



Local Sub-Area Energy Storage Request for Offers

Solicitation Protocol

2018

Local Sub-Area Energy Storage Request for Offers

February 28, 2018

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I. Introduction and Overview

I.A. Overview

Pacific Gas and Electric Company (“PG&E”) is issuing this Local Sub-Area Energy Storage Request For Offers (“RFO” or “Solicitation”) to procure energy storage resources to meet local sub area reliability needs as required by California Public Utilities Commission (“CPUC”) Resolution E-4909 (the “Resolution”).¹

The Resolution ordered PG&E to hold a competitive solicitation within 90 days for energy storage and/or preferred resources to meet capacity and reliability needs in three local areas: Bogue, Pease and South Bay-Moss Landing (the “Local Areas”). To meet the CPUC’s resolution, PG&E is releasing this RFO for energy storage only, and for project online dates in 2018, 2019, and 2020.

PG&E’s objective is to execute agreements substantially the same as the form agreements provided in this Solicitation. If a Participant has any concerns with executing these form agreements, such edits must be proposed at the time of Participant’s Offer submittal. PG&E will not be able to consider any edits that are not necessary to accurately describe the proposed Project.

This Solicitation Protocol sets forth the terms and conditions by which PG&E will seek energy storage offers (“Offers”) to meet local capacity and reliability needs. An entity submitting an Offer in response to this RFO, hereinafter a “Participant,” agrees to be bound by all the terms, conditions and other provisions of this RFO and any changes or supplements to it that may be issued by PG&E. The obligations of the Participant are further described in Section V.A, Agreement by Participant.

I.B. Local Sub-Area Energy Storage RFO Website and Communication

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

To ensure the accuracy and consistency of information provided to all Participants, PG&E prefers that Participants communicate by e-mail to both LocalSubAreaRFO@pge.com and to the Independent Evaluator (“IE”), waynejoliver@aol.com. With respect to a matter of general interest raised by any Participant, PG&E may, without reference to the inquiring Participant,

¹ Resolution E-4909 Authorizing procurement of energy storage or preferred resources to address local deficiencies and ensure local reliability.

<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M205/K602/205602530.PDF>

post the question and PG&E's response on PG&E's website. PG&E will attempt to respond to all inquiries, but may decline to respond to any particular inquiry.

All correspondence will be monitored by the IE, Wayne Oliver of Merrimack Energy Group, Inc., who was selected to oversee this Solicitation. The IE is an independent, third-party evaluator who is required by the CPUC to monitor and evaluate certain competitive solicitations.

I.C. Schedule Overview

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

Table I.2: PG&E Local Sub-Area Energy Storage Solicitation Schedule

Ongoing:	Participants are invited to register online to receive notices regarding the RFO at www.pge.com/rfo
February 28, 2018	PG&E issues RFO. PG&E hosts site visit at Moss Landing Substation. <i>Participants interested in submitting either EPC or BOT utility-ownership offers are encouraged to execute Confidentiality Agreements for access to additional utility-ownership contract information (Appendices F3, F4, F5) and additional technical information about the Moss Landing site.</i>
March 7, 2018	Participants' Webinar
March 8, 2018	Deadline to submit Confidentiality Agreement for access to additional utility-ownership contract information and additional technical information about the Moss Landing site.
March 28, 2018	Deadline for PG&E to receive Offers by 1:00 P.M. PPT
April 18, 2018	PG&E notifies selected Participants that their Offer(s) will be included on a list of Offers for which PG&E may seek to enter into or negotiate an Agreement related to that Offer ("Shortlist"). Shortlisted Participants are required to begin ISNet process as further described in Section V.C.
April 20, 2018 or earlier	Participants notify PG&E whether they accept Shortlist status and acknowledge acceptance of the Confidentiality Agreement.
April 23, 2017 or earlier	Deadline to submit Shortlist deposit, and any other requested documents

May 9, 2018	All shortlisted Participants are required to have completed safety prequalification with ISNet as further described in Section V.C.
June 28, 2018	PG&E submits Agreements for CPUC Approval

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

PG&E reserves the right to execute agreements resulting from this RFO (each an "Agreement") with any individual Participant at any time after selecting the Shortlist. Except for the terms that bind the Participants to their Agreement, PG&E's obligations under an Agreement will be conditioned upon PG&E's receipt of CPUC Approval within a stated period of time, as described further in Section XIII, CPUC Approval. PG&E expects to seek CPUC Approval of all executed Agreements by June 28, 2018. PG&E reserves the right to seek CPUC Approval of certain Agreements prior to execution of others. The CPUC's approval process may take eighteen (18) months or longer from the date PG&E submits an Agreement for CPUC Approval.² Participants should factor the CPUC's approval process into their project development timelines and proposals.

I.D. Events in the RFO Schedule

- 1) Online Registration: Participants should register at the RFO website <http://www.pge.com/rfo> to receive timely announcements and updates about this RFO and other RFO-related information via email. Online registration is not required, but is strongly recommended.
- 2) PG&E issues the Solicitation: All documents associated with the Solicitation, including documents which Participants will need to prepare their Offer, are posted to PG&E's public website under "2018 Local Sub-Area RFO".
- 3) Access to utility-ownership contract information and Moss Landing site data: PG&E will provide additional data regarding the site at Moss Landing, along with Appendices F3, F4 and F5 for those Participants who submit to PG&E via Power Advocate an executed Confidentiality Agreement (Appendix D) by March 8, 2018 by 5:00 P.M. PPT.
- 4) Participants' Webinar: PG&E will hold a Participants' Webinar on March 7, 2018. The Webinar will provide an overview of the RFO and the requirements. During this webinar, PG&E will also discuss the RFO Offer Form. Call-in information and an attendance

² Rule 12.1(c) of the Commission's Rules of Practice and Procedure.

registration form will be provided on the Solicitation website. In order to facilitate the number of Webinar Participants, PG&E requests that Participants submit the Participants' Webinar Registration Form no later than March 6, 2018 by 1:00 P.M. PPT.

