# How the CAISO Determines the Market Price for Generation

**During the low-demand periods of the year, transmission lines are relatively open and free of congestion (see page 7)**

- All generation is typically paid in similar price ranges

**During high-demand periods, some transmission lines can be congested (see page 8)**

- Some generation can be paid substantially higher prices

**During extremely low-demand periods, there may be excessive generation (see page 9)**

- Generation may be paid negative prices if they cannot reduce generation output



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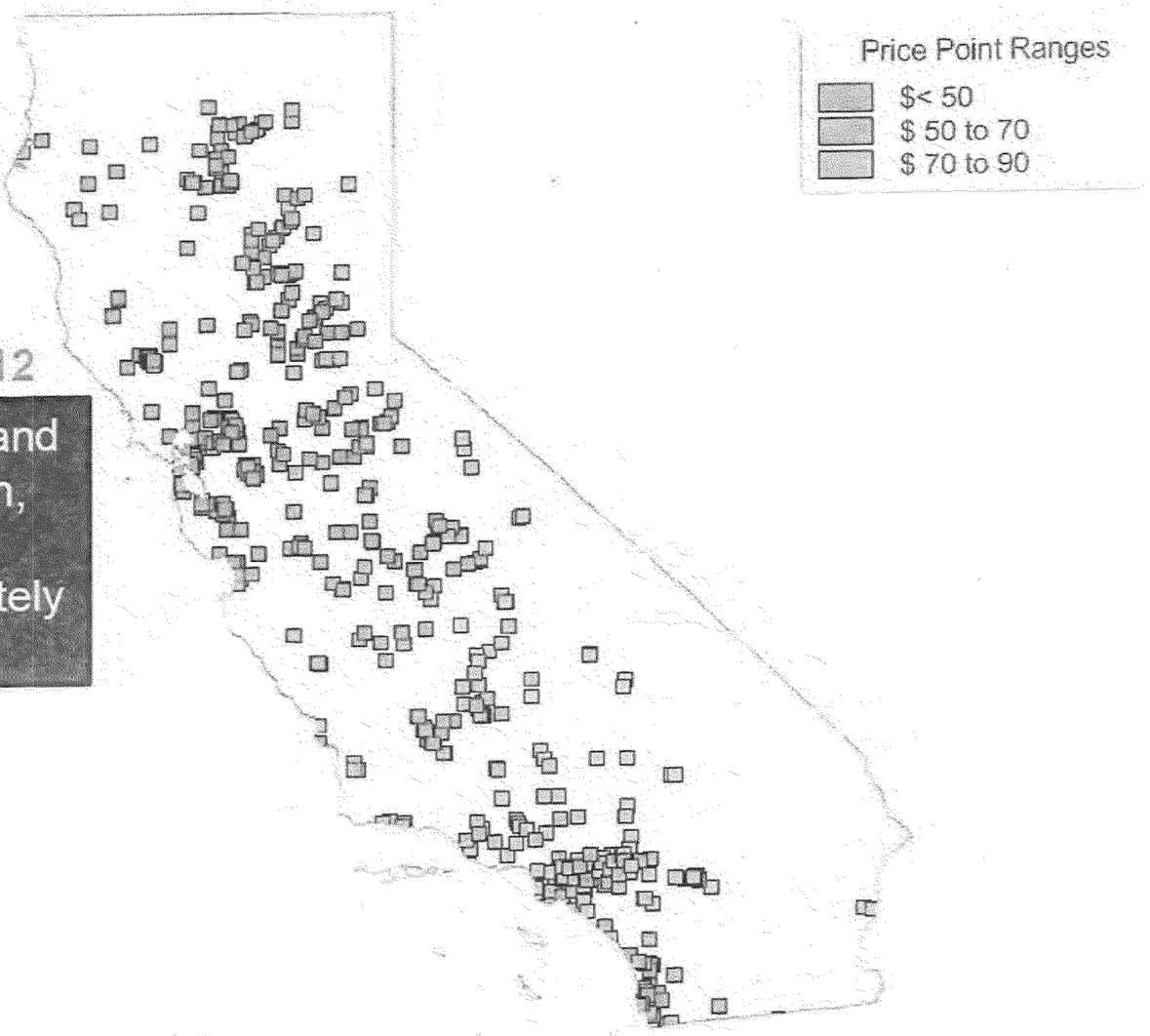
# Low Demand: All Generation Receives a Similar Price




