

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

Order Instituting Rulemaking to Integrate and
Refine Procurement Policies and Consider
Long-Term Procurement Plans

R.13-12-010
(Filed December 19, 2013)

**JOINT REPORT OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E),
SOUTHERN CALIFORNIA EDISON COMPANY (U 338 E), AND
SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)
REGARDING MODIFICATIONS TO QUARTERLY COMPLIANCE REPORTS**

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Dated: May 28, 2014

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In Decision (“D.”) 14-02-040, the California Public Utilities Commission (“CPUC” or “Commission”) directed Pacific Gas and Electric Company (“PG&E”), Southern California Edison Company (“SCE”), and San Diego Gas & Electric Company (“SDG&E”) (collectively, “Joint Utilities”) to submit a joint report by May 28, 2014, with recommended modifications to the Energy Division’s template for the Quarterly Compliance Reports (“QCRs”) filed quarterly by each of the Joint Utilities (“Joint Report”).¹ This Joint Report, which is submitted in compliance with the Commission’s direction, describes the background of the QCR; the Joint Utilities’ proposed modifications to the QCR (“Joint IOU Proposal” or “Proposal”); outreach efforts to each of the Joint Utilities’ respective Procurement Review Groups (“PRG”) as required by D.14-02-040, as well as outreach efforts to Energy Division (“ED”) and Division of Water and Audits (“DWA”) staff; and next steps in the QCR reformat process.

A. Background Regarding The QCR

The Commission established the QCR process in 2002 to allow ED to review procurement-related transactions entered into each quarter by each investor-owned utility (“IOU”). The purpose of this review is to ensure that transactions are in compliance with the upfront standards and criteria in an IOU’s Commission-approved Assembly Bill (“AB”) 57

¹ D.14-02-040 at p. 65 and Ordering Paragraph (“OP”) 4.

Bundled Procurement Plan (“BPP”).² Each IOU files a QCR by advice letter thirty (30) days after the end of each quarter. QCRs typically include detailed information and a “variety of supporting workpapers”³ on hundreds to thousands of transactions.

Once the QCR is filed, it is reviewed by ED staff and audited by DWA staff. “If there are no protests and the staff concludes that the transaction entered into in that quarter comply with the utility’s procurement plan, then by the Commission’s Expressed Delegation of Authority, the ED Director can approve the reports.”⁴ If the ED Director approves the QCR, the IOU’s transactions are deemed to be in compliance with the IOU’s approved BPP and the related procurement costs are deemed recoverable through the Energy Resource Revenue Account (“ERRA”) balancing account. If ED and DWA staff find any transaction to be non-compliant with the IOU’s approved BPP, the IOU would need to justify that transaction’s reasonableness. The results of the ED and DWA review and audit of the QCRs are made publicly available on the Commission’s website.⁵

The Joint Utilities and ED have successfully worked to reformat the QCR on several occasions, most recently in response to the Commission’s directive in D.07-12-052.⁶ The ED finalized and approved the current QCR format on December 15, 2008 (“Current QCR Template”).

² QCR filings were first mandated in D.02-10-062, Appendix B, and were further clarified and modified in D.03-06-076, D.03-12-062, D.04-012-048, and D.07-12-052.

³ D.07-12-052 at p. 187.

⁴ D.04-12-048 at p. 170.

⁵ ED shall make QCR audit reports public, consistent with Commission’s goals to increase the transparency of the Commission’s processes, while still protecting confidential information. D.12-04-046 at p. 64. Since the audit reports will be published on the Commission’s website, *see* <http://www.cpuc.ca.gov/PUC/energy/Procurement/Procurement/audit+reports.htm>, it is sufficient that a link to any IOU response or rebuttal on the IOU’s website be posted on the Commission website with the audit report. *Id.* at pp. 64-65.

⁶ D.07-12-052, OP 27.

Subsequently, in D.14-02-040,⁷ the Commission directed the IOUs to submit a joint proposal to reformat and further streamline the Current QCR Template. The Commission noted that the Current QCR Template is “complicated and voluminous” and that the QCR’s “purpose and content” should be re-evaluated. The Commission explained:

Information presented in the QCRs is often also available from other sources, so it is unclear what the best way to get the data and minimize reporting is. Currently it is unclear as to how to best effectuate the purpose of the QCR submissions (procurement oversight and assurance that the utilities are following their procurement rules) so several areas of the QCR reports could be redundant or unnecessary. A reevaluation of the purpose and content would aid Commission staff in making best use of the QCR data. This reevaluation is likely to reveal that needs have changed since the QCR format was last amended in 2008; for example, some information may be needed once per year, and some information needed quarterly. We will seek to standardize how the Commission receives and stores utility procurement data.⁸

This Joint Report includes the Joint IOU Proposal for a reformatted QCR (provided here as Attachment A) pursuant to the Commission’s directive.