- 5) **Offers Due:** Offers must be received by PG&E by 1:00 P.M. PPT on March 28, 2018. Participant Offer package(s) must be submitted through the online platform, Power Advocate. Offer package(s) must include the documents described in Section VI.D, Required Information. PG&E encourages Participants to begin developing their Offer packages early and to send questions regarding the preparation of their Offer(s) to LocalSubAreaRFO@pge.com.

Participants are responsible for submitting accurate and complete Offer Packages. PG&E reserves the right to reject any offers that are not complete and/or provide contradictory or inconsistent information.

- 6) **PG&E Selects Shortlist:** PG&E expects to notify Participants selected for PG&E's Shortlist by April 18, 2018. Participants accepting a Shortlist position must post a Shortlist Offer Deposit as described in Section V.D, Shortlist Offer Deposit. Participants accepting a Shortlist position must register with ISNet as described in Section V.C, Safety. Failure to initiate registration process may result in removal from the Shortlist. PG&E reserves the right to request additional information and to add additional Participants to the Shortlist following the initial selection.
- 7) **PG&E and Participants Execute Agreements:** PG&E will engage in limited negotiations with Participants on the Shortlist and may select any subset of Shortlisted Offers for execution of an Agreement.
- 8) **PG&E Submits Agreements for CPUC Approval:** PG&E will seek CPUC Approval of each Agreement, as further described in Section XIII, CPUC Approval.

II. RFO Goals

II.A. PG&E Resource Needs

PG&E seeks new energy storage resources connected at the transmission, distribution or customer level within the local sub-areas of Bogue, Pease and South Bay-Moss Landing. Note, only 115 kV connections are effective in addressing the reactive power need in the Bogue sub area.

Local Sub Area	Deficiencies
Bogue	Real power capacity and reactive power
Pease	Real power capacity and reactive power
South Bay-Moss Landing	Real power capacity

II.B. Agreement Types

The following section describes the Agreements for each of the Projects or products being solicited in this RFO. PG&E is seeking both third-party owned and utility-owned Projects. The Agreements for third-party owned Projects are listed below as No. 1 and 2, and the Agreements for utility-owned Projects are listed below as No. 3 and 4.

1. Energy Storage Resource Adequacy Agreement (ES RA Agreement)

PG&E will consider Offers for RA products from in-front-of-the meter Projects through an Energy Storage Resource Adequacy (ES RA) Agreement. For details, see Appendix F1, Energy Storage Resource Adequacy Agreement.

2. Behind-the-Retail Meter Capacity Storage Agreement (BTM CSA)

PG&E will consider Offers for RA products from customer-connected Projects through a BTM Capacity Storage Agreement, which also includes an energy settlement component. For details, see Appendix F3, Behind-the-Retail Meter Capacity Storage Agreement.

Projects with Agreements referenced in Sections 1-2 shall be referred to as “Third Party Agreements”.

3. Engineering, Procurement, and Construction (EPC) Agreement for Moss Landing

PG&E will consider Offers for the engineering, procurement and construction of an energy storage system that can participate in the CAISO market at the Moss Landing substation site provided by PG&E (see Appendix E). For further details on the proposed EPC contract structure, see Appendix F3.

4. Build Own Transfer (BOT) Agreement

PG&E will consider Offers for an energy storage resource that can participate in the CAISO market at any location in local sub-areas identified in this RFO. The project would be constructed on a third-party-owned site. PG&E would take ownership of the Project once it has been constructed to the specifications in the BOT, is operational, and has satisfied certain tests. For further details on the proposed BOT contract structure, see Appendix F4.

For both utility-owned agreements (EPC and BOT), PG&E requires entering into long-term agreements to support the ongoing maintenance and performance of the energy storage system. For further details on the proposed Long Term Performance and Maintenance Agreement (LTPMA) structure, see Appendix F5.

III. Eligibility Requirements

This Solicitation is for energy storage only, and for project online dates in 2018, 2019, and 2020. Offers must meet the applicable specifications noted below.

III.A. Project Size

Third Party-owned Offers at all connection levels must be at least 1 MW in size. Offers at Moss Landing must be per the specifications below and BOT offers must be a minimum of 10 MW in size.

PG&E will consider Offers where multiple ES resources are aggregated to meet the minimum size. For Projects connected to the CAISO Transmission System, multiple ES resources can be aggregated so long as: (1) the aggregate product has a single CAISO Resource ID, (2) the aggregate product can be measured similar to having a single CAISO meter, (3) the aggregate product has one Locational Marginal Price node, and (4) the aggregate product complies with the CAISO Tariff.

For the utility-owned project, see the requirements in Section III.E.

III.B. Site Control

Participants must demonstrate site control for the Project referenced in their Offer at the time of Offer submission, except for Offers for the ownership project at Moss Landing Projects and BTM customer-connected Projects.

III.C. Certain Performance and Operational Requirements

- 1) Third Party-owned Offers must have a four (4) hour minimum discharge duration. For PG&E ownership projects, please see the basic requirements in Table III.1 below, with additional detail available via Enterprise Secure File Transfer (ESFT) after executing the RFO Confidentiality Agreement.

- 2) Offers including RA must meet the applicable CPUC requirements for duration and CAISO requirements for deliverability, as well as any other requirements that will enable PG&E to receive all of the RA benefits associated with the Project.
- 3) All Offers must identify the amount of reactive power a Project will be capable of providing if requested by the CAISO within the Voltage Services section of the Offer Form's operating characteristics tab .

III.D. Electric Interconnection

All Offers must be connected to one of the feeders or substations associated with the three local sub areas. Please refer to the offer form for complete list of eligible substations. Absent a Phase 1 (or equivalent) or later interconnection study or interconnection agreement, Participants will be asked to provide a not-to-exceed estimate of refundable Delivery Network Upgrade and Reliability Network Upgrade costs in the Offer Form. Sellers should be aware that PG&E has the right to terminate the Agreement if such costs as demonstrated in any interconnection study or interconnection agreement exceed such estimate. PG&E notes that all Sellers are required to be extremely proactive to complete the interconnection process with sufficient time to meet their committed online date.

