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

Pacific Gas & Electric Company
ELC (Corp ID 39)
Status of Advice Letter 6229E
As of July 22, 2021

Subject: Fall 2020 Solar in Disadvantaged Communities (DAC) Solicitation; Power Purchase Agreements Between PG&E and Selected Counterparties

Division Assigned: Energy

Date Filed: 06-18-2021

Date to Calendar: 06-23-2021

Authorizing Documents: None

Disposition:	**Accepted**
Effective Date:	**07-18-2021**

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

edtariffunit@cpuc.ca.gov

AL Certificate Contact Information:

Annie Ho
415-973-8794
PGETariffs@pge.com

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

To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

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

The AL status certificate indicates:

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Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)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

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

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

Energy Division's Tariff Unit by e-mail to
edtariffunit@cpuc.ca.gov

Pacific Gas and Electric Company®

Sidney Bob Dietz II
Director
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177

Fax: 415-973-3582

June 18, 2021

Advice 6229-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: **Fall 2020 Solar in Disadvantaged Communities (DAC) Solicitation; Power Purchase Agreements Between PG&E and Selected Counterparties**

I. Purpose

Pursuant to Decision (D.) 18-06-027, D.18-10-007, and Resolution E-4999 (collectively, DAC Decisions), Pacific Gas and Electric Company (PG&E) seeks California Public Utilities Commission (CPUC or Commission) approval of five of the six Power Purchase Agreement (PPAs) executed between PG&E and various counterparties that resulted from PG&E's Fall 2020 Solar in Disadvantaged Communities Request for Offer (DAC RFO). PG&E utilized its pre-approved RFO documents, including its non-modifiable DAC PPA, which was submitted via Advice Letter 5925-E on August 21, 2020, and approved by the CPUC with an effective date of September 23, 2020.

The six 20-year PPAs that were selected and executed as a result of the Fall 2020 DAC RFO are summarized in Table 1: Summary of Selected DAC Projects from the Fall 2020 DAC RFO below. Of these six PPAs, one Community Solar Green Tariff (CS-GT) project, that had been selected and subsequently executed as a part of the Fall 2020 DAC RFO, was ultimately terminated prior to the filing of this Advice Letter. The remaining five 20-year PPAs, of which PG&E is seeking approval for, result in new solar photovoltaic (PV) projects located in eligible DACs within PG&E's service territory for a total of 27.11 megawatts (MW)

Table 1: Summary of Selected DAC Projects from the Fall 2020 DAC RFO

Counterparty	Program	Project Name	Contract Capacity (MW)	Term (Yrs)	Commercial Operation Date (COD)	Location (City, State)	Cal Enviro Screen 3.0 Score
FFP CA Community Solar, LLC	DAC-GT	Nachtigall	4.66	20	3/31/2022	Wasco, CA	Top 25% DAC
FFP CA Community Solar, LLC	DAC-GT	Pistachio Road	4.79	20	5/5/2022	Lost Hills, CA	Top 25% DAC
FFP CA Community Solar, LLC	DAC-GT	Terry	4.66	20	3/29/2022	Wasco, CA	Top 25% DAC
Fresno Community Solar Developers LLC	DAC-GT	Fresno Disadvantaged Community Solar Project	10.00	20	11/10/2022	Fresno, CA	Top 25% DAC
Tulare CSG, LLC	CS-GT	Tulare CSG	3	20	8/31/2022	Corcoran, CA	Top 25% DAC
[redacted]							

II. Background

The CPUC issued the DAC Decisions to implement Assembly Bill 327, which directs California's large investor owned utilities (IOUs) to procure renewable generation under two new programs, Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CS-GT) (collectively, DAC-GT/CS-GT Programs). These programs are designed to promote the installation of renewable generation in DACs. The DAC Decisions directed California's three large investor owned utilities (IOUs) to hold at least two solicitations per year until the Program Capacity Allocation is met. PG&E issued its first DAC solicitation on March 5, 2020, which resulted in the execution of five PPAs. Advice Letter 5996-E was filed on November 8, 2020 seeking approval of those five PPAs and was effective as of December 9, 2020.

PG&E issued the Fall 2020 DAC RFO, its second DAC solicitation, on October 15, 2020, which resulted in the execution of four DAC-GT PPAs and two CS-GT PPAs, for a total of six PPAs. Of the six executed PPAs, one CS-GT PPA was terminated. [redacted].

This Advice Letter is only seeking approval for the five-remaining executed PPAs. See Table 2: Program Capacity Allocation Impact from Fall 2020 DAC RFO below for a summary of how these five executed PPAs will reduce PG&E's current Program Capacity Allocation.

Table 2: PG&E's Program Capacity Allocation Impact from Fall 2020 DAC RFO

	DAC-GT	**CS-GT**
Program Capacity Allocation (MW)	54.82	14.20
Total Executed Contract Capacity from Spring 2020 DAC RFO (MW)	4.65	6.00
Program Capacity Allocation less Spring 2020 DAC RFO Executed Contracts Capacity (MW)	50.17	8.20
Total Executed Contract Capacity from Fall 2020 DAC RFO (MW)[1]	24.11	3
Remaining Program Capacity (MW)	26.06	5.2

PG&E's DAC-GT and CS-GT Programs include both customer and procurement components. On the customer side, the programs allow eligible customers to subscribe to the output from third-party developed solar energy facilities and receive a 20% bill

[1] The Total Executed Contract Capacity only includes the five-PPAs PG&E is seeking approval of as a part of this Advice Letter and does not include the one executed CS-GT contract that was subsequently terminated.

discount.[2] On the procurement side, PG&E is required to procure its total mandated obligation of 69.02 MW (54.82 MW for DAC-GT and 14.20 MW for CS-GT).

III. Fall 2020 DAC Solicitation Overview

A. Solicitation Process

1. Process Overview

PG&E developed and conducted the Fall 2020 DAC RFO in accordance with the requirements of the DAC Decisions. PG&E filed its Fall 2020 solicitation documents via Advice Letter 5925-E and approved by the CPUC with an effective date of September 23, 2020.

2. Solicitation Schedule

See Table 3: Fall 2020 DAC Solicitation Schedule:

Table 3: Fall 2020 DAC Solicitation Schedule

Date/Time	Event
October 15, 2020	PG&E issues DAC Solicitation
October 27, 2020	Participants' Webinar
November 10, 2020 at 1 PM	Deadline for Participants to submit Offers via Power Advocate
December 18, 2020	Selected Participants Notified
December 30, 2020	Participant Submittal of Signed PPA
By February 5, 2021 **(Actual: February 4, 2021 - May 4, 2021)**	Target Countersignature of Partially Executed PPAs
By Early-March, 2021 **(Actual: June 18, 2021)**	Advice Letter Filing for Fully Executed DAC PPAs

3. Remaining Capacity Available

PG&E offered the remaining program capacity allocated to PG&E for the Fall 2020 DAC RFO, which was PG&E's total program allocation less MWs procured as a part of the Spring 2020 DAC RFO. The capacity PG&E offered was 50.17 MWs for DAC-GT and 8.2 MWs for CS-GT.

[2] Per Decision 20-07-008, PG&E is required to auto enroll a subset of DAC-GT eligible customers in the DAC-GT program.

4. **Offers Received**

[redacted]

[redacted]

5. Offer Selection

Using the evaluation criteria described in Section III.A.6 below, PG&E selected offers that 1) passed the eligibility screens, 2) were within the permitted maximum bid award price threshold, 3) were competitively priced, and 4) were within the MW cap for each program. PG&E also considered project viability based on the qualitative criteria detailed in the pre-approved RFO protocol, [redacted]

The permitted maximum bid award threshold for DAC-GT and CS-GT is set in E-4999 and in D.18-06-027, respectively.[3] The cap for both DAC-GT and CS-GT is set at or below the higher of 200 percent of the maximum executed contract price in either the Renewable Auction Mechanism (RAM)'s as available peaking category or the Green Tariff program. [redacted]

[redacted]

[3] Resolution E-4999, pg. 35-36; D.18-06-027, pg. 84.

[redacted]

<u>DAC-GT Offer Selection</u>:

For DAC-GT, PG&E selected all four projects submitted and, in the case there were multiple variants for a specific project, selected the variant with [redacted].

<u>CS-GT Offer Selection</u>:

For CS-GT, PG&E had a remaining 8.2 MW available, but received 16.3 MW in conforming offers. Therefore, PG&E selected the two most competitively priced offers that, in total, did not exceed the available MW cap.

PG&E also evaluated offers based on the CPUC directed prioritization requirements for CS-GT projects.[4] None of the CS-GT projects submitted met these criteria.

Selection Specifics:

[redacted]

Sponsor Letter of Commitment Review:

As a note on the evaluation process, PG&E received differentiating detail in letters of commitment from CS-GT project sponsors. Some sponsor letters directly addressed letter content required by the Decision 18-06-027, while other sponsor letters referenced separate attachments drafted by project developers addressing this content. PG&E found both methods to be acceptable. [redacted]

[4] CPUC Decision 18-06-027, pg. 82.

As is explained in the Decision 18-06-027, the "sponsor's role is to be a catalyst for the community and the project, and may involve utility and developer participation in the effort."[5] [redacted]. This is consistent with how PG&E evaluated sponsor letters of commitment in its Spring 2020 DAC RFO, for contracts that were approved in Advice Letter 5996-E.

6. Offer Evaluation

PG&E screened offers on a "pass-fail" basis against the eligibility requirements as described in Section III of the Fall 2020 DAC RFO Protocol. Conforming offers were then evaluated through use of the Least Cost Best Fit (LCBF) criteria, as detailed in Section V of PG&E's pre-approved RFO Protocol.

As explained in the pre-approved RFO Protocol, in order to meet interconnection eligibility requirements for the RFO, both DAC-GT and CS-GT projects only need to provide evidence of formal communication that an interconnection request has been submitted to the interconnection process and deemed complete by the CAISO and/or the Distribution Provider.[6] [redacted]

[redacted]

[5] CPUC Decision 18-06-027, pg. 76
[6] Fall 2020 Solar in Disadvantaged Communities Request for Offers ("DAC RFO") Solicitation Protocol, pg. 7-8.

[redacted]

[redacted]

[redacted]

7. Procurement Review Group (PRG)

The PRG for PG&E includes the Commission's Energy Division (ED), the Public Advocates Office, the Union of Concerned Scientists, The Utility Reform Network, the Coalition of California Utility Employees, and Coast Economic Consulting. See Table 5: PRG Notifications summarizing events in which PG&E consulted with the PRG for the Solicitation.

Table 5: PRG Notifications

Date	Event	Communication Method
October 15, 2020	Issuance Notification	Email
November 17, 2020	Notification providing summary of DAC offers received	In-Person
December 15, 2020	Shortlist and Pre-Execution Notification	In-Person

8. Independent Evaluator (IE)

The IE for the Solicitation is Lewis Hashimoto of Arroyo Seco Consulting. The IE provided active oversight of the Solicitation beginning prior to issuance and continuing through contract execution. The IE provided input in advance of the Solicitation's launch with the goal of maximizing the effectiveness of PG&E's outreach. This included reviewing solicitation materials and discussing the valuation process ahead of receiving offers. During the Solicitation, the IE reviewed e-mails exchanged between PG&E and the counterparties and participated on phone calls between PG&E and the counterparties.