B. The Joint Utilities’ Proposal

1. Guiding Principles

The Joint Utilities considered several guiding principles in developing the Joint IOU Proposal for a reformatted QCR. First and foremost, the purpose of the QCR is to ensure that transactions executed during a quarter are in compliance with the IOU’s approved BPP. The QCR is strictly a compliance process and not the venue for discussing procurement policy issues, nor is it the venue for addressing proposals for changing the IOU’s AB 57 bundled procurement authority. Parties address these issues in the Long-Term Procurement Plan (“LTPP”) proceedings or other relevant Commission proceedings. Instead, the QCR is narrowly focused

⁷ D.14-02-040, OP 4.

⁸ *Id.* at pp. 64-65.

on specific transactions executed during a quarter, and whether those transactions were in compliance with the IOU's existing AB 57 bundled procurement authority. Specifically, each IOU's *existing* AB 57 bundled procurement authority allows the IOUs to conduct transactions with a duration of less than five years without pre-approval⁹ if within the confines of the upfront standards in each IOU's BPP (e.g., authorized products, procurement processes, procurement limits and ratable rates, etc.).

To prepare the Joint IOU Proposal, the Joint Utilities carefully considered the information included in the Current QCR Template to determine whether: (1) the information falls within the specified scope of BPP upfront standards; and (2) sufficient detail is included in the template in order to demonstrate BPP compliance. As the Commission noted, "several areas of the QCR reports could be redundant or unnecessary."¹⁰ At the same time, DWA staff often issue reoccurring data requests to receive information important for review, but not included in the Current QCR Template.

In addition, the QCR should be organized so that the presentation is streamlined and transaction information is easy to find and understand. As recognized by the Commission in directing this QCR reformat effort, the Current QCR Template "has grown large, with utilities filing multiple attachments with a large amount of information."¹¹ ED and DWA have a challenging task reviewing and auditing QCRs for each of the three IOUs in a timely manner; each IOU submits four QCRs a year and the QCRs can often involve hundreds to thousands of transactions. Consistent with the Commission's directive, the Joint Utilities sought to organize the Joint IOU Proposal in such a way that materials are easy to locate and access.¹² The Joint

⁹ D.12-01-033 at p.47 and Finding of Fact ("FOF") 24.

¹⁰ D.14-02-040, at pp. 64-65.

¹¹ *Id.* at p. 62.

¹² *Id.* at p. 65.

Utilities hope that this approach will assist ED and DWA in their review and audit of the QCRs, as well as other parties outside of the Commission in using and understanding the QCRs.

Furthermore, the Joint Utilities sought to develop a format that would automate certain elements of the reporting process to reduce the possibility of errors. Currently, the QCRs require a substantial amount of manual data input and data creation. The Joint Utilities worked to develop a QCR format that would allow for more data to be transmitted automatically, minimizing manual inputs and reducing the potential for errors.

Finally, the Joint Utilities sought to create a template that would promote consistency between each IOU's QCR, while balancing the goals of streamlining and automating reporting. A more uniform presentation was challenging to achieve given the variations in each IOU's BPP. The Joint IOU Proposal is the result of extensive discussions between the Joint Utilities, and the Joint Utilities hope that greater uniformity in reporting format would help ED and DWA with their review and audit of the QCRs.

2. Description of the Proposed, Reformatted QCR

Based on these guiding principles, the Joint Utilities developed the Joint IOU Proposal to reformat the QCR. The Joint IOU Proposal is attached hereto as Attachment A. The Joint IOU Proposal includes two components modeled after the Current QCR Template's approach to protecting the detailed market-sensitive procurement information: (1) a public narrative template and (2) standardized confidential workpapers. The public narrative provides descriptions of the following: (1) over-the-counter and exchange traded transactions executed during the quarter, including information about procurement processes; (2) convergence bidding transactions; (3) congestion revenue rights transactions; (4) new contracts and amendments; (5) compliance with Standard of Conduct #2, which is an ongoing requirement that DWA audits as part of the QCR; and (6) Emission Performance Standard ("EPS") required by D.07-01-039. In addition,

the public narrative includes a table listing all of the attached workpapers. The workpaper templates are in the same order for each of the IOUs and include detailed descriptions of transactions executed during the quarter.

The workpaper templates are separated into transaction types, including: electric and gas financial and physical transactions, greenhouse gas compliance instruments, convergence bidding, congestion revenue rights, and other miscellaneous Commission-approved products. The workpapers also contain additional confidential material, such as information regarding new negotiated contracts and amendments during the quarter;¹³ PRG materials; strong showings; Standard of Conduct 2 compliance information; materials from Requests for Offers and competitive solicitations, such as Independent Evaluator (“IE”) Reports, bids received, and evaluation information; data/forecasts used to analyze transactions; and EPS-related information. The workpapers contain transaction-specific, market-sensitive information and have been designed to demonstrate that the transactions listed are in compliance with the IOU’s BPP.

