled RA and Bundled RA with Energy Settlement
<p>Non-Compensated Self-Shown Commitment and Compensated Self-Shown Commitment Process</p>	<p>In accordance with Ordering Paragraph (“OP”) 2 of the RA OIR Phase 1 Decision, a CPUC LSE that provides a Non-Compensated Self-Shown Commitment or Compensated Self-Shown Commitment must submit an attestation (“Self-Shown Attestation”) that provides that:</p> <ul style="list-style-type: none"> • The LSE has the capacity rights to the RA resource for the period it is self-showing • The LSE intends to self-show the RA resource on annual and monthly RA plans to satisfy its system and/or flexible RA needs • If applicable, the resource that the LSE intends to self-show for compensation under the LCR

	<p>RCM meets the eligibility requirements pursuant to D.20-12-006.</p> <p>Consistent with OP 4 of the RA OIR Phase 1 Decision, CPUC LSEs that submit a Competitive Offer for a Compensated Self-Shown Commitment are required to also execute an Agreement if the Competitive Offer is selected.</p>
<p>Evaluation of Competitive Offers</p>	<p>The RFO Protocol identifies and describes in detail the procedures for evaluation of offers from both a quantitative and qualitative perspective.</p> <p>For Competitive Offers, the CPE Decision requires the use of all-source selection criteria, including the loading order and least cost best fit (“LCBF”) methodology, using quantitative and qualitative criteria. The LCBF methodology includes the selection criteria listed in OP 8 and OP 9 of the RA OIR Phase 1 Decision, which modify the selection criteria listed in OP 14 of the CPE Decision.</p> <p>The quantitative evaluation compares an Offer’s cost to its benefits. The cost may consist of the contract fixed cost, variable cost, and transmission network upgrade cost. The benefit may consist of capacity value and energy value, to the extent provided in the Agreement.</p> <p>Pursuant to OP 14 of the CPE Decision and OP 8 and OP 9 of the RA OIR Phase 1 Decision, PG&E CPE will consider the following selection criteria as qualitative factors:</p> <ul style="list-style-type: none"> • Future needs in local and sub-local areas; • Resource costs; • Operational characteristics of the resources; • Location of the facility (with consideration for environmental justice); • Costs of potential alternatives; • GHG adders; • Energy-use limitations;

	<ul style="list-style-type: none"> • Procurement of preferred resources and energy storage (to be prioritized over fossil generation); and <p>Consistent with the requirement of OP 14 to use the all-source selection criteria, including the loading order, and LCBF methodology adopted in D.04-07-029, PG&E CPE may also consider additional qualitative factors that it has considered in previous LCBF evaluation protocols adopted by the Commission, including but not limited to:</p> <ul style="list-style-type: none"> • Viability of the resource; • Flexibility of the resource; • Safety; • Contract tenor; • Counterparty concentration; and • Previous experience with a counterparty. <p>Per the Decisions, all of the methodologies and criteria set forth above apply to Competitive Offers for Compensated Self-Shown Local RA in the same way as the methodology and criteria are applied to Competitive Offers for Bundled RA and Bundled RA with Energy Settlement</p> <p>Any or all qualitative factors may impact the evaluation of an Offer and the execution of any potential Agreement.</p> <p>Pricing requirements do not apply to Non-Compensated Self-Shown Commitments.</p> <p>For Competitive Offers, Participants are required to include pricing in their Offers.</p>
<p>Allowable Offers - Offer Submittal Process</p>	<p>All Non-Compensated Self-Shown Commitments must be provided to PG&E CPE by their applicable deadlines as specified in the schedule provided in the RFO. Non-Compensated Self-Shown Commitments shall not be made contingent upon or subject to the execution of any Agreement related to any other Competitive Offer or the acceptance of any other</p>

Non-Compensated Self-Shown Commitment.
Submitting Documents:

- All Non-Compensated Self-Shown Commitments for this RFO must be submitted electronically through Power Advocate.

All Competitive Offers must be provided to PG&E CPE by their applicable deadlines as specified in the schedules provided in the RFO. Competitive Offers shall not be made contingent upon or subject to the execution of any Agreement related to any other Competitive Offer or the acceptance of any other Non-Compensated Self-Shown Commitment.

Submitting Documents:

- All Competitive Offers for this RFO must be submitted electronically through Power Advocate.

Prior to submitting a Competitive Offer, Participants must register with Power Advocate.

Participants may only submit one Offer at a specific interconnection point within the Offer Form. Participants are able to submit a commitment/offer for the same resource through different processes as long as they do not submit the resource in the same delivery month. CPUC LSEs that submit Non-Compensated Self-Shown Commitments may not submit a Competitive Offer from that same resource in the same delivery month. CPUC LSEs that submit Competitive Offers for Compensated Self-Shown Commitments may not submit an alternative Competitive Offer for either Bundled RA or Bundled RA with Energy Settlement or a Non-Compensated Self-Shown Commitment from that same resource in the same delivery month

Within a Competitive Offer, Participants are allowed to submit multiple Offer Variations. Participants can vary the following Offer characteristics: product (Bundled RA or Bundled RA with Energy Settlement), price, delivery term, and quantity offered. For Non-Compensated Self-Shown Commitments, participants

	<p>may only submit one Non-Compensated Self-Shown Commitment per resource.</p>
<p>Interconnection Requirements for New Resources</p>	<p>For Compensated Self-Shown Commitments for In-Front-of-the-Meter resources, participants must provide the status of the project's interconnection application, the status of the project's studies associated with the interconnection process, as well as all other electrical interconnection information requested in Appendix B.</p> <p>For Competitive Offers for Bundled RA or Bundled RA with Energy Settlement, at the time of the Competitive Offer submittal, resources must have, at a minimum, a completed Phase I Interconnection Study report resulting from an interconnection request that demonstrates evidence of a construction schedule that can meet the proposed Initial Delivery Date.</p> <p>For both Compensated Self-Shown Commitments and Competitive Offers for Bundled RA or Bundled RA with Energy Settlement, participants must have Participating Transmission Operator (PTO) or Utility Distribution Company (UDC) documentation showing that the resource is expected to receive Deliverability Status sufficient to support the delivery of RA associated with their Competitive Offer, per the obligations of the corresponding agreement. Participants must remain active in the applicable interconnection queue until the resource's required network upgrades have been completed."</p>

1.4 ISSUES ADDRESSED IN THIS REPORT

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

1. Describe the role of the IE throughout the procurement process;
2. How did the IOU conduct outreach to bidders?
3. Was the procurement process robust?

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

2 DESCRIPTION OF THE ROLE OF THE IE

2.1 REGULATORY REQUIREMENTS FOR THE IE

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

The role of IEs in California IOU procurement processes has evolved over the past eighteen years. In D.04-12-048 (December 16, 2004), the CPUC required the use of an IE by investor-owned utilities (IOUs) in resource solicitations where there is an affiliated bidder or bidders, or where the utility proposed to build a project or where a bidder proposed to sell a project or build a project under a turnkey contract that would ultimately be owned by a utility. The CPUC generally endorsed the guidelines issued by the Federal Energy Regulatory Commission (“FERC”) for independent evaluation where an affiliate of the purchaser is a bidder in a competitive solicitation, but stated that the role of the IE would not be to make binding decisions on behalf of the utilities or administer the entire process.¹ Instead, the IE would be consulted by the IOU, along with the Procurement Review Group (“PRG”) on the design, administration, and evaluation aspects of the Request for Proposals (“RFP”). The Decision identifies the technical expertise and experience of the IE with regard to industry contracts, quantitative evaluation methodologies, power market derivatives, and other aspects of power project development. From a process standpoint, the IOU could contract directly with the IE, in consultation with its PRG, but the IE would coordinate with the Energy Division.

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

¹ Decision 04-12-048 at 129-37. The FERC guidelines are set forth in Ameren Energy Generating Company, 108 FERC ¶ 61,081 (June 29, 2004).

CPUC's Energy Division, and an open, fair, and transparent process that the PRG could confirm.

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

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

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

In D.10-07-042 issued on July 29, 2010, the Commission reaffirmed the role of the IE and required the Energy Division to revise the IE Template to ensure that the IEs focus on their core responsibility of evaluating whether an IOU conducted a well-designed, fair, and transparent RFO for the purpose of obtaining the lowest market prices for ratepayers, taking into account many factors (e.g., project viability, transmission access, etc.).

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

2.2 DESCRIPTION OF KEY IE ROLES

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

In addition to the requirements identified in CPUC Orders, the Scope of Work included in the Contract Work Authorization ("CWA") between Merrimack Energy

and PG&E clearly identifies the tasks to be performed by the IE. These include the following tasks:

- Advise on the consistency of solicitation activities with the CPUC's procurement-related rules and procedures and PG&E's Commission-approved procurement authority;
- Assist in the development, design, and review of the solicitation/procurement process, as applicable. Promptly submit any recommendations to PG&E and/or CPUC, consistent with the objective of ensuring a competitive, open and transparent process, and to ensure that the overall scope of the solicitation process is not unnecessarily broad or too narrow;
- Monitor all communications and/or negotiations between PG&E and counterparties, as required by the solicitation's objectives as outlined;
- Provide recommendations and reports, if required by PG&E and/or the CPUC, concerning the definition of products sought and price and non-price evaluation criteria; so that all aspects of the products are clearly understood, and all bidders may effectively respond to the solicitation, as applicable;
- Review the comprehensive quantitative and qualitative bid evaluation criteria and methodologies applied to any 2022 Central Procurement Entity Local RA Solicitation and assess whether these are applied to all bids in a fair and non-discriminatory manner. The Consultant will be provided access to PG&E's personnel, modeling tools, and meeting documentation in order to credibly evaluate the bid evaluation and selection processes;
- Report on the outcome of a solicitation using the appropriate CPUC-approved Independent Evaluator Report Template, which may be amended from time to time, for inclusion in any Advice Letter, Application, and/or Quarterly Compliance Report filings;
- Monitor the solicitation, bilateral negotiation and/or contract amendment processes and promptly submit recommendations to PG&E's management to ensure that no bidder has an information advantage and that all bidders or counterparties, if applicable, receive access to relevant communications in a non-discriminatory manner. This task may include monitoring contract negotiations and/or keeping apprised of negotiation status and major issues;
- Provide presentations to PG&E's management, the Procurement Review Group (PRG), and the CPUC Energy Division (ED), if requested, regarding the Consultant's findings or status. Communicate periodically with the Energy Division ("ED") as a check on the solicitation process;
- Provide a written assessment as to whether the solicitation process, bilateral negotiations and contract amendment processes were open,

transparent and fair, and whether any bidder received material information that gave them a competitive advantage or disadvantage relative to other bidders;

- Provide a final written assessment as to whether or not PG&E's evaluation criteria and methodologies were reasonable and appropriate and were applied in a fair and non-discriminatory manner for all offers received;
- Prepare or assist in the preparation of direct and/or rebuttal testimony, and participate as a witness or in an advisory capacity during administrative hearings, as required, before the CPUC and/or FERC in any associated proceedings;
- Perform other duties as may be further defined in subsequent relevant regulatory proceedings or required by PG&E's senior management.

2.3 DESCRIPTION OF IE REQUIREMENTS PER CPE DECISION (D.20-06-002)

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

The CPE Decision also required the IE report to monitor the CPE's solicitation and contract execution process. The IE report shall also provide its perspective on the CPE's deferral.² The CPUC indicated that it did not intend to allow the CPE to rely on CAISO backstop mechanisms to supplant the central procurement process

² On page 67 of the CPUC CPE Decision, the Commission stated "it supports Energy Division's proposal to give the CPE discretion to defer procurement of a local resource to the CAISO's backstop mechanisms, rather than through the solicitation process, if bid costs are deemed unreasonably high. The Commission finds this to be a reasonable exercise of discretion particularly in light of the other oversight mechanisms adopted in this decision. In the event that the CPE defers to backstop procurement, the Commission requires the CPE to provide, through its annual compliance report, the reasons for the deferral to backstop procurement, the prices offered in the solicitation, which generators did not participate in the solicitation (if any), and other relevant information. The IE report shall also provide its perspective on the CPE's deferral."

but instead seeks to minimize backstop procurement while also mitigating market power.

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

2.4 DESCRIPTION OF IE OVERSIGHT ACTIVITIES

As noted, Merrimack Energy was retained as the IE by PG&E CPE in March, 2022. In performing its oversight and evaluation role, the IE participated in and undertook a number of activities in connection with the PG&E CPE solicitation process including reviewing and commenting on the Code of Conduct, Solicitation Protocol and associated documents, including Offer Forms and Supplemental Resource information, Internal Evaluation Protocols for the Quantitative and Qualitative criteria, participating in the Participants Webinar, participating in calls with Participants throughout the solicitation process, participate in all seven PRG CAM meetings and presented comments at the meetings, downloaded, reviewed and summarized offers received, participating in discussions with PG&E CPE and monitored discussions between PG&E CPE and Participants after offer submission to assess whether the Bidders qualified for the process, reviewed the evaluation results for quantitative and qualitative factors for each offer, participated in contract negotiations with selected counterparties, and prepared a final report on the PG&E CPE solicitation process.

This report provides an assessment and review of PG&E's 2022 Central Procurement Entity Local Resource Adequacy Request for Offers from initiation of the CPE process through execution of the final Agreements. The role of the IE is also discussed as it pertains to specific activities in Section IV of this report.

3 DESCRIPTION OF CPE'S OUTREACH ACTIVITIES AND ROBUSTNESS OF SOLICITATION

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

3.1 DESCRIPTION OF IOU OUTREACH TO POTENTIAL BIDDERS

Outreach activities are important to the success of any competitive procurement process. PG&E CPE's outreach efforts targeted a large number of potential Participants based on PG&E's contact lists of energy companies and individuals. These efforts likely played a role in the reasonably robust response³ to the procurement process in terms of number of Participants and specific offers or projects.

PG&E maintains a detailed list of potential Participants with approximately 2,700 contacts that serves as the database for Seller contact and outreach. PG&E CPE sent emails to all potential Participants on this list informing them of the launch of the 2022 PG&E CPE Local RA RFO. The list includes Diverse Suppliers.

PG&E CPE initiated a comprehensive process for communicating with bidders for the 2022 PG&E CPE Local RA RFO process. PG&E CPE utilized the PowerAdvocate Platform as the means for Participants to submit their offers or as a repository of offers. In addition, PG&E CPE also established a section on its public website for distribution of information to prospective Participants and other interested parties early on to notify Participants of the PG&E CPE procurement process and RFO launch. The website contained Offer Forms, Agreements, and other forms or information required from bidders to ensure a complete proposal. The public website also included contact information for PG&E CPE should prospective Participants wish to ask any questions or request follow-up information.

PG&E CPE's public website for the 2022 CPE Local RA RFO was developed to provide all information Participants required. The following documents and information were included on the public website for Participant review and utilization:

- 2022 PG&E CPE Local RA RFO – Solicitation Protocol (original and updated with redlines);

³ See Table 16 of this report for a total of the NQC of the capacity located in each Local Area within PG&E's distribution system and the amount of capacity actually offered for August 2023 to get a perspective of the amount of capacity bid relative to the amount available.

- CPUC Decisions (D.20-06-002, D. 20-12-006, and D.22-03-034);
- Expected Schedule for solicitation;
- PG&E CPE Offer Form Guide – Appendix A1, A2, & Census Tract-CalEnviroScreen-Pollution Burden;
- Appendix A1 – Offer Form - Compensated Self-Shown Commitment;
- Appendix A2 – Offer Form – Bundled RA and Bundled RA with Energy Settlement;
- Appendix B1 – Supplemental Resource Information;
- Appendix B2 – Supplemental Counterparty Financial Information;
- Appendix C – FERC Order 717;
- Appendix D – Confidentiality Agreement;
- Appendix E1 – Compensated Self-Shown Commitment Agreement;
- Appendix E2 – Resource Adequacy Agreement for Owner of Existing Resources;
- Appendix E3 – Resource Adequacy Agreement for Owner of New Resource;
- Appendix E4 – Resource Adequacy Agreement for Non-Owner of Existing Resource;
- Appendix E5 – Resource Adequacy Agreement for Non-Owner of New Resource;
- Appendix F1 – Non-Compensated Self-Shown Commitment Form;
- Appendix F2 – Compensated Self-Shown Commitment Form;
- Appendix F3 – Default to Self-Shown Commitment Form;
- 2022 PG&E CPE Local RA RFO General Q&A;
- CPUC List of Pre-Determined Prices for LCR RCM;
- PowerAdvocate Instructions;
- 2022 CPE Local RA RFO Participants Webinar Presentation, Transcript, and Webinar Audio;
- Contact Information.

3.2 IDENTIFY PRINCIPLES USED TO DETERMINE ADEQUATE ROBUSTNESS OF A PROCUREMENT PROCESS

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

- Was the response to the procurement process commensurate with the level of outreach?
- Did the procurement process encourage a diverse response from Participants in terms of products requested, project structure, pricing options, etc.?

- Was the response large with respect to the number of proposals and megawatts (“MW”) offered relative to the amount requested?
- Was the process a competitive process based on the amount of MW submitted by Bidders relative to the number of MW requested?
- Were the procurement process documents clear and concise such that Participants could clearly assess how to structure a competitive offer?

3.3 DID THE IOU CONDUCT ADEQUATE OUTREACH?

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

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

As noted above, PG&E CPE contacted a large number of prospective Participants to inform them of the issuance of the 2022 PG&E CPE Local RA RFO. The outreach activities of PG&E CPE can be classified as “active” given that emails about the 2022 PG&E CPE RA RFO were directly sent to PG&E’s substantial list of prospective Participants. In addition, PG&E CPE held a Participants Webinar to provide information on the solicitation process, and to allow the Participants to ask questions and seek information about the process. PG&E CPE did engage with bidders throughout the solicitation process to request information from bidders and to interact with bidders regarding bidder input.

In addition, PG&E CPE team members contacted resource owners who own generation in local areas but did not submit offers into the 2021 CPE RFO. Based on the PG&E CPE team’s communication with generation owners and others it was observed that some of these generators and potential participants were not fully aware of the CPE process. Merrimack Energy recommended in its 2021 CPE

report that PG&E CPE should contact the owners of the generators located in local areas to assess why they did not submit an offer and inquire about their plans for submitting offers in future solicitations.

3.4 WAS THE SOLICITATION ADEQUATELY ROBUST?

The overall result of this outreach activity was a more reasonable level of interest from the market relative to the 2021 CPE RFO and a reasonable response from Participants. Offers were also received from a range of eligible Participants who offered proposals for all products requested.



In conclusion, the more robust response of the market to PG&E CPE's second procurement process provides evidence that the outreach and Participant engagement activities of PG&E CPE were generally effective.

3.5 DID THE IOU SEEK FEEDBACK ABOUT THE BID EVALUATION PROCESS FROM ALL BIDDERS AFTER THE SOLICITATION WAS COMPLETE?

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

In terms of seeking feedback from Participants, at this time, none of the Participants have reached out to PG&E to schedule a debrief call. PG&E

indicated to the IE that it intends to submit a survey to all market Participants on PG&E's distribution list seeking their feedback on September 7, 2022.

3.6 WAS THE OUTREACH SUFFICIENT AND MATERIALS CLEAR SUCH THAT BIDS RECEIVED MET THE NEEDS OF THE PROCUREMENT?

PG&E CPE prepared initial versions of the Protocol Document and Form Agreements, and also provided updated documents, such as the Protocol and Offer Forms, on the website. The updated documents reflected the redline changes made to the documents. In addition, to assist Participants in completing the Offer Forms, during the Participants Webinar, PG&E CPE provided an overview of the Offer Forms and the required data entries. PG&E CPE sought comments from Participants with regard to the Agreements after submission and made revisions to the agreements prior to initiating the contract negotiation process. Throughout the solicitation process, PG&E CPE actively engaged all Participants to assist Participants to be qualified to continue in the process. PG&E CPE was successful in ensuring that Participants were qualified to compete in the process.

3.7 ANY OTHER RELEVANT INFORMATION OR OBSERVATIONS

There are no additional observations.

4 DESCRIPTION OF BID EVALUATION AND SELECTION METHODOLOGY

4.1 PROCUREMENT FRAMEWORK FOR PG&E CPE LOCAL RA RFO

The Solicitation Protocol for the 2022 PG&E CPE Local RA RFO states that PG&E CPE will evaluate each Competitive Offer and each Compensated Self-Shown Commitment to determine if it is a qualified offer. The evaluation procedure protocol describes how each offer (competitive offers and compensated self-shown commitments) will be deemed qualified. The Solicitation Protocol also states that PG&E CPE will evaluate each Qualified Competitive Offer using both quantitative and qualitative criteria.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

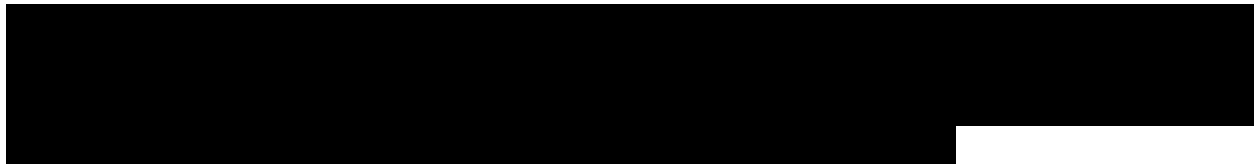
- Safety (Technology and Contractor)
- Engineering, Procurement, and Construction (EPC)
- Behind-the-Meter (BTM) Resource Status (Project Viability)
- Electric Interconnection Status
- Permitting and Environmental characteristics
- Site Control Status
- Gas Interconnection Status
- Credit (Unsecured Credit)
- Previous Experience with Participant

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]


- Operational characteristics of the Resource (Flexibility and facility type)
- Location of Facility (with consideration for Environmental Justice)
- GHG Adders
- Energy-use Limitations
- Procurement of preferred resources and energy storage (to be prioritized over fossil generation)
- Type of resource with respect to the loading order contained in the EAP issued jointly on May 3, 2003, by the Commission, California Energy Commission and the California Consumer Power and Conservation Financing Authority.
- Costs of Potential Alternatives (Capacity Procurement Mechanism)
- Costs of Potential Alternatives (Reliability Must Run "RMR")
- Costs of Potential Alternatives (Transmission Upgrades)




- Future needs in local and sub-local areas
- Portfolio Effectiveness
- Resource costs
- Portfolio diversity



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

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

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

[REDACTED]

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

[REDACTED]

[REDACTED]

[REDACTED]



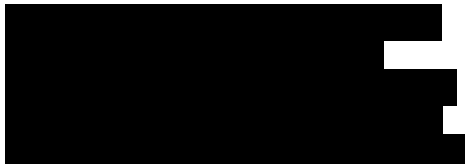
A [REDACTED] market price curve was used for the initial assessment of System RA and Flex value. Valuations may be refreshed with later curves during the negotiation process.

[REDACTED]

Table 5 below provides a summary of the NMV components for each agreement type along with a description of how the various components are applied.

Table 5: Valuation Summary by Agreement Type

Resource/Contract Type	Components	Explanation
Self-Shown Local RA – Non-Compensated	[REDACTED]	All resources providing Local RA in any Non-Compensated Self-Shown

		<p>Commitments must provide RA within the PG&E Local Capacity Areas. Participants must attest that that all Resources included in any Non-Compensated Self-Shown Commitments meet the applicable requirements set forth in the PG&E CPE Self-Shown Attestation in Appendix F1 (Non-Compensated Self-Shown Commitment Form) and detailed below:</p> <ul style="list-style-type: none"> a) The LSE has the capacity rights to the Resource Adequacy (RA) resource for the period it is self-showing; and b) The LSE intends to self-show the RA resource on annual and monthly RA plans to satisfy its system and/or flexible RA needs <p>Participants submitting Non-Compensated Self-Shown Commitments must be CPUC-Jurisdictional Load Serving Entities. Shown Term for Non-Compensated Self-Shown Commitments may not commence prior to the 2023 RA compliance period on 1/1/2023 and may not extend beyond the 2025 RA compliance period on 12/31/2025.</p>
<p>Compensated Self-Shown Local RA</p>		<p>Must commence on the later of (1) the start of the term of the underlying contract for the resource, or for UOG the beginning of the useful life for that resource, and (2) the beginning of the 2023 RA compliance period on 1/1/2023.</p> <p>Must end on the earlier of (1) the end term of the underlying contract, or for UOG the end of the resource's useful life, and (2) the end of the 2025 RA compliance period on 12/31/2025.</p> 

		[REDACTED]
Compensated Offered Resource – Bundled RA	[REDACTED]	Delivery term must be a minimum of one month with no maximum term length. ⁷ [REDACTED]
Compensated Offered Resources – Bundled RA with Energy Settlement	[REDACTED]	Delivery term must be a minimum of one month with no maximum term length. [REDACTED]

Valuation Components

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

[REDACTED]

[REDACTED]

[REDACTED]

⁷ CPE states a preference of Delivery Terms between one and sixty months.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Input Assumptions

An important aspect of the offer evaluation process is the development of input assumptions to use in the evaluation of the Participant's pricing formulas and other evaluation parameters. The key input prices for the evaluation include [REDACTED]. This includes the following components:

- 1. [REDACTED]

Selection Process

In the selection of the Offers, [REDACTED]

4.2 EVALUATION OF THE STRENGTHS & WEAKNESSES OF CPE'S EVALUATION METHODOLOGY

PG&E CPE has implemented a Least Cost Best Fit evaluation methodology for evaluating the eligible offers received in response to the 2022 PG&E CPE Local RA RFO. PG&E CPE has identified specified quantitative evaluation methodologies to calculate the energy value of each resource. PG&E CPE's methodology is based on comparing cost and benefit components associated with each resource type. PG&E CPE also combines quantitative and qualitative factors to assess and inform selection of the various resources qualified.