For example:
December 22, 2012

With low demand and ample transmission, all generation will receive approximately the same price

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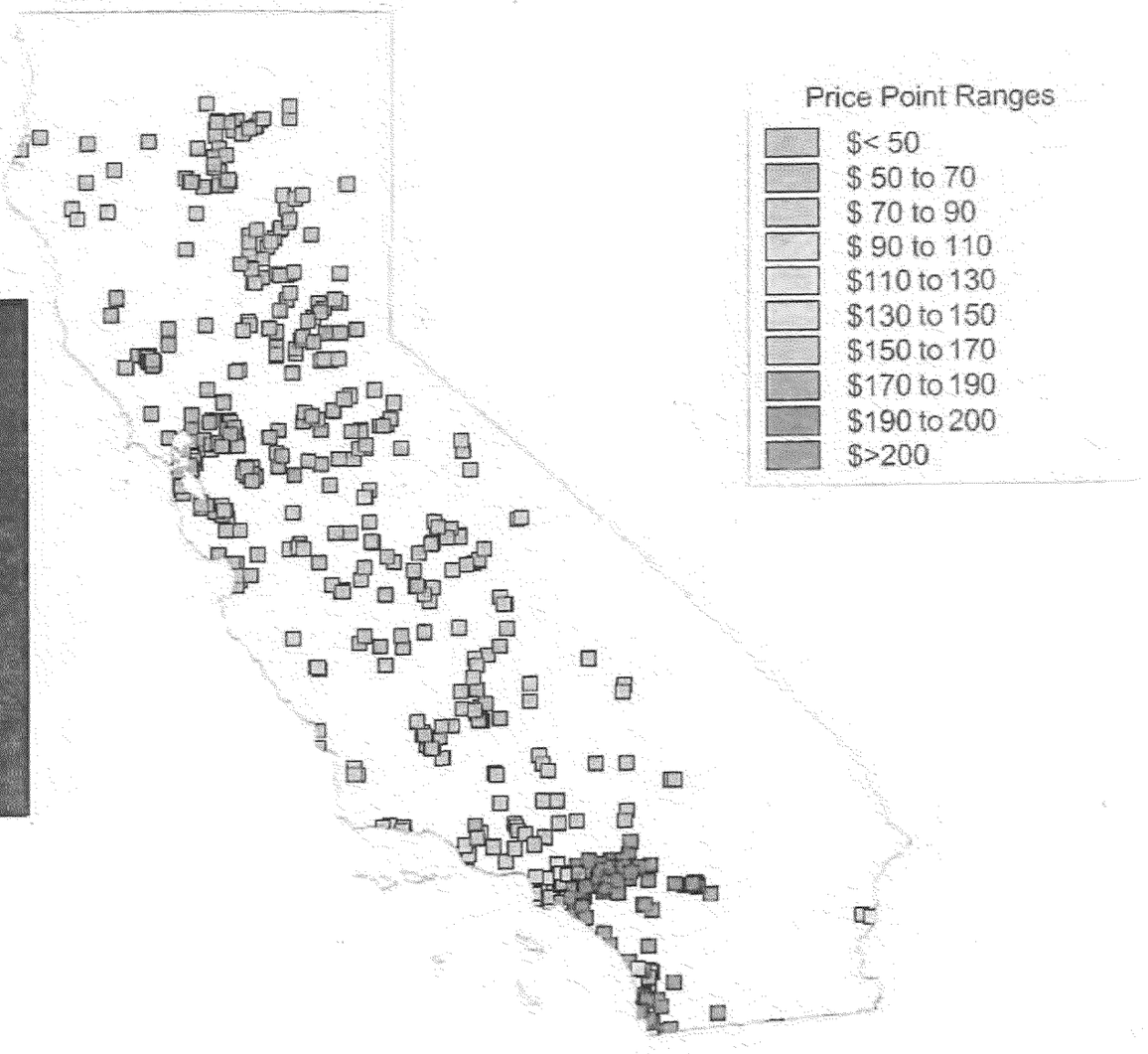
# High Demand: Congestion Drives Differences in Prices Paid to Generation