Third Party Agreements for transmission- or distribution-connected Projects

At the time of Offer submittal, Participants must have Full Capacity Deliverability Status (FCDS) or have documentation showing that the Project is on track to receive FCDS by the committed online date. Participants must remain active in the applicable interconnection queue until the Project's required network upgrades have been completed. At a minimum, Projects, except BTM, must have an interconnection request that has been deemed complete and requested FCDS for the cluster window that closes on April 30, 2018. Suggestions on how the interconnection process might be expedited are provided in Appendix B5, Section 4.

Sellers are reminded that PG&E is releasing this RFO in its merchant function and in that function PG&E has no obligation nor ability to influence the Participating Transmission Operator or Utility Distribution Company. PG&E in its merchant function is not responsible or liable for delays in interconnection or transmission or distribution service or inability to obtain retail electric service for any Project. For more information, please refer to the Separation of Functions section of the the applicable ES RA or BTM CSA Agreement in Appendix F1 or F2.

EPC at Moss Landing

Participants submitting Offers for the Moss Landing EPC project do *not* need to establish a valid and active interconnection application by the time of Offer submittal.

BOT energy storage at any location in local sub-areas

Participants submitting Offers for stand-alone utility-owned BOT ES will be responsible for all activities and costs associated with obtaining interconnection, including interconnection study costs, network upgrades, and interconnection facilities as determined via the relevant

interconnection process. Participants must have completed a Phase I interconnection study (or equivalent³) or have documentation showing that the Project passed the Distribution Provider or CAISO Fast Track screens at the time of Offer submittal. Participants must remain active in the applicable interconnection queue until the Project's required network upgrades have been completed.

III.E. Summary of Utility Ownership Options for Energy Storage

Below is a high level summary of the requirements for utility-owned Projects:

Table III.1: PG&E Ownership ES Sites

Location Name	Address	Interconnection (Distrib or Trans) Nominal voltage at Connection Point	Minimum project size	Discharge Duration (hours)	Site Specific Required Duty Cycle (if you have certain operational requirements)	Additional technical criteria
Moss Landing Energy Storage	Highway 1 and Dolan Road, Moss Landing , CA 95039	Transmission-connected, 115kV	REQUIRED: All Participants must propose a 195MW BESS as measured at PF = 1 at medium voltage, net of thermal management loads OPTIONAL, THOUGH RECOMMENDED: Participants may also propose a 100MW BESS as measured at PF = 1 at medium voltage, net of thermal management loads	4 hours	1 full charge/discharge cycle per day	See supplemental information for utility-ownership projects included in solicitation materials
Generic BOT	Anywhere within areas of interest	Either – distribution or transmission (must have Phase 1 interconnection study)	Minimum of 10MW as measured at PF = 1 at point of interconnection	Any duration	1 full charge/discharge cycle per day	See supplemental information for utility-ownership projects included in solicitation materials

³ For example, a System Impact Study.

IV.Credit

Upon execution of an Agreement with PG&E, the Participant must post collateral to PG&E. Furthermore, each Agreement requires that the Participant post collateral with PG&E prior to and following commercial operation of the facility in varying amounts and form, as provided in the applicable Agreement. If providing a Letter of Credit, please review carefully the Letter of Credit requirements set forth in the applicable Agreement. For reference, Table IV.1 below highlights a few of the collateral requirements in each of the Agreements:

Table IV.1: Credit/Collateral Requirements

Agreement Options	ES RA / BTM Capacity Product Agreement	Offers for Utility Ownership (EPC and BOT)
Pre-Commercial Operation Date (COD)		
Project Development Security ("PDS")	\$15/kW within 5 days of Execution, and an additional \$45/kW within 5 days of CPUC Approval (total posted PDS of \$60/kW)	\$15/kW at Execution and 15% of Purchase Price within 5 days after Regulatory Approval
Post-COD		
Delivery Term Security ("DTS")	\$125/kW or 10% of highest estimated Capacity Payments for any 36 months, whichever is higher	N/A
Post Closing Collateral for Performance and Warranty Periods	N/A	An acceptable warranty by an issuer acceptable to PG&E plus 10% of the purchase price for the duration of the warranty period

V. Terms for RFO Participation

V.A. Agreement by Participant

Each Participant submitting an Offer shall provide their electronic signature of a duly authorized officer of Participant in the Offer Form. By providing such signature the Participant (a) agrees to be bound by all terms, conditions and other provisions of this RFO and any changes or supplements to it that may be issued by PG&E, and (b) makes the following representations and warranties:

1. Participant has read, understands, and agrees to be bound by all terms, conditions and other provisions of the RFO.
2. Participant has had the opportunity to seek independent legal and financial advice of its own choosing with respect to the RFO and all Appendices to the RFO.
3. Participant is not PG&E, an affiliate of PG&E, PG&E Corporation, or any of their affiliates.
4. Participant has obtained all necessary authorizations, approvals and waivers, if any, required of Participant as a condition of: (i) submitting its Offer and, if Participant's Offer is selected; (ii) executing an Agreement with PG&E in the form submitted with its Offer, or at the conclusion of negotiations.
5. Participant is submitting its Offer subject to all applicable laws including, but not limited to, the Federal Power Act and all amendments thereto, and Public Utilities Code section 454.5, and all amendments thereto.
6. Participant represents that it has carefully considered the terms and conditions of its Offer and that it is submitting its Offer in good faith, such that PG&E may reasonably expect Participant to enter into a definitive Agreement, and to negotiate, if requested by PG&E, as provided in Section XII, Execution of Agreement, below.
7. Participant has not engaged in and will not engage in communications with any other Participant in the RFO concerning any terms contained in Participant's Offer, unless explicitly authorized by PG&E, and has not engaged in activities in violation of State or Federal antitrust laws or other unlawful or unfair business practices in connection with the RFO ("Prohibited Communication Activities").