B. Standard Contract Terms

PG&E utilized the pre-approved DAC PPA in the Solicitation. The terms and conditions of the DAC PPA were non-negotiable. All project specific information was provided on the DAC PPA Cover Sheet. The Delivery Term of any executed PPA will be 10, 15, or 20 years, which will commence on the Initial Energy Delivery Date. The PPA requires PG&E's counterparty to submit a project development milestone timeline (Section B in the Cover Sheet of the PPA) upon execution of the PPA and to provide progress reports to PG&E (as outlined in Section 3.9(a)(vii) and 3.9(a)(viii) in the PPA) on the Project's progress towards the achievement of the development milestones until the project begins energy deliveries.

For Projects being offered as fully or partially deliverable, the PPA includes an estimate of when full or partial capacity deliverability status will be attained. Seller is contractually bound by the estimate. If Seller has not achieved full or partial capacity deliverability status consistent with that in the offer by the designated time, then the Seller will be subject to contractual penalties.

The PPA requires a Participant to post collateral, Project Development Security and Delivery Term Security, in the form of cash or letter of credit from a reputable U.S. bank. Under the PPA, the Project Development Security will be retained by PG&E in the event that the Project should fail to come online by the contractual deadline. Delivery Term Security will be held throughout the delivery term.

IV. <u>Cost Recovery</u>

The DAC-GT and CS-GT programs are funded through available Greenhouse Gas allowance proceeds and, if those funds are exhausted, through public purpose funds.[9] PG&E is authorized to recover the net costs of the contracts through the Public Policy Charge Balancing Account, which includes a DAC-GT subaccount and a CS-GT subaccount.[10] The net costs associated with the contracts will be net of the market revenues the resources receive in the CAISO markets.[11]

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[9] DAC-GT Funding Source: D. 18-06-027, pg. 54; CS-GT Funding Source: D. 18-06-027 pg. 85.
[10] See Advice Letter 5351-E, approving the DAC-GT and CS-GT subaccounts in the PPCBA, effective September 6, 2018 as authorized in D.18-06-027, Ordering Paragraphs 14 and 15.
[11] See Advice Letter 5763-E, requesting modification of the DAC-GT and CS-GT subaccounts to harmonize the net cost calculation for the DAC-GT and CS-GT programs.

V. Request for Commission Approval

The DAC Standard Contract's terms and conditions are conditional upon "CPUC Approval," as defined in the DAC Standard Contract. To satisfy that condition concerning the DAC Standard Contract, PG&E requests that the Commission approve the five DAC Contracts through an ED disposition within thirty (30) days of the filing of this Advice Letter.

VI. Confidentiality Treatment

In support of this Advice Letter, PG&E has provided the confidential information listed below. This information is being submitted in the manner directed by D. 08-04-023 and the August 22, 2006, Administrative Law Judge's Ruling Clarifying Interim Procedures for Complying with D.06-06-066 to demonstrate the confidentiality of the material and to invoke the protection of confidential utility information provided under Public Utilities Code section 454.5(g) of the Investor Owned Utility Matrix, Appendix 1 of D.06-06-066 and Appendix C of D.08-04-023. A separate Declaration Seeking Confidential Treatment is being submitted concurrently with this Advice Letter.

Confidential Appendices

Appendix A: FFP CA Community Solar, LLC – Nachtigall Disadvantaged Communities Power Purchase Agreement (DAC-GT)
Appendix B: FFP CA Community Solar, LLC – Pistachio Road Disadvantaged Communities Power Purchase Agreement (DAC-GT)
Appendix C: FFP CA Community Solar, LLC – Terry Disadvantaged Communities Power Purchase Agreement (DAC-GT)
Appendix D: Fresno Community Solar Developers LLC –Fresno Disadvantaged Community Solar Project Disadvantaged Communities Power Purchase Agreement (DAC-GT)
Appendix E: Dimension CA 1, LLC – Tulare CSG Disadvantaged Communities Power Purchase Agreement (CS-GT)
Appendix F1: Independent Evaluator (IE) Report (Confidential)
Appendix G: Quantitative Evaluation Results

Public Appendices

Appendix F2: Independent Evaluator Report (Public)

VII. Protests

*****Due to the COVID-19 pandemic, PG&E is currently unable to receive protests or comments to this advice letter via U.S. mail or fax. Please submit protests or comments to this advice letter to EDTariffUnit@cpuc.ca.gov and PGETariffs@pge.com*****

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than July 8, 2021, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

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

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

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

VIII. Effective Date

PG&E requests that this Tier 2 advice letter submittal become effective on regular notice, July 18, 2021 which is 30 calendar days after the date of submittal.

IX. Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for R.14-07-002. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: http://www.pge.com/tariffs/.

/S/

Sidney Bob Dietz II
Director, Regulatory Relations

Attachments

cc: Service List R.14-07-002

ADVICE LETTER SUMMARY

ENERGY UTILITY

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

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

Utility type:
☑ ELC ☐ GAS ☐ WATER
☐ PLC ☐ HEAT

Contact Person: Annie Ho
Phone #: (415) 973-8794
E-mail: PGETariffs@pge.com
E-mail Disposition Notice to: AMHP@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) #: 6229-E

Tier Designation: 2

Subject of AL: Fall 2020 Solar in Disadvantaged Communities (DAC) Solicitation; Power Purchase Agreements Between PG&E and Selected Counterparties

Keywords (choose from CPUC listing): Compilance

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

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 Confidential Declaration and Matrix
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/access to confidential information: Brendan Lucker, (415) 973-7108

Resolution required? ☐ Yes ☑ No

Requested effective date:

No. of tariff sheets: N/A

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

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

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

Tariff schedules affected: N/A

Service affected and changes proposed[1]: N/A

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

[1]Discuss in AL if more space is needed.

Clear Form

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

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Sidney Bob Dietz II, c/o Megan Lawson
Title: Director, Regulatory Relations
Utility Name: Pacific Gas and Electric Company
Address: 77 Beale Street, Mail Code B13U
City: San Francisco, CA 94177
State: California Zip: 94177
Telephone (xxx) xxx-xxxx: (415)973-2093
Facsimile (xxx) xxx-xxxx: (415)973-3582
Email: PGETariffs@pge.com

Name:
Title:
Utility Name:
Address:
City:
State: District of Columbia Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Clear Form

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

PACIFIC GAS AND ELECTRIC COMPANY
ADVICE LETTER FOR APPROVAL OF CONTRACTS
RESULTING FROM ITS FALL 2020 SOLAR IN
DISADVANTAGED COMMUNITIES (DAC)
SOLICITATION PURSUANT TO DECISION 18-06-027

DECLARATION OF BRENDAN LUCKER
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION
CONTAINED IN PG&E'S ADVICE LETTER

I, Brendan Lucker, declare:

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

2. Based on my knowledge and experience, and in accordance with the Decisions 06-06-066, 08-04-023, and relevant Commission rules, I make this declaration seeking confidential treatment for certain data and information contained in PG&E's Advice Letter pursuant to Decision 18-06-027.

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

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on June 11, 2021.

/s/
Brendan Lucker

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

ADVICE LETTER FOR APPROVAL OF CONTRACTS RESULTING FROM ITS FALL 2020 SOLAR IN DISADVANTAGED COMMUNITIES (DAC) SOLICITATION PURSUANT TO DECISION 18-06-027

June 18, 2021

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order That Data Corresponds To	PG&E's Justification for Confidential Treatment	Length of Time
Advice Letter			
Advice Letter 6229-E: Fall 2020 Solar in Disadvantaged Communities (DAC) Solicitation; Power Purchase Agreements Between PG&E and Selected Counterparties (Confidential)	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)); Item VIII. B) Specific quantitative analysis involved in scoring and evaluation of participating bids.	The Advice Letter contains discussion of the specific terms of the executed Solar in Disadvantaged Communities Contracts. All contract terms, except for the terms that are public pursuant to Item VII.B, are confidential. The Advice Letter also contains information on the shortlist, which constitutes the confidential results of bid scoring and evaluation.	Contract documents and terms of contracts are confidential for three years from the date that the contract states that deliveries are to begin, or until one year following expiration, whichever comes first. Information under Item VIII. B is confidential for three years from the date winning contracts are submitted for CPUC approval.
Confidential Appendices			
Appendix A: FFP CA Community Solar, LLC – Nachtigall Disadvantaged Communities Power Purchase Agreement (DAC-GT)	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)).	The terms of the Disadvantaged Communities Power Purchase Agreement presented in this appendix are generally confidential. The terms of this contract that are public pursuant to Item VII. B. are publicly disclosed in PG&E AL 5925-E.	Contract documents and terms of contracts are confidential for three years from the date that the contract states that deliveries are to begin, or until one year following expiration, whichever comes first.

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

ADVICE LETTER FOR APPROVAL OF CONTRACTS RESULTING FROM ITS FALL 2020 SOLAR IN DISADVANTAGED COMMUNITIES (DAC) SOLICITATION PURSUANT TO DECISION 18-06-027

June 18, 2021

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order That Data Corresponds To	PG&E's Justification for Confidential Treatment	Length of Time
Appendix B: FFP CA Community Solar, LLC – Pistachio Road Disadvantaged Communities Power Purchase Agreement (DAC-GT)	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)).	The terms of the Disadvantaged Communities Power Purchase Agreement presented in this appendix are generally confidential. The terms of this contract that are public pursuant to Item VII. B. are publicly disclosed in PG&E AL 5925-E.	Contract documents and terms of contracts are confidential for three years from the date that the contract states that deliveries are to begin, or until one year following expiration, whichever comes first.
Appendix C: FFP CA Community Solar, LLC – Terry Disadvantaged Communities Power Purchase Agreement (DAC-GT)	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)).	The terms of the Disadvantaged Communities Power Purchase Agreement presented in this appendix are generally confidential. The terms of this contract that are public pursuant to Item VII. B. are publicly disclosed in PG&E AL 5925-E.	Contract documents and terms of contracts are confidential for three years from the date that the contract states that deliveries are to begin, or until one year following expiration, whichever comes first.
Appendix D: Fresno Community Solar Developers LLC - Fresho Disadvantaged Community Solar Project Disadvantaged Communities Power Purchase Agreement (DAC-GT)	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)).	The terms of the Disadvantaged Communities Power Purchase Agreement presented in this appendix are generally confidential. The terms of this contract that are public pursuant to Item VII. B. are publicly disclosed in PG&E AL 5925-E.	Contract documents and terms of contracts are confidential for three years from the date that the contract states that deliveries are to begin, or until one year following expiration, whichever comes first.