4.2.1 STRENGTHS OF THE EVALUATION AND RANKING METHODOLOGY

The following represents the IEs perspective regarding the strengths associated with the evaluation and ranking methodology implemented by PG&E CPE for the 2022 Local RA RFO solicitation process which is primarily seeking Local RA capacity. These include:

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

4.2.2 WEAKNESSES OF THE EVALUATION AND RANKING METHODOLOGY

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

█ 

4.3 FUTURE LCBF IMPROVEMENTS

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

4.4 REVISIONS TO BID EVALUATION CRITERIA

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



4.5 ADDITIONAL INFORMATION OR OBSERVATIONS REGARDING CPE'S EVALUATION METHODOLOGY

No additional information or observations are provided.

5 ADMINISTRATION OF THE CPE LOCAL RA RFO SOLICITATION PROCESS

In performing its oversight role, the IE participated in and undertook a number of activities in connection with the 2022 PG&E CPE Local RA RFO including:

- Reviewing and commenting on the CPE Code of Conduct⁸
- Reviewing and commenting on the Protocol documents for the Local RA RFO process
- Participating in frequent conference calls with the PG&E CPE project team
- Participating in the Participants Webinar
- Participating in discussions on the offer valuation methodology and selection process
- Organizing and summarizing the offers received
- Reviewing and commenting on the evaluation and selection process and results at each step of the process
- Participating in calls with bidders throughout the evaluation, selection and negotiation processes.

Throughout the process, PG&E's CPE team kept the IE actively informed and involved in the solicitation process, including holding weekly status meetings throughout the solicitation process.

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

5.1 CODE OF CONDUCT

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

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

⁸ PG&E CPE and Merrimack Energy had initial discussions regarding the development of the Code of Conduct as a first step in the PG&E CPE process in November 2020.

procedure, the CPE may use the competitive neutrality rules adopted in Decision 13-02-029.”

Additionally, Ordering Paragraph 25 states: “The central procurement entity (CPE), in collaboration with the independent evaluator, Cost Allocation Mechanism Procurement Review Group, and Energy Division, shall create a strict code of conduct, similar to that adopted in Decision 07-12-052,⁹ that prevents the sharing of confidential, market-sensitive information beyond those employees involved in the solicitation and procurement process. Personnel employed by the PG&E CPE and involved in the solicitation and procurement process (including management and officers) shall sign the code of conduct as a precondition to engaging in the central solicitation and procurement process.”

The initial task undertaken by Merrimack Energy as IE was to review and comment on the Code of Conduct. PG&E CPE provided the initial draft of the Code of Conduct to the IE in December, 2021. PG&E CPE noted that in establishing the CPE, one of the benefits of having PG&E act as the CPE is to take advantage of PG&E's resources, knowledge, and the procurement experience to take on this task effectively and efficiently. PG&E CPE also recognized the need to avoid conflicts of interest that could be perceived to favor PG&E's resources in PG&E CPE procurement activities. To meet these requirements, the confidentiality protocol developed by PG&E CPE as part of the Code of Conduct establishes a one-way flow of information from other PG&E organizations to the PG&E CPE during the period of time prior to launching the PG&E CPE RFO.

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

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

⁹ Decision 07-12-052 requires that as a precondition for conducting an RFO in which offers resulting in partially or wholly utility-owned projects compete against third-party offers, a utility must adopt a Code of Conduct to prevent the sharing of sensitive information between staff involved in developing offers for utility-owned projects and staff who evaluate and select the winning offers.

Since the 2022 Code of Conduct was largely the same as last year's Code of Conduct, Merrimack Energy's comments on the document were very limited. Merrimack Energy did provide a number of comments to PG&E CPE for the initial development and implementation of the Code of Conduct associated with the 2021 PG&E CPE process.

The Code of Conduct includes requirements identified in the CPE Decision (D.20-06-002), describes the definition of CPE confidential information, describes the categories of personnel including the roles of personnel groups and access to confidential information, and the summarizes the organizational chart for the PG&E CPE within the procurement function at PG&E. PG&E provided the Code of Conduct document and associated training slide deck to Merrimack on June 7, 2022.

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

5.2 PG&E CPE PROCUREMENT PLAN

On April 6, 2022, the PG&E CPE submitted a letter to the Commission, notifying that the PG&E CPE Procurement Plan (CPE PP) that had previously been submitted through AL-6078-E would no longer be used and should no longer be relied upon by any party. The PG&E CPE expressed concern with the timing required to update the CPE PP accurately to reflect the modifications from D.22-03-034 and prior to commencing its annual procurement activities without impacting the RA timeline that was adopted in that Decision. PG&E CPE noted that it will rely on the requirements set forth in the Decisions and will utilize its solicitation protocols to inform counterparties of the procurement processes.

5.3 LOCAL RA RFO SOLICITATION PROTOCOL & RELATED DOCUMENTS

The next major step in the solicitation process was the development of the 2022 PG&E Central Procurement Entity Local Resource Adequacy Request for Offers Solicitation Protocol ("Local RA RFO Solicitation Protocol"), which is designed to identify the requirements for the RFO, including a description of the products solicited, eligibility requirements, evaluation criteria, evaluation and selection process, information required for each proposal type, contractual requirements, solicitation schedule, credit information and general information to assist bidders in submitting a complete proposal. The Protocol Document also contained a number of Appendices, as listed in Section III of this report

PG&E CPE provided the initial draft of the 2022 PG&E CPE Local RA Solicitation Protocol to the IE in late-March 2022, shortly after the issuance of D.22-03-034. The IE reviewed the Protocol document and provided comments to PG&E CPE. The parties discussed the comments and PG&E CPE provided an updated draft Protocol document to the IE. Merrimack Energy reviewed and commented on two drafts of the Protocol document prior to completion of the document. In addition to the Solicitation Protocol, the IE reviewed and commented on the Offer Forms. The Offer Forms were designed to provide a consistent format for information to be provided about offer information for evaluation purposes such as project pricing, monthly volumes offered, other project specific information, bidder contact information, and status of key project aspects such as interconnection. The information provided in the Offer Forms was primarily used for the quantitative evaluation of the offers.

A summary of the 2022 PG&E CPE Local RA RFO Solicitation Protocol requirements is included in Section I.C of this report.

5.4 CAM PRG MEETING – APRIL 8, 2022

PG&E's CPE team provided a presentation to the CAM PRG on April 8, 2022 to provide an overview of the structure and process changes with PG&E CPE's upcoming 2022 solicitation and the evaluation framework for the solicitation. The PG&E CPE team stated that the goal of the PG&E CPE solicitation was to seek new and existing local resource capacity that can provide RA in PG&E Local Areas. The PG&E CPE team noted that for the 2022 PG&E CPE solicitation, PG&E CPE is required to procure or obtain Self-Shown commitments for 100% of the CPUC 2023 and 2024 local RA requirements in PG&E's distribution service area. PG&E CPE is also required to procure or obtain 50% of the CPUC 2025 local RA requirements. The PG&E CPE team also provided a brief overview of the CPUC Decisions, the proposed schedule for the solicitation, the solicitation structure (including eligible products, counterparties, and resource description), PG&E CPE evaluation process (including quantitative and qualitative criteria and process), credit requirements, and a description of the iterative process for self-shown resources (i.e., election to self-show for no compensation if not selected). CPE also provided an overview of their position in 2023 and 2024 for each Local Area as a result of the 2021 RFO.

PG&E CPE noted a few policy-driven as well as CPE-driven changes to the CPE framework and RFO structure as listed in the slide deck for the CAM PRG presentation that were implemented with the goal of driving participation, including:

- CPUC LSEs are no longer required to execute a contract for Non-Compensated Self-Shown Local RA. OP 2 of the RA OIR Phase 1 Decision requires that a CPUC LSE that elects to self-show a local resource to the CPE to execute an attestation that provides that:
 - The LSE has the capacity rights to the RA resource for the period that it is self-showing;
 - The LSE intends to self-show the RA resource on annual and monthly RA plans to satisfy its system and/or flexible RA needs;
 - The resource that the LSE intends to self-show for compensation under the LCR RCM meets the eligibility requirements pursuant to D.20-12-006.
- CPM costs resulting from a non-performing self-shown resource will be charged to the CPE and allocated to all CPUC LSEs in a CPE's TAC Area on a load ratio share basis
- CPUC LSEs that decline self-show or bid a local resource to the CPE must file a justification statement in their year-ahead RA filing
- No maximum delivery term for Competitive Offers for Bundled RA and Bundled RA with Energy Settlement. PG&E CPE is actively seeking longer delivery terms to incentivize the development of new local resources
- Significant reduction in resource-specific information required for most offer submittal and contract execution
- Participants able to self-show and offer the same resource as long as delivery and/or shown terms do not overlap

PG&E CPE also described the submittal process and requirements for each product type, including:

- Non-Compensated Self-Shown Commitment of Resources:
 - LSEs that commit Non-Compensated Self-Shown Local RA will retain the resource's system and flexible RA attributes to meet their own RA obligations
 - A contract is not required for Non-Compensated Self-Shown Local RA. LSEs will submit an attestation in lieu of a contract
 - CAISO CPM costs related to the non-performance of resources providing Non-Compensated Self-Shown Local RA will be charged to the CPE and allocated to all CPUC LSEs in a CPE's TAC area through CAM
- Compensated Self-Shown Commitment of Resources:
 - Compensation for selected Competitive Offers for Compensated Self-Shown Local RA will be capped at a pre-determined Local RA premium in each local area based on administrative benchmarks determined by the CPUC

- LSEs that competitively offer Compensated Self-Shown Local RA will retain the system and flexible RA attributes of the resource
- Both an attestation and a contract are required for Compensated Self-Shown Local RA
- Bundled RA and Bundled RA with Energy Settlement:
 - The CPE will retain Local RA attributes and CPUC jurisdictional LSEs will receive credits for the system and flexible capacity procured based on coincident peak load share
 - **Note:** CPUC jurisdictional LSEs can offer a resource into the CPE's solicitation but indicate in their offer that the resource will be self-shown for no compensation if it is not selected

5.5 WEBSITE FOR THE RFO

PG&E CPE used two websites for the RFO. PG&E CPE maintained a webpage on its website devoted to the 2022 PG&E CPE Local RA RFO. The website contained information to assist bidders on the front-end of the solicitation process including RFO documents, Q&As, regulatory decisions pertaining to the PG&E CPE requirements, solicitation schedule¹⁰ and other information to assist the bidders. The webpage was activated around the time the RFO was issued on April 18, 2022. Specifically, the webpage included the following information:

- Applicable Regulatory Decisions
- Schedules
- PG&E CPE Local RA Solicitation Protocol and Appendices
- 2022 PG&E CPE Local RA RFO General Q&A
- CPUC List of Pre-Determined Prices for LCR RCM
- PowerAdvocate Registration Information and Offer Submittal
- Participants Webinars
- 2022 PG&E CPE Local RA RFO Participants Webinar Presentation
- Participants Webinar Transcript
- Participants Webinar Audio
- Contact Information

PG&E CPE also utilized the PowerAdvocate Platform, which was used as a repository for the bidders to submit their proposals. The Events on the PowerAdvocate website for bidders to submit their offers were separated by product and resource type. As a result, bidders had to submit their offers to the appropriate Event based on the resources they were bidding. The three Events

¹⁰ A solicitation schedule was provided for the Non-Compensated Self-Shown Commitment Process and for the Competitive Offer Process.

included: (1) Non-Compensated Self-Shown Resources; (2) Competitive offers from the PG&E Participant; (3) Competitive Offers from all non-PG&E Participants. Since competitive offers from the PG&E Participant were due earlier than other competitive offers and since non-compensated self-shown resources and competitive resources were submitted at different times, the application of different events ensured there was no risk of a bidder gaining any access to data on competitors before their offers were due.

5.6 ISSUANCE OF THE RFO

The RFO was issued as scheduled on April 18, 2022. However, subsequent to initial issuance, PG&E CPE made revisions to the Protocol document and Offer Forms that were posted to the webpage. Updated versions of the RFO documents were posted to the webpage on May 11, 2022 in the form of redlines to the initial documents.

Offer Forms were also updated on May 11, 2022 for Compensated Self-Shown Commitments, Bundled RA and Bundled RA with Energy Settlement.

5.7 PARTICIPANT'S WEBINAR

PG&E CPE held its CPE Local RA RFO Participants Webinar on April 27, 2022. The IE called into and monitored the Webinar. Topics addressed at the Webinar included:

- Overview of the role of PG&E CPE as the Central Procurement Entity;
- Solicitation schedule;
- Role of the Independent Evaluator;
- Overview of CPUC D.20-06-002, D.20-12-006 D.22-03-034;
- Description of PG&E CPE's Local RA RFO goal and Resource Needs;
- Solicitation structure including product overview and eligibility;
- Resource eligibility requirements;
- CPE Commitment & Procurement Processes;
- Overview of each of the Agreement Types;
- Credit / Collateral requirements;
- Self-Show Attestation Overview
- Offer Form Instructions;
- Description of Commitment or Competitive Offer Submittal
- Communications and website;
- Description of the iterative process – election to self-show for no compensation if not selected.

The Webinar included a walk-through of the Offer forms for the various agreement types. Instructions included form selection, operational characteristics, NQC, etc.

After the PG&E CPE team walked through the presentation, prospective bidders and others had an opportunity to prepare questions during the intermission. A Question and Answer process followed. A total of approximately 70 individuals attended the Participants Webinar, thirteen of which were PG&E or Merrimack employees.

5.8 QUESTIONS & ANSWERS POSTED FOR BIDDERS

PG&E CPE uploaded the initial Q&A document on May 2, 2022. As questions were received from counterparties, PG&E CPE uploaded various iterations of the Q&A document. On May 13, 2022 PG&E CPE uploaded the final Q&A document, which provided responses to a total of 19 questions from prospective bidders including 16 general RFO questions and 3 Offer Form questions. The Q&As were posted to PG&E's CPE website under the link 2022 CPE Local RA RFO General Q&A. The Questions and Answers are included as Appendix A to this report.

5.9 REVIEW OF INTERNAL EVALUATION PROTOCOLS (QUANTITATIVE & QUALITATIVE) AND EVALUATION PROCEDURES

The IE had the opportunity to review multiple drafts of the internal RFO protocols for both the quantitative evaluation (market valuation protocol) and the qualitative evaluation protocol, as well as overall evaluation procedures and credit evaluation protocol for the 2022 PG&E CPE Local RA RFO solicitation process. PG&E CPE provided the IE draft versions of the evaluation protocol documents beginning in early April, 2022. The IE reviewed the documents and provided written comments and questions on the documents and sent a marked-up version back to PG&E CPE for review. The PG&E CPE team and IE then held conference calls to discuss the IEs comments and questions prior to completing the final evaluation protocol documents [REDACTED]

5.10 RECEIPT OF OFFERS – MAY 18, 2022 THROUGH MAY 23, 2022

As noted previously, the offers were submitted in tranches based on the product type. The deadline for CPUC LSEs to submit Non-Compensated Self-Shown Offers

was May 18, 2022. The deadline for the PG&E Participant to submit competitive offers was May 20, 2022, while the deadline for non-PG&E Participants to submit competitive offers was May 23, 2022. The requirement for the PG&E Participant to submit offers one-day in advance of third-party compensated offers was to ensure there was no opportunity for the PG&E Participant to have any competitive information about the market prior to submitting their offers. [REDACTED]

[REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

¹¹ Merrimack Energy uses August data frequently throughout the report for comparison purposes since August is a key peak summer month for resource demand and supply assessment. While the focus in the report is on August capacity and requirements, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

After submission of the Self-Shown commitments, PG&E CPE began to review the offers for completeness to assess eligibility prior to acceptance of the commitment.

[REDACTED]

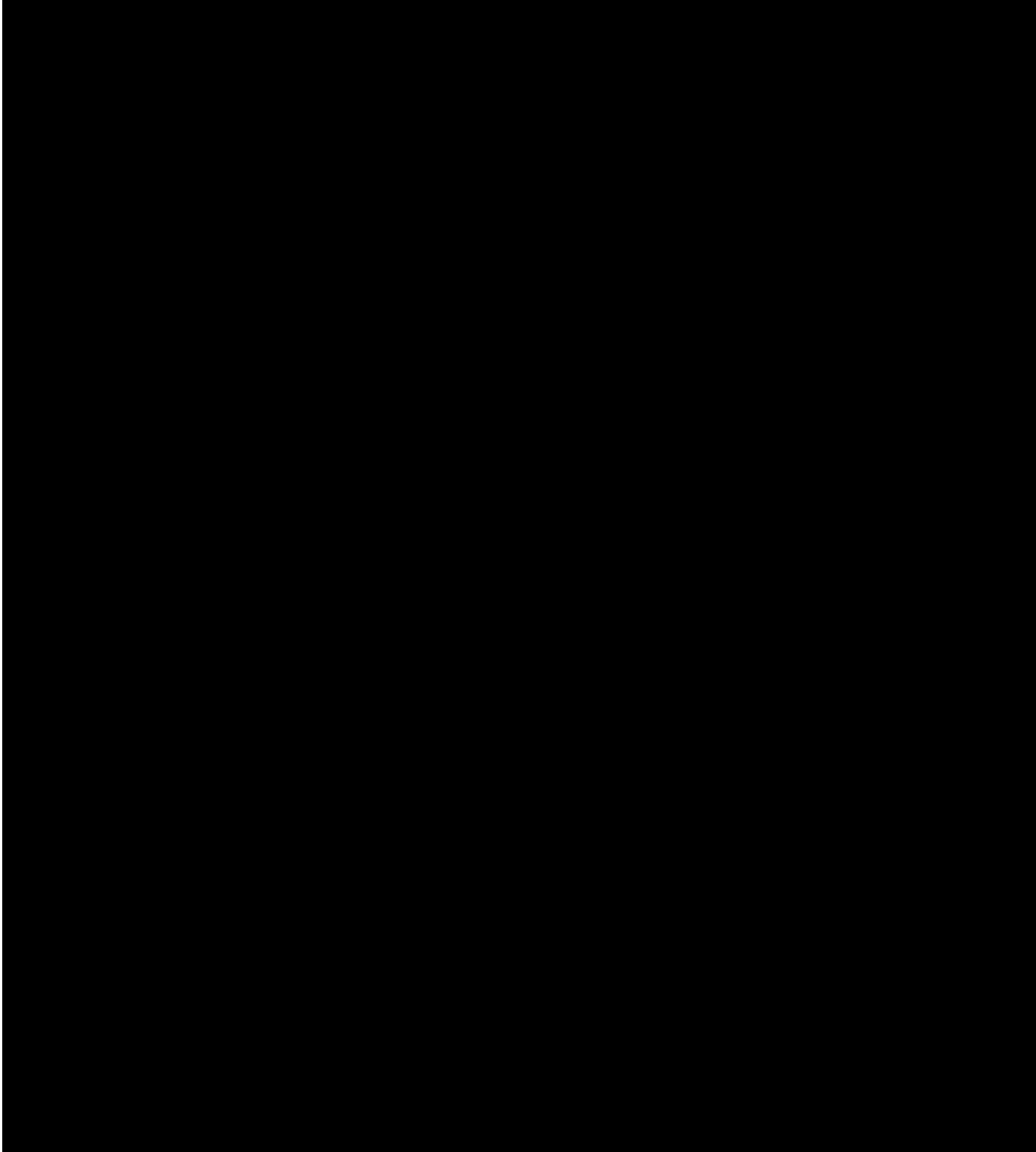
All Competitive offers were submitted as required. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



[Redacted text]

[REDACTED]

For the competitive offers, PG&E CPE began to review the offers for completeness to assess if offers qualify to move forward to the next stage of the process. PG&E CPE reviewed the offers for missing or incomplete information and engaged the Participants to identify the information required. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] PG&E CPE is required to file the contracts with the CPUC on August 19, 2022.

5.11 CAM PRG MEETING – JUNE 9, 2022

A CAM PRG meeting was held on June 9, 2022. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5.12 COMMUNICATION WITH BIDDERS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Beginning in late June, 2022, PG&E CPE began to schedule meetings with Participants for Self-Shown offers as well as competitive offers. [REDACTED]

[REDACTED]

[REDACTED]

5.13 EVALUATION OF THE OFFERS SUBMITTED

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

[REDACTED]

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

[REDACTED]

[REDACTED]

[REDACTED]

- 1 [REDACTED]
- 2 [REDACTED]
- 3 [REDACTED]
- 4 [REDACTED]
- 5 [REDACTED]

PG&E CPE also provided the IE with the qualitative evaluation results conducted

[REDACTED]