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

8. If Participant's Offer is selected for the Shortlist and Participant accepts the position on the Shortlist, then Participant agrees to acknowledge acceptance of a Confidentiality Agreement, to negotiate in good faith, and to inform PG&E if the Project that is the subject of the Offer on the Shortlist has been submitted into another solicitation with PG&E or any other entity.
9. If a Participant is submitting an Offer jointly with other entities, and the Offer is selected for the Shortlist, PG&E may require, as part of the shortlisting process, additional representations and warranties, along with additional documentation, from all entities involved in the joint Offer (see Section VI.D, Required Information, below).
10. Participant will promptly notify PG&E of any change in circumstances that may affect its ability to fulfill the terms of its Offer, at any time from Offer submission to PG&E's acceptance of the Offer, as evidenced by PG&E's execution of an applicable Agreement, or Participant's withdrawal of the Offer.
11. Participant will list any additional services its Energy Storage resource will provide outside of this solicitation, per CPUC D.18-01-003, on Multiple-Use Application Issues.

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

V.B. PG&E's Reservation of Rights

This RFO is an invitation to submit Offers to PG&E; it does not constitute an offer to buy and creates no obligation to execute any Agreement or to enter into a transaction under an Agreement as a consequence of the RFO. PG&E reserves the right to request information from a Participant at any time during the solicitation process. PG&E reserves the right, in its sole discretion, to reject any Offer at any time for any reason, including but not limited to grounds that the Offer does not conform to the terms and conditions of this RFO or contains terms that are not acceptable to PG&E. PG&E also retains the discretion, in its sole judgment, at any time; (a) to formulate and implement new or additional criteria for the evaluation and selection of Offers; (b) to negotiate with any Participant or withdraw PG&E's Shortlist selection; or (c) to modify this RFO as it deems appropriate to implement the RFO and to comply with applicable law or other direction provided by the CPUC. In addition, PG&E reserves the right to either suspend or terminate this RFO at any time for any reason. PG&E will not be liable in any way, by reason of such withdrawal, rejection, suspension, termination or any other action described

in this paragraph to any third party, including any Participant. PG&E will not reimburse the Participant for its expense of participating in this RFO under any circumstances.

V.C. Safety

PG&E is committed to providing safe utility (electric and gas) service to its customers. As part of this commitment, PG&E requires that the Participants recognize safety is of paramount importance. In connection with this Solicitation and executed Agreement, Participants will be required to meet certain safety standards, provide safety information related to the technology for the Project, and provide information regarding safety history, including for the entities that will construct, operate, or maintain the Project(s). Per Appendix B1 Section 2, Appendix B4 Section 7, and, as applicable for utility ownership Projects, Appendix B7 Section 4 of this Solicitation, Participants are required to identify in their Offers known safety-related hazards and risks associated with their technology and Participant's ability to mitigate safety risks and comply with applicable safety-related codes and standards identified by the Participant.

In order to be eligible for execution of an Agreement, all shortlisted RFO participants are required to complete PG&E's safety registration and prequalification process with ISNetworld ("ISNet"), PG&E's primary contractor safety management system. To complete this requirement, Participant's should go to www.isn.com, and register the project entity who will be party to the Agreement, or, if the project entity has not yet been formed, Participants may register the parent organization to undergo prequalification during the RFO. Participants will be required to submit company information related to safety performance and practices for evaluation by ISNet based on criteria described in Section 3 of PG&E' PG&E's Contractor Safety Program Requirements, which can be found at: www.pge.com/contractorsafety. As the prequalification process can take several weeks and active followup thru ISNet, PG&E recommends Participants familiarize themselves with ISNet and PG&E's Contractor Safety Program prequalification requirements. Shortlisted Participants will be required to complete and satisfy PG&E's prequalification process no later than May 9, 2018 for Participant to be considered eligible for execution of an Agreement. Failure to timely complete prequalification may result in Participant being subject to removal from the shortlist and forfeiture of Offer Deposit.

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

The RFO will follow the Safety timeline as described in Table V.1 below.

Table V.1: Timeline for Safety Review

Timeline	Milestone
March 28, 2018	Offers Due
March 28, 2018 – April, 13, 2018	All participants to prepare and familiarize with requirements for completing PG&E's prequalification process with ISNet. Any questions or clarifications should be directed to ISNet and/or PG&E as soon as possible.
April 18, 2018	Shortlist
April 20, 2018	All shortlisted Participants are required to be registered and in-progress of submitting safety information to ISNet for evaluation. Failure to register in a timely manner may result in removal from Shortlist.
April 27, 2018	All shortlisted Participants should be complete in submitting safety information to ISNet for evaluation.
April 30, 2018 – May 4, 2018	Shortlisted participants may be required to address deficiencies identified by ISNet in order to complete and satisfy prequalification according to PG&E's minimum criteria.
May 9, 2018	No later than May 9, 2018 , all shortlisted Participants are required to have completed prequalification with ISNet by obtaining a passing according to PG&E's minimum criteria. Failure to complete prequalification by May 9, 2018 may result in elimination from shortlist and forfeiture of Offer Deposit.

V.D. Shortlist Offer Deposit

If Participant is notified that it is eligible for PG&E's Shortlist and accepts the Shortlist position, then the Participant must post a deposit (the "Shortlist Offer Deposit") in the amount of \$3 per kilowatt (kW) of Payment Quantity (as that term is defined in the form Agreements) or Guaranteed Dmax for each Offer on the Shortlist before 5:00 P.M. PPT on the 3rd business day after receiving such notice. Participant shall maintain the Shortlist Offer Deposit with PG&E until the termination of negotiation with PG&E or as otherwise provided pursuant to the terms of the definitive Agreement.

1. Purpose of Shortlist Offer Deposit

The Shortlist Offer Deposit is intended to secure the obligation of each Participant with respect to this Solicitation Protocol and to negotiate a definitive Agreement, as expressly provided in Section XII, Execution of Agreement, below.