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

ADVICE LETTER FOR APPROVAL OF CONTRACTS RESULTING FROM ITS FALL 2020 SOLAR IN DISADVANTAGED COMMUNITIES (DAC) SOLICITATION PURSUANT TO DECISION 18-06-027

June 18, 2021

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order That Data Corresponds To	PG&E's Justification for Confidential Treatment	Length of Time
Appendix E: Dimension CA 1, LLC- Tulare CSG Disadvantaged Communities Power Purchase Agreement (CS-GT)	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)).	The terms of the Disadvantaged Communities Power Purchase Agreement presented in this appendix are generally confidential. The terms of this contract that are public pursuant to Item VII. B. are publicly disclosed in PG&E AL 5925-E.	Contract documents and terms of contracts are confidential for three years from the date that the contract states that deliveries are to begin, or until one year following expiration, whichever comes first.

PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)

ADVICE LETTER FOR APPROVAL OF CONTRACTS RESULTING FROM ITS FALL 2020 SOLAR IN DISADVANTAGED COMMUNITIES (DAC) SOLICITATION PURSUANT TO DECISION 18-06-027

June 18, 2021

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order That Data Corresponds To	PG&E's Justification for Confidential Treatment	Length of Time
Appendix F1: Independent Evaluator (IE) Report (Confidential)	Item VII.B (Contracts and Power Purchase Agreements between utilities and non-Affiliated Third Parties (except RPS)); Item VIII. B) Specific quantitative analysis involved in scoring and evaluation of participating bids.	The IE Report contains extensive discussion of the specific terms of the Disadvantaged Communities Contracts. All contract terms, except for the terms that are public pursuant to Item VII.B, are confidential. The IE Report also contains information on the shortlist, which constitutes the confidential results of bid scoring and evaluation.	Contract documents and terms of contracts are confidential for three years from the date that the contract states that deliveries are to begin, or until one year following expiration, whichever comes first. Information under Item VIII. B is confidential for three years from the date winning contracts are submitted for CPUC approval.
Appendix G: Quantitative Evaluation Results	Item VIII. B) Specific quantitative analysis involved in scoring and evaluation of participating bids.	The appendix contains information on the executed agreements, which constitutes the confidential results of bid scoring and evaluation.	Information under Item VIII. B is confidential for three years from the date executed contracts are winning for CPUC approval.

Confidential Appendix A

Executed Contract

FFP CA Community Solar, LLC – Nachtigall

Disadvantaged Communities Power Purchase Agreement (DAC-GT)

Confidential Market Sensitive Information

Protected Under D.06-06-066

Confidential Appendix B

Executed Contract

FFP CA Community Solar, LLC – Pistachio Road

Disadvantaged Communities Power Purchase Agreement (DAC-GT)

Confidential Market Sensitive Information

Protected Under D.06-06-066

Confidential Appendix C

Executed Contract

FFP CA Community Solar, LLC – Terry

Disadvantaged Communities Power Purchase Agreement (DAC-GT)

Confidential Market Sensitive Information

Protected Under D.06-06-066

Confidential Appendix D

Executed Contract

Fresno Community Solar Developers LLC – Fresno Disadvantaged Community Solar Project

Disadvantaged Communities Power Purchase Agreement (DAC-GT)

Confidential Market Sensitive Information

Protected Under D.06-06-066

Confidential Appendix E

Executed Contract

Dimension CA 1, LLC – Tulare CSG

Disadvantaged Communities Power Purchase Agreement (CS-GT)

Confidential Market Sensitive Information

Protected Under D.06-06-066

Confidential Appendix F1

Independent Evaluator Report

(Redacted version included with public filing)

Confidential Market Sensitive Information

Protected Under D.06-06-066

Confidential Appendix F2

Independent Evaluator Report

(Redacted version)

Confidential Market Sensitive Information

Protected Under D.06-06-066

ARROYO SECO CONSULTING

PACIFIC GAS AND ELECTRIC COMPANY FALL 2020 SOLAR IN DISADVANTAGED COMMUNITIES REQUEST FOR OFFERS

REPORT OF THE INDEPENDENT EVALUATOR ON FIVE RENEWABLE ENERGY CONTRACTS

JUNE 8, 2021

TABLE OF CONTENTS

EXECUTIVE SUMMARY

This report provides an independent review of a competitive solicitation that Pacific Gas and Electric Company (PG&E) held in autumn 2020 to seek contracts with new renewable energy generation projects participating in its two Solar in Disadvantaged Communities (DAC) programs: DAC-Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT). These programs promote sales of renewable power from facilities sited within DACs, with an emphasis on serving eligible low-income customers and residents of DACs and on providing bill discounts to eligible customers. PG&E is required to purchase, through power purchase agreements (PPAs) resulting from this Request for Offers (RFO), renewable energy produced by these projects and to market the energy to eligible customers.

An independent evaluator (IE), Arroyo Seco Consulting (Arroyo), conducted activities to review, test, and check PG&E's processes as the utility conducted outreach to renewable power developers, solicited offers, and evaluated and selected offers for DAC contracts. IE activities included reviewing PG&E's solicitation protocols, monitoring the utility team's outreach efforts and results, assessing PG&E's Least-Cost, Best-Fit (LCBF) methodology, analyzing selection decisions, performing independent valuations, assessing the fairness of how the solicitation was administered, and observing negotiations for the five contracts.

The high-level findings of this independent review are that:

- PG&E undertook adequate outreach to the renewable energy sector active in California; the resulting competitive solicitation was modestly robust.

- The utility's Least-Cost, Best-Fit methodology was designed such that conforming offers were fairly evaluated.

- PG&E exercised its commercial judgment in making selections of offers for contracts in a manner that was, overall, fair to competitors. Arroyo had two disagreements with how PG&E administered its evaluation and selection methodology.

- PG&E's project-specific negotiations of the terms and conditions of contracts with Dimension CA 1, LLC, FFP CA Community Solar, LLC, and Fresno Community Solar Developers, LLC were, overall, likely to be fair to ratepayers and competitors.

- The five contracts rank low to moderate in market value when compared to peer groups drawn from prior solicitations. The four DAC-GT contracts rank high in price; the one CSGT contract ranks moderate to high in price depending on the peer group used for comparison. Arroyo scored the DAC-GT proposals as high in project viability and the CSGT proposal as low. The facilities rank low in fit with PG&E's supply portfolio and high in PG&E's prior evaluation criterion of support for RPS goals.

- Arroyo's opinion is that the four DAC-GT contracts all merit approval by the California Public Utilities Commission (CPUC).

- Arroyo does not here offer an opinion on whether the CSGT contract merits approval or not, because the IE finds it challenging to interpret specific CPUC directives in Decision 18-06-027 regarding requirements for CSGT project proposals. Arroyo defers to the regulator to make that determination.

The report details the basis for these findings and opinions, following the RPS Shortlist Report Template provided by the Energy Division (ED) of the CPUC. The public version of this report has had confidential information redacted.

1. ROLE OF THE INDEPENDENT EVALUATOR

Pacific Gas and Electric Company issued a Request for Offers on October 15, 2020, a competitive solicitation for new renewable energy projects qualifying to participate in the utility's DAC programs.

Assembly Bill 327, signed into law in 2013, required the CPUC to develop alternatives to increase adoption of renewable energy in DACs. The CPUC issued Decision 18-06-027 in June 2018 creating programs, including DAC-GT and CSGT, to increase access to solar energy for residents of DACs located within the service territories of the three investor-owned utilities (IOUs). The Decision ordered the IOUs to file advice letters to create tariffs for the DAC-GT and CSGT programs. The CPUC also issued Decision 18-12-015 that authorized pilot projects intended to provide access to affordable energy, including projects in eight DACs in the San Joaquin Valley (SJV) within PG&E's service territory. Decision 18-06-027 included these SJV pilot program communities as eligible sites for the CSGT program and for eligible CSGT customers.

Resolution E-4999 approved the IOUs' DAC-GT and CSGT tariffs with modifications. In August 2020, PG&E submitted Advice 5925-E with versions of DAC solicitation material and a pro forma PPA that were revised from the versions it employed in its Spring 2020 DAC solicitation. Among other things, the eligibility requirements for projects with respect to interconnection progress were altered and clarified. The CPUC accepted the filing in September 2020.

This chapter describes key roles of the IE and details activities undertaken by Arroyo in this solicitation to fulfill those roles.

A. KEY INDEPENDENT EVALUATOR ROLES AND RESPONSIBILITIES

To comply with CPUC requirements, PG&E retained Arroyo Seco Consulting to serve as IE for the DAC solicitation, to provide an independent review of the utility's offer evaluation and selection process and the fairness of negotiations of any resulting contracts.

The CPUC has stated its intent for IEs to "separately evaluate and report on the IOU's entire solicitation, evaluation and selection process", in order to "serve as an independent check on the process and final selections."[1] The Energy Division of the CPUC has provided a template to guide how IEs should report on the RPS competitive procurement process, outlining specific issues on which IEs should report:

- Did the IOU do adequate outreach to participants, and was the solicitation robust?

[1] California Public Utilities Commission Decision 06-05-039, May 25, 2006, Opinion Conditionally Approving Procurement Plans for 2006 RPS Solicitations, Addressing TOD Benchmarking Methodology, page 46.

- Was the IOU's LCBF methodology designed such that offers were fairly evaluated?
- Was the LCBF offer evaluation process fairly administered?
- Were project-specific negotiations fair?
- Do the contracts merit CPUC approval?

The structure of this report, setting out detailed findings for each of these issues, is organized around the guidance of the template.

C. IE ACTIVITIES

To fulfill the role of evaluating PG&E's evaluation and selection of offers, several activities were undertaken, both prior to the offer due-date and subsequently. Prior to the offer due date of November 10, 2020, Arroyo performed various tasks:

- Reviewed the solicitation protocol and its attachments including PG&E's pro forma DAC agreement, site control attestation, workforce development plan attestation, workforce development affidavit, and site control questionnaire and affidavit;

- Attended PG&E's participants' webinar on October 27 to evaluate information provided to potential participants, and how that information was distributed;

- Analyzed PG&E's outreach effort towards potential participants;

- Checked the posting of questions and answers from the participants' webinar on PG&E's public website to see whether information that was made available live to conference attendees or bilaterally to potential participants through e-mail correspondence was also provided to other potential participants.

During the period between offer opening and PG&E's selection of offers for execution, Arroyo's activities included:

- Participating in opening offers. Arroyo obtained electronic copies of the offer packages from the on-line platform employed for proposal submissions.

- Monitoring PG&E's evaluation team's dialogues with participants as it sought to address material deficiencies and to ensure that each offer included sufficient information to complete an evaluation and to minimize the number of offers disqualified as non-conforming.

- Reviewing offers. Arroyo focused on pricing, documentation of site control and project developer experience, and deviations from standard eligibility requirements.

- Employing an independent valuation model to value conforming offers. This serves as a cross-check against PG&E's LCBF model and a means for ranking an offer against prior solar PV proposals in value. The IE tool used independent inputs and a different methodology than PG&E's. It was simpler and lacked the granularity used in the PG&E model. An independent valuation has in the past been helpful for testing the robustness of PG&E team's value ranking of offers using alternate assumptions and different value metrics.