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

5.14 CONTRACT NEGOTIATIONS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

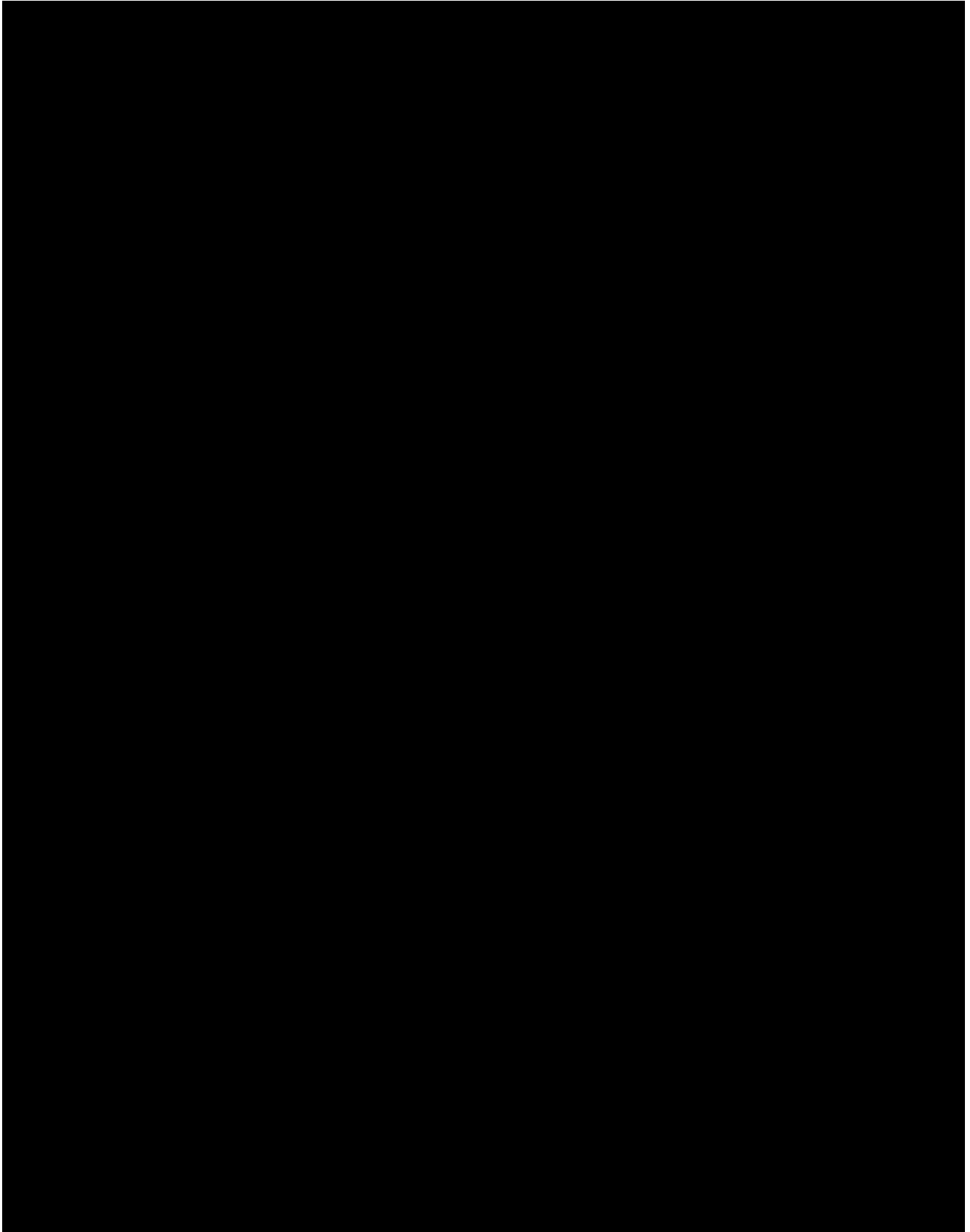
5.15 EVALUATION RESULTS

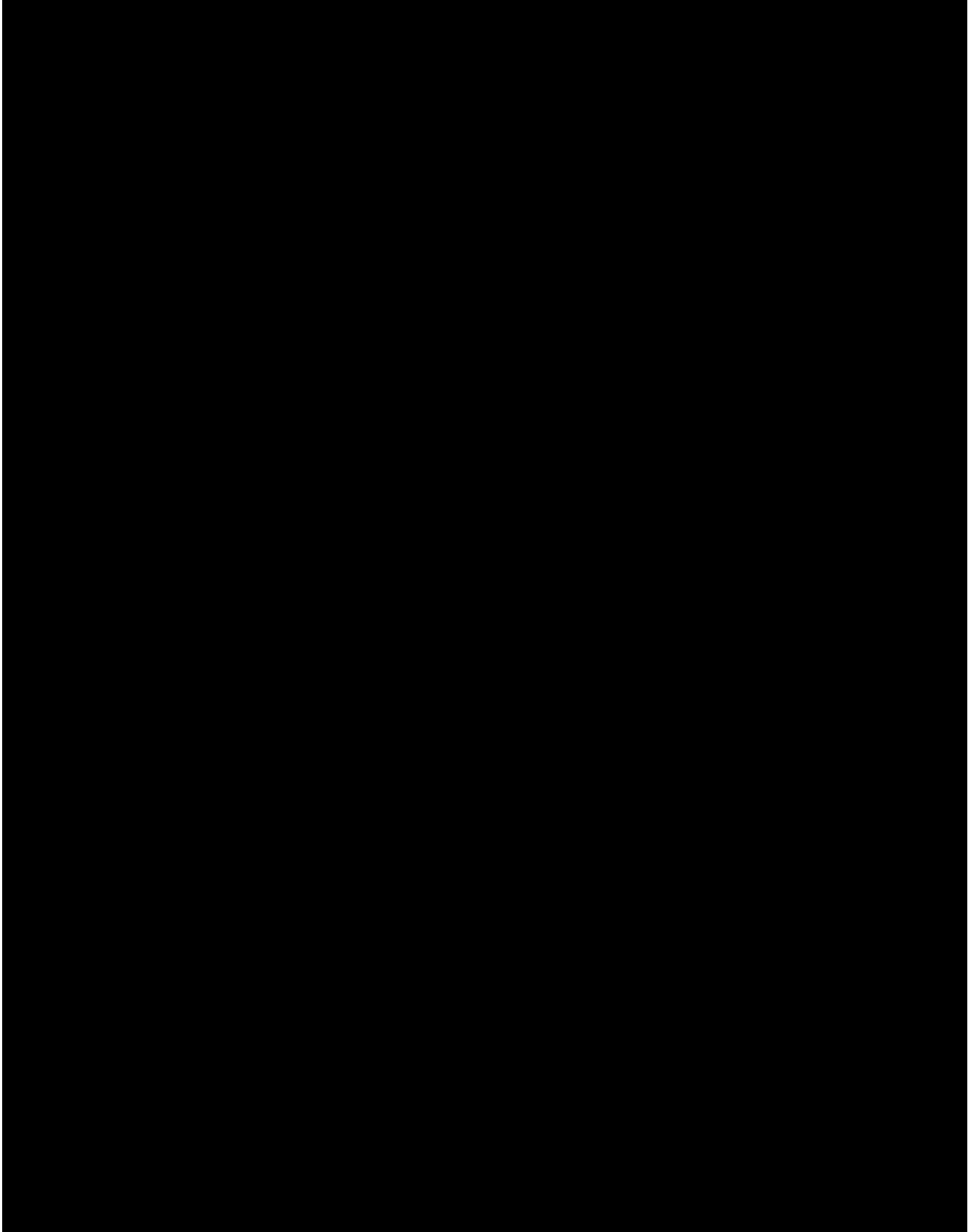
PG&E CPE provided the IE with several copies of the evaluation results for each competitive offer, [REDACTED]

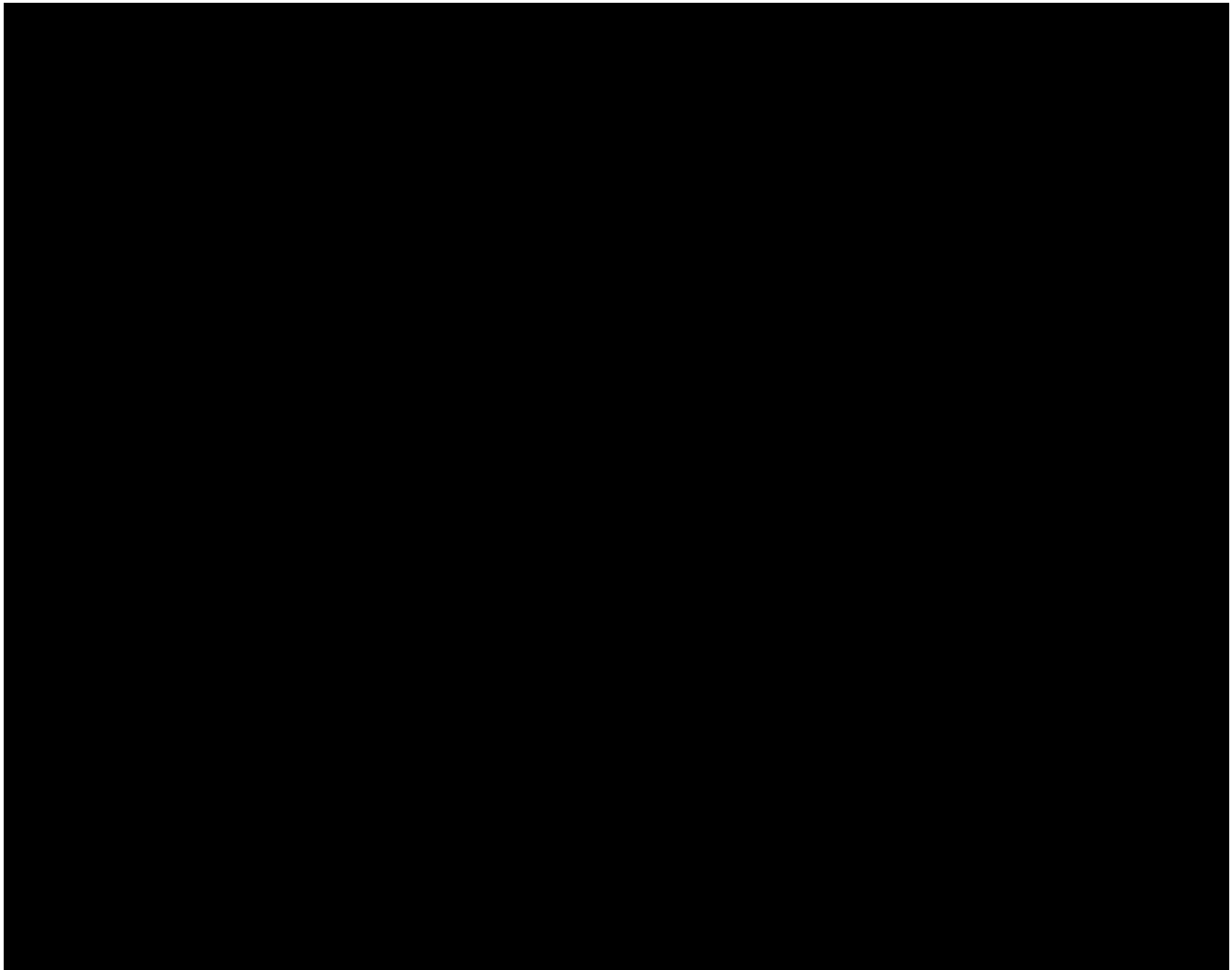
[REDACTED]

[REDACTED]

[REDACTED]

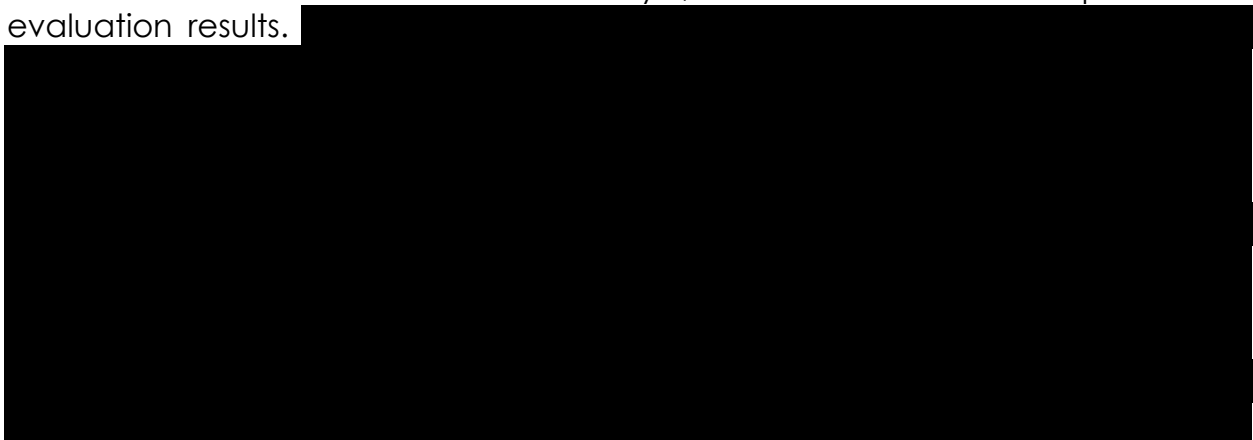






5.16 PG&E CPE PRESENTATION TO IE WITH EVALUATION RESULTS

The PG&E CPE team met with the IE on July 1, 2022 to review the initial quantitative evaluation results.



[REDACTED]

5.17 CAM PRG MEETING REGARDING CPE 2022 LOCAL RA RFO PORTFOLIO

On July 26, 2022, a CAM PRG meeting was held with the PG&E CPE [REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

²¹ The CPUC counts the capacity of a contracted resource based on August NQC values while the CAISO counts the capacity of a resource based on the resource's NQC in each month.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5.18 NOTIFICATION OF OFFER SELECTION

[REDACTED]

[REDACTED]

5.19 FINAL CONTRACTS & PROPOSED PORTFOLIO BASED ON CONTRACTS EXECUTED

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6 FAIRNESS OF ADMINISTRATION OF SOLICITATION PROCESS

6.1 PRINCIPLES AND GUIDELINES USED TO DETERMINE FAIRNESS OF PROCESS

In evaluating PG&E CPE's performance in implementing the 2022 CPE Local Resource Adequacy RFO procurement process, the IE has applied a number of principles and factors, which incorporate those suggested by the Commission's Energy Division in previous Templates as well as additional principles that the IE has used in its oversight of other competitive bidding processes. These include:

- What quantitative factors were used to evaluate offers?
- If applicable, were affiliate offers treated the same as non-affiliate offers?
- Were economic evaluations consistent across offers?
- Was there a reasonable justification for any fixed parameters that enter into the methodology?
- Were all Participants treated the same regardless of the identity of the Participants?
- Were Participants questions answered fairly and consistently and the answers made available to all?
- Did the utility ask for "clarifications" from Participants, and what was the effect, if any, of these clarifications?

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

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

PG&E CPE's project teams were very actively engaged in the process from the very beginning through final negotiations and execution. PG&E CPE focused on seeking clarification from Participants regarding their offers and to do all it could to qualify the offers. This included providing several opportunities for Participants

to cure any information gaps, to assist the Participant secure required information, and conducting its own research to identify available information requested. In our view, PG&E CPE was actively engaged to ensure Participants were qualified in the process and took a number of positive steps to assist Participants.

As IE, we found no cases where PG&E CPE favored any specific resources or Participants over others, [REDACTED]

[REDACTED]. All offers and Participants were treated fairly and consistently within PG&E CPE's procurement framework. [REDACTED]

7 TREATMENT OF AFFILIATE BIDS & UOG OWNERSHIP PROPOSALS

The CPE Decision (Decision 20-06-002) which established the Central Procurement Entity process required the PG&E CPE to establish rules that govern how confidential, market-sensitive information is protected and must implement a strict Code of Conduct that prevents the sharing of confidential market-sensitive information beyond those employees involved in the PG&E CPE solicitation and procurement process. CPE Decision Ordering Paragraph 25 states “The central procurement entity, in collaboration with the Independent Evaluator, Cost Allocation Mechanism Procurement Review Group (CAM PRG) and Energy Division, shall create a strict code of conduct, similar to that adopted in Decision 07-12-052, that prevents the sharing of confidential, market-sensitive information beyond those employees involved in the solicitation and procurement process. Personnel employed by the CPE and involved in the solicitation and procurement process (including management and officers) shall sign the code of conduct as a precondition to engaging in the central solicitation and procurement process.”

The initial task in implementing the PG&E CPE Entity process was the preparation of the Code of the Conduct that would guide this solicitation, and which was designed to meet the requirements of Decision D.20-06-002. The PG&E CPE team engaged early on with the IE to develop the Code of Conduct for the initial solicitation. However, since many aspects of the Code of Conduct were adopted from the initial CPE solicitation, the role of the IE was more limited to a review and comment role. As part of the Code of Conduct, PG&E CPE included Appendix A, which illustrates the Organizational Chart for PG&E's procurement organizations, including the PG&E CPE team. PG&E also developed a slide deck presentation on the Code of Conduct that was used for Code of Conduct training for CPE employees, and other PG&E employees, contractors and consultants engaged in CPE procurement activity.

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

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

This Section of the Report addresses the provisions of the Code of Conduct implemented by PG&E to undertake the 2022 Central Procurement Entity Local RA solicitation process. As noted, the preparation of a Code of Conduct document is required by the CPUC for investor-owned utility (“IOU”) participation in the IOU’s own competitive procurement of electric energy resources. The CPUC’s 2008 LTPP Decision (D.07-12-052) included several references with regard to the requirements for utilities to develop a Code of Conduct for solicitations seeking utility ownership options.²⁵ PG&E developed an Internal Confidentiality Protocol for this solicitation to ensure appropriate safeguards are in place to define the roles and responsibilities of the project teams and protect the confidentiality of sensitive confidential information. PG&E required all employees supporting the CPE solicitation that require use of Confidential RFO information to acknowledge the Confidentiality Protocol. The Confidentiality Protocol was established to cover the time period before the Code of Conduct was established and implemented. According to the IE Report Template, two issues are to be addressed in this Section of the Report:

7.1 DESCRIBE THE DESIGN AND IMPLEMENTATION OF THE REQUIRED CODE OF CONDUCT USED BY THE IOU TO PREVENT SHARING OF SENSITIVE INFORMATION BETWEEN STAFF WORKING WITH DEVELOPERS WHO SUBMITTED UOG BIDS AND STAFF WHO CREATE THE BID EVALUATION CRITERIA AND SELECT WINNING BIDS.

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

A. Categories of Employees, Contractors, and Consultants

²⁵ On page 206 of D.07-12-052, the CPUC stated “As a precondition for conducting an RFO seeking utility ownership options, the IOU shall develop a strict code of conduct to be signed by any and all IOU personnel involved in the RFO process to prevent sharing of sensitive information between staff involved in developing utility bids and staff who create the bid evaluation criteria and select winning bids”. On page 236 the CPUC stated “If a utility were soliciting turnkey bids or EPC contracts as well as PPAs in a given solicitation, the individuals performing the bid evaluation would have to be functionally separated from the individuals preparing the bids (or the cost estimates) for projects that would ultimately be utility-owned. Under this restriction, the employees developing the utility-owned project would be barred from access to any evaluation protocols, input assumptions, or bid information not made generally available to outside bidders.”

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

B. Confidential CPE Information

- Confidential PG&E CPE information is generally defined as any non-public information that a participant in a PG&E CPE RFO would find commercially useful, including, but not limited to, information concerning the terms of a PG&E CPE RFO offer, proposed terms of any agreements for local RA-related services, RFO evaluation protocols, input assumptions, bid information not made generally available to non-participants, evaluation results, or RFO negotiation strategy or tactics;
- Confidential PG&E CPE Information includes the following:
 - Confidential competitive or technical information received from load serving entities ("LSEs"), generators, third-party power marketers, demand response providers ("DRPs"), or others in connection with the PG&E CPE Procurement Program. Confidential CPE information includes the fact that a participant has submitted an offer into a CPE Procurement Program and, if applicable, the facts that (i) the CPE has selected an offer and (ii) the CPE and the participant or counterparty are negotiating an offer until such time as the relevant solicitation is complete or agreements are reported or submitted to regulators;

C. Restrictions on Information Access and Use

- PG&E CPE Procurement Group Employees shall have full access to Confidential CPE information;
- Utility Bid Development Employees shall have no access to Confidential CPE information;
- Executives/Officers and PG&E CPE Administrative Employees may not have any access to Confidential CPE information except as follows: Executives/Officers and CPE Administrative Employees are entitled to access Confidential CPE information as necessary for the performance of their duties, including access to executed contracts and information related to product deliveries and payments during the course of solicitation administration, quantitative evaluation of offers, and contract execution and administration. Executives/Officers and CPE Administrative Employees who are provided Confidential CPE information pursuant to the foregoing exception shall not use such Confidential CPE Information for any purpose related to local RA purchases or sales or portfolio management on behalf of PG&E bundled service customers.

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

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

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

Utility Executives is prohibited. Utility Bid Development Employees shall not have access to Confidential CPE information, including, but not limited to, confidential information on secured network drives, shared drive folders, databases, and files. CPE Procurement Group Employees shall be physically separated from Utility Bid Development Employees while a CPE solicitation is active.

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

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

7.2 DESCRIBE ANY VIOLATION(S) OF THAT CODE

During the 2022 Local RA RFO, there were no signs of or reported violations of the Code of Conduct.

8 CPUC IE REPORT REQUIREMENTS

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

8.1 ASSESS THE NEUTRALITY OF THE PROCUREMENT PROCESS

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

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

advantage utility-owned generation (UOG) resources or PG&E-contracted resources that can provide local RA and are eligible to bid or show to the CPE.

PG&E CPE staff receiving such confidential, competitive information from LSEs, generators, third-party marketers, DRPs or the CAISO in the discharge of PG&E CPE's roles and responsibilities as the CPE for PG&E's distribution service area shall not share such confidential, competitive information with other individuals in PG&E who are directly responsible for discharging PG&E's roles and responsibilities with respect to procurement, sales, or portfolio management of RA on behalf of PG&E's bundled service customers or in preparing and submitting bids to the CPE.

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

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

Merrimack Energy, as IE, was involved in reviewing and commenting on drafts of the Code of Conduct prepared by PG&E CPE for both the 2021 and 2022 CPE solicitations. Furthermore, PG&E CPE made presentations to the CAM PRG and Energy Division staff regarding the proposed Code of Conduct and sought any comments from these parties. In addition to development of the Code of Conduct, the PG&E CPE team developed a slide deck that is used for Code of Conduct training for affected personnel. Section VII of this report provides an overview of PG&E CPE's Code of Conduct.

8.2 ASSESS ANY MARKET POWER OR AGGREGATE PRICING CONCERNS

Merrimack Energy did not see any evidence of market power or pricing concerns associated with the RFO. However, to assess the potential for market power in future solicitations, Merrimack Energy has compiled a list of power projects by Local Area within PG&E's service area based on the 2022 NQC data list and attempted to identify whether any generator has the potential to exert market power given its concentration of resources in a particular Local Area. Merrimack Energy has compared the NQC of resources within a specific Local Area relative to the amount of generation controlled by any generator who would have the

potential to assert market power. We have also attempted to compare the amount of generation relative to the amount bid in the RFO. All data presented is for August. Table 16 below compares the amount of generation based on NQC data to the amount bid into the RFO.

Table 16: PG&E Existing Local Area Capacity Available and Offered

Local Area	NQC Data (August MW) ²⁶	
Bay Area	7,722.68	[REDACTED]
Fresno	2,969.83	
Humboldt	175.72	
Kern	401.61	
NCNB	895.24	
Sierra	1,826.42	
Stockton	548.23	
Total	14,539.73	

[REDACTED]

8.3 PROCUREMENT OF PREFERRED RESOURCES

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

²⁶ NQC values taken from Draft NQC list on the CAISO website dated August 11, 2023.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8.4 CONSIDERATION OF DISADVANTAGED COMMUNITIES (“DAC”) IN THE PROCUREMENT PROCESS

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

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8.5 EXPLANATION OF THE BASIS FOR FOSSIL FUEL PROCUREMENT THAT EXCEEDS THE MINIMUM MULTI-YEAR LOCAL REQUIREMENTS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8.6 IE PERSPECTIVE ON PG&E CPE'S DEFERRAL TO CAISO'S BACKSTOP MECHANISM

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

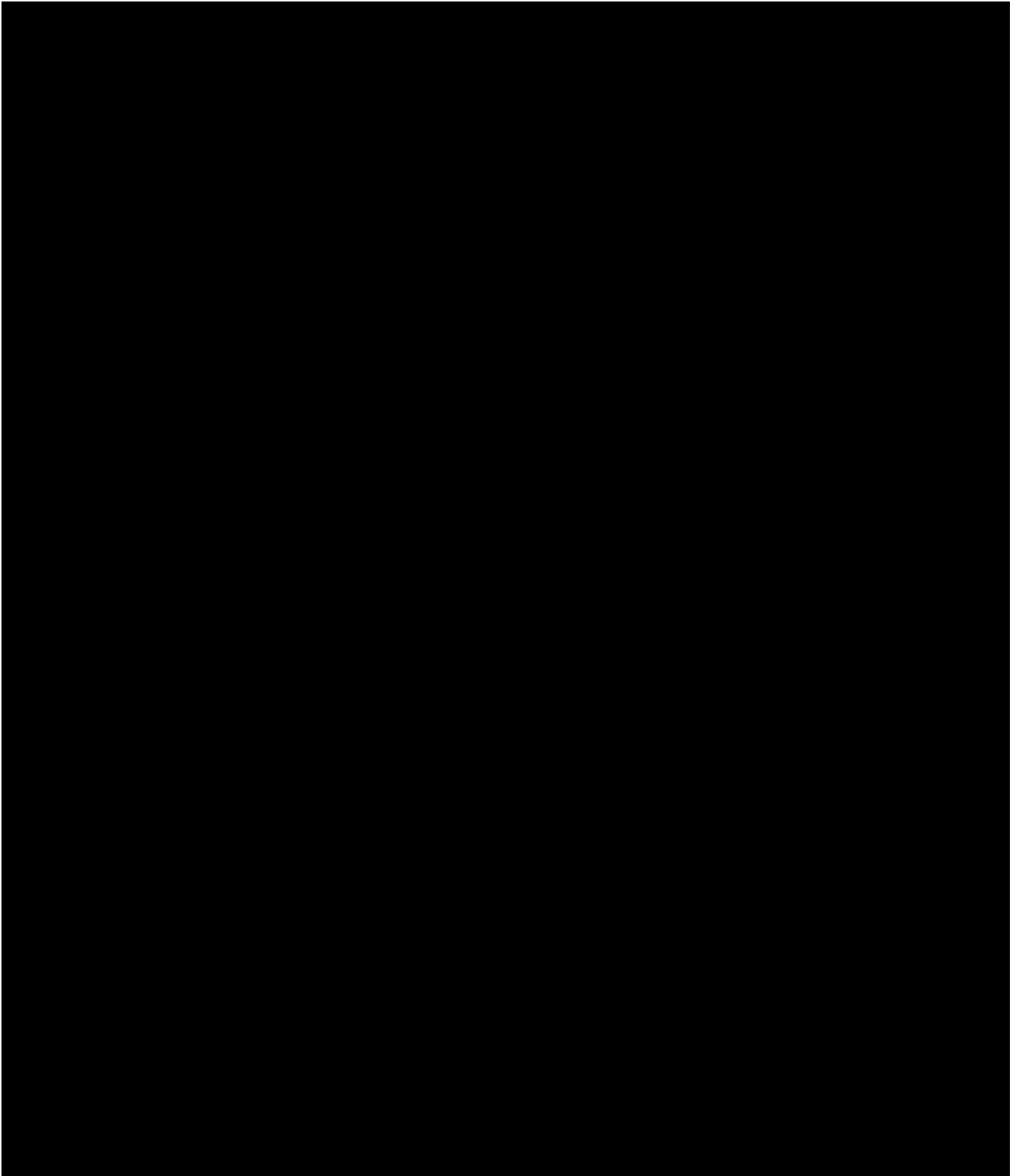
[REDACTED]