**For example:**
**September 15, 2012**

A lack of local generation, because of the San Onofre Nuclear Generating Station outage, combined with high demand resulted in higher prices in Southern California.

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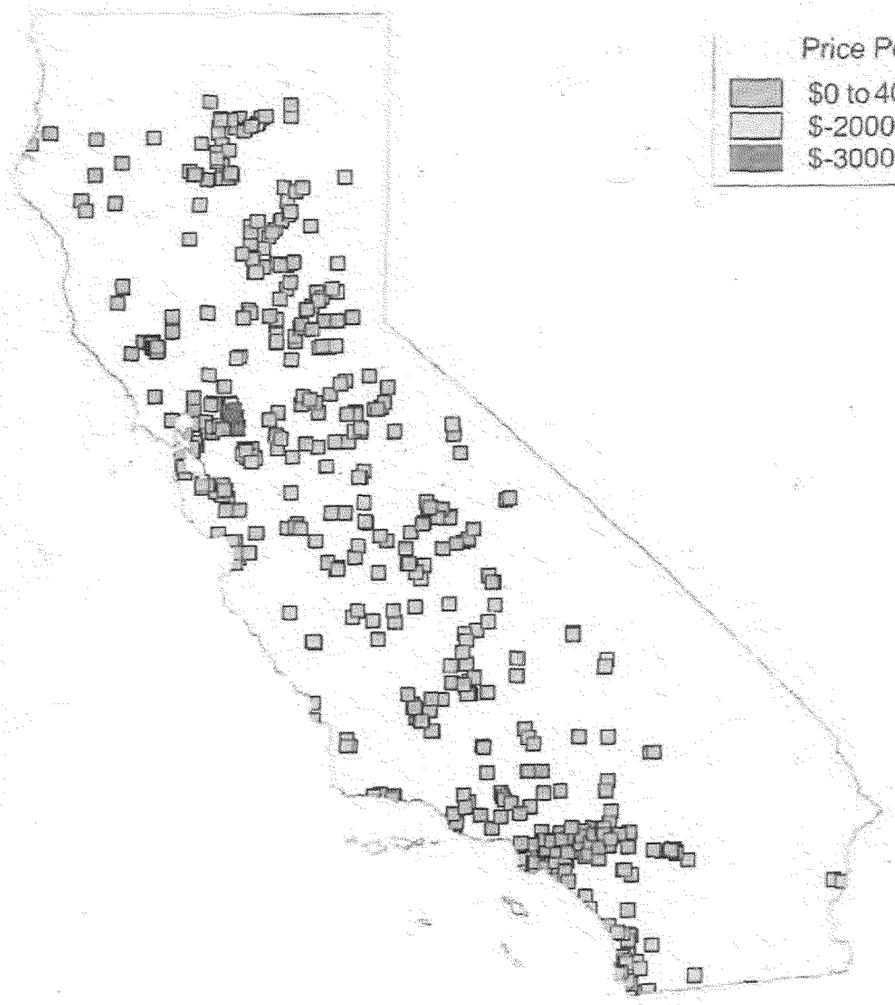
# During Periods of Extremely Low Demand, Prices Paid to Generation May Be Negative




For example:
January 13, 2013

An unexpected transmission outage in Solano County limited the transfer of wind to the rest of the CAISO grid. Local generation levels exceeded local load, resulting in negative prices.