- Attending meetings of PG&E's Procurement Review Group (PRG), presenting independent commentary and observations about the solicitation.

Following the selection of offers, Arroyo monitored the limited contract negotiations as PG&E and the selected counterparties finalized and executed DAC agreements for each of the selected projects.

2. ADEQUACY OF OUTREACH TO PARTICIPANTS AND ROBUSTNESS OF THE SOLICITATION

In its fall 2020 DAC solicitation protocol, PG&E laid out publicly stated goals of procuring 8.2 MW for its CSGT program, the full volume remaining in its program allocation. Its goal for the solicitation for the DAC-GT program was 50.17 MW, also the full volume remaining in that program. This section reports on the degree to which PG&E adequately conducted outreach to elicit sufficient participation in the DAC solicitation process, and the degree to which the resulting solicitation may be judged robust enough to be fully competitive.

A. ADEQUATE DISTRIBUTION OF SOLICITATION ANNOUNCEMENTS

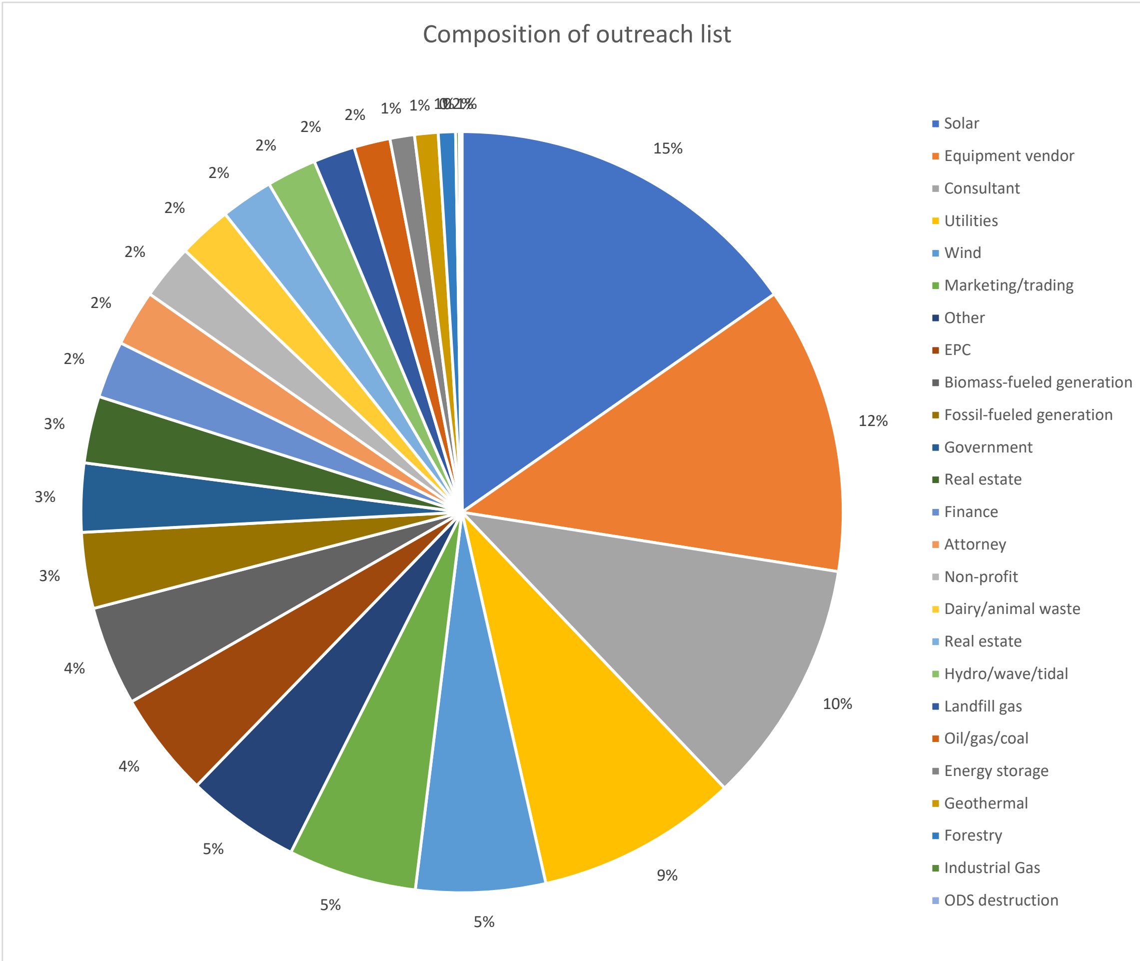
PG&E e-mailed a market notice to a large number of individuals using its generic RFO contact list as the major vehicle for announcing the opening of its DAC solicitation. The utility team has built its RFO contact list over time, both proactively by adding potential participants for different RFOs and reactively by taking individuals' requests to be added to the list. Figure 1 shows a breakdown by industry sector of the contact list employed by PG&E for this solicitation, which has nearly three thousand individual contacts.

The largest segment represented on the list was composed of contacts active in the solar power sector. The second largest segment was comprised of vendors, including equipment hardware vendors and service firms. The third largest segment was made up of consulting firms, with specialties such as electric transmission, water and wastewater quality, public relations and lobbying, environmental permitting, solar resource assessment, composting, and carbon offset credit certification.

Other well-represented sectors included electric and water utilities; wind generation developers; wholesale marketers, brokers, and traders of power, gas, renewable energy credits, and other commodities; engineer, procurement and construction (EPC) contractors; developers and owners of biomass-fueled generation; government agencies; owners and developers of fossil-fueled generation; and entities that facilitate demand-side management or energy efficiency programs. The majority of entities with contacts on the list do not participate directly in developing renewable generation projects and were unlikely to respond directly to the DAC RFO. Eligibility for this solicitation was restricted to solar facilities.

PG&E did not issue a news release to announce the issuance of its fall 2020 DAC solicitation. It is unclear whether use of broad media releases would enhance the robustness of the response to a solicitation for such a highly specialized project need, given that only a portion of the universe of solar energy developers active in the U.S. might be motivated to participate in programs targeted at disadvantaged communities with smaller-scale solar facilities sited in DACs.

Figure 1.



Overall, Arroyo's opinion is that notifications about PG&E's DAC solicitation were adequately distributed. All of the offers selected were from entities with an individual on the RFO e-mail contact list. Arroyo acknowledges the challenge any utility would face in identifying potential developers of new renewable energy projects that are specifically targeting the disadvantaged community sector or who have already obtained site control for projects located within the limited set of qualifying DACs or SJV pilot project communities.

B. CLARITY AND CONCISION OF SOLICITATION MATERIALS

PG&E's DAC solicitation protocol is modestly sized for a document of its type (it totaled 23 pages excluding attachments (the list of eligible DAC census tracts was 19 pages long). By comparison, SDG&E treated its DAC-GT and CSGT solicitations as separate RFOs and published 27-page protocols for each of them for its fall 2020 RFOs, totaling 54 pages. The presentation to potential participants in PG&E's outreach webinar was rather longer at 50 pages (vs. SDG&E's 59-page bidders' conference presentation for its two spring 2020 DAC RFOs), but it delved deeply into terms and conditions of the PPA and into the nuts and bolts of how to enter data into the offer spreadsheet. Arroyo believes these materials are reasonably concise given the purposes they serve.

Arroyo's opinion is that the solicitation materials generally provided clear direction on how to prepare and submit complete offer packages. Arroyo believes that the solicitation protocol was substantially improved in clarity from the version used in PG&E's Spring 2020 DAC solicitation, as it spelled out with much greater detail more specific guidance about eligibility requirements.

Several offer packages submitted arrived with deficiencies. While many were minor omissions and easily corrected, it suggested that some participants did not fully understand and follow the detailed guidance of the protocol and the outreach webinar presentation. Deficiencies in the initial offer packages included:

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

The number of deficiencies in the offer packages was typical for PG&E's RFOs. These minor omissions and errors were quickly addressed by participants upon notification. As described below, only one offer was rejected by PG&E for an uncorrectable deficiency.

Overall, Arroyo believes that PG&E's solicitation materials were concise, given the challenge of detailing the requirements of a more complex program that requires adherence to guidelines on marketing materials and community interest in contrast to simpler solicitations for wholesale commodity products. Solicitation materials were overall clear, although some participants failed to follow all detailed directions for the proposal packages, leading to minor deficiencies.

C. PG&E'S BIDDERS' CONFERENCE

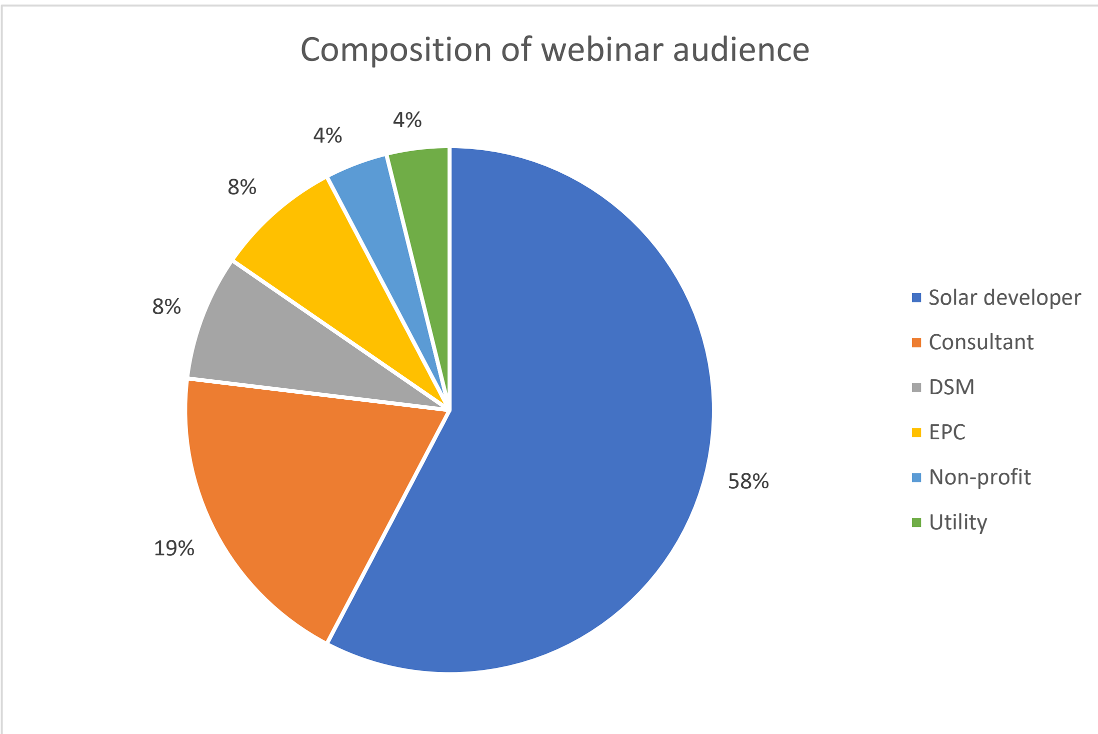
PG&E held a bidders' webinar for potential participants in the DAC solicitation on October 27, 2020. This was a venue for the utility's team to describe important features of the solicitation, such as:

- Eligibility requirements unique to the DAC solicitation, including those regarding siting within a top 25% disadvantaged census tract or SJV pilot community, the commitment from a community sponsor for CSGT proposals, the required workforce development and job training attestation for CSGT proposals, and a discussion of the SJV pilot program communities.