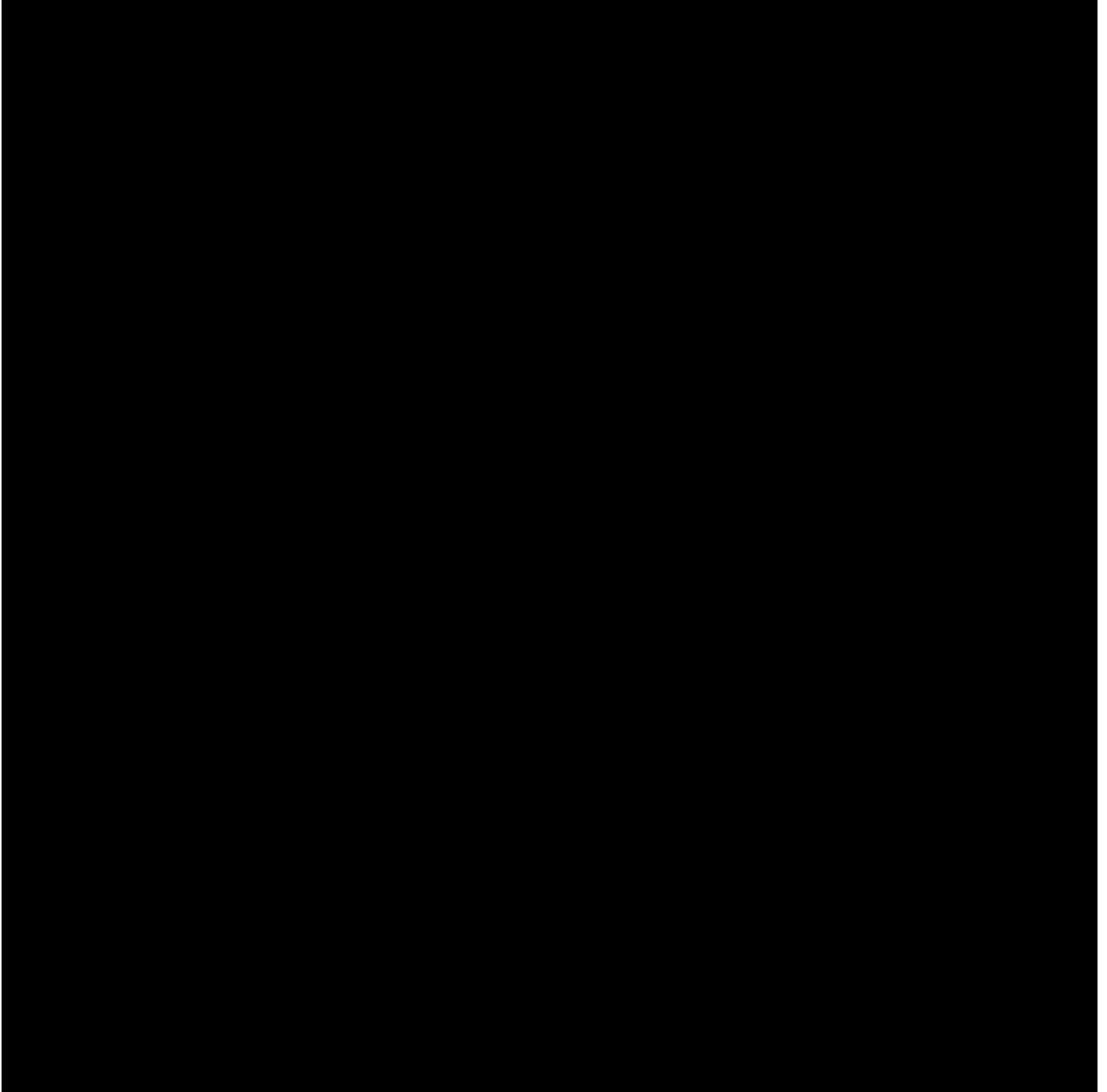
Other than pursuing resources bilaterally, the 2022 Local RA RFO was the last opportunity for CPE to procure resources for their 2023 allocation. After accounting for all self-shown capacity and resources contracted through the competitive solicitation in the 2021 and 2022 CPE RFO processes, CPE will have a net short position [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]





9 OBSERVATIONS, CONCLUSIONS, AND RECOMMENDATIONS

9.1 OBSERVATIONS & CONCLUSIONS

Merrimack Energy has the following observations and conclusions regarding the 2022 PG&E CPE Local RA RFO process based on its role of IE in this process:

- The CPUC adopted a hybrid central procurement framework beginning for the 2023 RA compliance year. The hybrid approach allowed the CPE to secure a portfolio of the most effective local resources, using its purchasing power in constrained local areas, mitigate the need for costly backup procurement in certain local areas, and ensured a least cost solution for customers and equitable cost allocation. The hybrid approach also allowed individual LSEs to voluntarily procure local resources to meet their system and flexible RA requirements and count them towards their collective local RA requirements;
- The CPUC stated that the CPE shall evaluate resources using the least cost best fit methodology adopted in D.04-07-029. The least cost best fit methodology employed shall include the following selection criteria: (a) future needs in local and sub-local areas; (b) local effectiveness factors as published in the CAISO's LCRTS; (c) resource costs; (d) operational characteristics of the resources (efficiency, heat rate, age, ramp rate, flexibility, start-up time, facility type); (e) location of the facility (with consideration for environmental justice); (f) cost of potential alternatives; (g) greenhouse gas adders; (h) energy-use limitations; (i) procurement of preferred resources and energy storage (to be prioritized over fossil generation). The CPUC RA OIR Phase 1 Decision (D.22-03-034) made modifications to the CPE structure originally adopted, including (1) Requires the CPE to consider bids of any contract term length greater than or equal to one month – OP10; (2) Modifies the required CPE selection criteria established in OP 14 of the CPE Decision by (a) removing the Local Effectiveness Factors and (b) removal of efficiency, age, and flexibility as required components of the CPE's evaluation of "operational characteristics of the resources"; and (3) Removes facility age, heat rate, start-up time, and ramp rate from the data participants are required to provide to the CPE in its solicitation process – OP 9;
- PG&E CPE implemented the 2022 PG&E CPE Local RA RFO process consistent with the CPUC June 17, 2020 Decision D.20-06-002, the Central Procurement Entity Decision ("CPE Decision") and Decision D.20-12-006, the Local Capacity Requirement Reduction Compensation Mechanism Decision ("LCR RCM Decision"), and the CPUC RA OIR Phase 1 Decision

(D.22-03-034). The CPUC's CPE Decision adopted a framework that designates a central buyer to procure multi-year resource adequacy in the PG&E and Southern California Edison distribution service areas. PG&E CPE served the role of central buyer for PG&E's distribution service area. This solicitation process represents the second solicitation process undertaken by the PG&E CPE to procure Local RA Capacity for 2023 through 2025;

- The CPE Decision also identified specific areas of focus for the IE in addition to traditional IE requirements identified in the IE Report Template. The CPE Decision also directs an Independent Evaluator ("IE") report to be filed annually with the central procurement entities' compliance filing, which will increase transparency into any gas-fired procurement by including the basis for any fossil fuel procurement that exceeds the minimum multi-year requirements. The IE report will also assess the neutrality of the procurement process, any market power or aggregate pricing concerns, procurement of preferred resources (e.g., on what basis preferred resources were not selected), and consideration of disadvantaged communities in the procurement process. The IE report should also provide its perspective on the PG&E CPE's deferral decision to the CAISO backstop mechanism. In addition, the CPE Decision requires the IE to address if the procurement was deemed by the independent evaluator to have followed all relevant Commission guidance, including the least cost best fit methodology and other noted selection criteria. Section 8 of this report addresses these requirements;
- PG&E CPE engaged the IE in the development and implementation of the solicitation process from the very beginning (March 2022). During this time, the IE had the opportunity to review and comment on all solicitation materials including the Code of Conduct, RFO Solicitation Protocols, Resource Adequacy agreements, Offer Forms, Supplemental Local Resource Information (Appendix B), internal Evaluation Protocols for the quantitative and qualitative evaluation, and evaluation results. In addition, the PG&E CPE team and IE met weekly to discuss the status of the solicitation process. The IE was also provided the opportunity to participate in all calls with Participants throughout the process and was copied on all emails;
- PG&E CPE engaged the CAM PRG and Energy Division throughout the process, including holding three (3) CAM PRG meetings throughout the process to seek input on the implementation of the 2022 PG&E CPE Local RA solicitation process including the solicitation launch, offer submission overview and qualification, and proposed portfolio selection on April 8, 2022, June 9, 2022 and July 26, 2022;

- The Protocol documents were reasonably clear and transparent. Furthermore, PG&E CPE held a Participants Webinar that included a detailed tutorial of the Offer Form after issuance of the RFO Documents to allow Participants the opportunity to gain a perspective on the requirements of the RFO and Offer Forms and allow the Participants to submit questions and receive responses prior to submission of offers;
- PG&E CPE's Solicitation Protocol clearly included a list of the eligibility requirements that Participants must meet to participate in the RFO. The eligibility requirements included:
 - New or existing resources that are located within the PG&E Local Capacity Areas and that meet the solicitation requirements;
 - Resources offered into the solicitation must have a single CAISO Resource Identification as defined in the CAISO Tariff;
 - Aggregated behind-the-meter resources, including demand response, must be in a single Sub-Lap, as such term is defined in the CAISO Tariff;
 - All Resources participating in this RFO must be able to provide RA within the PG&E Local Capacity Areas;
 - Resources included in any Offer must meet the applicable CPUC and CAISO RA requirements, CAISO requirements for deliverability, as well as requirements that will enable PG&E to receive all of the applicable RA benefits associated with the resource;
 - All resources participating in this RFO must be electrically connected in a PG&E Local Capacity Area and remain listed as such per the CAISO's Local Capacity Technical Study.
- PG&E CPE's Notification to prospective Participants regarding the procurement process was sent to PG&E's list of potential Participants of almost 2,700 contacts, illustrating a robust outreach process;
- PG&E CPE also engaged Participants in the process throughout the solicitation, initially communicating with Participants after submission of offers to attempt to qualify offers for the solicitation and to seek feed-back from Participants. PG&E CPE also engaged the Participants after offer qualification to discuss the contract negotiation process and seek discussion regarding comments on the agreements. The parties were also actively engaged once negotiations were initiated;
- The IE finds that PG&E CPE followed the CPUC Decision guidance and requirements including:
 - Allowing for broad eligibility to bid into the solicitation;

- Applying a least cost best fit methodology;
- Including the evaluation and selection criteria identified in the CPE Decision;
- Maintaining an objective of mitigating the need for backup generation in certain local areas;

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

³³ Merrimack Energy uses August data frequently throughout the report for comparison purposes since August is a key peak summer month for resource demand and supply assessment. █

█ [REDACTED]

[REDACTED]

- PG&E CPE evaluated all competitive offers using the same guidelines and criteria, consistent with the requirements in OP 14 of the CPE Decision and OP 8 of the OIR Phase 1 Decision, using both quantitative and qualitative criteria to evaluate all qualified competitive offers.

[REDACTED]

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

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

• [REDACTED]

• [REDACTED]

• [REDACTED]

- The IE found no evidence of any preference toward any bidder, resource or type of project. All Participants, [REDACTED], were required to respond to the same Offer Forms and other information requirements and were required to execute separate contracts for all resources offered;

- [REDACTED] the IE did not witness any evidence of market power or pricing concerns associated with the RFO. However, the IE reviewed the 2022 NQC data list and compiled the NQC data by generator and capacity for each PG&E Local Area compared to the capacity bid in the Local Area and the ownership of the generation capacity by Local Area. The IE found that one generation company does own or control approximately 46% of the capacity in the Bay Area and over 66% of the capacity located in the North Coast North Bay Area. [REDACTED]

[REDACTED] However, the potential for any market

power concerns in these two Areas should be considered in future solicitations, as required.

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



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



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

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

[REDACTED] Other than pursuing resources bilaterally, the 2022 Local RA RFO was the last opportunity for CPE to procure resources for their 2023 allocations. After accounting for all self-shown capacity and resources contracted through the competitive solicitation process in the 2021 and 2022 CPE RFO processes, CPE will have a net short position [REDACTED]

- [REDACTED] In 2023, there was no incremental capacity not selected by CPE that would have allowed the CPE to meet their needs in any local area had those offers been selected. [REDACTED]

[REDACTED]

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

9.2 RECOMMENDATIONS

- [REDACTED]

- PG&E accepted the IEs suggestion to reach out to owners of generation assets in PG&E's local areas that may have capacity available but have not competed in the CPE RFOs. [REDACTED] While PG&E CPE did conduct extensive outreach prior to the launch of the 2022 RFO, [REDACTED] the IE encourages PG&E CPE to continue an

aggressive outreach process to encourage more entities to participate in the CPE process.

PACIFIC GAS AND ELECTRIC COMPANY

Attachment 4

Deferred Procurement

(Public Attachment E)

Public Attachment E

Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE) CPE Annual Compliance Report (ACR) September 19, 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.”¹ 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.²

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 solicitations, the PG&E CPE was able to procure enough local RA resources to meet the

¹ D.20-06-002 at 100, OP 26.

² *Id.*

Public Attachment E

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

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.

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

Public Attachment E

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

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

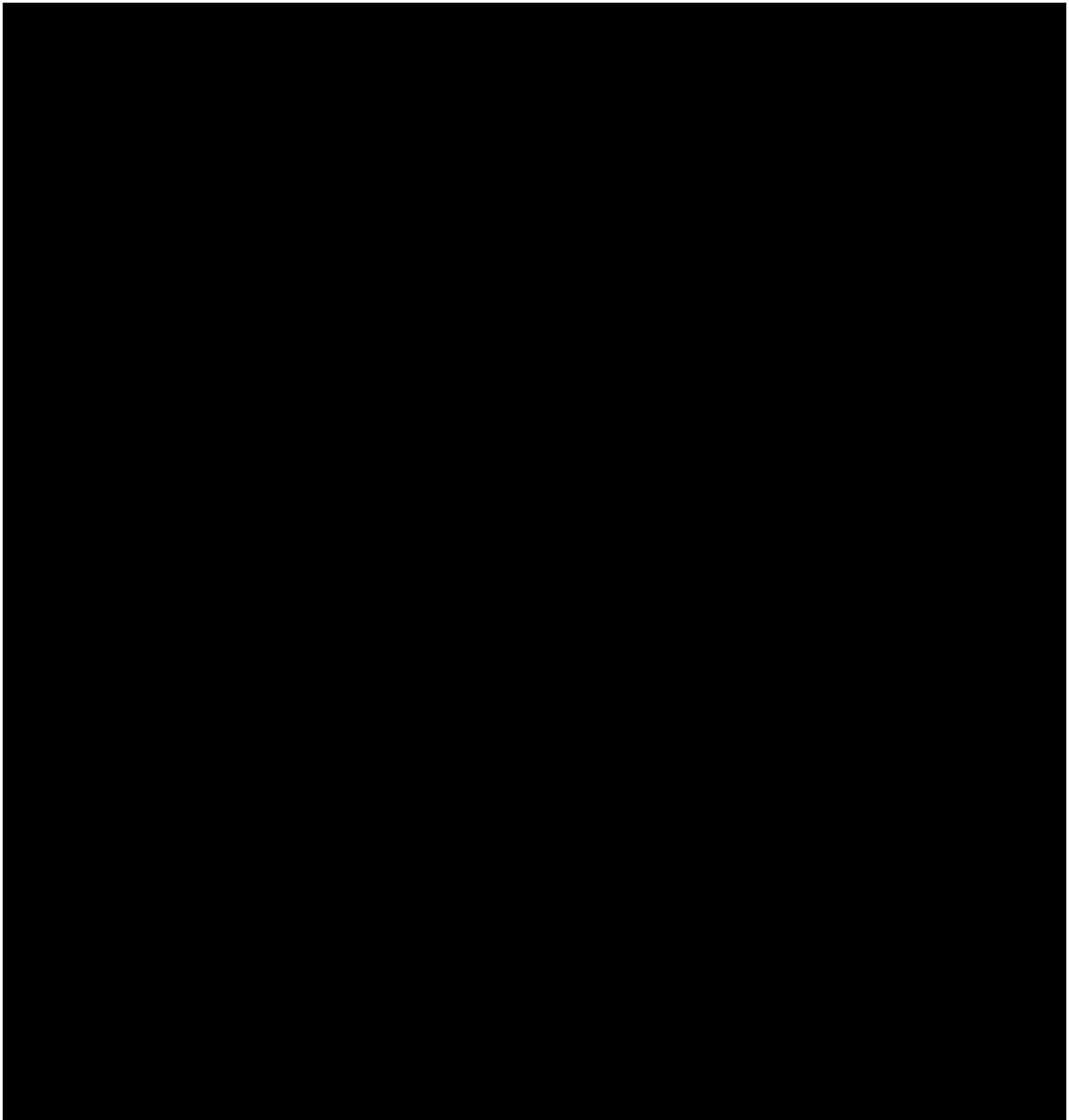
As described above, while participation from market participants in the 2022 PG&E CPE Local RA RFO increased substantially from the previous year's RFO, the PG&E CPE still did not receive enough offers of local RA capacity through the competitive offer or the self-shown process to meet the 2023 local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

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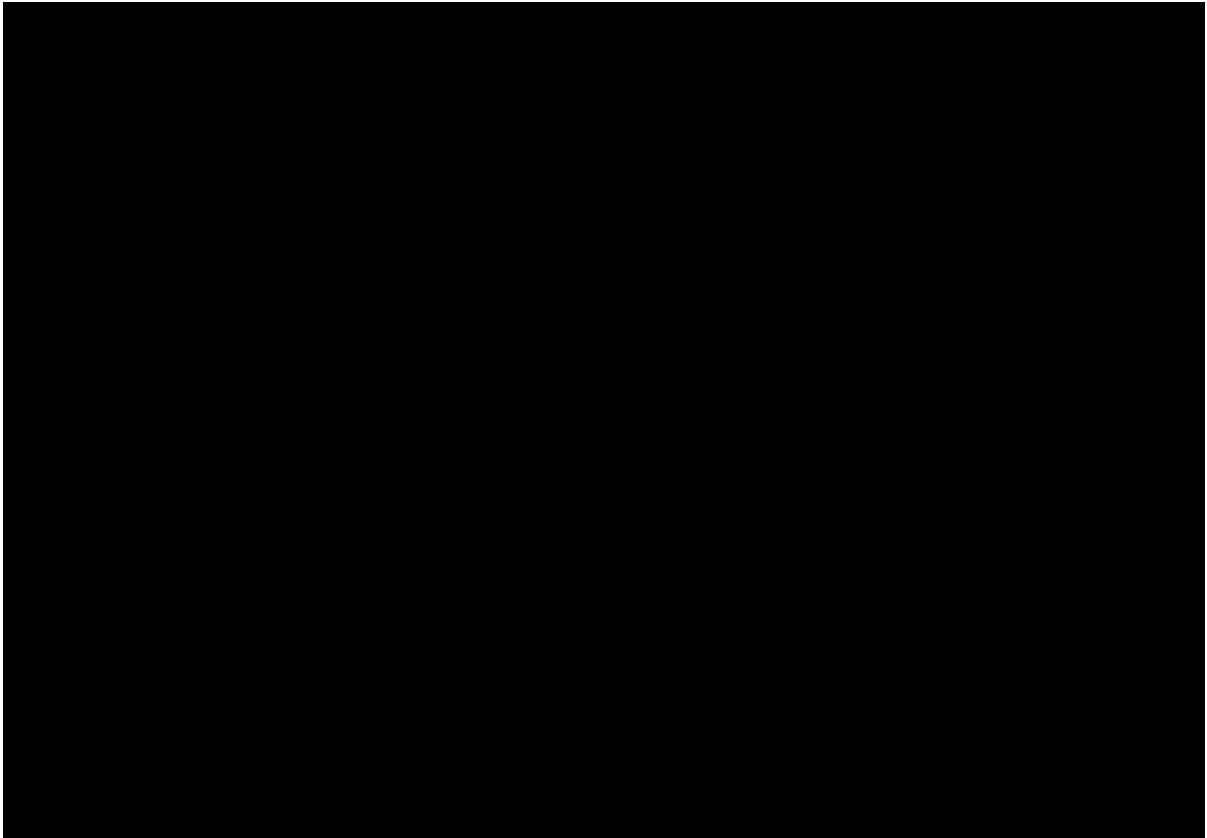
**Pacific Gas and Electric Company (PG&E) acting as the Central Procurement Entity (CPE)
CPE Annual Compliance Report (ACR)
September 19, 2022**

not offered in the remaining deficient local areas amounts to a total of about 2,404 MWs based on August MW capacity values.



Public Attachment E

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



2. High Pricing

[Redacted text block consisting of five horizontal black bars of varying lengths, indicating redacted content under the 'High Pricing' section.]

Public Attachment E

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

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Public Attachment E

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

[REDACTED]

3. Inability to Come to Terms in Contractual Agreement

[REDACTED]

4. Other Relevant Information

Public Attachment E

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

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 5

**(a) CPE Solicitation Protocol, (b) Market Notice
Announcement of the Issuance of the RFO, and
(c) Compliance with Ordering Paragraphs of
Decision 20-06-022, Decision 20-12-006 and
Decision 22-03-034**



*Pacific Gas and
Electric Company®*

2022 Central Procurement Entity

Local Resource Adequacy

Request for Offers & Commitments

Solicitation Protocol

April 18, 2022

If you encounter any digital or disability access issues with any documents related to this RFO or would like to provide PG&E with feedback or suggestions, please e-mail our ADA Support Team at ADAsupport@pge.com. The mailbox is monitored during regular business hours (M-F; 8am-5pm). We will respond to your inquiry within 1 business day.

Table of Contents

I. Introduction and Background	5
I.A. Introduction	5
I.B. Central Procurement Entity	5
I.C. PG&E as the CPE.....	6
I.D. Background on Local RA Program	6
I.E. Website and Communication.....	8
II. RFO Overview	9
II.A. PG&E CPE Resource Needs	9
II.B. Resource Eligibility Requirements.....	9
II.C. Commitments and Products Requested by PG&E CPE	10
II.D. CPE Commitment & Procurement Processes.....	10
II.E. Commitment, Product, and Process Summary	11
II.F. Expected RFO Schedule.....	13
III. Terms for RFO Participation	14
IV. PG&E CPE’s Reservation of Rights	16
V. Confidentiality Agreement	17
VI. Procurement Review Group/Cost Allocation Mechanism Review	18
VII. Notification to Participants	18
VIII. Submission of Self-Shown Attestation	19
IX. Execution of Agreement	19
X. Waiver of Claims and Limitations of Remedies	20
XI. Termination of the RFO-Related Matters	21
Attachment 1: Non-Compensated Self-Shown Commitment Process	22
Attachment 2A: Competitive Offer Process – Compensated Self-Shown Commitment	27
Attachment 2B: Competitive Offer Process – Bundled RA & Bundled RA with Energy Settlement	41

LIST OF APPENDICES

Appendix A	Offer Form
Appendix A1	Offer Form - Compensated Self-Shown Commitment
Appendix A2	Offer Form - Bundled RA and Bundled RA with Energy Settlement
Appendix B	Supplemental Information
Appendix B1	Supplemental Resource Information
Appendix B2	Supplemental Counterparty Financial Information
Appendix C	FERC Order 717
Appendix D	Confidentiality Agreement
Appendix E	Agreement Forms (“Agreements”)
Appendix E1	Compensated Self-Shown Commitment Agreement
Appendix E2	Resource Adequacy Agreement for Owner of Existing Resource
Appendix E3	Resource Adequacy Agreement for Owner of New Resource
Appendix E4	Resource Adequacy Agreement for Non-Owner of Existing Resource
Appendix E5	Resource Adequacy Agreement for Non-Owner of New Resource
Appendix F	Self-Shown Commitment Forms

Appendix F1	Non-Compensated Self-Shown Commitment Form
Appendix F2	Compensated Self-Shown Commitment Form
Appendix F3	Default to Self-Shown Commitment Form

I. Introduction and Background

I.A. Introduction

Pursuant to California Public Utilities Commission (“CPUC”) Decision (“D.”) [20-06-002](#), the Central Procurement Entity Decision (“CPE Decision”), [D.20-12-006](#), the Local Capacity Requirement Reduction Compensation Mechanism Decision (“LCR RCM Decision”), and [D.22-03-034](#) (“RA OIR Phase 1 Decision”) (collectively, “Decisions”), Pacific Gas and Electric Company (“PG&E”) acting as the Central Procurement Entity (“CPE” or “PG&E CPE”) in its distribution service area is issuing its 2022 CPE Local Resource Adequacy (“RA”) Request for Offers and Commitments (“RFO”) to procure local RA capacity (“Local RA”) or obtain self-shown commitments for Local RA for delivery beginning within the 2023–2025 compliance years.