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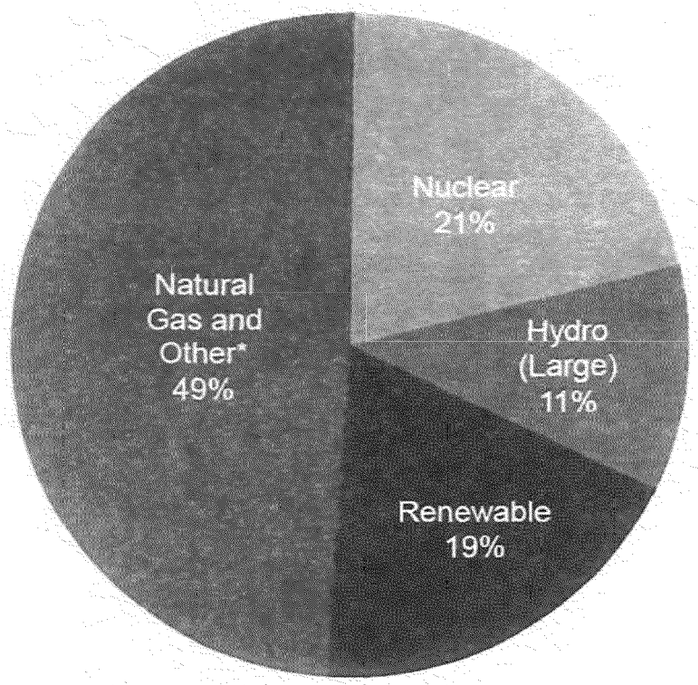
# PG&E's Electric Generation Portfolio Mix

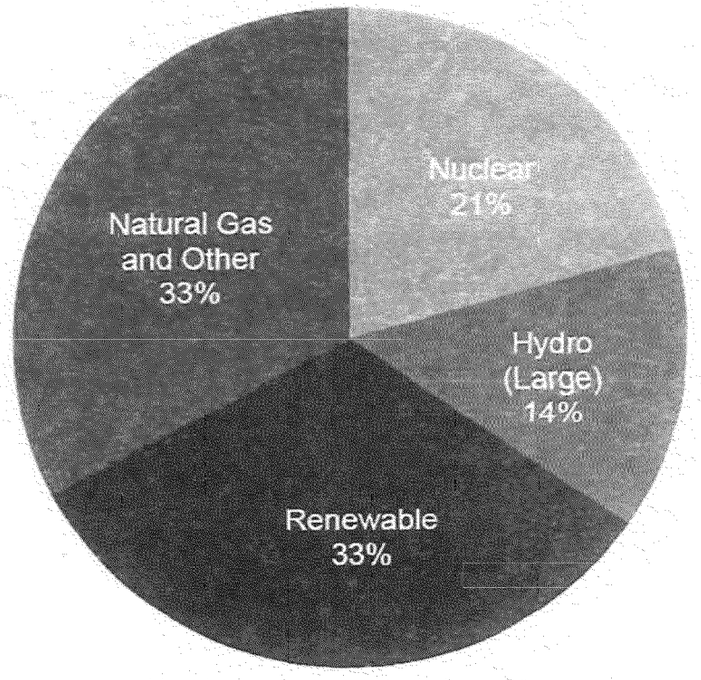
**The percent of PG&E's portfolio that is GHG-free increases from roughly 50% in 2012 to more than 65% in 2020**

## 2012 Preliminary Data




Total GWh: 76,000

## 2020 Projected Portfolio




Total GWh: 79,000

*Other includes market purchases, other fossil resources

Data Sources: Preliminary report compiled by PG&E's Energy Compliance and Reporting department as of March 2013



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