The Joint Utilities believe that this Proposal has a number of benefits and meets the Commission’s goal to streamline, standardize, and better effectuate the “purpose” of the QCR submissions. The Proposal streamlines the existing QCR template and better effectuates the QCR “purpose” by eliminating or reducing sections of the Current QCR Template that the IOUs believe to be out of scope, especially in light of the Market Redesign and Transmission Upgrade (“MRTU”). It also adds details not included in the Current QCR Template that the IOUs believe are helpful to demonstrating BPP compliance. The Proposal promotes uniform reporting by standardizing report templates. The IOUs hope that this consistency will assist ED and DWA in

¹³ SCE does not currently submit any contract amendments for approval via the QCR process. Therefore, SCE anticipates including contract amendments for information purposes only in the workpaper summary of new negotiated contracts and contract amendments that it executed during the quarter that either have been approved or are being approved through a separate process or proceeding such as an application, advice letter, or the Energy Resource Revenue Account (“ERRA”) proceeding.

their review and audit of the QCR, while aiding external stakeholders in their use of the information. The Proposal promotes more automation in terms of report preparation in order to reduce errors and improve efficiency. Additionally, the Proposal more clearly separates transactions based on product type to assist with Commission and stakeholder review.

C. Stakeholder Outreach and Next Steps

The Commission directed each IOU to meet with its respective PRG to discuss “the information [the Joint Utilities] currently submit in the QCRs,” describe why the data is submitted, and “ensure that PRG members have had a chance to comment on the content of the QCRs for their purposes as PRG members.”¹⁴ In compliance with this requirement, the Joint Utilities conducted a joint meeting on May 19, 2014 that included members of each IOU’s PRG. At this meeting, the Joint Utilities described the purpose and background of the QCR, solicited feedback and input from the members of the IOUs’ respective PRGs regarding the information included in the QCR, and gave an overview of the proposed QCR reformatting effort. The following organizations were represented: ED, DWA, Office of Ratepayer Advocates (“ORA”), and The Utility Reform Network (“TURN”).

In addition to meeting with members of each IOUs’ PRG, the Joint Utilities also met and solicited input from ED and DWA directly. On April 25, 2014, the Joint Utilities met with ED and DWA staff in person and via telephone, and provided a draft of the Joint IOU Proposal. As a result of this meeting, the Joint Utilities made a number of substantive changes to the draft Proposal to address ED and DWA comments. Since that meeting, the Joint Utilities have continued to communicate with and solicit input from the ED and DWA regarding the Joint IOU

¹⁴ D.14-02-040 at p. 65.

Proposal. Most recently, the Joint IOUs held a conference call with ED and DWA staff on May 23, 2014.

While the Proposal has been subject to the collaboration identified above, outstanding issues exist. First, DWA staff expressed concern with the elimination or reformatting of certain sections. The Joint Utilities addressed some of DWA's concerns in the Proposal and have included placeholders to address other concerns where the Joint IOUs agree in concept, but require more time to work with ED and DWA on implementation details.¹⁵ A difference of opinion remains on several issues, however, and thus not all of DWA's comments are reflected in the Proposal. The Joint Utilities will continue to work with DWA staff on these issues after this filing.

Second, ED staff requested to include certain information in the Proposal that is not included in the Current QCR Template's workpaper fields (*e.g.* more specific information about hedging limits), as well as more specifics on the types of data utilities would include in proposed Workpaper 14 related to transaction analysis. The Joint Utilities will continue to work with ED staff after this filing to identify the best format and forum for requested data.

Third, the Joint Utilities propose the inclusion of definitions within the workpaper templates to promote more uniform reporting. The proposed definitions are under discussion, and the Joint Utilities will work with ED to include these in future versions of the templates. The "Definitions" tabs have been left blank and serve as placeholders.

Lastly, based on feedback from the May 19 meeting, the Joint Utilities are also open to a discussion of how best to release useful procurement information reported in the QCRs that is

¹⁵ For instance, relevant transaction-specific workpapers include a placeholder tab for summary information. The Joint IOUs will continue to work with the ED and DWA to format and populate these tabs.

not market-sensitive. As a time-sensitive, data-intensive compliance filing that must be submitted within 30 days of the end of a quarter, the QCR itself may not be the appropriate forum for release of such information. The Joint Utilities are willing to explore other avenues or methods for public release of useful information that do not risk untimely or inaccurate QCR filings, or inadvertent disclosure of market-sensitive information that may be associated with providing redacted versions of QCRs.