Per the Decisions, PG&E is required to procure Local RA or obtain self-shown commitments for Local RA to meet the 3-year forward multi-year Local RA requirement on behalf of all CPUC-jurisdictional load serving entities (“CPUC LSEs”) within its electric distribution service area. PG&E CPE is procuring Local RA or having Local RA committed in areas within PG&E’s distribution service area that are transmission constrained (“Local Capacity Areas”).

In 2022 PG&E CPE is required to procure or obtain self-shown commitments for:

- 1) 100 percent of the CPUC’s 2023 Local RA requirements in PG&E’s distribution service area;
- 2) 100 percent of the CPUC’s 2024 Local RA requirements in PG&E’s distribution service area; and
- 3) 50 percent of the CPUC’s 2025 Local RA requirements in PG&E’s distribution service area.¹

Each participant in this RFO (“Participant”) is strongly encouraged to review the Decisions prior to participating in this RFO. For purposes of this RFO, the definition of “Participant” includes an LSE that provides a Non-Compensated Self-Shown Commitment².

I.B. Central Procurement Entity

On June 17, 2020, the CPUC issued the CPE Decision, effective as of June 11, 2020, which identifies PG&E and Southern California Edison Company (“SCE”) as the central procurement

¹ In 2021, PG&E CPE conducted procurement of Local RA through its 2021 CPE Local RA RFO. A summary of the results of PG&E CPE’s 2021 procurement can be found in Attachment 1 of [PG&E CPE’s 2021 Annual Compliance Report \(Advice Letter 6386-E and Advice Letter 6386-E--A\)](#).

² The Non-Compensated Self-Shown Commitment is described in Section II.C. below.

entities for their respective electric distribution service areas. Since 2021, PG&E and SCE are required to procure local capacity or have local capacity committed to meet the 3-year forward multi-year Local RA requirement on behalf of all CPUC LSEs within their respective electric distribution service areas.

On December 4, 2020, the CPUC issued the LCR RCM Decision, effective as of December 3, 2020, which adopts a financial crediting mechanism to provide LSEs with additional incentives for investments in preferred and energy storage resources in Local Capacity Areas. The LCR RCM Decision also adopts the central procurement entities' competitive neutrality rules.

On March 18, 2022, the CPUC issued the RA OIR Phase 1 Decision, effective as of March 17, 2022, which adopts modifications to the central procurement entity structure adopted in the CPE Decision and LCR RCM Decision, including revisions to the requirements for self-shown resources, the CPE procurement timeline, and the CPEs' solicitation selection criteria.

I.C. PG&E as the CPE

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

The Decisions allow PG&E, on behalf of its bundled electric service customers, to participate ("PG&E Participant") in this RFO in the same manner as all other CPUC LSEs. The Decisions outline specific requirements with respect to PG&E Participant's participation in PG&E CPE's RFO (e.g., timing of offer submission).

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

I.D. Background on Local RA Program

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

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

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

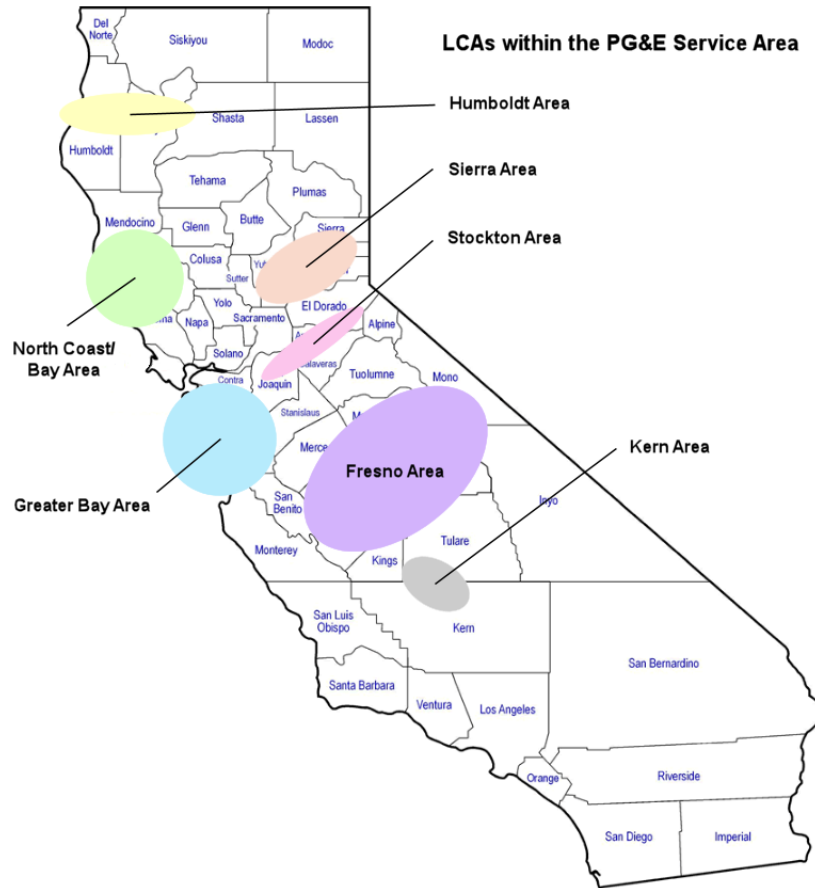
Local capacity requirements are determined through the California Independent System Operator Corporation's ("CAISO") annual Local Capacity Technical Study. Based on the results of the CAISO's annual Local Capacity Technical Study, the CPUC adopts and allocates local capacity requirements for PG&E and SCE's service areas to the relevant central procurement entity (PG&E or SCE).

Capacity that meets the local capacity requirements adopted by the CPUC is referred to as Net Qualifying Capacity ("NQC"), which is calculated by the CPUC and CAISO for each resource and published by the CAISO on an annual basis. The most recent NQC list is located on CAISO's website at the following link:

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

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

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



I.E. Website and Communication

PG&E CPE has established a website at pge.com/2022cperfo where Participants may access and download all RFO documents, announcements, and Q&As that are posted.

To ensure the accuracy and consistency of information provided to all Participants, PG&E CPE encourages Participants to submit any inquiries via e-mail to CPESolicitations@pge.com and copy the Independent Evaluator ("IE"), Merrimack Energy Group, Inc., at merrimackIE@merrimackenergy.com. With respect to a matter of general interest raised by any Participant, PG&E CPE may, without reference to the inquiring Participant, post the question and PG&E CPE's response on PG&E CPE's RFO website. PG&E CPE will attempt to respond to all inquiries but may decline to respond to any particular inquiry.

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

II. RFO Overview

II.A. PG&E CPE Resource Needs

In order to meet its central procurement obligations ordered in the Decisions, PG&E CPE is seeking to (1) obtain commitments from CPUC LSEs that will self-show their resources to reduce the total Local RA need in PG&E's distribution service area, and (2) procure RA capacity from new and existing resources that are located in PG&E's Local Capacity Areas to meet the remaining Local RA need allocated to PG&E CPE by the CPUC. All resources must meet the requirements and criteria specified in this RFO.

Per the CAISO's [Draft 2023 Local Capacity Technical Study](#), the following PG&E Local Capacity Areas are resource deficient.³ The development of new resources in these Local Capacity Areas will help to ensure local reliability in PG&E's distribution service area.

- Greater Bay Area
- Greater Fresno Area
- Kern
- Sierra
- Stockton

II.B. Resource Eligibility Requirements

- All resources participating in this RFO must have a single CAISO Resource Identification ("CAISO Resource ID"), as defined in the CAISO Tariff. Aggregated behind-the-meter resources, including demand response, must be in a single Sub-LAP, as such term is defined in the CAISO Tariff.
- All resources participating in this RFO must be able to provide RA. Resources must meet the applicable CPUC and CAISO RA requirements, CAISO requirements for deliverability, as well as any other requirements that will enable PG&E CPE to receive all applicable RA benefits associated with the resource.

³ Per the CAISO's Local Capacity Technical Study: reference to resource deficient areas implies that in order to comply with the criteria, at summer peak, load may be shed immediately after the first contingency.

- All resources participating in this RFO must be electrically connected in a PG&E Local Capacity Area and remain listed as such per the CAISO’s Local Capacity Technical Study.

Details on additional eligibility requirements for participation in this RFO are included in [Attachment 1: Non-Compensated Self-Shown Commitment Process](#) (“Attachment 1”), [Attachment 2A: Competitive Offer Process – Compensated Self-Shown Commitment](#) (“Attachment 2A”), and [Attachment 2B: Competitive Offer Process – Bundled RA & Bundled RA with Energy Settlement](#) (“Attachment 2B”). Participants are encouraged to thoroughly review each relevant attachment.

II.C. Commitments and Products Requested by PG&E CPE

PG&E CPE is requesting the following commitments and/or products in this RFO:

Non-Compensated Self-Shown Commitment: A commitment from a CPUC LSE to self-show Local RA that is ineligible for compensation consistent with the process outlined in the Decisions. Participants that provide a Non-Compensated Self-Shown Commitment will retain the system and, if applicable, flexible RA attributes of the resource.

Compensated Self-Shown Commitment: A commitment from a CPUC LSE to self-show Local RA that is eligible for compensation consistent with the process outlined in the Decisions. Participants that provide a Compensated Self-Shown Commitment will retain the system and, if applicable, flexible RA attributes of the resource.

Bundled RA: A bundled RA capacity product (“Bundled RA”) that will be compensated, which includes local, system and, if applicable, flexible RA attributes.

Bundled RA with Energy Settlement: Bundled RA that will be compensated, which includes a financial energy settlement based on CAISO market energy prices.

II.D. CPE Commitment & Procurement Processes

Participants may provide the commitments and/or products identified above using two distinct processes:

1. Non-Compensated Self-Shown Commitment Process:

PG&E CPE requests that CPUC LSEs that meet the criteria set forth in this Solicitation Protocol for this RFO (“Protocol”) submit to PG&E CPE a Non-Compensated Self-Shown Commitment.

More details on the Non-Compensated Self-Shown Commitment process can be found in [Attachment 1: Non-Compensated Self-Shown Commitment Process](#) of this Protocol.

2. Competitive Offer Process:

PG&E CPE requests that entities that meet the criteria set forth in this Protocol submit competitive offers as detailed below (each, “Competitive Offer”):

Compensated Self-Shown Commitment: PG&E CPE seeks to execute Agreements as described herein with CPUC LSEs that elect to offer Compensated Self-Shown Commitments.

More details on Competitive Offers for Compensated Self-Shown Commitments can be found in [Attachment 2A: Competitive Offer Process – Compensated Self-Shown Commitments](#) of this Protocol.

Bundled RA: PG&E CPE seeks to execute Agreements as described herein with Participants for Bundled RA (inclusive of system and flexible RA attributes, where applicable).

More details on Competitive Offers for Bundled RA can be found in [Attachment 2B: Competitive Offer Process – Bundled RA & Bundled RA with Energy Settlement](#) of this Protocol.

Bundled RA with Energy Settlement: PG&E CPE seeks to execute Agreements as described herein with Participants for Bundled RA with Energy Settlement (inclusive of system and flexible RA attributes, where applicable).

More details on Competitive Offers for Bundled RA with Energy Settlement can be found in [Attachment 2B: Competitive Offer Process – Bundled RA & Bundled RA with Energy Settlement](#) of this Protocol.

Option to Self-Show for No Compensation: Per Ordering Paragraph (“OP”) 4(b)(2) of the CPE Decision, CPUC LSEs have the option to indicate in their Competitive Offers for either Bundled RA OR Bundled RA with Energy Settlement that the Local RA associated with their Competitive Offer will be a Non-Compensated Self-Shown Commitment if their Competitive Offer is not selected as part of the Competitive Offer Process (“Default to Self-Shown Option”).

Competitive Offers and Non-Compensated Self-Shown Commitments shall not be made contingent upon or subject to the execution of any Agreement related to any other Competitive Offer or the acceptance of any other Non-Compensated Self-Shown Commitment.

II.E. Commitment, Product, and Process Summary

An overview of the commitments, products, and processes used in this RFO for PG&E CPE to meet its central procurement obligations are described Table II.1 below.

Table II.1: Overview of 2022 CPE Local RA RFO Commitments, Products, and Processes

Process	Commitment or Product	Participant Type
Non-Compensated Self-Shown Commitment Process	Non-Compensated Self-Shown Commitment	CPUC LSEs
Competitive Offer Process	Compensated Self-Shown Commitment	CPUC LSEs
	Bundled RA <i>Option for CPUC LSEs only: May indicate in their Competitive Offers that the Local RA attributes associated with the Competitive Offer for Bundled RA will be a Non-Compensated Self-Shown Commitment if the Competitive Offer is not selected as part of the Competitive Offer Process.</i>	Any Participant
	Bundled RA with Energy Settlement <i>Option for CPUC LSEs only: May indicate in their Competitive Offers that the Local RA attributes associated with the Competitive Offer for Bundled RA with Energy Settlement will be a Non-Compensated Self-Shown Commitment if the Competitive Offer is not selected as part of the Competitive Offer Process.</i>	Any Participant

This Protocol sets forth the terms and conditions by which PG&E CPE will accept Non-Compensated Self-Shown Commitments and Competitive Offers to meet the objectives of the Decisions. A Participant submitting a Non-Compensated Self-Shown Commitment or Competitive Offer in response to this RFO agrees to be bound by all the terms, conditions, and other provisions of this RFO and any changes or supplements to it that may be issued by PG&E CPE. The obligations of the Participant are further described in Section III: “Terms for RFO Participation”.

Competitive Offers that meet the requirements and eligibility criteria specified in this Protocol will be deemed qualified (“Qualified”) and PG&E CPE will notify Participants that their Competitive Offers are Qualified in accordance with the schedule in Table II.2 below. PG&E CPE will evaluate Competitive Offers that are deemed Qualified and, depending on the results of this evaluation, may seek to enter into Agreements related to those Competitive Offers.

This Protocol governs the administration and submission of Non-Compensated Self-Shown Commitments and Competitive Offers in connection with the RFO. This Protocol supersedes any other written or oral form of communication during the RFO.

II.F. Expected RFO Schedule

The expected schedule for this RFO is listed in Table II.2 below. All deadlines occur at 5:00 P.M. Pacific Prevailing Time (“PPT”), unless otherwise noted.

Table II.2: Expected Schedule for PG&E’s 2022 CPE Local RA RFO

Event	Date
Participants are invited to register online to receive notices regarding the RFO at www.pge.com/cpe	Ongoing
PG&E CPE issues RFO	April 18, 2022
Participants’ Webinar	April 27, 2022
Deadline for CPUC LSEs to submit Non-Compensated Self-Shown Commitments ⁴	May 18, 2022 at 1PM (PPT)
Deadline for PG&E Participant to submit Competitive Offers via Power Advocate	May 20, 2022 at 1PM (PPT)
Deadline for Non-PG&E Participants to submit Competitive Offers via Power Advocate ⁵	May 23, 2022 at 1PM (PPT)
PG&E CPE notifies Participants that their Competitive Offer(s) are Qualified. PG&E CPE notifies the CAM PRG of all Competitive Offers that are deemed Qualified	Mid-June 2022
Participants with Qualified Competitive Offers for New resources are required to have completed the safety prequalification with IS-Net as further described in Section VI of Attachment 2A and Attachment 2B	June 30, 2022
Estimated time frame for execution of Agreement(s) resulting from the Competitive Offer Process, provided that the Agreement(s) are mutually agreed to by both PG&E CPE and the respective Participant	Late July 2022
PG&E CPE’s estimated Local RA Showing for the 2023, 2024, and 2025 compliance years with the CPUC	Mid-August 2022

⁴ The schedule for the Non-Compensated Self-Shown Commitment Process is consistent with the timeline adopted in the RA OIR Phase 1 Decision.

⁵ The deadline for the Competitive Offer Process for Compensated Self-Shown Commitments is consistent with the timeline adopted in the RA OIR Phase 1 Decision.

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

III. Terms for RFO Participation

Each Participant providing a Non-Compensated Self-Shown Commitment or Competitive Offer also shall provide its electronic signature of a duly authorized representative of Participant in the applicable Non-Compensated Self-Shown Commitment Form and/or Offer Form. By providing such signature the Participant (a) agrees to be bound by all terms, conditions, and other provisions of this RFO and any changes or supplements to it that may be issued by PG&E CPE, and (b) makes the following representations and warranties, as applicable, as of its signature date and throughout the RFO process:

1. Participant has read, understands, and agrees to be bound by all terms, conditions, and other provisions of the RFO.
2. Participant has had the opportunity to seek independent legal and financial advice of its own choosing with respect to the RFO, including all Appendices to the RFO.
3. Participant has obtained all necessary authorizations, approvals and waivers, if any, required of Participant as a condition of providing its Non-Compensated Self-Shown Commitment or Competitive Offer and executing the applicable Self-Shown Attestation⁶ and/or Agreement with PG&E CPE in the form submitted with its Non-Compensated Self-Shown Commitment or Competitive Offer.
4. Participant is not PG&E, an affiliate of PG&E, PG&E Corporation, or any of their affiliates; provided that, this representation and warranty shall not be applicable to PG&E Participant.
5. Participant is submitting its Non-Compensated Self-Shown Commitment or Competitive Offer subject to all applicable laws including, but not limited to, the Federal Power Act and all amendments thereto, and Public Utilities Code section 454.5, and all amendments thereto.
6. Participant represents that it has carefully considered the terms and conditions of its Non-Compensated Self-Shown Commitment or Competitive Offer and that it is submitting its Non-Compensated Self-Shown Commitment or Competitive Offer in good faith, such that PG&E CPE may reasonably expect Participant to execute an

⁶ Self-Shown Attestation is defined in Section VIII below.

applicable Self-Shown Attestation⁷ and/or Agreement as provided in its Non-Compensated Self-Shown Commitment or Competitive Offer.

7. Neither Participant nor any of Participant's consultants has engaged in and shall not engage in communications concerning any terms contained in Participant's Non-Compensated Self-Shown Commitment or Competitive Offer, or review or evaluation of Participant's Non-Compensated Self-Shown Commitment or Competitive Offer, unless explicitly authorized in writing by PG&E CPE, with any of the following parties or entities: any other Participant in the RFO or their consultants or any non-PG&E members of PG&E's CAM or PRG group. The Participant (including any of its respective consultants) has not engaged in and shall not engage in activities in violation of State or Federal antitrust laws or other unlawful or unfair business practices in connection with the RFO ("Prohibited Communication Activities").

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

8. If Participant's Competitive Offer is Qualified, Participant agrees to participate in good faith, and to inform PG&E CPE if the resource that is the subject of the Qualified Competitive Offer has been submitted into another solicitation with PG&E or any other entity.
9. If a Participant is submitting a Competitive Offer jointly with other entities, and the Competitive Offer is Qualified, PG&E CPE may require, as part of the qualifying process, additional representations, and warranties, along with additional documentation, from all entities involved in the Competitive Offer.

⁷ Self-Shown Attestation is defined in Section VIII below.

10. Participant will promptly notify PG&E CPE of any change in circumstances that may affect its ability to fulfill the terms of its Non-Compensated Self-Shown Commitment or Competitive Offer, at any time from submission of the Non-Compensated Self-Shown Commitment or Competitive Offer to PG&E CPE's acceptance of the Non-Compensated Self-Shown Commitment or Competitive Offer, or Participant's withdrawal of the Non-Compensated Self-Shown Commitment or Competitive Offer, as applicable.
11. If a Participant is submitting a Competitive Offer, Participant will list any additional services its resource will provide outside of this RFO, per CPUC D.18-01-003, on Multiple-Use Application Issues, as applicable.

A BREACH BY PARTICIPANT OF ANY OF THE REPRESENTATIONS AND WARRANTIES IN SECTION III. OF THIS PROTOCOL, IN ADDITION TO ANY OTHER REMEDIES THAT MAY BE AVAILABLE TO PG&E UNDER APPLICABLE LAW, IS GROUNDS FOR IMMEDIATE DISQUALIFICATION OF SUCH PARTICIPANT FROM PARTICIPATION IN THE RFO AND, DEPENDING ON THE NATURE OR SEVERITY OF THE BREACH, MAY ALSO BE GROUNDS FOR TERMINATING THE RFO IN ITS ENTIRETY.

IV. PG&E CPE's Reservation of Rights

This RFO is an invitation to submit Non-Compensated Self-Shown Commitments or Competitive Offers to PG&E CPE; it does not constitute an offer to buy and creates no obligation for PG&E CPE to execute any Agreement or to enter into any transaction under any Agreement or otherwise as a consequence of the RFO. PG&E CPE reserves the right to request information from a Participant at any time during the RFO process. PG&E CPE reserves the right, in its sole discretion, to reject any Competitive Offer at any time for any reason, including but not limited to grounds that the Competitive Offer does not conform to the terms and conditions of this RFO or contains terms that are not acceptable to PG&E CPE. PG&E CPE also retains the discretion, in its sole judgment, at any time: (a) to formulate and implement new or additional criteria for the evaluation and selection of Competitive Offers only after consulting with the IE; (b) to engage with any Participant; (c) to deem or no longer deem any Competitive Offers as Qualified; or (d) to modify this RFO as it deems appropriate to implement the RFO and to comply with applicable law or other direction provided by the CPUC. PG&E CPE reserves the right, in its sole discretion, to reject any Non-Compensated Self-Shown Commitment if it does not conform to the terms and conditions of this RFO implementing the Decisions. PG&E CPE will not be liable for and will not reimburse any Participant for Participant's costs or expenses relating to eligibility for or participation in this RFO, including without limitation the preparation of any Non-Compensated Self-Shown Commitment and/or Competitive Offer, under any circumstances. In addition, PG&E CPE reserves the right to either suspend or terminate this RFO at any time for any reason. PG&E CPE will not be liable in any way, by reason of such

withdrawal, rejection, suspension, termination, or any other action described in this paragraph to any third party, including any Participant.

V. Confidentiality Agreement

Except with PG&E CPE's prior written consent, Participant shall not disclose its participation in this RFO (other than by attendance at any meeting held by PG&E CPE with respect to the RFO), collaborate on, provide to, or discuss with any other Participant or potential Participant bidding strategies or the content of any Non-Compensated Self-Shown Commitment(s) or Competitive Offer(s), including without limitation the price or any other terms or conditions of any Non-Compensated Self-Shown Commitment(s) or Competitive Offer(s). With respect to a Non-Compensated Self-Shown Commitment provided by a Participant, the Participant shall maintain in strict confidence the content of such Non-Compensated Self-Shown Commitment and shall not, without PG&E CPE's prior written consent, disclose the content of the Non-Compensated Self-Shown Commitment, in whole or in part, except: (a) to its affiliates, or their respective officers, directors, partners, employees, agents, or representatives who have a need to know the content of the communications and have agreed to keep such information confidential; or (b) in order to comply with any applicable law, regulation, rule or order issued by a court or entity with competent jurisdiction over Participant. The foregoing confidentiality obligation with respect to the content of a Non-Compensated Self-Shown Commitment shall survive the termination or conclusion of this RFO and continue in full force and effect until the expiration of the time period of the self-shown commitment as stated in such Non-Compensated Self-Shown Commitment.

Except as provided below, all information and documents clearly identified by Participant as "Confidential" on the page(s) on which confidential information appears shall be considered confidential information. PG&E CPE shall maintain such confidential information in strict confidence and, subject to the exceptions set forth below, shall only disclose such confidential information to PG&E or PG&E Corporation's officers, directors, employees, agents, counsel, accountants, advisors, or contractors for the sole purpose of performing their duties in connection with the RFO, evaluation of submissions made in connection therewith, or negotiation of any Agreement; provided that, PG&E CPE may use confidential information, consolidated with other market information and not specifically attributed to the Provider, for PG&E CPE's own internal use or in the context of regulatory or other proceedings.

It is expressly acknowledged and agreed by Participant that materials submitted by Participant in connection with this RFO will be provided to the CPUC, its staff, the Independent Evaluator, PG&E Procurement Review Group ("PRG"), and Cost Allocation Mechanism group ("CAM"). To the extent available under applicable law, regulation, rule or order, PG&E CPE will seek confidential treatment with respect to any Participant-supplied non-public RFO information and documents ("Participant's Confidential Information") that are submitted by PG&E CPE to the CPUC. PG&E CPE will also seek confidentiality and/or non-disclosure agreements with the PRG

and CAM applicable to the Participant's Confidential Information. PG&E CPE cannot, however, ensure that the CPUC will afford confidential treatment to a Participant's Confidential Information, or that those confidentiality agreements or orders will be obtained from and/or honored by the PRG, CAM, or the CPUC.

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

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

VI. Procurement Review Group/Cost Allocation Mechanism Review

PG&E CPE will consult the IE, PRG and CAM in accordance with the Decisions. Following completion of PG&E CPE's review of Non-Compensated Self-Shown Commitments and Competitive Offers, PG&E CPE will submit a summary of all Non-Compensated Self-Shown Commitments and Competitive Offers to the PRG and CAM.