- Unique features of the DAC agreement, such as the requirement that 25% of a CSGT project must be subscribed by eligible low-income residents before energy deliveries may commence, and that the project demonstrate that it has qualified for a Green-e energy tracking attestation.

- A detailed discussion on how to fill out offer forms and submit complete offers.

Figure 2. Individuals attending bidders' conference



The webinar was modestly attended. This seems reasonable given the small proportion of project developers that have chosen to focus on the disadvantaged communities segment in California at this time, and the higher burden placed upon eligibility and the smaller project size limit for the CSGT program in particular. Figure 2 displays a breakdown of attendees of this RFO's webinar. Several attendees were in some way affiliated with the companies that ended up participating in the solicitation.

Several questions were posed to PG&E at the end of the webinar. Topics included some basic information about the solicitation, such as:

- When is the half-executed PPA required?

- What does project "vintage" mean?

- Is a project that was proposed in the Spring 2020 DAC solicitation but not selected considered a "new project" regarding eligibility?

- How should an offer be submitted if it has no variants?

- How does PG&E quantify the competitiveness of offers?

The nature of the questions suggested that the audience had general comprehension of the solicitation process, but that some had not yet closely read the solicitation materials in detail, as the protocol already covered most of the answers to the specific questions posed. This does not by itself suggest an issue for clarity of the materials related to the topics raised in the webinar presentation.

D. FEEDBACK FROM PARTICIPANTS ABOUT THE RFO

PG&E solicited feedback about this DAC RFO from participants and non-participants, and obtained a modest response. Highlights of the feedback included:

- A majority of survey respondents agreed that
    - The protocol clearly established requirements for offer eligibility and for submitting required forms; and
    - PG&E followed its process as described in solicitation material;
- A broader range of responses were received, and no general consensus was provided about
    - Whether PG&E provided clear guidance on interconnection requirements;
    - Whether the timeline for the solicitation was appropriate; and
    - Whether instructions for the offer form were clear.
- Reasons cited by non-participants for not submitting proposals included
    - Projects in development were not sited in DACs and therefore ineligible; and
    - Required project sizes were too small.
- Individual respondents suggested that future DAC solicitations provide
    - An easier way to demonstrate whether or not a project site is located within PG&E's service territory;

- A summary and map that would make it easier to ascertain whether a project would qualify for the solicitation;
- A way for larger projects to qualify (this would require CPUC action);
- More specific guidance on what documentation is required from a Participating Transmission Owner to demonstrate that a proposal meets the interconnection requirements;
- More control and involvement for community sponsors in recruiting subscribers (this would require CPUC action);
- Reforms to the DAC-GT program to increase its community benefits, such as requiring community training (this would require CPUC action); and
- More flexible insurance requirements.

E. ROBUSTNESS OF THE SOLICITATION

The response to the solicitation was modestly robust. PG&E initially received DAC-GT offers for [redacted] unique projects, with total capacity of [redacted] MW, from [redacted] participants. As described later in this report, [redacted] was judged by PG&E to fail to conform to the requirements of the solicitation. The remaining conforming proposals' capacity totaled [redacted] MW, less than the 50.17 MW of remaining program capacity made available in this RFO as stated under "Solicitation Goals" in PG&E's protocol.

Similarly, PG&E initially received CSGT offers for [redacted] unique projects, with total capacity of about [redacted] MW, from [redacted] participants. PG&E judged all of these proposals to conform to the requirements of the solicitation protocol. The capacity offered exceeded the remaining program capacity for PG&E's CSGT program of 8.2 MW.

PG&E had received [redacted] unique project proposals for projects of 20 MW or less in its 2017 PV solicitation, of which [redacted] were sited in top 25% CalEnviroScreen 3.0 census tracts. The DAC-GT program's eligibility requirements differ from those of the PV solicitation primarily in the size limit and in the location requirement that the facility be sited in a 25% top CalEnviroScreen 3.0 census tract within PG&E's territory. [redacted] More research on developers that are willing to build small solar projects in DACs, and more direct outreach to them well in advance of the next RFO opening date might help elicit a more robust response.

In summary, Arroyo's opinion is that PG&E conducted adequate outreach to developers of new solar projects. The response to this DAC RFO was modestly robust. The solicitation materials were concise. Arroyo considered the materials to be clear but the number of basic questions posed in the participants' webinar and the number of minor deficiencies embedded in the initial offers suggests that participants did not thoroughly understand the details of the solicitation's requirements based on the materials.

3. FAIRNESS OF OFFER EVALUATION AND SELECTION METHODOLOGY

The key finding of this chapter is that PG&E's evaluation and selection methodology for its Fall 2020 DAC solicitation was designed fairly, overall.

The following discussion identifies principles for evaluating PG&E's methodology and discusses its strengths and weaknesses.

A. PRINCIPLES FOR EVALUATING THE METHODOLOGY

The Energy Division of the CPUC has usefully suggested a set of principles for evaluating the process used by IOUs for selecting offers in competitive renewable solicitations, within the template intended for use by IEs in reporting. These include:

- There should be no consideration of any information that might indicate whether the participant is an affiliate.
- Procurement targets and objectives were clearly defined in the IOU's solicitation materials.
- The IOU's methodology should identify quantitative and qualitative criteria and describe how they will be used to rank offers. These criteria should be applied consistently to all offers.
- The LCBF methodology should evaluate offers in a technology-neutral manner.
- The LCBF methodology should allow for consistent evaluation and comparison of offers of different sizes, in-service dates, and contract length.

Some additional considerations appear relevant to PG&E's specific situation. Unlike some utilities, PG&E does not rely on weighted-average numerical calculations of scores for evaluation criteria to arrive at a total aggregate score. Instead, the public solicitation protocol cites three criteria of which two are quantitative and one is qualitative. This suggests a few other principles for assessing fairness:

- The methodology should identify how non-valuation measures will be considered; all non-valuation criteria used in selecting offers should be transparent to participants.
- The logic of how non-valuation criteria or preferences are used to reject higher-value offers and select lower-value offers should be applied consistently and without bias.
- The valuation methodology should be reasonably consistent with industry practices.

B. STRENGTHS AND WEAKNESSES OF PG&E'S METHODOLOGY

PG&E's LCBF methodology ("Portfolio-Adjusted Value", or PAV) for RFOs has been revised over the years; its evolution has benefitted from input from IEs and the utility's PRG, and from internal review and incremental improvements. This chapter discusses the methodology and addresses a set of specific issues identified in the Energy Division's template for IE reports.

1. CONSISTENCY WITH PROCUREMENT PLAN, PORTFOLIO FIT, PRODUCTS

PG&E's evaluation and selection methodology is consistent with its CPUC-approved 2019 RPS procurement plan. In Arroyo's opinion, PG&E adequately incorporated the needs and preferences stated in its RPS procurement plan as approved by the CPUC into its approach. For example:

- PG&E's 2019 RPS procurement plan stated that the utility would not hold an RPS solicitation in its 2019 solicitation cycle and that PG&E would seek the CPUC's approval to procure any amounts other than those separately required under CPUC-mandated procurement programs such as feed-in tariffs. The plan explicitly cites Decision 18-06-027 as mandating the two DAC programs to promote new generation among residential customers in DACs, and anticipates a need to adjust PG&E's view of its renewable net short position based on the outcome of DAC solicitations.

- The RPS procurement plan stated that the utility will minimize the overall cost of renewables over time by, among other things, promoting competitive processes that can encourage price discipline. PG&E's DAC program uses a competitive solicitation procurement process to select proposals ranked based on value.

- PG&E's DAC solicitation protocol stated that it would use the least-cost, best-fit methodology that is described in Appendix G of the 2019 RPS procurement plan as the quantitative evaluation criterion.

The products requested in PG&E's DAC solicitation were consistent with those specified in PG&E's solicitation protocol and mandated by Decision 18-06-027, including the detailed requirements regarding project size, location, and letters of commitment from community sponsors. PG&E's standard requirements for solicitations for new renewable generation, such as project viability screens, apply to the DAC RFO.

Note that an eligibility requirement regarding interconnection progress for this solicitation differs from PG&E's other RFOs that are based on the Renewable Auction Mechanism process, such as its Regional Renewable Choice (Enhanced Community Renewables) RFO, and from the prior DAC RFOs. For this solicitation, the proposed project must demonstrate that its interconnection request has been deemed complete, while for other RFOs the project must demonstrate that it has obtained a Phase II interconnection study or its equivalent. The CPUC approved this variance in eligibility requirements in its acceptance of PG&E's Advice 5925-E.

Portfolio Fit. PG&E does not currently use a stand-alone metric for portfolio fit. It takes into account its various preferences for attributes of portfolio fit through adjustments it applies when calculating Portfolio-Adjusted Value. In Arroyo's opinion, PG&E's approved least-cost, best-fit methodology adequately takes into account characteristics related to PG&E's portfolio fit preferences.

Preferences and Other Criteria. PG&E did not state preferences in its solicitation protocol. However, the protocol acknowledged that priority would be given to projects sited within top 5% CalEnviroScreen 3.0 census tracts or San Joaquin Valley pilot project communities. It also stated a priority for projects that leverage other government funding or demonstrate support from local climate initiatives, and for projects that provide evidence of support from programs such as Transformative Climate Communities. This prioritization is fully consistent with the directives in Decision 18-06-027 that IOUs "should prioritize projects located in" such top 5% DACs or "San Joaquin Valley pilot communities" and should grant additional priority to projects that leverage other government funding.

2. MARKET VALUATION

PG&E's market valuation approach has a number of general strengths including its consistency with industry practice, its rapid turnaround time, its reliance on market price data rather than dispatch model outputs, its neutrality with respect to technologies (as opposed to project characteristics), and its relation to real option pricing. Its weaknesses are the same as other methods that rely on extrapolating market price well beyond a time horizon when liquid market price signals for energy or capacity can reasonably be observed.

Consistency of market valuation. PG&E calculated components of its market valuation methodology in a manner consistent with its protocol and with prior CPUC direction. PG&E has dropped the use of time-of-delivery factors for adjusting prices and received CPUC approval to do so. The methodology incorporates congestion costs, integration costs, and resource adequacy benefits into its calculation.

Arroyo cannot identify any components of costs or revenues that should not have been included in PG&E's valuations of offers. The analysis was, overall, consistent with what was communicated in the solicitation protocol, which referred to the detailed public description of the LCBF methodology in Appendix G of PG&E's 2019 RPS procurement plan.