2. Form of Shortlist Offer Deposit

The form of the Shortlist Offer Deposit may be either: (a) a cash deposit, or (b) a Letter of Credit. These two options are detailed below. NOTE: If the Participant fails to submit the Shortlist Offer Deposit within the required time period, the Participant's Offer may be rejected and removed from the Shortlist.

a) Cash Deposit

Cash may be deposited with PG&E to be held as collateral through a wire transfer, as instructed in the Shortlist Notification. PG&E will pay interest on each cash deposit, calculated on a monthly basis and compounded at the end of each calendar month, from the date on which the cash is fully deposited to the date on which the deposit is returned to the Participant. The applicable interest rate will be the rate per annum equal to the Monthly Federal Funds Rate (as reset on a monthly basis, as of the first day of the month, based on the latest month for which such rate is available) as reported in Federal Reserve Bank Publication H.15-519 or its successor publication ("Interest Rate"). The Interest Rate shall be calculated based on a three hundred sixty (360) day year and shall be payable upon the return of the cash deposit.

b) Letter of Credit

A Letter of Credit posted by a Participant as collateral must satisfy all of the requirements below.

"Letter of Credit" means an irrevocable, non-transferable, stand-by letter of credit in the form attached hereto as Appendix G1, (a) issued either by (i) a U.S. commercial bank or (ii) a U.S. branch of a foreign commercial bank that meets the following conditions: (A) it has sufficient assets in the U.S. as determined by PG&E, and (B) it is acceptable to PG&E in its sole discretion; and (b) for which the issuing U.S. bank or foreign bank, must have a Credit Rating of at least "A-" from S&P or "A3" from Moody's, with a stable outlook designation. In the event the issuer is rated by both rating agencies and the ratings are not equivalent then the lower rating will apply. If the Letter of Credit is issued by a branch of a foreign bank, PG&E may require changes to the form Letter of Credit. All costs of the Letter of Credit shall be borne by Participant. The Letter of Credit should be sent by overnight delivery to:

**Pacific Gas and Electric Company
Attn: Manager, Credit Risk Management
77 Beale Street, Mail Code B28L
San Francisco, CA 94105**

3. Return of Shortlist Offer Deposit

The Shortlist Offer Deposit will be returned to Participant by PG&E under one or more of the following conditions:

- a) Upon execution of the Agreement and Seller's submission of the collateral required under the Agreement;
- b) PG&E's rejection of the Offer subsequent to Shortlist selection; or
- c) In the course of negotiations, if PG&E and Participant cannot agree on the terms of the Offer and Agreement.

4. Forfeiture of Shortlist Offer Deposit

The Participant will forfeit the Shortlist Offer Deposit in its entirety due to: (i) any material misrepresentation in information submitted in Participant's Offer; (ii) Participant unilaterally withdrawing its Offer from the Solicitation; or (iii) a breach of this Solicitation Protocol including failure to register and complete the ISNet prequalification. In the event that Participant forfeits the Shortlist Offer Deposit, PG&E will be entitled to draw upon the Shortlist Offer Deposit in its entirety as payment for direct and indirect damages incurred in connection with the Participant's misrepresentation or breach of this Solicitation Protocol.

5. Shortlist Offer Deposit as Security

PG&E may retain any cash deposit or draw on any Letter of Credit provided as a Shortlist Offer Deposit as security under an executed Agreement in the event that Participant fails to provide additional security and/or agrees to PG&E's retention of the Shortlist Offer Deposit as collateral in accordance with the terms of the executed Agreement, if applicable.

VI. Offer Submittal Process

VI.A. Submittal Process Overview

All Offers must be received by February 28, 2018 at 1:00 P.M. (PST), as specified in Table I.2, PG&E Local Sub-Area Energy Storage Solicitation Schedule.

Offer packages for utility ownership Projects must be independent and packaged separately from any non-utility ownership Offer packages and materials.

Submitting Documents: All Offers for this RFO **must** be submitted electronically through Power Advocate. Prior to submitting an Offer, Participants must register with Power Advocate. There will be separate Power Advocate sites for third-party owned and utility-owned offer submittals. Please ensure Offers are submitted to the applicable site. PG&E strongly encourages Participants to register with Power Advocate well before Offers are due. PG&E will post detailed instructions on the Local Sub-Area RFO website for submitting Offer(s) and using the online platform. Power Advocate registrants should be listed under the entity submitting the Offer, not its consultants.

Power Advocate Links:

- 3rd party-owned: <https://www.poweradvocate.com/pR.do?okey=77649&pubEvent=true> (Event 77649: 2018 Local Sub-Area RFO— Third Party Owned Resources)
- Utility-owned: <https://www.poweradvocate.com/pR.do?okey=77650&pubEvent=true> (Event 77650: 2018 Local Sub-Area RFO – Utility Owned Resources)

Power Advocate functions in most browsers; however it may not work as well in browsers older than Internet Explorer version 8.

Each Offer should be uploaded as a “Commercial” and “Administrative” document type in Power Advocate. If submitting more than one Offer, each Offer should be in separate zip files. Please make sure that file names for your submittals do **not** contain any special characters such as *#&, and please keep file names short, but do include short references to Participant’s name (such as an acronym) and the appendix (e.g., App B). For Offer Forms contained within each Offer submittal, please make sure the Offer Form file name is **the same as the Offer ID** for each offer as created in the corresponding form.

Electronic Document Formats: Electronic documents must be submitted as Microsoft Word, Microsoft Excel, or pdf files, as identified in Section VI.D, Required Information. However, maps or drawings may be in alternate formats (e.g., jpg, kmz) as appropriate. Each Appendix must be a separate folder or document, not one long document. To the extent possible, pdf files should be provided in a searchable format. The Participant should not provide documents in other electronic formats, unless specifically requested.

VI.B. Need for Complete Offer Packages

Each Participant’s Offer must be complete at the time of submission. Participant’s failure to provide all required information may prevent PG&E from being able to evaluate and rank the Offer, which means that the Offer may not be considered for the Shortlist.

Due to the time-sensitive nature of this RFO, PG&E will not be able to engage with Sellers that submit incomplete Offers or inaccurate Offer information.

VI.C. Number of Offers and Variations Allowed Per Seller

Participants may submit up to five (5) Offers per interconnection point. Participants may vary any attributes of the offer provided the total Offers submitted at a single interconnection point does not exceed this limit. Participants submitting Offers for third-party owned BTM Projects may submit up to 20 Offers per local sub-area. Please note that all BTM Projects must be located within the Bogue, Pease and South Bay-Moss Landing local sub-areas.