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

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

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

VII. Notification to Participants

The RFO Schedule set forth in Section II.F may be modified by PG&E CPE at PG&E CPE's sole discretion. PG&E CPE will endeavor to notify Participants of any changes to the RFO Schedule

but shall not be liable for any costs or liability incurred by Participants or any other party due to any change or for failing to provide notice or acceptable notice of any change.

As previously stated, PG&E CPE may contact Participants during the review and evaluation process to seek clarity or notify Participants of deficiencies or inconsistencies in their Non-Compensated Self-Shown Commitments or Competitive Offers, however Participants should not expect this level of guidance due to the time constraints of the RFO.

PG&E CPE expects to be able to provide an e-mail notification to Participants whose Competitive Offers have been deemed Qualified. PG&E CPE anticipates notifying those Participants whose Competitive Offers were not Qualified shortly thereafter.

VIII. Submission of Self-Shown Attestation

In accordance with OP 2 of the RA OIR Phase 1 Decision, a CPUC LSE that provides a Non-Compensated Self-Shown Commitment or Compensated Self-Shown Commitment must submit an attestation (“Self-Shown Attestation”) that provides that:

- a. The LSE has the capacity rights to the Resource Adequacy (RA) resource for the period it is self-showing;
- b. The LSE intends to self-show the RA resource on annual and monthly RA plans to satisfy its system and/or flexible RA needs
- c. If applicable, the resource that the LSE intends to self-show for compensation under the Local Capacity Requirement Reduction Compensation Mechanism (LCR RCM) meets the eligibility requirements pursuant to Decision 20-12-006.

Additional details on Self-Shown Attestations are included in [Attachment 1](#), [Attachment 2A](#), and [Attachment 2B](#). Participants are encouraged to thoroughly review each relevant attachment.

In addition to a Self-Shown Attestation, CPUC LSEs that submit a Competitive Offer for a Compensated Self-Shown Commitment are required to execute an Agreement if the Competitive Offer is selected. This process is consistent with OP 4 of the RA OIR Phase 1 Decision.

IX. Execution of Agreement

By submitting a Competitive Offer, Participant agrees that if its Competitive Offer is Qualified the Participant is prepared to execute the applicable Agreement consistent with the Participant’s Competitive Offer. PG&E CPE’s determination of a Participant’s Competitive Offer

as being Qualified will not constitute any agreement by PG&E CPE to any of the Participant's changes to the Agreement that Participant submitted.

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

X. Waiver of Claims and Limitations of Remedies

Except as expressly set forth in this Protocol, by submitting a Non-Compensated Self-Shown Commitment or Competitive Offer, Participant knowingly and voluntarily waives all remedies or damages at law or equity concerning or related in any way to the RFO, the Protocol and/or any attachments to the Protocol ("Waived Claims"). The assertion of any Waived Claims by Participant may, to the extent that Participant's Non-Compensated Self-Shown Commitment or Competitive Offer has not already been rejected or disqualified, automatically disqualify such Non-Compensated Self-Shown Commitment or Competitive Offer from further consideration in the RFO or otherwise.

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

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

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

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

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

XI. Termination of the RFO-Related Matters

PG&E CPE reserves the right at any time, in its sole discretion, to terminate the RFO for any reason whatsoever without prior notification to Participants and without liability of any kind to, or responsibility of, PG&E CPE or anyone acting on PG&E CPE 's behalf. Without limitation, grounds for termination of the RFO may include the assertion of any Waived Claims by a Participant or a determination by PG&E CPE that, following evaluation of the Competitive Offers, there are no Competitive Offers that provide adequate ratepayer benefit.

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

Unless earlier terminated, the RFO will terminate automatically upon the execution of one or more Agreements by selected Participants as described herein. In the event that no Agreements are executed, then the RFO will terminate automatically on that date which is twelve (12) months after issuance date of the RFO without any further action required by PG&E CPE.

In the event of termination of the RFO for any reason, PG&E CPE will not reimburse the Participant for any costs or expenses incurred in connection with the RFO, including with respect to eligibility for this RFO or preparation of any RFO submission, regardless of whether such Participant's Non-Compensated Self-Shown Commitment or Competitive Offer is accepted, not accepted, selected, not selected, rejected, or disqualified.

Attachment 1: Non-Compensated Self-Shown Commitment Process

I. OVERVIEW

In accordance with the Decisions, PG&E CPE is seeking Non-Compensated Self-Shown Commitments as part of the Non-Compensated Self-Shown Commitment Process of this RFO. CPUC LSEs can submit Non-Compensated Self-Shown Commitments from procured or owned resources for no compensation to PG&E CPE. PG&E CPE strongly encourages Participants to review the Decisions for details on how CPUC LSEs retain the system and flexible RA attributes of resources used for Non-Compensated Self-Shown Commitments.

CPUC LSEs that submit Non-Compensated Self-Shown Commitments may not submit a Competitive Offer from that same resource in the same delivery month.

Competitive Offers and Non-Compensated Self-Shown Commitments shall not be made contingent upon or subject to the execution of any Agreement related to any other Competitive Offer or the acceptance of any other Non-Compensated Self-Shown Commitment.

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

II. COMMITMENT OVERVIEW

Table II.1 below provides an overview of the Non-Compensated Self-Shown Commitment Process of this RFO, including the commitment to be provided pursuant to this RFO.

Table II.1: Overview of Non-Compensated Self-Shown Commitments

Commitment	Shown Term ⁸	Attestation(s)
Non-Compensated Self-Shown Commitment	May not commence prior to the 2023 RA compliance period on 1/1/2023 and may not extend beyond the 2025 RA compliance period on 12/31/2025.	Self-Shown Attestation (Located within Appendix F1: Non-Compensated Self-Shown Commitment Form)

III. EXPECTED SCHEDULE FOR NON-COMPENSATED SELF-SHOWN COMMITMENT PROCESS

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

⁸ Shown Term is measured as the expected commencement of the self-shown commitment to the expected conclusion of the self-shown commitment.

If you encounter any digital or disability access issues with any documents related to this RFO or would like to provide PG&E with feedback or suggestions, please e-mail our ADA Support Team at ADAsupport@pge.com. The mailbox is monitored during regular business hours (M-F; 8am-5pm). We will respond to your inquiry within 1 business day.

Table III.1: Expected Schedule for Non-Compensated Self-Shown Commitment Process

Event	Date
Participants are invited to register online to receive notices regarding the RFO at www.pge.com/cpe	Ongoing
PG&E CPE issues RFO	April 18, 2022
Participants' Webinar	April 27, 2022
Deadline for CPUC LSEs to submit Non-Compensated Self-Shown Commitments ⁹	May 18, 2022 at 1PM (PPT)
PG&E CPE's estimated Local RA Showing for the 2023, 2024, and 2025 compliance years with the CPUC	Mid-August 2022

IV. SHOWN TERM

In accordance with the CPE Decision, PG&E CPE is seeking Non-Compensated Self-Shown Commitments with Shown Terms commencing in 2023, 2024, or 2025.

Non-Compensated Self-Shown Commitment

- The Shown Term may not commence prior to the 2023 RA compliance period on 1/1/2023 and may not extend beyond the end of the 2025 RA compliance period on 12/31/2025.

V. ELIGIBILITY REQUIREMENTS FOR THE NON-COMPENSATED SELF-SHOWN COMMITMENT PROCESS

In addition to the eligibility requirements described in Section II.B of the Protocol, the following requirements apply to the Non-Compensated Self-Show Commitment Process:

A. Eligible Participants

Per the Decisions, only CPUC LSEs are eligible to submit Non-Compensated Self-Shown Commitments.

⁹ Schedule for the Non-Compensated Self-Shown Commitment Process is consistent with the timeline in RA OIR Phase 1 Decision.

B. Eligible Resources

Per OP 4 of the CPE Decision, any resource that is procured or owned by a CPUC LSE that can provide Local RA within the PG&E Local Capacity Areas may provide a Non-Compensated Self-Commitment.

VI. SELF-SHOWN ATTESTATION

Per OP 2 of the RA OIR Phase 1 Decision, a CPUC LSE that elects to submit a Non-Compensated Self-Shown Commitment must execute an attestation that provides that:

- a. The LSE has the capacity rights to the Resource Adequacy (RA) resource for the period it is self-showing; and
- b. The LSE intends to self-show the RA resource on annual and monthly RA plans to satisfy its system and/or flexible RA needs

To meet the foregoing requirement, CPUC LSEs that elect to submit a Non-Compensated Self-Shown Commitment must execute and submit the Self-Shown Attestation included within Appendix F1: Non-Compensated Self-Shown Commitment Form.

VII. NON-COMPENSATED SELF-SHOWN COMMITMENT SUBMITTAL PROCESS OVERVIEW

All Non-Compensated Self-Shown Commitments must be provided to PG&E CPE by their applicable deadlines as specified in the schedule in Table III.1.

Non-Compensated Self-Shown Commitments shall not be made contingent upon or subject to the execution of any Agreement related to any other Competitive Offer or the acceptance of any other Non-Compensated Self-Shown Commitment.

Submitting Documents: All Non-Compensated Self-Shown Commitments for this RFO must be submitted electronically through Power Advocate, a web-based platform PG&E CPE will use to collect all documents from Participants.

Prior to submitting a Non-Compensated Self-Shown Commitment, Participants must register with Power Advocate. Detailed instructions about submitting documents through Power Advocate and using the online platform are posted on the RFO website. Power Advocate registrants should be registered under the entity submitting the Non-Compensated Self-Shown Commitment. Consultants or advisers of Participants should not submit a Non-Compensated Self-Shown Commitment on behalf of Participants. PG&E CPE strongly encourages Participants to review the detailed instructions and register with Power Advocate well before Non-Compensated Self-Shown Commitments are due.

Each Non-Compensated Self-Shown Commitment should be uploaded as a “Commercial and Administrative” document type in Power Advocate. Document file names should **not** contain any special characters such as “*&#”. Please keep file names short and include short references to Participant’s name.

There are separate Power Advocate Links provided for the Non-Compensated Self-Shown Commitment and Competitive Offer process in this RFO. Please ensure documents are submitted to the site listed below.

Table VII.1: PG&E 2022 CPE Local RA RFO Non-Compensated Self-Shown Commitment Submittal

Offer Type	Power Advocate Links	Event ID
Non-Compensated Self-Shown Commitment(s) from all CPUC LSEs	https://www.poweradvocate.com/pR.do?okey=132931&pubEvent=true	132931

Electronic Document Formats: Electronic documents must be submitted as Microsoft Word, Microsoft Excel, or PDF files, as identified in Table VII.2.

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

Table VII.2: Non-Compensated Self-Shown Commitment Package

Appendix	Title	Description	Format
F1	Non-Compensated Self-Shown Commitment Form	Appendix F1 is to be used for all Non-Compensated Self-Shown Commitments.	MS Excel
N/A	Self-Shown Attestation	Please follow all instructions for Self-Shown Attestation submittal as detailed in Appendix F1	PDF

VIII. SELF-SHOWN ATTESTATION INFORMATION

CPUC LSEs submitting Non-Compensated Self-Shown Commitments will need to ensure that the Self-Shown Attestation within Appendix F1: Non-Compensated Self-Shown Commitment Form (i) is completely and accurately filled out, (ii) includes the electronic signature by its respective authorized representative, and (iii) complies with all instructions for submission as detailed in Appendix F1: Non-Compensated Self-Shown Commitment Form.

Participants may only submit one Non-Compensated Self-Shown Commitment per resource. Participants submitting Non-Compensated Self-Shown Commitments from multiple resources

must submit all commitments within a single Appendix F1: Non-Compensated Self-Shown Commitment Form.

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

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

I. OVERVIEW

In accordance with the Decisions, PG&E CPE is seeking Competitive Offers for Compensated Self-Shown Commitments from CPUC LSEs. CPUC LSEs offering a Compensated Self-Shown Commitment to PG&E CPE must ensure that their resources meet the eligibility requirements for compensation under the LCR RCM Decision as detailed in this Attachment 2A. PG&E CPE strongly encourages Participants to review the Decisions for details on how CPUC LSEs retain the system and flexible RA attributes of resources used for Compensated Self-Shown Commitments.

CPUC LSEs that submit Competitive Offers for Compensated Self-Shown Commitments may not submit an alternative Competitive Offer for either Bundled RA or Bundled RA with Energy Settlement or a Non-Compensated Self-Shown Commitment from that same resource in the same delivery month.

Competitive Offers and Non-Compensated Self-Shown Commitments shall not be made contingent upon or subject to the execution of any Agreement related to any other Competitive Offer or the acceptance of any other Non-Compensated Self-Shown Commitment.

The deadline to submit Competitive Offers for Compensated Self-Shown Commitments is detailed in Table III.1.

II. COMMITMENT OVERVIEW

Table II.1 below provides an overview the Competitive Offer Process for Compensated Self-Shown Commitments.

Table II.1: Overview of Compensated Self-Shown Commitments

Commitment	Shown Term	Initial Shown Date (“ISD”)	Agreement(s) or Attestation(s)
Compensated Self-Shown Commitment	<ul style="list-style-type: none"> - Must commence on the later of (1) the start of the term of the underlying contract for the resource, or for UOG the beginning of the useful life for that resource, and (2) the beginning of the 2023 RA compliance period on 1/1/2023 - Must end on the earlier of (1) the end term of the underlying contract, or for UOG the end of the resource’s useful life, and (2) the end of the 2025 RA compliance period on 12/31/2025 	<ul style="list-style-type: none"> - Any month from 2023 to 2025, subject to the Delivery Term requirements - ISD must begin on first day of month 	<p>Appendix E1 –Compensated Self-Shown RA Agreement</p> <p>Self-Shown Attestation (Located within Appendix F2-Compensated Self-Shown Commitment Form)</p>

III. EXPECTED SCHEDULE FOR THE COMPETITIVE OFFER PROCESS

The expected schedule for the Competitive Offer Process of the RFO is listed in Table III.1 below. All deadlines occur at 5:00 P.M. Pacific Prevailing Time (“PPT”), unless otherwise noted.

Table III.1: Expected Schedule for Competitive Offer Process of PG&E’s 2022 CPE Local RA RFO

Event	Date
Participants are invited to register online to receive notices regarding the RFO at www.pge.com/cpe	Ongoing
PG&E CPE issues RFO	April 18, 2022
Participants’ Webinar	April 27, 2022
Deadline for PG&E Participant to submit Competitive Offers via Power Advocate	May 20, 2022 at 1PM (PPT)

Deadline for Non-PG&E Participants to submit Competitive Offers via Power Advocate ¹⁰	May 23, 2022 at 1PM (PPT)
PG&E CPE notifies Participants that their Competitive Offer(s) are Qualified. PG&E CPE notifies the CAM PRG of all Competitive Offers that are deemed Qualified.	Mid-June 2022
Participants with Qualified Competitive Offers for New resources are required to have completed safety prequalification with IS-Net as further described in Section VI of Attachment 2A and 2B.	June 30, 2022
Estimated Execution of Agreement(s) resulting from the Competitive Offer Process, provided that the Agreement(s) are mutually agreed to by both PG&E CPE and Participant.	Late July 2022
PG&E CPE's estimated Local RA Showing for the 2023, 2024, and 2025 compliance years with the CPUC	Mid-August 2022

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

IV. SHOWN TERM

In accordance with the Decisions, PG&E CPE is seeking Competitive Offers for Compensated Self-Shown Commitments with Shown Terms commencing in 2023, 2024, or 2025.

Compensated Self-Shown Commitments

- Per OP 3 of the LCR RCM Decision, the Shown Term must commence on the later of (1) the start of the term of the underlying contract for the resource, or, for utility-owned generation (“UOG”), the beginning of the useful life for that resource, and (2) the beginning of the 2023 RA compliance period on 1/1/2023.
- Per OP 3 of the LCR RCM Decision, the Shown Term must end on the earlier of (1) the end term of the underlying contract, or, for UOG, the end of the resource’s useful life, and (2) the end of the 2024 RA compliance period on 12/31/2025.

¹⁰ Deadline for Competitive Offers for Compensated Self-Shown Commitments is consistent with the timeline adopted in the RA OIR Phase 1 Decision.

- Shown Term must commence on the first day of any calendar month within the 2023, 2024, or 2025 RA compliance periods.

V. EXISTING AND NEW RESOURCE DEFINITION

For the purposes of the Competitive Offer Process, Existing and New resources are defined as follows in Table V.1:

Table V.1: Existing and New Resource Definition

Defined Term	Definition
Existing Resource	Resources that are listed on the 2022 CAISO NQC List <u>and</u> have achieved Commercial Operation Date (“COD”) in accordance with CAISO’s New Resource Implementation process and requirements (“CAISO COD”) by May 1, 2022. ¹¹
New Resource	Resources that are <i>not</i> listed on the CAISO NQC List <u>or</u> have <i>not</i> achieved CAISO COD by May 1, 2022.
	Existing or retired resources that are being repowered to achieve a net increase in generation capacity.

VI. ELIGIBILITY REQUIREMENTS FOR COMPETITIVE OFFERS FOR COMPENSATED SELF-SHOWN COMMITMENTS

In addition to the eligibility requirements described in Section II.B of the Protocol, the following requirements apply to Competitive Offers for Compensated Self-Shown Commitments:

A. Eligible Participants

Per the Decisions, only CPUC LSEs are eligible to submit Competitive Offers for Compensated Self-Shown Commitments.

B. Eligible Resources

Pursuant to the LCR RCM Decision, the following resources that can provide Local RA within the PG&E Local Capacity Areas are eligible to submit Competitive Offers for Compensated Self-Shown Commitments:

- Any local preferred resource or energy storage resource with an original contract executed on or after June 17, 2020 up to the life of the resource’s original contract, or in

¹¹ <http://www.caiso.com/participate/Pages/NewResourceImplementation/Default.aspx>

the case of utility-owned generation up to the original life of the resource. Per the LCR RCM Decision, the existing definition of preferred resources from the State's Energy Action Plan EAP II, as adopted in D.14-03-004, applies to the LCR RCM, which identifies demand response, renewable resources, and distributed generation as preferred resources.

- A hybrid resource that consists of a preferred resource and an energy storage resource, if either the preferred or the energy storage resource has an original contract executed on or after June 17, 2020.
 - In the case of a hybrid resource, the entire hybrid resource may be eligible for the LCR RCM.
 - In the case of an energy storage resource added to a preferred resource with an original contract executed before June 17, 2020, in which the resources are co-located, only the component with an original contract executed on or after June 17, 2020 shall be eligible for the LCR RCM.
 - The LCR RCM shall not apply to hybrid resources that consist of a fossil resource and an energy storage resource with an original contract executed on or after June 17, 2020. If the energy storage resource is co-located with a fossil resource, the energy storage resource may be separately eligible as a standalone component.

C. Interconnection

1) **New Resources:**

a) In-Front-of-the-Meter

Participants must provide the status of the project's interconnection application, the status of the project's studies associated with the interconnection process, as well as all other electrical interconnection information requested in Appendix B.

At the time of the Competitive Offer submittal, Participants must have Participating Transmission Operator (PTO) or Utility Distribution Company (UDC) documentation showing that the resource is expected to receive Deliverability Status sufficient to support the delivery of RA associated with their Competitive Offer, per the obligations of the corresponding agreement. Participants must remain active in the applicable interconnection queue until the resource's required network upgrades have been completed.

Participants are reminded that PG&E is releasing this RFO in its central procurement entity function and in that function PG&E has no obligation nor ability to influence the Participating Transmission Operator or Utility Distribution Company. PG&E in its CPE function is not responsible or liable for delays in interconnection or transmission or distribution service or inability to obtain retail electric service for any resource.

For more information, please refer to the Separation of Functions section of the applicable Agreement.

- b) Aggregated Behind-the-Meter (BTM) Customer-Connected and Demand Response
Must describe their customer acquisition plans in Appendix B.

2) Existing Resources:

Not required to provide this demonstration.

D. Safety

1) New Resources

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

A Participant's obligations with respect to safety may vary based on the particular Agreement, resource, and product or commitment type, as well as the commercial relationship of the entities involved in the transaction. Participants will be responsible for any fees and costs associated with meeting PG&E CPE's safety requirements in the RFO and the applicable Agreement. Prior to a Participant submitting a Competitive Offer, PG&E CPE recommends that Participants review the safety provisions in the form Agreement and PG&E's Contractor Safety Program Requirements.

2) Existing Resources

Not required to provide this demonstration.

E. IS-NET

New Resources (Participant is Owner of Resource):

To be eligible for execution of an Agreement, Participants are required to complete PG&E's safety registration and prequalification process with ISNetworld ("ISNet"), PG&E's primary contractor safety management system. To complete this requirement, Participants should go to

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

New Resources (Participant is Not Owner of Resource):

Not required to provide this demonstration.

Existing Resources:

Not required to provide this demonstration.

F. Site Control

1) New Resources:

a) In-Front-of-the-Meter

Participants must demonstrate site control at the time of the Competitive Offer submission. Examples of acceptable forms of Site Control are:

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

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

Not required to provide this demonstration.

2) Existing Resources:

Not required to provide this demonstration.

VII. SELF-SHOWN ATTESTATION

Per OP 2 of the RA OIR Phase 1 Decision, CPUC LSEs that submit Competitive Offers for Compensated Self-Shown Commitments must execute an attestation that provides that:

- a. The LSE has the capacity rights to the Resource Adequacy (RA) resource for the period it is self-showing;
- b. The LSE intends to self-show the RA resource on annual and monthly RA plans to satisfy its system and/or flexible RA needs; and
- c. If applicable, the resource that the LSE intends to self-show for compensation under the Local Capacity Requirement Reduction Compensation Mechanism (LCR RCM) meets the eligibility requirements pursuant to Decision 20-12-006.

To meet this requirement, CPUC LSEs that submit Competitive Offers for Compensated Self-Shown Commitments must execute and submit the Self-Shown Attestation included within Appendix F2: Compensated Self-Shown Commitment Form.

VIII. AGREEMENTS

In addition to a Self-Shown Attestation, CPUC LSEs that submit a Competitive Offer for a Compensated Self-Shown Commitment are required to execute an Agreement if the Competitive Offer is selected for procurement. This process is consistent with OP 4 of the RA OIR Phase 1 Decision.

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

The following Agreement must be used for Compensated Self-Shown Commitments:

- Appendix E1 –Compensated Self-Shown Commitment Agreement

IX. PRICING

Participants are required to include pricing in their Competitive Offers for Compensated Self-Shown Commitments. Pricing must be provided as \$/kW-month per calendar year.

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

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

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

CPUC LSEs may submit a price at or below the pre-determined local price as published by the CPUC.

For additional information on pre-determined local prices, please review the [LCR Reduction Compensation Mechanism 2022 Prices](#) published by the CPUC.

X. CREDIT

There are no collateral requirements for the Compensated Self-Shown Commitment Agreement.

XI. COMPETITIVE OFFER SUBMITTAL PROCESS OVERVIEW

All Competitive Offers must be provided to PG&E CPE by their applicable deadlines as specified in the schedules in Table III.1.

Competitive Offers shall not be made contingent upon or subject to the execution of any Agreement related to any other Competitive Offer or the acceptance of any other Non-Compensated Self-Shown Commitment.

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

Prior to submitting a Competitive Offer, Participants must register with Power Advocate. Detailed instructions about submitting documents through Power Advocate and using the online platform are posted on the RFO website. Power Advocate registrants should be registered under the entity submitting the Competitive Offer. Consultants or advisers of Participants should not submit a Competitive Offer on behalf of Participants. PG&E CPE strongly

encourages Participants to review the detailed instructions and register with Power Advocate well before Competitive Offers are due.

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

There are separate Power Advocate Links provided for the Competitive Offer process depending on the Participant in this RFO. Please ensure documents are submitted to the applicable site listed below.

Table XI.1: PG&E 2022 CPE Local RA RFO Competitive Offer Package Submittal

Offer Type	Power Advocate Links	Event ID
Competitive Offer(s) from PG&E Participant ¹²	https://www.poweradvocate.com/pR.do?okey=132933&pubEvent=true	132933
Competitive Offer(s) from All Non-PG&E Participants	https://www.poweradvocate.com/pR.do?okey=132934&pubEvent=true	132934

Electronic Document Formats: Electronic documents must be submitted as Microsoft Word, Microsoft Excel, or PDF files, as identified in Table XI.2. However, maps or drawings may be in alternate formats (e.g., jpg, kmz) as appropriate. Each Appendix must be submitted as a separate document within the associated Offer’s zip file. PDF files should be provided in a searchable format. The Participant should not provide documents in other electronic formats, unless specifically requested.

Competitive Offers must contain all required and relevant information noted in Table XI.2 below and must be organized in accordance with these instructions.

Table XI.2: Offer Package for Competitive Offers for Compensated Self-Shown Commitments

Appendix	Title	Description	Format
A1	Offer Form - Compensated Self-Shown Commitment	Appendix A1 is to be used for Competitive Offers for Compensated Self-Shown Commitments	MS Excel

¹² Per OP 13 of the CPE Decision, all PG&E Participant Offers, including utility-owned generation (UOG), must be submitted to the CAM PRG and IE in advance of the receipt of offers from any other entities.