Transmission costs. PG&E's LCBF methodology includes costs of transmission upgrades in its value calculations. In the description of its methodology in the 2019 RPS procurement plan, PG&E stated that it would use both reliability network upgrades and delivery network upgrades in the calculation of a cost adder as appropriate; the methodology as described relies on input data from interconnection studies. The methodology weighs network upgrade costs against the benefits of RA value in calculating net market value.

3. EVALUATION OF OFFERS' PROJECT VIABILITY

PG&E performs a project viability check when evaluating new resources in a DAC solicitation. It uses an approach based on elements of its Renewable Auction Mechanism (RAM): proposals are subjected to a pass/fail screen for project viability using eligibility requirements on dimensions such as interconnection progress, site control, developer experience, safety, and prior commercial experience with PG&E. CSGT proposals are also evaluated against the specific preferences expressed by the CPUC. Arroyo independently scored proposals using the Energy Division's project viability calculator.

4. OTHER EVALUATION CRITERIA

PG&E's primary metric for evaluating proposals was Portfolio-Adjusted Value. It also listed in its solicitation protocol several non-quantitative criteria that could be employed to assess proposals. The list included project viability, credit, safety history, environmental and permitting status, previous adverse commercial relationship with PG&E, supply chain responsibility status, and the prioritizations stated in CPUC guidance for CSGT proposals.

C. FUTURE LCBF METHODOLOGY IMPROVEMENTS

PG&E's least-cost, best-fit methodology has undergone repeated refinement, motivated both by internal choices within the utility, external impetus from the regulator, and suggestions from IEs. Incremental improvements have been made over time; Arroyo anticipates that PG&E will continue to make changes to its Portfolio-Adjusted Value methodology and to its inputs over time. PG&E made changes to its prior PAV approach as described in an appendix to its 2019 RPS procurement plan.

4. FAIRNESS OF ADMINISTERING THE OFFER EVALUATION AND SELECTION PROCESS

This section describes the extent to which PG&E's administration of its protocol for offer evaluation and selection in its Fall 2020 DAC solicitation was conducted fairly.

A. PRINCIPLES USED TO DETERMINE FAIRNESS OF PROCESS

The Energy Division has suggested a set of principles proposed to guide IEs in determining if an IOU's administration of its evaluation and selection process was fair:

- Were all offers treated the same regardless of the identity of the bidder?
- Were participants' questions answered fairly and consistently and the answers made available to all participants?
- Did the utility ask for "clarifications" that provided one participant an advantage over others?
- Was the economic evaluation of the offers fair and consistent?
- Was there a reasonable justification for any fixed parameters that were a part of the IOU's LCBF methodology (e.g., RMR values; debt equivalence parameters)?
- Were the qualitative and quantitative factors used to evaluate offers fair to all offers?

Some other considerations appear relevant to reviewing PG&E's administration of its methodology. The use of business judgment in bringing multiple non-valuation criteria to bear on decision-making, rather than a mathematical, objective means of doing so, implies an opportunity to test the fairness of administration using additional principles:

- Were the decisions to reject higher-valued offers because of low scores in criteria or preferences other than market valuation applied consistently across all offers? Were the selections of lower-valued offers in preference to higher-valued ones based on their superior attributes in non-valuation criteria made consistently, or were high-valued offers skipped over unfairly?

- If PG&E did not select the projects that provide the best overall value while meeting the needs of PG&E's compliance periods, what factors prevented those projects from being selected? Was their rejection based on considerations that were communicated transparently to participants in the solicitation protocol?

- Were the judgments used to create the selection based on evaluation criteria and preferences that were publicly disseminated to participants prior to offer submittal?

- Did PG&E perform its offer evaluation and selection methodology in a manner consistent with how it treated proposals submitted in its prior solar solicitations?

B. REVIEWING PG&E'S ADMINISTRATION OF ITS EVALUATION AND SELECTION PROCESS

PG&E provided Arroyo Seco Consulting with detailed results during the evaluation process. Arroyo had access to the offer packages and to PG&E's correspondence with the participant and was able to arrive at independent opinions about the strengths and weaknesses of the offer against the evaluation criteria.

Additional elements of Arroyo's approach for evaluating the fairness of the evaluation and selection process include:

- Running an independent valuation model that directly used detailed offer information; reviewing PG&E's input assumptions for its valuation methodology.
- Independently scoring offers using the CPUC-approved Project Viability Calculator;
- Developing an independent viewpoint about whether offers met all CPUC-imposed eligibility requirements and whether they merited selection;
- Observing communications between PG&E and participants that submitted conforming offers to check whether any of them was advantaged over its competitors by requests posed, information provided, or assistance rendered;
- Reviewing PG&E's selection decisions for consistency; reviewing whether the logic for selection vs. rejection was consistently applied to all offers; and
- Checking in greater detail some of the input parameters that PG&E used in its valuation.

C. IDENTIFYING NONCONFORMING OFFERS

PG&E performed a detailed review of the offer packages to identify specific deficiencies that needed to be addressed by participants and to assess which offers had characteristics that deviated materially from RFO eligibility requirements. Nearly all of the deficiencies were minor, such as errors in filling in the offer form spreadsheet or omission of required documents from the package. These errors and omissions were corrected by participants quickly after PG&E provided notices of deficiencies. Unlike PG&E's Spring 2020 DAC solicitation, all offers received were for projects sited within top 25% DAC census tracts and therefore met the project location eligibility requirement (none were sited within a San Joaquin Valley pilot community).

Upon review, PG&E judged that [redacted] failed to meet an eligibility requirement approved by the CPUC, a requirement that was stated in the solicitation protocol. [redacted]

[redacted] PG&E concluded that the interconnection request had not yet been deemed complete by the offer deadline and that the proposal therefore failed to conform to the requirements of the solicitation as stated in the protocol. Arroyo concurred with this judgment.

Arroyo notes that [redacted]

- […] [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

In Arroyo's opinion PG&E identified non-conformance among proposals in a reasonable manner, overall, subject to this one issue: how best to interpret the CPUC's direction, and [redacted]. Arroyo cannot, based on its effort to interpret of the text of the Decision, judge whether these deficiencies should be regarded as disqualifying failures to comply with CPUC direction or not. [redacted]

D. REASONABLENESS AND FAIRNESS OF PARAMETERS AND INPUTS

Parameters and inputs that PG&E used in its evaluation of offers to the DAC solicitation were, for the most part, reasonably and fairly chosen, in Arroyo's opinion. This includes assumptions for market pricing of energy, system RA capacity, flexible capacity, for the value of buyer curtailment options, for the impact of debt equivalence, and for numerous other inputs. PG&E used internal forward curves from [redacted] as the basis for valuation.

PG&E has a variety of internal controls in place to ensure that its selection of inputs and parameters are reasonable and fair. The Energy Policy and Procurement organization relies on a separate and independent risk management function for oversight of power market assumptions used in valuation, and on a corporate financial function for oversight on financial assumptions. Some of the inputs are based on estimates made by the CEC and CPUC.

However, Arroyo disagreed with how PG&E assumed inputs for transmission network upgrade costs that were applied as adders to the cost of proposals in PG&E's LCBF methodology.

Specifically, [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Consequently, Arroyo disagrees with PG&E regarding how it chose input parameters in its LCBF methodology, in this specific regard: [redacted]. In Arroyo's opinion, this approach distorted the value ranking of the proposals that was used in making evaluation and selection decisions so that at least one proposal was likely mis-ranked: [redacted].

Arroyo understands how PG&E could have arrived at the interpretation of the descriptions of its methodology that it did, [redacted] as an input parameter, [redacted]. Arroyo disagrees with this approach because it does not make use of the most recently available information and can distort valuation rankings of offers.

However, Arroyo believes that any mis-valuations caused by PG&E's assumptions for input parameters were likely moot; PG&E made its selection decisions in a way that these distinctions would likely not have affected, as described below.

E. THIRD-PARTY ANALYSIS

PG&E did not engage Arroyo or any third parties to conduct any part of the offer evaluation.

F. TRANSMISSION COST ADDERS AND INTEGRATION COSTS

PG&E followed its public and nonpublic protocols in administering its procedures for CPUC-approved integration cost adders, using the Portfolio-Adjusted Value methodology. Arroyo disagreed with how PG&E calculated transmission adders and believes its approach was inconsistent with its non-public evaluation protocol.

G. AFFILIATE PROPOSALS AND BUYOUT OR TURNKEY OFFERS

PG&E did not solicit offers for utility buy-outs of new projects or for turnkey construction of projects to transfer to utility ownership. No affiliates of PG&E submitted offers so the issue of conflicts of interest in selecting proposals from affiliates did not arise.

H. PG&E'S USE OF ADDITIONAL CRITERIA AND ANALYSIS

Decision 18-06-027 directed IOUs to prioritize projects "located in top 5 percent DACs or SJV pilot communities" for the CSGT program. [redacted] PG&E also stated a priority for projects that leverage other government funding or provide evidence of support from local climate initiatives. [redacted]

Participants scored offers for qualitative criteria that were described in the solicitation protocol, including supplier responsibility. Among the participants awarded contracts, none appear to be certified Diverse Business Enterprises.[2]

I. ANALYSIS OF PG&E'S SELECTION RESULTS

This section discusses offer selection and how the solicitation resulted in agreements.

1. SELECTED OFFERS

For the DAC-GT program, PG&E selected three offers proposed by FFP CA Community Solar, LLC, a project company subsidiary of ForeFront Power, LLC ("FFP"), which is itself a subsidiary of Mitsui & Co., Ltd., part of the Mitsui Group, one of the largest industrial combines in Japan. ForeFront Power was previously the business segment within SunEdison, Inc. that developed solar generation for commercial and industrial retail customers; Mitsui acquired the business following SunEdison's bankruptcy. PG&E also selected an offer proposed by Fresno Community Solar Developers LLC, a Fresno-based entity first registered as a business in early 2020.

The four selected DAC-GT offers included proposals for new generation projects:

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[2] In its offer package, [redacted] claimed to be certified as a Disabled Veteran Business Enterprise (DVBE) by the California Department of General Services, but the DGS online database does not show an entry for [redacted] and the certification number provided is invalid. Instead, the certification number provided in [redacted] corresponds to [redacted] a concrete, solar, and tree service contracting firm in San Diego County, certified by both the California DGS and the CPUC Clearinghouse as a DVBE, whose contractor license has expired. On that basis Arroyo does not regard [redacted] as a Diverse Business Enterprise as of the solicitation's offer deadline, and it is still not certified as of the date of this report.

- Nachtigall, a 4.66-MW facility to be sited on agricultural land in the northeast corner of the city of Wasco in Kern County.

- Terry, a 4.66-MW facility to be sited on the same agricultural parcel as the Nachtigall project but with a separate interconnection.

- Pistachio Road, a 4.79-MW facility to be sited on grazing land about 9 miles north of Blackwells Corner and 12 miles northwest of Lost Hills, in unincorporated northwestern Kern County.