VI.D. Required Information

Offers must contain all required information and must be organized in accordance with these instructions.

Participants must complete the following documents: (1) the initial offer package (see Offer Package, below); and (2) the Confidentiality Agreement if PG&E selects the Participant's Offer for the Shortlist (see Table I.2).

Note on Joint Offers: If a Participant is submitting a joint Offer with another Participant, each Participant will need to be registered as a separate Participant in Power Advocate from any other entity submitting an Offer and PG&E may require additional documentation or conditions, such as retaining separate legal counsel, restricting the sharing of certain information, or requiring all parties to the joint Offer to execute a modified Confidentiality Agreement and agree to, and execute, modified terms for RFO participation, similar to those set forth in Section V.A, Agreement by Participant.

Offer Package

Provide an **Introductory Letter** that describes the Project and the Offers (e.g., price, term, size, technology). At a minimum, include one Introductory Letter describing all third party owned ES RA and BTM CSA Projects and a separate Introductory Letter describing all utility ownership Projects. In addition, complete all of the Appendices listed in Table VI.1, below.

Address any potential changes to the Project due to multiple Offers in the appropriate Appendices. A separate Offer Form is required for each Offer, but an entirely new offer package is not required; there is no need to submit unchanged, duplicate Appendices if the information is the same; but please provide a short note indicating which sections are duplicative over multiple Offers.

For utility ownership Offers, any operational limitations on the ES resource due to technology constraints or other factors must be specifically identified in the Offer Form

(Appendix A) and the Project Description (Appendix B1), and must be substantiated in terms of operational criteria, technical limitations, permit requirements, or environmental regulations.

Table VI.1: Local Sub-Area Energy Storage RFO Offer Package

Appendix	Title	Description	Format
	Introductory Letter	Describe the Project and Offer(s) information. A sample introductory letter outline is provided.	MS Word
A	Offer Form	Provide the requested information. Offer Form file name must be the same as Offer ID contained within the file. Offer Form information must be consistent with Agreements and Term Sheets	MS Excel
B1	Project Description	Describe the existing or proposed Project, format as single spaced, and include the requested information.	MS Word
B2	Site Control	Provide information relating to the Project's location and generation-tie line ("Gen-Tie") route as requested or for customer-connected Projects, a customer acquisition plan.	MS Word, PDF
B3	Project Milestone Schedule	Provide schedule to support submitted online date.	MS Word
B4	Experience Qualifications	Describe the Participants experience and staff qualifications, including but not limited to information requested.	MS Word
B5	Electric Interconnection	Description and status of Project's interconnection (as required). For projects entering the April 30, 2018 CAISO cluster study, Participants must provide evidence of deemed complete interconnection request by May 9, 2018	MS Word, PDF
B6	Organizational and Finance Information	Provide Participant corporate or organizational and finance information.	MS Word
B7	Utility Ownership Additional Information	All EPC and BOT offers must provide the requested information as part of the Offer Package.	MS Word
C	FERC 717 Waiver	Authorizes the disclosure of Participant's transmission-related information to PG&E's marketing or merchant business unit ("PG&E Merchant").	MS Word
D	Confidentiality Agreement	Participants must acknowledge acceptance of the Confidentiality Agreement when accepting a position on the Shortlist.	MS Word, PDF

Appendix	Title	Description	Format
E	Utility-Owned Moss Landing Substation EPC Project	Additional information on Moss Landing EPC project	MS Word, PDF
F1, F2	ES RA Agreement and BTM CSA Agreements	Participants submitting Offers for third party owned Agreements must include <u>all edits</u> necessary to accurately describe the proposed Project at time of Offer submittal. For more information, please refer to Section VIII. Evaluation of Offers.	MS Word, PDF
F3, F4	Term Sheet for EPC / BOT utility owned Projects	Participants submitting Offers for utility owned Projects must include comprehensive Term Sheet mark-ups at time of Offer submittal. Failure to do so may result in termination of shortlist position.	MS Word, PDF
F5	Long-Term Performance and Maintenance Agreement for utility-ownership Project	Participants submitting Offers for utility owned Projects must include comprehensive mark-ups at time of Offer submittal. Failure to do so may result in termination of shortlist position.	MS Word, PDF
G1	Letter of Credit (if applicable)	Provide the requested Letter of Credit information, if using a Letter of Credit for the Shortlist Offer Deposit (see Section V.D, Shortlist Offer Deposit, for more information on the two accepted forms for the Shortlist Offer Deposit).	MS Word
G2	Request for Taxpayer ID (W-9) Form (if applicable)	Provide the requested information if posting a cash deposit.	PDF

VII. Pricing

Participants are required to provide a complete Offer package, and include pricing in their Offer Form depending on the Agreement, as described below.

1. ES RA: RA price in \$/kW-mo
2. BTM CSA: RA price in \$/kW-mo; VOM in \$/MWh
3. Utility Ownership: Purchase Price in \$ and operations and maintenance (“O&M”) Costs in \$/year

VIII. Evaluation of Offers

PG&E's Evaluation will apply "least-cost, best-fit" principles, using quantitative and qualitative criteria to evaluate the submitted Offers.⁴

PG&E will evaluate Offers using quantitative and qualitative criteria, which may include, but are not limited to:

Quantitative Attributes:

- a. Net Market Value (NMV)
 - 1. Benefits (Energy, Ancillary Services, Capacity)
 - 2. Fixed and Variable Costs
- b. Portfolio-Adjusted Value (PAV)
 - 1. Transmission Network Upgrade Cost
 - 2. Increased System Efficiency
 - 3. Avoided Renewable Curtailment
 - 4. Delivery Period

The final PAV value is equal to the Net Market Value (NMV) plus the three PAV components stated above. Shortlisting will be based on the final total PAV value.