Appendix	Title	Description	Format
B1	Supplemental Local Resource Information	Appendix B1 is to be used to describe the existing or proposed local resource.	MS Excel
B2	Supplemental Counterparty Financial Information	Appendix B2 is to be used to provide counterparty financial information.	MS Word
C	FERC 717 Waiver	Authorizes the disclosure of Participant’s transmission-related information to PG&E CPE.	MS Word
D	Confidentiality Agreement	Participants must acknowledge acceptance of the Confidentiality Agreement within the applicable Offer Form.	PDF
E1	Compensated Self-Shown Commitment Agreement	CPUC LSEs must provide any proposed markups to the Agreement. CPUC LSEs may not submit more than version of proposed markups for each relevant Agreement.	MS Word
F2	Compensated Self-Shown Commitment Form	Appendix F2 is to be used for all Compensated Self-Shown Commitments.	MS Excel
N/A	Self-Shown Attestation	Please follow all instructions for Self-Shown Attestation submittal as detailed in Appendix F2	PDF
N/A	Map of Local Resource Facilities	(New Resources Only) In-front-of-the-meter resources must provide files of the local resource’s major facility components, which include, at a minimum, the generation facility, access roads, electric and gas connection routes to utility facilities, and the outline of the land parcel that the facilities are located on.	Google KML/KMZ or ESRI Shapefile

If a Participant is submitting multiple Competitive Offers in this RFO, the following documents only need to be submitted once via PowerAdvocate:

- Appendix B2 – Supplemental Counterparty Financial Information
- Appendix C – FERC 717 Waiver
- Appendix D – Confidentiality Agreement

XII. SELF-SHOWN ATTESTATION INFORMATION

CPUC LSEs submitting Competitive Offers for Compensated Self-Shown Commitments will need to ensure that the Self-Shown Attestation included in Appendix F2: Compensated Self-Shown Commitment Form (i) is completely and accurately filled out, (ii) includes the electronic signature by its respective authorized representative, and (iii) complies with all instructions for submission as detailed in Appendix F2: Compensated Self-Shown Commitment Form.

CPUC LSEs must submit one Self-Shown Attestation and one Appendix F2: Compensated Self-Shown Commitment Form per Competitive Offer for a Compensated Self-Shown Commitment.

XIII. OFFER FORM INFORMATION

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

Participants may only submit one Competitive Offer for a Compensated Self-Shown Commitment from a resource at a specific interconnection point within the Offer Form.

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

XIV. REQUIREMENT FOR COMPLETE COMPETITIVE OFFER PACKAGES

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

XV. NO VARIATIONS ALLOWED FOR COMPETITIVE OFFERS FOR COMPENSATED SELF-SHOWN COMMITMENT

No variations are allowed within a Competitive Offer for a Compensated Self-Shown Commitment.

XVI. ADDITIONAL COMPETITIVE OFFER INFORMATION

Note on Joint Offers: If a Participant is submitting a Competitive Offer with another Participant (“Joint Offer”), each Participant will need to be registered as a separate Participant in Power Advocate. For each Joint Offer, PG&E CPE may require additional documentation or conditions. Additional documents or conditions could include retaining separate legal counsel, restricting the sharing of certain information, or requiring all parties to the Joint Offer to execute a modified Confidentiality Agreement. PG&E CPE may require Participants in a Joint Offer to agree to and execute modified terms for RFO participation, similar to those set forth in Section III, “Terms for RFO Participation”.

XVII. EVALUATION OF COMPETITIVE OFFERS

Competitive Offers will be reviewed for eligibility based on the requirements and criteria specified in this Protocol. PG&E CPE’s evaluation of Competitive Offers for Compensated Self-Shown Commitments will remain consistent with the requirements of the Decisions. The Decisions require the use of all-source selection criteria, including the loading order and least cost best fit (“LCBF”) methodology adopted in D.04-07-029, using quantitative and qualitative criteria.

Criteria used to evaluate Competitive Offers may include but are not limited to the criteria listed below.

Quantitative Attributes:

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

Qualitative Attributes:

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

- Future needs in local and sub-local areas;
- Resource costs;
- Operational characteristics of the resources (facility type);

- Location of the facility (with consideration for environmental justice);¹³
- Costs of potential alternatives;
- Greenhouse Gas adders;
- Energy-use limitations; and
- Procurement of preferred resources and energy storage (to be prioritized over fossil generation);

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

- Viability of the resource;
- Flexibility of the resource;
- Safety;
- Contract tenor;
- Counterparty concentration; and
- Previous experience with a counterparty.

Per the Decisions, all of the methodology and criteria set forth above apply to Competitive Offers for Compensated Self-Shown Commitments in the same way as the methodology and criteria are applied to Competitive Offers for Bundled RA and Bundled RA with Energy Settlement.

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

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

¹³ Per OP 9 of D.22-03-034, “In its solicitation, the central procurement entity shall direct bidders to include the CalEnviroScreen score of the resource location (or if unavailable, the pollution burden of the resource location).” Per the California Office of Environmental Health Hazard Assessment, “CalEnviroScreen ranks census tracts in California based on potential exposures to pollutants, adverse environmental conditions, socioeconomic factors, and prevalence of certain health conditions.” For more information, please visit: <https://oehha.ca.gov/calenviroscreen>.

Attachment 2B: Competitive Offer Process – Bundled RA & Bundled RA with Energy Settlement

I. OVERVIEW

All Participants:

In accordance with the CPE Decision, PG&E CPE is seeking Competitive Offers for Bundled RA (system, local, and, if applicable, flexible) and Bundled RA with Energy Settlement. Per OP 8(c) of the CPE Decision, CPUC LSEs will receive credits for any system and flexible RA procured based on coincident peak load share (as is currently done by the CPUC for Cost Allocation Mechanism resources).

Competitive Offers and Non-Compensated Self-Shown Commitments shall not be made contingent upon or subject to the execution of any Agreement related to any other Competitive Offer or the acceptance of any other Non-Compensated Self-Shown Commitment.

The deadline to submit Competitive Offers is detailed in Table III.1.

CPUC LSEs Only:

Within their Competitive Offers for Bundled RA and Bundled RA with Energy Settlement, CPUC LSEs may indicate that the Local RA attributes associated with such Competitive Offer will be a Non-Compensated Self-Shown Commitment if their Competitive Offer is not selected in the Competitive Offer Process. This option is only available to Participants who are CPUC LSEs. CPUC LSEs electing this option must also meet the requirements for Non-Compensated Self-Shown Commitment Process as detailed in [Attachment 1](#) of this Protocol in addition to the requirements detailed in this Attachment 2B.

CPUC LSEs that submit Competitive Offers for Bundled RA or Bundled RA with Energy Settlement may not submit an alternative Competitive Offer for Compensated Self-Shown Local RA or a Non-Compensated Self-Shown Commitment from that same resource in the same delivery month.

II. PRODUCT OVERVIEW

An overview of the products eligible to be submitted in the Competitive Offer Process for Bundled RA and Bundled RA with Energy Settlement are listed in Table II.1 below.

Table II.1: Overview of Competitive Offers for Bundled RA and Bundled RA with Energy Settlement

Product	Delivery Term ¹⁴	Initial Delivery Date (“IDD”)	Agreement(s) or Attestation(s)
Bundled RA	<p>Eligible Delivery Terms: Greater than or equal to 1 month¹⁵</p> <p>PG&E CPE Preferred Delivery Terms:</p> <ul style="list-style-type: none"> PG&E CPE has a preference for Delivery Terms of 1 – 60 months. 	- the first day of any calendar month within the 2023, 2024, or 2025 RA compliance periods	Appendix E2 – RA Agreement for Owner of Existing Resource
Bundled RA with Energy Settlement	<ul style="list-style-type: none"> For New resources where seller is the owner of the resource, PG&E CPE may prefer a Delivery Term of 10 years or 15 years to help incentivize the development of new local resources. 		Appendix E3 – RA Agreement for Owner of New Resource Appendix E4 –RA Agreement for Non-Owner of Existing Resource Appendix E5 –RA Agreement for Non-Owner of New Resource Self-Shown Attestation (Located within Appendix F3– Default to Self-Shown Commitment Form)

Default to Self-Shown Option

Per the CPE Decision, CPUC LSEs may indicate in their Competitive Offers that the Local RA attributes associated with such Competitive Offer will be a Non-Compensated Self-Shown Commitment if their Competitive Offer is not selected by PG&E CPE as part of the Competitive Offer Process. CPUC LSEs may only elect for the Default to Self-Shown Option with resources that are owned or under an existing contract. CPUC LSEs electing this option must also meet the requirements for the Non-Compensated Self-Shown Commitment Process as detailed in [Attachment 1](#) of this Protocol in addition to the requirements detailed in this Attachment 2B.

CPUC LSEs must submit one Self-Shown Attestation and one Appendix F3: Default to Self-Shown Commitment Form per Competitive Offer for which they opt to select the Default to Self-Shown Option. The applicable Self-Shown Attestation must be submitted with the Competitive Offer Package.

¹⁴ Delivery Term is measured as the expected commencement of deliveries to the expected conclusion of deliveries.

¹⁵ Per OP10 of D.22-03-034, “...the central procurement entity shall consider bids of any contract term length greater than or equal to one month.”

If an Agreement with Participant is executed related to a Competitive Offer that includes the Default to Self-Shown Option, Participant agrees that, per the terms of the Self-Shown Attestation, the associated Self-Shown Attestation shall be deemed null and void as of the execution date of the Agreement without any further action required by Participant or PG&E CPE.

An overview of the additional commitment in the Competitive Offer Process for Participants who elect the Default to Self-Shown Option is listed in Table II.2 below.

Table II.2: Overview of Default to Self-Shown Option if Competitive Offer Not Selected

Commitment	Shown Term	Agreement(s) or Attestation(s)
Non-Compensated Self-Shown Commitment	The Shown Term may not commence prior to the 2023 RA compliance period on 1/1/2023 and may not extend beyond the 2025 RA compliance period on 12/31/2025	Self-Shown Attestation (Located within Appendix F3: Default to Self-Shown Commitment Form)

III. EXPECTED SCHEDULE FOR THE COMPETITIVE OFFER PROCESS

The expected schedule for the Competitive Offer Process of the RFO is listed in Table III.1 below. All deadlines occur at 5:00 P.M. Pacific Prevailing Time (“PPT”), unless otherwise noted.

Table III.1: Expected Schedule for Competitive Offer Process of PG&E’s 2022 CPE Local RA RFO

Event	Date
Participants are invited to register online to receive notices regarding the RFO at www.pge.com/cpe	Ongoing
PG&E CPE issues RFO	April 18, 2022
Participants’ Webinar	April 27, 2022
Deadline for PG&E Participant to submit Competitive Offers via Power Advocate	May 20, 2022 at 1PM (PPT)
Deadline for Non-PG&E Participants to submit Competitive Offers via Power Advocate	May 23, 2022 at 1PM (PPT)
PG&E CPE notifies Participants that their Competitive Offer(s) are Qualified.	Mid-June 2022

PG&E CPE notifies the CAM PRG of all Competitive Offers that are deemed Qualified.	
Participants with Qualified Competitive Offers for New resources are required to have completed safety prequalification with IS-Net as further described in Section VI of Attachment 2A and 2B.	June 30, 2022
Estimated Execution of Agreement(s) resulting from the Competitive Offer Process, provided that the Agreement(s) are mutually agreed to by both PG&E CPE and Participant.	Late July 2022
PG&E CPE's estimated Local RA Showing for the 2023, 2024, and 2025 compliance years with the CPUC	Mid-August 2022

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

IV. DELIVERY TERM

In accordance with the CPE Decision, PG&E CPE is seeking Competitive Offers for Bundled RA and Bundled RA with Energy Settlement with delivery periods commencing in 2023, 2024, or 2025.

Bundled RA & Bundled RA with Energy Settlement

- May have a Delivery Term greater than or equal to 1 month.^{16 17}
- Delivery Term must commence on the first day of any calendar month within the 2023, 2024, or 2025 RA compliance periods.

¹⁶ Per OP10 of D.22-03-034, "...the central procurement entity shall consider bids of any contract term length greater than or equal to one month."

¹⁷ Per OP22 of D.20-06-002, "For any executed contract that exceeds a five-year term, the central procurement entity shall submit a Tier 3 Advice Letter for approval."

- PG&E CPE has a preference for Delivery Terms from 1 month – 60 months.¹⁸
- For New resources where seller is the owner of the resource, PG&E CPE may prefer a Delivery Term of 10 years or 15 years to help incentivize the development of new local resources.

V. EXISTING AND NEW RESOURCE DEFINITION

For the purposes of the Competitive Offer Process, Existing and New resources are defined as follows in Table V.1:

Table V.1: Existing and New Resource Definition

Defined Term	Definition
Existing Resource	Resources that are listed on the 2022 CAISO NQC List <u>and</u> have achieved Commercial Operation Date (“COD”) in accordance with CAISO’s New Resource Implementation process and requirements (“CAISO COD”) by May 1, 2022. ¹⁹
New Resource	Resources that are <i>not</i> listed on the CAISO NQC List <u>or</u> have <i>not</i> achieved CAISO COD by May 1, 2022.
	Existing or retired resources that are being repowered to achieve a net increase in generation capacity.

VI. ELIGIBILITY REQUIREMENTS FOR COMPETITIVE OFFERS FOR BUNDLED RA AND BUNDLED RA WITH ENERGY SETTLEMENT

In addition to the eligibility requirements described in Section II.B of the Protocol, the following requirements apply to Competitive Offers for Bundled RA and Bundled RA with Energy Settlement:

¹⁸ Per OP22 of D.20-06-002, “...an executed contract with a five-year term or less shall be deemed reasonable and preapproved if the following conditions are met: a. The procured resource meets the established local capacity requirements and underlying data supporting those requirements, which are based on the California Independent System Operator’s Local Capacity Requirements Technical Study; b. If the Cost Allocation Mechanism Procurement Review Group was properly consulted, as described in Ordering Paragraph 13; and c. If procurement was deemed by the independent evaluator to have followed all relevant Commission guidance, including the least cost best fit methodology and other noted selection criteria.”

¹⁹ <http://www.caiso.com/participate/Pages/NewResourceImplementation/Default.aspx>

A. Eligible Participants

All Participants are eligible to submit Competitive Offers for Bundled RA and/or Bundled RA with Energy Settlement; however, only CPUC LSEs are eligible for the Default to Self-Shown Option.

B. Eligible Resources

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

C. Interconnection

1) New Resources:

a) In-Front-of-the-Meter

At a minimum, at the time of the Competitive Offer submittal, resources must have a completed Phase I Interconnection Study report resulting from an interconnection request that demonstrates evidence of a construction schedule that can meet the proposed Initial Delivery Date.

At the time of the Competitive Offer submittal, Participants must have Participating Transmission Operator (PTO) or Utility Distribution Company (UDC) documentation showing that the resource is expected to receive Deliverability Status sufficient to support delivery of product associated with their Competitive Offer, including RA, per the obligations of the corresponding agreement. Participants must remain active in the applicable interconnection queue until the resource's required network upgrades have been completed.

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

b) Aggregated Behind-the-Meter (BTM) Customer-Connected and Demand Response Must describe their customer acquisition plans in Appendix B.

2) Existing Resources:

Not required to provide this demonstration.

D. Safety

1) New Resources

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

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

2) Existing Resources

Not required to provide this demonstration.

E. IS-NET

New Resources (Participant is Owner of Resource):

To be eligible for execution of an Agreement, Participants are required to complete PG&E's safety registration and prequalification process with ISNetworld ("ISNet"), PG&E's primary contractor safety management system. To complete this requirement, Participant's should go to www.isn.com, and register the project entity who will be party to the Agreement, or, if the project entity has not yet been formed, Participants may register the parent organization to undergo prequalification during the RFO. Participants will be required to submit company information related to safety performance and practices for evaluation by ISNet based on

criteria described in Section 3 of PG&E's Contractor Safety Program Requirements, which can be found at: www.pge.com/contractorsafety. As the prequalification process can take several weeks and active follow-up through ISNet, PG&E recommends Participants familiarize themselves with ISNet and PG&E's Contractor Safety Program prequalification requirements as soon as possible. Participants with Qualified Offers that are required to complete and satisfy PG&E CPE's prequalification process must do so prior to execution in this RFO to be considered eligible for execution of an Agreement. Failure to complete prequalification may result in a Participant's Offer no longer being deemed Qualified.

New Resources (Participant is Not Owner of Resource):

Not required to provide this demonstration.

Existing Resources:

Not required to provide this demonstration.

F. Site Control

1) New Resources:

a) In-Front-of-the-Meter

Participants must demonstrate site control at the time of the Competitive Offer submission. Examples of acceptable forms of Site Control are:

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

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

Not required to provide this demonstration.

2) Existing Resources:

Not required to provide this demonstration.

VII. SELF-SHOWN ATTESTATION

Per OP 2 of the RA OIR Phase 1 Decision, CPUC LSEs that competitively offer Bundled RA and Bundled RA with Energy Settlement and elect the Default to Self-Shown Option must execute an attestation that provides that:

- a. The LSE has the capacity rights to the Resource Adequacy (RA) resource for the period it is self-showing; and

- b. The LSE intends to self-show the RA resource on annual and monthly RA plans to satisfy its system and/or flexible RA needs

To meet this requirement, CPUC LSEs that competitively offer Bundled RA and Bundled RA with Energy Settlement and elect the Default to Self-Shown Option must execute and submit the Self-Shown Attestation included within Appendix F3: Default to Self-Shown Commitment Form.

VIII. AGREEMENTS

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

The following Agreement(s) may be used for Bundled RA and Bundled RA with Energy Settlement:

- Appendix E2 – RA Agreement for Owner of Existing Resource
- Appendix E3 – RA Agreement for Owner of New Resource
- Appendix E4 – RA Agreement for Non-Owner of Existing Resource
- Appendix E5 – RA Agreement for Non-Owner of New Resource

IX. PRICING

Participants are required to include pricing in their Competitive Offers for Bundled RA and Bundled RA with Energy Settlement. Pricing must be provided as \$/kW-month per calendar year.

X. CREDIT

Upon execution of an Agreement with PG&E CPE, the Participant may need to provide credit support to secure its obligations under the Agreement (“Performance Assurance”).²⁰ For reference, the tables below describe the credit requirements in each of the Agreements.²¹

²⁰ PG&E as the CPE will not be required to provide Performance Assurance.

²¹ Credit requirements described in Section X only apply to procurement by PG&E CPE in this RFO. PG&E CPE reserves the right to amend the credit requirements based on market conditions in future CPE RFOs.

If a Participant is rated investment grade and meets PG&E CPE’s credit evaluation criteria, it may qualify for an appropriate amount of unsecured credit.²² Participants, who qualify for unsecured credit, may still be required to provide Performance Assurance if the credit requirement is beyond the assigned unsecured credit limit. If the Agreement requires the Participant to provide Performance Assurance and the Participant is providing a Letter of Credit or a Guaranty, please carefully review the Letter of Credit and Guaranty requirements set forth in the applicable Agreement.

RA Agreements

Tables X.1 and X.2 below describe the collateral requirements within the RA Agreements.

Table X.1 only applies to Participants who are CPUC LSEs within PG&E’s electric distribution service area. Table X.2 applies to all other entities.

Table X.1: Credit/Collateral Requirements within the RA Agreements for CPUC LSEs within PG&E’s Electric Distribution Service Area

Resource Type	Delivery Term	Credit Requirement
Existing Resources	Less than or equal to 60 months	Unsecured credit, no collateral requirements
	Greater than 60 months	Greater of \$40/kW or 10% of the sum of the highest estimated monthly payments (excluding Energy Settlement) for any 36 consecutive month period during the Delivery Term
New Resources	Less than or equal to 60 months	<p>Project Development Security (PDS): \$80/kW (Within five days of execution)</p> <p>Delivery Term Security (DTS): N/A</p>

²² A credit rating of BBB- or higher by Standard and Poor’s Inc. or Baa3 by Moody’s is considered investment grade.

	Greater than 60 months	<p>Project Development Security (PDS): \$80/kW (Within five days of execution)</p> <p>Delivery Term Security (DTS): Greater of \$40/kW or 10% the sum of the highest estimated monthly payments (excluding Energy Settlement) for any 36 consecutive month period during the Delivery Term</p>
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Table X.2: Credit/Collateral Requirements within the RA Agreements for All Other Entities

Resource Type	Delivery Term	Credit Requirement
Existing Resources	Less than or equal to 36 months	20% of the sum of the highest estimated monthly payments (excluding Energy Settlement) for any 12 consecutive month period during the Delivery Term
	Greater than 36 months and less than or equal to 60 months	10% of the sum of the highest estimated monthly payments (excluding Energy Settlement) for any 24 consecutive month period during the Delivery Term
	Greater than 60 months	Greater of \$40/kW or 10% the sum of the highest estimated monthly payments (excluding Energy Settlement) for any 36 consecutive month period during the Delivery Term.
New Resources	Greater than or equal to 1 month	<p>Project Development Security (PDS): \$80/kW (Within five days of execution)</p> <p>Delivery Term Security (DTS): Greater of \$40/kW or 10% of the sum of the highest estimated monthly payments (excluding Energy Settlement) for any 36 consecutive month period during the Delivery Term</p>

In the event that a Competitive Offer by PG&E Participant is selected and an Agreement is executed between PG&E Participant and PG&E CPE, PG&E Participant will not be required to post collateral.

XI. COMPETITIVE OFFER SUBMITTAL PROCESS OVERVIEW

All Competitive Offers must be provided to PG&E CPE by their applicable deadlines as specified in the schedules in Table III.1.

Competitive Offers shall not be made contingent upon or subject to the execution of any Agreement related to any other Competitive Offer or the acceptance of any other Non-Compensated Self-Shown Commitment.

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

Prior to submitting a Competitive Offer, Participants must register with Power Advocate. Detailed instructions submitting documents through Power Advocate and using the online platform are posted on the RFO website. Power Advocate registrants should be registered under the entity submitting the Competitive Offer. Consultants or advisers of Participants should not submit a Competitive Offer on behalf of Participants. PG&E CPE strongly encourages Participants to review the detailed instructions and register with Power Advocate well before Competitive Offers are due.

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

There are separate Power Advocate Links provided for the Competitive Offer process depending on the Participant in this RFO. Please ensure documents are submitted to the applicable site listed below.

Table XI.1: PG&E 2022 CPE Local RA RFO Competitive Offer Package Submittal

Offer Type	Power Advocate Links	Event ID
Competitive Offer(s) from PG&E Participant ²³	https://www.poweradvocate.com/pR.do?okey=132933&pubEvent=true	132933
Competitive Offer(s) from All Non-PG&E Participants	https://www.poweradvocate.com/pR.do?okey=132934&pubEvent=true	132934

Electronic Document Formats: Electronic documents must be submitted as Microsoft Word, Microsoft Excel, or PDF files, as identified in Table XI.2. However, maps or drawings may be in alternate formats (e.g., jpg, kmz) as appropriate. Each Appendix must be submitted as a separate document within the associated Offer’s zip file. PDF files should be provided in a searchable format. The Participant should not provide documents in other electronic formats, unless specifically requested.

Competitive Offers must contain all required and relevant information noted in Table XI.2 below and must be organized in accordance with these instructions.

Table XI.2: PG&E 2021 CPE Local RA RFO Competitive Offer Package

Appendix	Title	Description	Format
A2	Offer Form - Bundled RA and Bundled RA with Energy Settlement	Appendix A2 is to be used for Competitive Offers for Bundled RA and Bundled RA with Energy Settlement	MS Excel
B1	Supplemental Local Resource Information	Appendix B1 is to be used to describe the existing or proposed local resource.	MS Excel
B2	Supplemental Counterparty Financial Information	Appendix B2 is to be used to provide counterparty financial information.	MS Word
C	FERC 717 Waiver	Authorizes the disclosure of Participant’s transmission-related information to PG&E CPE.	MS Word
D	Confidentiality Agreement	Participants must acknowledge acceptance of the Confidentiality Agreement within the applicable Offer Form.	PDF

²³ Per OP 13 of the CPE Decision, all PG&E Participant Offers, including utility-owned generation (UOG), must be submitted to the CAM PRG and IE in advance of the receipt of offers from any other entities.