- Fresno Disadvantaged Community Solar Project, a 10-MW facility to be sited in a western, non-contiguous portion of the city of Fresno, adjacent to the Fresno-Clovis Regional Wastewater Treatment Facility. [redacted]

[redacted]

The two selected CSGT offers [redacted], included:

- [redacted][3] [redacted]
    - [redacted]
    - [redacted]
    - [redacted]
    - [redacted]

[3] CPUC Resolution E-4999 directed PG&E to ensure that it allows CSGT projects in the program that are sited within 40 miles of SJV pilot communities that they serve.

- [redacted].[4]

- Tulare CSG, a 3-MW facility sited in unincorporated Tulare County about seven miles north of Alpaugh, which is an eligible San Joaquin Valley pilot community. It is also about ten miles northwest of Allensworth and 37 miles southwest of Seville, SJV pilot communities. The offer package included letters of commitment addressed to GRID Alternatives from [redacted]

[redacted]

PG&E notified the participants that offered these projects of their selection on December 18. Each of the three successful participants accepted the selection of their proposals within a few days, meeting PG&Es deadline. PG&E also requested the participants submit executed power purchase agreements, provide the seven documents listed in the PPA's appendix on Seller Documentation Condition Precedent, and accept the utility's Confidentiality Agreement, by a deadline of December 30. With the exception of Fresno Community Solar Developers, [redacted], the participants provided documents to meet this deadline. The tardy participant succeeded in providing the missing documentation nine days after the deadline; PG&E accepted it.

PG&E rejected [redacted] other CSGT offers; [redacted] If PG&E had accepted any of these proposals, the total award of contracts in its CSGT program would have exceeded the remaining program capacity of 8.2 MW as stated in the solicitation protocol.[5] PG&E's selection of [redacted] and Tulare CSG fell within the available program capacity designated for the program by the CPUC.

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[4] CPUC Decision 18-06-027 specified that for CSGT projects "community involvement must be demonstrated by a non-profit community-based organization or local government" sponsoring the project. The [redacted] fall into the category of local government. It is unclear to Arroyo whether a community-based organization that is not registered as a domestic non-profit with the California Secretary of State nor as a 501(c)(3) entity with the Internal Revenue Service, or individual residential customers (who are presumably taxable and not tax-exempt) that sign a letter of commitment, actually qualify to be community sponsors based on the specific CPUC guidance in the Decision, and to receive bill credits. The Decision does not elaborate on whether a non-profit organization must be appropriately incorporated as a non-profit with the Secretary of State and have obtained tax-exempt status in order to qualify as a community sponsor and receive bill credits. This issue might benefit from further guidance from the regulator.

[5] In Decision 18-12-015, the CPUC ordered that a [redacted]

(Footnote continued)

PG&E also rejected [redacted] CSGT offer. [redacted]

[redacted]

2. DISAGREEMENTS IN EVALUATION PROCESS

Arroyo had two disagreements with PG&E's administration of its least-cost, best-fit valuation methodology. The first was described above, about how PG&E made assumptions for input parameters to its LCBF methodology that Arroyo views as inconsistent with PG&E's non-public protocol for valuation.

PG&E chose not to select for contract execution one CSGT proposal that in Arroyo's opinion fully conformed to the requirements of the solicitation protocol and was eligible for selection. [redacted]

[redacted]

[redacted]

[redacted]

[redacted].[6]

[redacted]

6 [redacted]

[redacted] [7] [redacted]

[redacted]

While Arroyo believes that PG&E acted within the latitude granted by the CPUC for a regulated utility to exercise its commercial judgment when making selection and rejection decisions, Arroyo disagreed with this decision. [redacted].[8] [redacted]

[redacted]

3. INDEPENDENT OFFER ANALYSES

Arroyo conducted an independent valuation analysis, using a simpler methodology than PG&E's PAV metric and employing independently derived inputs. Arroyo's and PG&E's rankings of the conforming proposals differed slightly: [redacted]

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[7] CPUC Decision 18-06-027, page 76.

[8] [redacted]

[redacted]

4. RECTIFYING DEFICIENCIES OF REJECTED OFFERS

As described above, PG&E identified deficiencies in some of the initially submitted offers and notified the participants, who corrected those errors and omissions quickly. In contrast, the eligibility issue with one offer regarding interconnection progress could not be rectified; consistent with its protocol and past practice, PG&E required that evidence of a project's interconnection being deemed complete be available by the offer due-date. [redacted]

5. OVERALL FAIRNESS OF ADMINISTRATION

Arroyo's opinion is that PG&E's administration of its least-cost, best-fit methodology to for the DAC solicitation was, overall, fair to participants and their competitors. With one exception, PG&E adhered to its protocols and acted in a manner consistent with its CPUC-approved RPS procurement plan in evaluating offers. PG&E used its approved Portfolio-Adjusted Valuation methodology. Arroyo believes that the selected offers will provide better overall value to ratepayers than alternative selections for DAC-GT and CSGT projects that fit within the CPUC-mandated program caps.

In Arroyo's opinion, the proposals to this solicitation were treated the same regardless of the identity of the participant. For example, Arroyo cannot discern that ForeFront Power received any disparately favorable treatment over developers with no prior commercial relationship with PG&E based on its history of prior RPS contracts with PG&E. Answers to queries were made available to all potential competitors. Input parameters to PG&E's LCBF methodology were, overall, reasonably justified,[9] [redacted] PG&E's selection conforms to the needs of the utility's portfolio and RPS requirement given the statutory and regulatory obligations upon the utility to support development of solar projects to serve disadvantaged communities. In Arroyo's opinion, PG&E's decision to select DAC-GT proposals was reasonable.

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[9] Arroyo notes that in the summer of 2020 the CAISO invoked rolling blackouts to balance supply and demand; this implies that the value of capacity in 2020 must have been quite high, since the marginal cost to ratepayers of being unexpectedly forced off-line is high. The input parameters to both PG&E's and Arroyo's valuation methodologies did not reflect such a high value for capacity. Arroyo speculates that the supply curve in the state may be adjusted before the delivery terms for these DAC contracts begin, through actions by the CAISO and the IOUs to avert blackouts next summer. If so, the disparity between the assumed value of capacity and the market reality of shortages may be resolved so that the capacity value inputs assumed for 2023 and onwards would be reasonable instead of unreasonably low.

Arroyo had two disagreements with PG&E's administration of its evaluation and selection methodology. Arroyo agrees that, overall, PG&E administered its LCBF methodology in a fair manner that was consistent with its public solicitation protocol (but not with the utility's non-public protocol). Arroyo has difficulty ascertaining how best to interpret the CPUC's specific guidance regarding eligibility of CSGT proposals, leading to this IE's uncertainty about compliance of some offers with Decision 18-06-027, and defers to the regulator's judgment about compliance with this specific regulatory directive.

5. FAIRNESS OF PROJECT-SPECIFIC NEGOTIATIONS

This chapter provides an independent review of the extent to which PG&E's negotiations with FFP CA Community Solar and Fresno Community Solar Developers for DAC-GT contracts and with Dimension CA 1 for a CSGT contract were conducted fairly. As is the case with other solicitations using the Renewable Auction Mechanism process, terms and conditions of the agreement were largely non-negotiable. Arroyo's opinion is that PG&E's negotiations on contract terms and conditions were conducted in a manner that was fair to competitors.

A. PRINCIPLES FOR EVALUATING THE FAIRNESS OF NEGOTIATIONS

Arroyo considered some principles to evaluate the degree of fairness with which PG&E handled negotiations for the DAC-GT and CSGT contracts.

- Were sellers treated fairly and consistently by PG&E during negotiations? Were all sellers given equitable opportunities to advance proposals towards final PPAs? Were individual sellers given unique opportunities to move their proposals forward or concessions to improve their contracts' commercial value, opportunities not provided to others?

- Was the distribution of risk between seller and buyer in the PPAs distributed equitably across PPAs? Did PG&E's ratepayers take on a materially disproportionate share of risks in some contracts and not others? Were individual sellers given opportunities to shift their commercial risks towards ratepayers, opportunities that were not provided to others?

- Was non-public information provided by PG&E shared fairly with all sellers? Were individual sellers uniquely given information that advantaged them in securing contracts or realizing commercial value from those contracts?

- If any individual seller was given preferential treatment by PG&E in the course of negotiations, is there evidence that other sellers were disadvantaged by that treatment? Were other proposals of comparable value to ratepayers assigned materially worse outcomes?

B. NEGOTIATIONS BETWEEN PG&E AND FFP CA COMMUNITY SOLAR, LLC

Terms and conditions in the DAC-GT form agreement were not significantly altered after offers were selected and FFP signed the PPAs. Instead, these conversations focused on correcting minor errors in the draft documents such as [redacted]

[redacted]

[redacted] The agreements were executed on May 4, 2021.

C. NEGOTIATIONS BETWEEN PG&E AND FRESNO COMMUNITY SOLAR DEVELOPERS, LLC

Negotiations for the agreement with Fresno Community Solar Developers were minimal. Topics discussed included:

- [redacted]
- Documentation. [redacted]

The agreement was executed on February 4, 2021.

D. NEGOTIATIONS BETWEEN PG&E AND DIMENSION ENERGY

Negotiations with Dimension Energy were minimal but the contract for one of the selected projects was terminated. Topics discussed included:

- Legal Counterparties. The offers to the RFO were submitted by Dimension CA 1, LLC, a subsidiary of Dimension Energy, LLC. After selection, Dimension Energy communicated that the counterparties to the two PPAs would be project subsidiaries named [redacted] and Tulare CSG LLC; the parties updated contracts and other documents to conform to these sellers.

- <u>Documentation.</u> [redacted]

The agreements with [redacted] and Tulare CSG LLC were executed on March 16, 2021.

[redacted]

E. DEGREE OF FAIRNESS OF PROJECT-SPECIFIC NEGOTIATIONS

Arroyo did not observe PG&E providing the counterparties with any non-public information that might have advantaged these sellers against competitors. PG&E did not grant any unique concessions to any individual counterparty in the course of negotiating terms and conditions of the agreement. No counterparty was, as yet, given any unique opportunities to shift risks or costs towards ratepayers, [redacted] The pro forma PPA was not materially altered to provide more favorable terms to any of the sellers than prior agreements such as the contracts that resulted from PG&E's 2017 Photovoltaic Solicitation or the Spring 2020 DAC solicitation.

Overall, Arroyo's opinion is that PG&E's negotiations with the three counterparties were fair to competitors. Fairness to PG&E's ratepayers based on price reasonableness is discussed in the next chapter.

6. MERIT FOR CPUC APPROVAL

This chapter provides an independent review of the merits of the DAC-GT and CSGT contracts based on criteria specified in the Energy Division's 2014 RPS IE template.

A. CONTRACT SUMMARY

PG&E executed contracts for RPS-eligible energy, which will primarily be delivered to residential customers in Disadvantaged Communities with a focus on low-income customers within PG&E's service territory.