Qualitative Attributes:

- a. Project Viability
- b. Supply Chain Responsibility
- c. Credit
- d. Safety

1. Quantitative Attributes

a) Net Market Value (NMV)

NMV compares an Offer's costs to its market value. NMV is calculated for each Offer as follows:

$$\text{Net Market Value: } \text{NMV} = (E + A + C) - (V + F)$$

⁴ Participants will be required to submit accurate figures, descriptions and calculations with their Offers.

Where:

E = Energy Value

A = Ancillary Services Value

C = Capacity Value

V = Variable Cost

F = Fixed Cost

1) Energy and Ancillary Services Values (“E” and “A”)

Energy value captures the value associated with the electric energy price in the CAISO markets. For Offers that provide energy value, the market value of the energy will be computed from the appropriate price curves for the corresponding Trading Hub (NP15) adjusted for congestion and losses specific for the project location to account for the Location Marginal Price (“LMP”) at the location.

Ancillary services value captures the value associated with the ancillary services prices in the CAISO markets. For Offers that provide ancillary services, the incremental benefit of having ancillary services capability will be captured.

2) Capacity Value (“C”)

Capacity value captures the value associated with Resource Adequacy prices. The market value of capacity will be determined based on monthly prices for sub-area local capacity (reflecting system and local RA) and flexible capacity (reflecting flexible RA). The projected monthly quantity of each Offer will be based on the Offer’s calculated Net Qualifying Capacity and Effective Flexible Capacity.

3) Variable Cost (“V”)

Variable cost includes the cost of fuel (other than grid energy) and associated greenhouse gas (“GHG”) cost, variable O&M (“VOM”) for discharge, and/or start-up costs for discharge, if applicable, but does not include the market costs for charging energy. The Agreement VOM price will affect the discharge time series: all other things being equal, a lower VOM will result in more energy charging and discharging in PG&E’s evaluation. Variable cost for an Offer will be calculated as the sum of hourly variable payments (other than grid energy).

4) Fixed Cost (“F”)

Fixed Cost for an Offer will be calculated as the sum of projected monthly fixed payments. For third-party owned Offers, monthly fixed payments will be based on the Payment Quantity Price (\$/kW-yr) and the monthly Payment Quantity specified in the Offer.

Fixed Cost for a utility-owned Offer will be collected by PG&E's Cost of Service Model to determine the revenue requirements (mainly depreciation, return, taxes and fixed O&M) based on initial capital costs and fixed O&M of the facility.

Each Offer will also be assigned an annual fixed overhead cost (independent of the size of the Project) representing administrative costs, including scheduling and contract management.

b) Portfolio Adjusted Value (PAV)

PG&E will calculate PAV to derive the value of each Offer from the perspective of PG&E's portfolio, in addition to the NMV derived from the market perspective. PAV adjustments to the NMV are based on the following factors, where applicable: (1) transmission network upgrade cost, (2) increased system efficiency for fossil generation, and (3) avoided renewable curtailment.

1) Transmission Network Upgrade Cost

The transmission network upgrade cost adder reflects the reimbursed portion of the cost of potential network upgrades borne by customers. In the evaluation, PG&E will use the network upgrade costs identified in any interconnection study or interconnection agreement Seller submits with its Offer, or absent such study or agreement, the network upgrade costs Seller estimates in its Offer.

2) Increased System Efficiency

Energy storage has the potential for allowing fossil generation to run with fewer startups and to operate more efficiently. Such increased efficiency could reduce the portfolio's overall generation cost in such cost components as start-up, fuel, GHG and VOM costs. PG&E will estimate such avoided generation costs to PG&E's portfolio. Such avoided costs would differ among Offers due to the variation in characteristics of those Offers.

3) Avoided Renewable Curtailment

Higher penetration of renewable energy increases the likelihood of curtailment being used to avoid over-generation and reliability problems.

Energy storage can help reduce the curtailment of intermittent generation in PG&E's portfolio, which would benefit PG&E's customers by reducing the instances of over-generation as well as avoiding curtailments of renewable generation, such as wind and solar, that contribute to meeting PG&E's renewable portfolio standard requirements. PG&E will estimate the potential economic effect of an Offer's ability to avoid the curtailment of renewable resources in PG&E's portfolio.

4) Delivery Period

Offers can have different delivery periods due to differences in term and start dates that affect the comparability of Offers. PG&E will adopt a common standardized delivery period to analyze all Offers. PG&E will estimate the cost and benefits of each Offer over the common standardized delivery period based on each Offer's characteristics, PG&E's projected portfolio need, and expected market conditions.

2. Qualitative Factors

a) Project Viability

Project viability means the likelihood that the Project under an Offer can be successfully developed and then provide the Product and services required for the period stated in the Offer. This assessment is based on a review of the status and plans for key Project activities (e.g., financing, site access, permitting, engineering, procurement, construction, interconnection, start-up and testing, operations, fuel supply, charging capability, etc.). While not required, PG&E will consider any independent engineer's report that evaluates a Project's charging capability for a Project.

b) Credit

PG&E may consider the Participant's capability to perform all of its financial and financing obligations under the Agreements and PG&E's overall credit concentration with the Participant or its banks, including any of Participant's affiliates.

c) Supply Chain Responsibility

PG&E may consider Participant's status as a Small Business Administration self-certified small business. PG&E is committed to supply chain responsibility which includes supplier diversity, sustainability and ethical supply chain practices. The Supplier Diversity Program, launched in 1981, aims to provide diverse suppliers with economic opportunities to supply products and services. The Supplier Sustainability

Program, launched in 2007, encourages supplier responsibility, excellence and innovation.

Promoting an ethical supply chain means that Health and Safety, Labor Issues and Human Rights, Ethical Business Conduct and Conflicts of Interest are important considerations in supplier selection.

Additional information on PG&E's Supply Chain Responsibility and Diversity Program can be found at:www.pge.com/supplychainresponsibility

d) Safety

PG&E will seek information from Participants regarding the safety history and practices of the entities that will construct, operate, or maintain the Projects and safety information related to the technology for the Project and Project development.

Any or all qualitative factors may impact a Project's status for Shortlisting or Agreement execution.