Appendix	Title	Description	Format
E2, E3, E4 or E5	RA Agreement for Owner of Existing Resource RA Agreement for Owner of New Resource RA Agreement for Non-Owner of Existing Resource RA Agreement for Non-Owner of New Resource	Participants must provide any proposed markups to the Agreement. Participants may not submit more than version of proposed markups for each relevant Agreement.	MS Word
F3	Default to Self-Shown Commitment Form	(Only for Competitive Offers for Bundled RA or Bundled RA with Energy Settlement with the Default to Self-Shown Option) Appendix F3 is to be used for all Competitive Offers with the Default to Self-Shown Option	MS Excel
N/A	Self-Shown Attestation	(Only for Competitive Offers for Bundled RA or Bundled RA with Energy Settlement with the Default to Self-Shown Option) Please follow all instructions for Self-Shown Attestation submittal as detailed in Appendix F3	PDF
N/A	Map of Local Resource Facilities	(New Resources Only) In-front-of-the-meter resources must provide files of the local resource's major facility components, which include, at a minimum, the generation facility, access roads, electric and gas connection routes to utility facilities, and the outline of the land parcel that the facilities are located on.	Google KML/KMZ or ESRI Shapefile

If a Participant is submitting multiple Competitive Offers in this RFO, the following documents only need to be submitted once via PowerAdvocate

- Appendix B2 – Supplemental Counterparty Financial Information
- Appendix C – FERC 717 Waiver
- Appendix D – Confidentiality Agreement

XII. SELF-SHOWN ATTESTATION INFORMATION

CPUC LSEs competitively offering Bundled RA and Bundled RA with Energy Settlement with the Default to Self-Shown Option will need to ensure that the Self-Shown Attestation included within Appendix F3: Default to Self-Shown Commitment Form (i) is completely and accurately filled out, (ii) includes the electronic signature by its respective authorized representative, and (iii) complies with all instructions for submission as detailed in Appendix F3: Default to Self-Shown Commitment Form.

CPUC LSEs must submit one Self-Shown Attestation and one Appendix F3: Default to Self-Shown Commitment Form per Competitive Offer for which they elect the Default to Self-Shown Option.

XIII. OFFER FORM INFORMATION

Participants are strongly advised to carefully review the relevant Agreement(s) prior to inputting data into Appendix A2 – Bundled RA and Bundled RA with Energy Settlement Offer Form. PG&E CPE will utilize the information from the Offer Form submitted by a Participant to populate the relevant data in the Agreement(s). **Participants should input data into Appendix A – Offer Form with the understanding that this information will result in terms with contractual implications. Participants will need to ensure that the Offer Form is completely and accurately filled out. Participants who request changes to the information in their Offer Form after the relevant submittal deadline may be removed from any further participation in the RFO.**

Participants may only submit one Competitive Offer for Bundled RA or Bundled RA with Energy Settlement from a resource at a specific interconnection point within the Offer Form.

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

XIV. REQUIREMENT FOR COMPLETE COMPETITIVE OFFER PACKAGES

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

XV. NUMBER OF VARIATIONS ALLOWED FOR COMPETITIVE OFFERS FOR BUNDLED RA OR BUNDLED RA WITH ENERGY SETTLEMENT

Each Competitive Offer for Bundled RA or Bundled RA with Energy Settlement submitted by a Participant may include up to five (5) mutually exclusive Competitive Offer variations at a

specific interconnection point. Participants can vary the following Competitive Offer characteristics: product (Bundled RA or Bundled RA with Energy Settlement), price, delivery term, and quantity offered. The Offer Form has been developed so that all five (5) Competitive Offer variations will reside in one excel workbook

Participants need to only submit one Appendix B1 per Competitive Offer. Differences in Competitive Offer variations should be described within Appendix B1.

XVI. ADDITIONAL COMPETITIVE OFFER INFORMATION

Note on Joint Offers: If a Participant is submitting a Competitive Offer with another Participant (“Joint Offer”), each Participant will need to be registered as a separate Participant in Power Advocate. For each Joint Offer, PG&E CPE may require additional documentation or conditions. Additional documents or conditions could include retaining separate legal counsel, restricting the sharing of certain information, or requiring all parties to the Joint Offer to execute a modified Confidentiality Agreement. PG&E CPE may require Participants in a Joint Offer to agree to and execute modified terms for RFO participation, similar to those set forth in Section III, “Terms for RFO Participation”.

XVII. EVALUATION OF COMPETITIVE OFFERS

Competitive Offers will be reviewed for eligibility based on the requirements and criteria specified in this Protocol. PG&E CPE’s evaluation of Competitive Offers for Bundled RA and Bundled RA with Energy Settlement will remain consistent with the requirements of the Decisions. The Decisions require the use of all-source selection criteria, including the loading order and least cost best fit (“LCBF”) methodology adopted in D.04-07-029, using quantitative and qualitative criteria.

Criteria used to evaluate Competitive Offers may include but are not limited to the criteria listed below.

Quantitative Attributes:

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

Qualitative Attributes:

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

- Future needs in local and sub-local areas;
- Resource costs;
- Operational characteristics of the resources (facility type);
- Location of the facility (with consideration for environmental justice);²⁴
- Costs of potential alternatives;
- Greenhouse Gas adders;
- Energy-use limitations; and
- Procurement of preferred resources and energy storage (to be prioritized over fossil generation);

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

- Viability of the resource;
- Flexibility of the resource;
- Safety;
- Contract tenor;
- Counterparty concentration; and
- Previous experience with a counterparty.

Per the Decisions, all of the methodology and criteria set forth above apply to Competitive Offers for Compensated Self-Shown Local RA in the same way as the methodology and criteria are applied to Competitive Offers for Bundled RA and Bundled RA with Energy Settlement.

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

*** End of Attachment 2B ***

²⁴ Per OP 9 of D.22-03-034, "In its solicitation, the central procurement entity shall direct bidders to include the CalEnviroScreen score of the resource location (or if unavailable, the pollution burden of the resource location)." Per the California Office of Environmental Health Hazard Assessment, "CalEnviroScreen ranks census tracts in California based on potential exposures to pollutants, adverse environmental conditions, socioeconomic factors, and prevalence of certain health conditions." For more information, please visit: <https://oehha.ca.gov/calenviroscreen>.

PACIFIC GAS AND ELECTRIC COMPANY

Attachment 6

Confidentiality Declarations and Matrices

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

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

**DECLARATION OF AMOL PATEL
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION CONTAINED IN
PG&E CPE'S ANNUAL COMPLIANCE REPORT
ADVICE LETTER 6706-E
FILED SEPTEMBER 19, 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 PG&E CPE's Annual Compliance Report.

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 September 19, 2022, at San Rafael, California.

/s/

AMOL PATEL

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

**PG&E CENTRAL PROCUREMENT ENTITY
ANNUAL COMPLIANCE REPORT
ADVICE LETTER 6706-E
Submitted on September 19, 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
Document: CPE Annual Compliance Report – Confidential Attachment A: New Contracts Executed/Amended			
<p>All information contained in the following files/folders in Confidential Attachment A:</p> <p>1) “PGE CPE Confidential Atch A – Attestation_New Contracts_Executed_Contracts_Amended.pdf”;</p>	<p>D.22-03-034, Appendix A: Contracts and power purchase agreements</p>	<p>Disclosure of the contract terms and conditions of CPE executed contracts 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.</p>	<p>3-years from contract execution date</p>
<p>2) Documents within the CPE RFO Documentation Folder: (“03_PG&E CPE 2022 RFO – Qualitative Evaluation Results.pdf”; “04_PG&E CPE 2022 RFO – Quantitative Evaluations Results.pdf”)</p>	<p>D.22-03-034, Appendix A: Score sheets, analysis and evaluation</p>	<p>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.</p>	<p>3 years after conclusion of solicitation</p>
<p>3) All executed contract documents in the following zip files within the CPE Attestations and New Contracts Folder: “RA Agreement with Energy Settlement-CONF.zip”; “RA Agreement-CONF.zip”; “Shown Capacity with LCR RCM-CONF.zip”; and “Shown CapacityAttestations-CONF.zip”</p>	<p>D.22-03-034, Appendix A: Bid/Offer data</p>	<p>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.</p>	<p>3 years after conclusion of solicitation</p>

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

**PG&E CENTRAL PROCUREMENT ENTITY
ANNUAL COMPLIANCE REPORT
ADVICE LETTER 6706-E
Submitted on September 19, 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
Document: CPE Annual Compliance Report – Confidential Attachment A: New Contracts Executed/Amended (Continued)			
<p>All information contained in the following files/folders in Confidential Attachment A:</p> <p>1) “PGE CPE Confidential Atch A – Attestation_New Contracts_Executed_Contracts_Amended.pdf”;</p> <p>2) Documents within the CPE RFO Documentation Folder: (“03_PG&E CPE 2022 RFO – Qualitative Evaluation Results.pdf”; “04_PG&E CPE 2022 RFO – Quantitative Evaluations Results.pdf”)</p>	<p>D.22-03-034, Appendix A: Total Capacity Procured (Purchased or Self-Shown) – Local Area; Total Capacity Procured (Purchased) – Local Area; and Total Capacity Procured (Self-Shown) – Local Area</p>	<p>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.</p>	<p align="center">Front 3 years</p>
<p>3) All executed contract documents in the following zip files within the CPE Attestations and New Contracts Folder: “RA Agreement with Energy Settlement-CONF.zip”; “RA Agreement-CONF.zip”; “Shown Capacity with LCR RCM-CONF.zip”; and “Shown CapacityAttestations-CONF.zip”</p>	<p>D.22-03-034, Appendix A: Net Open Position Capacity (MW) – Local Area</p>	<p>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.</p>	<p align="center">Front 3 years</p>

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

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Document: CPE Annual Compliance Report – Confidential Attachment B: Counterparty Information			
“PGE CPE Confidential Atch B – Non-Invest Grade Ctrpty.pdf”	D.22-03-034, Appendix A: Contracts and power purchase agreements	Disclosure of the contract terms and conditions of CPE executed contracts 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 from contract execution date
	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

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

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Document: CPE Annual Compliance Report – Confidential Attachment C: Key Briefing Packages			
<p>All information contained in the following files/folders in Confidential Attachment C:</p> <p>1) “PGE CPE - Confidential Attachment C – Key Briefing Packages.pdf”;</p> <p>2) All files, folders and documents within zip file “PGE CPE_Confidential Atch C – Key Briefing Materials.zip”</p> <p>3) All files, folders and documents within zip file “Meeting Invitation, Materials and Summaries – by month.zip”</p>	<p>D.22-03-034, Appendix A: Contracts and power purchase agreements</p>	<p>Disclosure of the contract terms and conditions of CPE executed contracts 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.</p>	<p>3-years from contract execution date</p>
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	<p>D.22-03-034, Appendix A: Bid/Offer data</p>	<p>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.</p>	<p>3 years after conclusion of solicitation</p>

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

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Document: CPE Annual Compliance Report – Confidential Attachment C: Key Briefing Packages (Continued)			
<p>All information contained in the following files/folders in Confidential Attachment C:</p> <p>1) “PGE CPE - Confidential Attachment C – Key Briefing Packages.pdf”;</p> <p>2) All files, folders and documents within zip file “PGE CPE_Confidential Atch C – Key Briefing Materials.zip”</p>	<p>D.22-03-034, Appendix A: Total Capacity Procured (Purchased or Self-Shown) – Local Area; Total Capacity Procured (Purchased) – Local Area; and Total Capacity Procured (Self-Shown) – Local Area</p>	<p>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.</p>	<p align="center">Front 3 years</p>
<p>3) All files, folders and documents within zip file “Meeting Invitation, Materials and Summaries – by month.zip”</p>	<p>D.22-03-034, Appendix A: Net Open Position Capacity (MW) – Local Area</p>	<p>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.</p>	<p align="center">Front 3 years</p>

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

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Document: CPE Annual Compliance Report – Confidential Attachment D: IE Report			
Gray-Shaded Information in “PGE CPE Confidential Atch D – Final IE Report.pdf” on pages: 31, 33 – 42, 50 – 71, 73, 81 – 87, and 91 – 96.	D.22-03-034, Appendix A: Contracts and power purchase agreements	Disclosure of the contract terms and conditions of CPE executed contracts 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 from contract execution date
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PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

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Document: CPE Annual Compliance Report – Confidential Attachment D: IE Report (Continued)			
Gray-Shaded Information in “PGE CPE Confidential Atch D – Final IE Report.pdf” on pages: 31, 33 – 42, 50 – 71, 73, 81 – 87, and 91 – 96.	D.22-03-034, Appendix A: Total Capacity Procured (Purchased or Self-Shown) – Local Area; Total Capacity Procured (Purchased) – Local Area; and Total Capacity Procured (Self-Shown) – 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
	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

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

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Document: CPE Annual Compliance Report – Confidential Attachment E: Deferred Procurement			
Gray-Shaded Information in “PGE CPE Confidential Atch E – Deferred_Procurement.pdf” on pages: 2, and 4 – 7.	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: PG&E CPE Annual Compliance Report

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

Check	Basis for Confidential Treatment	Where Confidential Information is located on the documents
<input type="checkbox"/>	<p>Customer-specific data, which may include demand, loads, names, addresses, and billing data</p> <p>(Protected under PUC § 8380; Civ. Code §§ 1798 <i>et seq.</i>; Govt. Code § 6254; Public Util. Code § 8380; Decisions (D.) 14-05-016, 04-08-055, 06-12-029)</p>	
<input type="checkbox"/>	<p>Personal information that identifies or describes an individual (including employees), which may include home address or phone number; SSN, driver's license, or passport numbers; education; financial matters; medical or employment history (not including PG&E job titles); and statements attributed to the individual</p> <p>(Protected under Civ. Code §§ 1798 <i>et seq.</i>; Govt. Code § 6254; 42 U.S.C. § 1320d-6; and General Order (G.O.) 77-M)</p>	
<input type="checkbox"/>	<p>Physical facility, cyber-security sensitive, or critical 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>	

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

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

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

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

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

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

The PG&E CPE Annual Compliance Report contains commercially sensitive information detailing the specific resources 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

Documents and Files provided within the CPE_04_Confidential Attachments Folder:

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

Documents and Files provided within the CPE_04_Confidential Attachments Folder:

- 1) Confidential Attachment A: CPE_Conf_Atch_A_Attestations and New_Contracts_Executed_Contracts_Amended;
- 2) Confidential Attachment B: CPE_Conf_Atch_B_Counterparty_Information;
- 3) Confidential Attachment C: CPE_Conf_Atch_C_Key_Briefing_Packages;
- 4) Confidential Attachment D: CPE_Conf_Atch_D_IE_Report; and
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- 3) Confidential Attachment C: CPE_Conf_Atch_C_Key_Briefing_Packages;
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the totality of the existing CPE portfolio as of the reporting date, could potentially have an adverse effect on the market and impact 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.

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 19th day of September, 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>Documents and Files provided within the CPE_04_Confidential Attachments Folder:</p> <ol style="list-style-type: none"> 1) Confidential Attachment A: CPE_Conf_Atch_A_Attestations and New_Contracts_Executed_Contracts_Amended; 2) Confidential Attachment B: CPE_Conf_Atch_B_Counterparty_Information; 3) Confidential Attachment C: CPE_Conf_Atch_C_Key_Briefing_Packages; 4) Confidential Attachment D: CPE_Conf_Atch_D_IE_Report; and 5) Confidential Attachment E: CPE_Conf_Atch_E_Deferred_Procurement 	<ul style="list-style-type: none"> • “PGE CPE Confidential Atch A – Attestations_New_Contracts_Executed_Contracts_Amended.pdf”; • <u>All executed contract documents</u> in the following zip files within the CPE CPE RFO Documentation Folder: <ul style="list-style-type: none"> ○ “00_RFO_Solicitation Materials.docx”; ○ “01_2022 CPE Solicitation Issuance Mailing List.xlsx”; ○ “02_New Additions to CPE Mailing List Since Issuance of 2022 RFO.xlsx”; ○ “03_PG&E CPE 2022 RFO – Qualitative Evaluation Results.pdf”; ○ “04_PG&E CPE 2022 RFO – Quantitative Evaluations Results.pdf”; • <u>All executed contract documents</u> in the following zip files within the CPE Attestations and New Contracts Folder: <ul style="list-style-type: none"> ○ “RA Agreement with Energy Settlement-CONF.zip”; ○ “RA Agreement-CONF.zip”; ○ “Shown Capacity with LCR RCM-CONF.zip”; ○ “Shown CapacityAttestations-CONF.zip”; • “PGE CPE Confidential Atch B – Non-Invest Grade Ctrpty.pdf”; • “PGE CPE - Confidential Attachment C – Key Briefing Packages.pdf”; • All files, folders and documents within zip file “PGE CPE Confidential Atch C – Key Briefing Materials.zip” • All files, folders and documents within zip file “Meeting Invitations, Materials and Summaries – By Month.zip”; • Gray-shaded information within “PGE CPE Confidential Atch D – Final IE Report.pdf” on pages: 31, 33 – 42, 50 – 71, 73, 81 – 87, and 91 – 96; and • Gray-Shaded Information in “PGE CPE Confidential Atch E – Deferred Procurement.pdf” on pages: 2, and 4 – 7. 	<p>Proprietary and trade secret information or other intellectual property and protected market sensitive/competitive data.</p> <p>(Protected under Civ. Code §§3426 <i>et seq.</i>; Govt. Code §§ 6254, <i>et seq.</i>, e.g., 6254(e), 6254(k), 6254.15; Govt. Code § 6276.44; Evid. Code §1060; D.11-01-036)</p>	<p>Documents and Files provided within the CPE_04_Confidential Attachments Folder:</p> <ol style="list-style-type: none"> 1) Confidential Attachment A: CPE_Conf_Atch_A_Attestations and New_Contracts_Executed_Contracts_Amended; 2) Confidential Attachment B: CPE_Conf_Atch_B_Counterparty_Information; 3) Confidential Attachment C: CPE_Conf_Atch_C_Key_Briefing_Packages; 4) Confidential Attachment D: CPE_Conf_Atch_D_IE_Report ; and 5) Confidential Attachment E: CPE_Conf_Atch_E_Deferred_Procurement

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<p>Documents and Files provided within the CPE_04_Confidential Attachments Folder:</p> <ol style="list-style-type: none"> 1) Confidential Attachment A: CPE_Conf_Atch_A_Attestations and New_Contracts_Executed_Contracts_Amended; 2) Confidential Attachment B: CPE_Conf_Atch_B_Counterparty_Information; 3) Confidential Attachment C: CPE_Conf_Atch_C_Key_Briefing_Packages; 4) Confidential Attachment D: CPE_Conf_Atch_D_IE_Report; and 5) Confidential Attachment E: CPE_Conf_Atch_E_Deferred_Procurement 	<ul style="list-style-type: none"> • “PGE CPE Confidential Atch A – Attestations_New Contracts_Executed_Contracts_Amended.pdf”; • <u>All executed contract documents</u> in the following zip files within the CPE CPE RFO Documentation Folder: <ul style="list-style-type: none"> ○ “00_RFO_Solicitation Materials.docx”; ○ “01_2022 CPE Solicitation Issuance Mailing List.xlsb”; ○ “02_New Additions to CPE Mailing List Since Issuance of 2022 RFO.xlsx”; ○ “03_PG&E CPE 2022 RFO – Qualitative Evaluation Results.pdf”; ○ “04_PG&E CPE 2022 RFO – Quantitative Evaluations Results.pdf”; • <u>All executed contract documents</u> in the following zip files within the CPE Attestations and New Contracts Folder: <ul style="list-style-type: none"> ○ “RA Agreement with Energy Settlement-CONF.zip”; ○ “RA Agreement-CONF.zip”; ○ “Shown Capacity with LCR RCM-CONF.zip”; ○ “Shown CapacityAttestations-CONF.zip”; • “PGE CPE Confidential Atch B – Non-Invest Grade Ctrpty.pdf”; • “PGE CPE - Confidential Attachment C – Key Briefing Packages.pdf”; • All files, folders and documents within zip file “PGE CPE Confidential Atch C – Key Briefing Materials.zip” • All files, folders and documents within zip file “Meeting Invitations, Materials and Summaries – By Month.zip”; • Gray-shaded information within “PGE CPE Confidential Atch D – Final IE Report.pdf” on pages: 31, 33 – 42, 50 – 71, 73, 81 – 87, and 91 – 96; and • Gray-Shaded Information in “PGE CPE Confidential Atch E – Deferred Procurement.pdf” on pages: 2, and 4 – 7. 	<p>Third-Party information subject to non-disclosure or confidentiality agreements or obligations.</p> <p>(Protected under Govt. Code § 6254(k); see, e.g., CPUC D.11-01-036)</p>	<p>Documents and Files provided within the CPE_04_Confidential Attachments Folder:</p> <ol style="list-style-type: none"> 1) Confidential Attachment A: CPE_Conf_Atch_A_Attestations and New_Contracts_Executed_Contracts_Amended; 2) Confidential Attachment B: CPE_Conf_Atch_B_Counterparty_Information; 3) Confidential Attachment C: CPE_Conf_Atch_C_Key_Briefing_Packages; 4) Confidential Attachment D: CPE_Conf_Atch_D_IE_Report ; and 5) Confidential Attachment E: CPE_Conf_Atch_E_Deferred_Procurement

ATTACHMENT NAME	DOCUMENT NAME	CATEGORY OF CONFIDENTIALITY	LOCATION
<p>Documents and Files provided within the CPE_04_Confidential Attachments Folder:</p> <ol style="list-style-type: none"> 1) Confidential Attachment A: CPE_Conf_Atch_A_Attestations and New_Contracts_Executed_Contracts_Amended; 2) Confidential Attachment B: CPE_Conf_Atch_B_Counterparty_Information; 3) Confidential Attachment C: CPE_Conf_Atch_C_Key_Briefing_Packages; 4) Confidential Attachment D: CPE_Conf_Atch_D_IE_Report; and 5) Confidential Attachment E: CPE_Conf_Atch_E_Deferred_Procurement 	<ul style="list-style-type: none"> • “PGE CPE Confidential Atch A – Attestations_New Contracts_Executed_Contracts_Amended.pdf”; • <u>All executed contract documents</u> in the following zip files within the CPE CPE RFO Documentation Folder: <ul style="list-style-type: none"> ○ “00_RFO_Solicitation Materials.docx”; ○ “01_2022 CPE Solicitation Issuance Mailing List.xlsx”; ○ “02_New Additions to CPE Mailing List Since Issuance of 2022 RFO.xlsx”; ○ “03_PG&E CPE 2022 RFO – Qualitative Evaluation Results.pdf”; ○ “04_PG&E CPE 2022 RFO – Quantitative Evaluations Results.pdf”; • <u>All executed contract documents</u> in the following zip files within the CPE Attestations and New Contracts Folder: <ul style="list-style-type: none"> ○ “RA Agreement with Energy Settlement-CONF.zip”; ○ “RA Agreement-CONF.zip”; ○ “Shown Capacity with LCR RCM-CONF.zip”; ○ “Shown CapacityAttestations-CONF.zip”; • “PGE CPE Confidential Atch B – Non-Invest Grade Ctrpty.pdf”; • “PGE CPE - Confidential Attachment C – Key Briefing Packages.pdf”; • All files, folders and documents within zip file “PGE CPE Confidential Atch C – Key Briefing Materials.zip” • All files, folders and documents within zip file “Meeting Invitations, Materials and Summaries – By Month.zip”; • Gray-shaded information within “PGE CPE Confidential Atch D – Final IE Report.pdf” on pages: 31, 33 – 42, 50 – 71, 73, 81 – 87, and 91 – 96; and • Gray-Shaded Information in “PGE CPE Confidential Atch E – Deferred_Procurement.pdf” on pages: 2, and 4 – 7. 	<p>Other categories where disclosure would be against the public interest (Govt. Code § 6255(a))</p>	<p>Documents and Files provided within the CPE_04_Confidential Attachments Folder:</p> <ol style="list-style-type: none"> 1) Confidential Attachment A: CPE_Conf_Atch_A_Attestations and New_Contracts_Executed_Contracts_Amended; 2) Confidential Attachment B: CPE_Conf_Atch_B_Counterparty_Information; 3) Confidential Attachment C: CPE_Conf_Atch_C_Key_Briefing_Packages; 4) Confidential Attachment D: CPE_Conf_Atch_D_IE_Report ; and 5) Confidential Attachment E: CPE_Conf_Atch_E_Deferred_Procurement

PACIFIC GAS AND ELECTRIC COMPANY

Attachment A

**Attestations and New Contracts
Executed/Contracts Amended**

(Confidential)

PACIFIC GAS AND ELECTRIC COMPANY

Attachment B

Counterparty Information

(Confidential)

PACIFIC GAS AND ELECTRIC COMPANY

Attachment C

Key Briefing Packages

(Confidential)

PACIFIC GAS AND ELECTRIC COMPANY

Attachment D

Independent Evaluation (IE) Reports

(Confidential)

PACIFIC GAS AND ELECTRIC COMPANY

Attachment E

Deferred Procurement

(Confidential)

**PG&E Gas and Electric
Advice Submittal List
General Order 96-B, Section IV**

AT&T
Albion Power Company

Alta Power Group, LLC
Anderson & Poole

Atlas ReFuel
BART

Barkovich & Yap, Inc.
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