DAC-GT contracts include:

- The Nachtigall PPA has a contract capacity of 4.66 MW; contract quantity will average 12 GWh/year, and contract price will be [redacted] over a twenty-year delivery term.
- The Terry PPA has a contract capacity of 4.66 MW; contract quantity will average 12 GWh/year and contract price will be [redacted] over a twenty-year delivery term.
- The Pistachio Road PPA has a contract capacity of 4.79 MW; contract capacity will average 13 GWh/year and contract price will [redacted] over a twenty-year delivery term.
- The Fresno Disadvantaged Community Solar Project PPA has a contract capacity of 10 MW; contract quantity will average 27 GWh/year and contract price will be [redacted] over a twenty-year delivery term.

For the CSGT program, the Tulare CSG PPA has a contract capacity of 3 MW; contract quantity will average 8 GWh/year and contract price will [redacted] over a twenty-year delivery term.

B. NARRATIVE OF EVALUATION CRITERIA AND RANKING

The 2014 RPS template for IEs provided by the Energy Division calls for a narrative of the merits of the proposed project on the criteria of contract price, net market value, portfolio fit, and project viability.

1. CONTRACT PRICE AND MARKET VALUATION

Contract Price. When compared to proposals for long-term contracts for renewable energy that were submitted to PG&E's 2017 PV solicitation (the most recent fully robust solicitation for offers from solar generators held by the utility) [redacted].

The maximum size of DAC-GT projects was limited to 20 MW by the CPUC directives for Green Tariff/Shared Renewables programs; the maximum size of CSGT projects for PG&E was limited to 4.26 MW by Resolution E-4999. The largest conforming offer submitted in the DAC solicitation was slightly larger than the size of the smallest project offered to PG&E in the PV RFO. The average project size offered in PG&E's PV RFO was [redacted]. One would expect that solar PV facilities in the 3 to 10 MW size range, as the selected DAC projects are, would find it difficult to capture the economies of scale available to much larger projects of the sort that made up the universe of proposals to the PV RFO, and their full costs of production would be higher. Thus, [redacted] but this may be primarily due to their disadvantage in lack of economies of scale given the CPUC limits on project size.

Another peer group of projects for comparison is the set of offers to PG&E for its Enhanced Community Renewables (ECR) RFOs, which is rather smaller than those submitted in the 2017 PV RFO. Among the ECR offers received by PG&E between 2016 and 2020, the four DAC-GT contracts would [redacted] and therefore high. [redacted] and therefore moderate. However, comparison to this peer group is also questionable: the contract price for an ECR PPA is paid by PG&E only for unsubscribed energy when the project does not sell all its output to subscribers. If an ECR project is fully successful in marketing to subscribers, that contract price does not apply to any MWh deliveries. Arroyo speculates that some participants submitted offer prices to ECR solicitations that are well below the price that the seller would offer for a normal PPA with a utility off-taker paying for the project's full output, as part of strategies to ensure the likelihood of winning an ECR contract in competition with other participants. As a result, the fact that DAC PPAs are [redacted] than an ECR offer may say more about the particular strategy of developers of ECR projects than about the price competitiveness or reasonableness of the DAC contracts.

Market Valuation. The five contracts' net market value [redacted], and therefore low, when compared to all offers for renewable energy received in PG&E's 2017 Photovoltaic RFO, using PG&E's Portfolio-Adjusted Value metric. They rank [redacted] and therefore moderate, when compared to offers to PG&E's prior ECR RFOs, using Arroyo's independent estimates of net market value. Both valuation rankings suffer from the questions of comparability discussed above.

2. CONSISTENCY WITH RPS GOALS AND PROCUREMENT PLAN

Procurement plan. PG&E's approved 2019 RPS procurement plan states that PG&E has no near-term need for RPS resources but will procure incremental volumes of RPS-eligible contracts through CPUC-mandated programs such as the RAM, ReMAT, and BioMAT programs. In the plan, PG&E discusses implementing the DAC-GT program, though not specifically in the context of a mandate to procure more RPS energy.

PG&E's procurement plan describes in some detail its Portfolio-Adjusted Value methodology to evaluate which products provide the best fit at least cost; PG&E based its evaluation and selection of the offers on the results of its PAV analysis. Its use of a competitive solicitation to solicit resources for the ECR program is consistent with the plan's emphasis on promoting competitive processes to minimize the cost impact of renewables.

RPS Goals. PG&E's 2014 RPS solicitation protocol included an evaluation criterion for a contract's contribution to RPS goals. One of the sub-criteria was whether a project would provide economic benefits to "communities afflicted with high poverty or unemployment" or high emission levels, which were legislative goals for enacting the state's RPS program. All of the census tracts in which the five projects are sited are disadvantaged communities by the metric used by CalEnviroScreen 3.0. Some of the socioeconomic characteristics, based on the U.S Census Bureau's 2019 American Community Survey, of the cities or census-designated places closest to the projects are listed here:

	Median household income	Population below poverty level	Unemployment rate
Alpaugh	$33.1	41.2%	23.5%
Fresno	$54.0	25.2%	8.7%
Lost Hills	$34.9	26.3%	4.4%
Wasco	$39.3	21.5%	10.3%
California	$75.2	13.4%	6.1%

These communities have been afflicted by high poverty. The census estimates of unemployment rate suggest that, with the exception of Lost Hills, they are affected by high levels of unemployment.

Fresno, Tulare, and the western portion of Kern County are non-attainment zones for the federal PM-2.5 particulate standard and the 8-hour ozone standard (with an "extreme" classification).

Another RPS Goals evaluation sub-criterion in the 2014 RPS RFO was contribution to Executive Order S-06-06, which called for 20% of the state's renewable energy needs in electricity to be met by electricity from biomass. The new PPAs will not contribute to that goal. A third sub-criterion was to assess the impact of the project on California's water quality and usage; as solar photovoltaic facilities the projects will likely have a modest impact on water use.

Based on these observations, Arroyo would expect the PPAs to rank high for PG&E's previously defined RPS Goals evaluation criterion.

3. PORTFOLIO FIT

Consistent with its approved 2019 RPS procurement plan, PG&E uses its Portfolio-Adjusted Value methodology to evaluate both market value and portfolio fit. As indicated, the offers rank [redacted] against other proposals previously submitted to PG&E's 2017 Photovoltaic Solicitation, and [redacted] when compared to proposals to PG&E's prior Enhanced Community Renewables solicitations.

Arroyo's opinion is that, qualitatively, the fit of the agreements with PG&E's portfolio ranks low. The utility already expects a net long RPS compliance position for most of the contract's term because of its prior procurement activities and because of changes in PG&E's retail load outlook. Contracting for deliveries of even more renewable energy increases PG&E's over-procurement of RPS-eligible energy in the next compliance periods and increases the size of the REC bank that must be carried forward to future periods: costs for these RECs will be expended during the contract's delivery term but the net need for the RECs is projected to develop after 2030, according to PG&E's final 2020 RPS procurement plan.

As solar projects, the facilities' production will peak in midday, when periods of overgeneration and negative market prices seem likeliest to occur. The contracts afford PG&E the option to order unlimited buyer curtailments of output subject to operational constraints, a degree of flexibility that will benefit the utility's ability to manage its portfolio.

4. PROJECT VIABILITY

ForeFront Power is an experienced developer of smaller solar facilities, appropriate for the commercial and industrial customer segments it has long served. The generation technology the projects will employ is well-commercialized. Arroyo assigned the Nachtigall and Terry projects a score of [redacted] using the Energy Division's project viability calculator. Arroyo assigned the Pistachio Road project a score of [redacted] These scores rank the ForeFront's projects in the top quartile among offers submitted to PG&E's 2017 PV solicitation.

Fresno Community Solar Developers, LLC is a small corporation that was formed earlier in 2020. One member of its team has prior experience [redacted] Arroyo assigned the Fresno Community Solar Developers project a score of [redacted] This ranks the proposal among the top quartile among offers submitted to PG&E's 2017 PV solicitation. [redacted]

Dimension CA 1, LLC is a subsidiary of Dimension Energy, LLC; several members of the management team of the parent have prior experience as managers in SunEdison's commercial and industrial segment and at ForeFront Power. Arroyo assigned the Tulare CSG proposal a project viability scores of [redacted]

[redacted]

[redacted] This score rank Dimension's project in the bottom quartile among a peer group of offers that were submitted to PG&E's 2017 PV solicitation.

C. DISCUSSION OF MERIT FOR APPROVAL

In Arroyo's opinion, the four DAC-GT contracts merit CPUC approval. It is unclear to Arroyo whether the CSGT contract merits CPUC approval or not, given that [redacted]

- PG&E used its eligibility requirements directed by the CPUC to judge which offers conformed to the needs of the solicitation. Of the conforming offers, it selected offers for the DAC-GT and CSGT programs based on value ranking using its CPUC-approved least-cost, best-fit methodology, taking into account the constraint of not exceeding the CPUC-directed program MW caps.

- The selected offers rank [redacted] when compared to a peer group of proposals to PG&E's 2017 PV solicitation. This likely reflects the greater economies of scale that projects proposed to the PV RFO could realize given that the DAC solicitation imposed comparatively lower maximum offer sizes. The selected DAC-GT offers also rank high in price and moderate in value when compared to offers submitted to proposals to PG&E's Enhanced Community Renewables RFOs. The CSGT offer ranks moderate and both price and value when compared to the ECR RFO peer group.

- Arroyo ranks the contracts qualitatively as low in portfolio fit given PG&E's excess long position in RPS deliveries. However, the mandated DAC programs require PG&E to take additional RPS volumes, and taking these volumes is consistent with the utility's CPUC-approved 2019 RPS procurement plan.

- Arroyo ranks the selected DAC-GT facilities high in project viability when compared to prior proposals submitted to PG&E's 2017 PV solicitation. Arroyo ranks the CSGT facility low in project viability.

- Most of the contracts will contribute to PG&E's prior definition of its RPS goals evaluation criterion, such as conferring economic benefits to a community afflicted by poverty, high unemployment, and high emission levels.

- Negotiations for the contracts were handled in a manner that was fair to competitors and to ratepayers, in Arroyo's opinion.

- Arroyo notes that [redacted]

  [redacted]

  [redacted] On that basis, Arroyo does not offer an opinion on whether the executed CSGT contract merits CPUC approval or not, and defers to the regulator's judgment.

Based on these observations, Arroyo's opinion is that the four DAC-GT contracts merit CPUC approval.

Confidential Appendix G

Quantitative Evaluation Results

Confidential Market Sensitive Information

Protected Under D.06-06-066

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

AT&T
Albion Power Company

Alta Power Group, LLC
Anderson & Poole

Atlas ReFuel
BART

Barkovich & Yap, Inc.
California Cotton Ginners & Growers Assn
California Energy Commission

California Hub for Energy Efficiency Financing

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

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

Chevron Pipeline and Power
City of Palo Alto

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

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

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

GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Power Institute
Hanna & Morton
ICF
IGS Energy
International Power Technology
Intestate Gas Services, Inc.
Kelly Group
Ken Bohn Consulting
Keyes & Fox LLP
Leviton Manufacturing Co., Inc.

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

Modesto Irrigation District
NLine Energy, Inc.
NRG Solar

Office of Ratepayer Advocates
OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

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

SPURR
San Francisco Water Power and Sewer
Sempra Utilities

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