IX. Confidentiality Agreement

Except with PG&E's prior written consent, no Participant shall disclose its participation in this Solicitation (other than by attendance at any meeting held by PG&E with respect to the Solicitation) or collaborate on, or discuss with any other Participant or potential Participant bidding strategies or the substance of any Offer(s), including without limitation the price or any other terms or conditions of any Offer(s).

Except as provided below, all information and documents clearly identified by Participant as "Confidential" on the page(s) on which confidential information appears shall be considered confidential information. PG&E shall not disclose such information and documents to any third parties except for PG&E's or PG&E Corporation's, officers, directors, employees, agents, counsel, accountants, advisors, or contractors who have a need to know such information and have agreed to keep such information confidential and except as provided below. PG&E may use Confidential Information, consolidated with other market information and not specifically attributed to the Provider, to analyze or forecast market conditions or prices, for its own internal use or in the context of regulatory or other proceedings.

It is expressly contemplated that materials submitted by a Participant in connection with this RFO will be provided to the CPUC, its staff, the Independent Evaluator, and PG&E's Procurement Review Group ("PRG"). PG&E will seek confidential treatment pursuant to D.08-04-023, General Order 66-C, and Public Utilities Code section 583, with respect to any Participant-supplied non-public RFO information and documents ("Participant's Confidential

Information") that are submitted by PG&E to the CPUC for the purpose of obtaining CPUC Approval. PG&E will also seek confidentiality and/or non-disclosure agreements with the PRG applicable to the Participant's confidential information. PG&E cannot, however, ensure that the CPUC will afford confidential treatment to a Participant's confidential information, or that those confidentiality agreements or orders will be obtained from and/or honored by the PRG or the CPUC.

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

Once a Participant is selected for the Shortlist, the Participant must acknowledge acceptance of the Confidentiality Agreement in the form attached as Appendix D within two (2) business days of notification of their selection in order to continue to participate in the RFO. Depending upon Participant's submittal in response to Appendix B6, PG&E may require additional confidentiality obligations with collaborating entities.

X. Procurement Review Group Review

Following completion of the evaluation and PAV ranking of Offers, PG&E will submit the results of the evaluation and its recommendations to its PRG. Such information will include at least the national value ranking of Offers, the consideration of non-price evaluation criteria, and PG&E's recommendations based on such information. PG&E has no obligation to obtain the concurrence of the PRG with respect to any Offer.

PG&E assumes no responsibility for the actions of the PRG, including actions that may delay or otherwise affect the schedule for this Solicitation, including the timing of the selection of Offers and the obtaining of CPUC Approval.

XI. Shortlist Notification to Participants

The Solicitation schedule set forth in Section I.C, Schedule Overview, may be modified at PG&E's sole discretion. PG&E expects to be able to provide an e-mail notification to Participants whose Offers have been selected for the Shortlist, and invite each Participant on the Shortlist to conduct discussions and limited negotiations (for Projects at PG&E-owned sites; Third Party owned Projects should consider the form of Agreement in its current state) with PG&E regarding the Offer(s) selected for the Shortlist. PG&E anticipates notifying those Participants whose Offers were not Shortlisted shortly thereafter. As previously stated, PG&E may contact Participants prior to Shortlisting during the evaluation process to seek or notify

Participants of deficiencies in their Offers or Offer Packages, however Participants should not expect this level of guidance due to the time constraints of the RFO.

XII. Execution of Agreement

By submitting an Offer, Participant agrees, if its Offer is selected for PG&E's Shortlist, that it is prepared to negotiate and execute a definitive Agreement consistent with the form of Agreement submitted with the Participant's Offer, including the data which must be consistent with the Offer Form and containing such other terms and conditions acceptable to PG&E and the Participant. PG&E's evaluation of a Participant's Offer and PG&E's shortlisting of a Participant will not constitute an agreement by PG&E to any of the Participant's form of Agreement submitted.

XIII. CPUC Approval

Whether an Agreement goes into effect or not is expressly conditioned on PG&E's receipt of CPUC Approval, which is more specifically defined in each of the Agreements and Term Sheet. At a minimum PG&E will require a finding from the CPUC that PG&E's entry into the Agreement satisfies PG&E's compliance with the Resolution, that the terms are reasonable, and that PG&E will recover the costs incurred under the Agreement in its rates. Additionally, most Agreements will be subject to a no-fault termination if CPUC Approval does not occur within a specified period, as set forth in each of the applicable Agreements; CPUC Approval typically requires the approval of the Agreement by the CPUC to be final and non-appealable without any modifications that are unacceptable to either of the parties.

XIV. CAISO Coordination

As described in the Resolution, PG&E is required to coordinate with the CAISO regarding the reliability impact of any Projects executed by virtue of the Resolution. PG&E will attempt to complete such review prior to execution of Agreements but in the event such review is incomplete, such finding may represent a further condition of the CPUC's review and Approval.

XV. Waiver of Claims and Limitations of Remedies

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

By submitting an Offer, Participant agrees that the only forums in which Participant may assert any challenge with respect to the conduct or results of the Solicitation is through the

Alternative Dispute Resolution (“ADR”) services provided by the CPUC pursuant to Resolution ALJ 185, August 25, 2005. The ADR process is voluntary in nature, and does not include processes, such as binding arbitration, that impose a solution on the disputing parties. However, PG&E will consider the use of ADR under the appropriate circumstances. Additional information about this program is available on the CPUC’s website at the following link:

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

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

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

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

XVI. Termination of the RFO-Related Matters

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

PG&E reserves the right to change the Offer evaluation criteria for any reason, to terminate further participation in this process by any Participant, to accept any Offer or to enter into any definitive Agreement, to evaluate the qualifications of any Participant, and to reject any or all

Offers, all without notice and without assigning any reasons and without liability to PG&E or anyone acting on PG&E's behalf. PG&E shall have no obligation to consider any Offer.

In the event of termination of the RFO for any reason, PG&E will not reimburse the Participant for any expenses incurred in connection with the RFO regardless of whether such Participant's Offer is selected, not selected, rejected or disqualified.