In terms of next steps, D.14-02-040 provides that ED will conduct workshops regarding the content and form of the QCR, as well as draft a QCR guide, after the submission of this Joint Report.¹⁶ The Joint Utilities look forward to participating in the CPUC workshops and, at those workshops, to answer any questions regarding the Joint IOU Proposal or this Joint Report.

SCE and SDG&E have authorized PG&E to sign this pleading on their behalf.

Respectfully submitted on behalf of
Pacific Gas and Electric Company,
Southern California Edison Company, and
San Diego Gas & Electric Company,

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Dated: May 28, 2014

¹⁶ D.14-02-040 at pp. 65-66.

ATTACHMENT A

[UTILITY]

**PROCUREMENT TRANSACTION QUARTERLY COMPLIANCE REPORT
JOINT RECOMMENDED TEMPLATE**

May 28, 2014

Instructions

This document serves as the reformatted template for the quarterly compliance report (QCR) filings as approved by Decision (D.) [xx-xx-xxx] pursuant to the public stakeholder process in Rulemaking 13-12-010. This reformatted QCR template shall be the guiding document for all information to be reported in the QCRs, and all future QCRs shall be submitted according to this new format. The QCR template is subject to revisions and updates based upon findings of subsequent California Public Utilities Commission decisions and/or as deemed necessary by Energy Division (ED).

Investor-owned utilities (IOUs) are required to adhere to the following filing instructions:

- 1) All QCR reporting and data shall be submitted via CD or other downloadable electronic format, such as an FTP site, through the quarterly advice letter process. Paper copies of the QCRs, including workpapers and the narrative, are not required.
- 2) All data shall be submitted in active Excel spreadsheets with all formulas explicitly reported/traceable, as applicable.
- 3) The QCRs shall be audited on a quarterly basis to determine compliance with the IOU's Assembly Bill (AB) 57 Bundled Procurement Plan. As part of the audit process, auditors may request any additional information deemed necessary to complete the review.
- 4) Responses to all data requests shall be submitted to the requesting division (e.g., Division of Water and Audits or ED) within ten (10) business days of the initial request, unless staff grants a written extension.¹
- 5) The ED shall sign-off on the QCR advice letter filings at the conclusion of the audit process. Any findings of the quarterly audits shall be handled on a-case-by-case basis, and approval of the QCRs is contingent upon satisfactory resolution of such findings.

¹ Written communication can occur in the form of an e-mail between the ED and the IOU or as a formal letter.

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A. Introduction

This Quarterly Compliance Report (QCR) is for the [x] quarter, 20[xx] (Quarter) and is provided in the format approved by the California Public Utilities Commission (Commission or CPUC) in Decision (D.) xx-xx-xxx.¹

The purpose of the QCR is to ensure the transactions that occurred during the Quarter are in compliance with [UTILITY]’s Commission-approved Assembly Bill (AB) 57 Conformed Bundled Procurement Plan (BPP). [UTILITY]’s current conformed BPP (2010) was approved by the Commission on [Month Day, Year] in Resolution E-[Xxxx] and covers the period from 20xx to 20xx.² The BPP establishes the “upfront” standards and criteria that guide [UTILITY]’s bundled procurement activities. [UTILITY] must execute its transactions in compliance with the BPP’s standards and criteria for the Commission to find that [UTILITY]’s procurement-related expenses are eligible for cost recovery.

Pursuant to the BPP, [UTILITY]’s transactions are designed to meet certain objectives, including, but not limited to: comply with least-cost dispatch; maintain 12-month 95th percentile TEVaR³ below the Consumer Risk Tolerance⁴ (CRT); comply with the Commission’s year-

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- ¹ Quarterly compliance filings were first mandated in D.02-10-062, Appendix B, and were further clarified and modified in D.03-06-076, D.03-12-062, D.04-012-048, and D.07-12-052. In D.07-12-052, the Commission ordered the Energy Division (ED) to develop a schedule for reformatting and streamlining the QCR through a collaborative process among the ED, the auditors, and the investor-owned utilities (IOUs). The Commission delegated authority to the ED to authorize the implementation of the reformatted and streamlined QCR. *See* D.07-12-052, at 188, Conclusion of Law (COL) 42-44, Finding of Fact (FOF) 91. On December 15, 2008, the ED issued a template for the preparation of QCRs to be used beginning with the report for the fourth quarter of 2008. In D.14-02-040, Ordering Paragraph (OP) 4, the IOUs were directed to submit a joint proposal to reformat and further streamline the QCR template, which was subsequently vetted with the IOUs’ Procurement Review Groups and through a public stakeholder process in Rulemaking (R.) 13-12-010. The reformatted template used herein is the result of that stakeholder process and the Commission’s final approval of the template.
 - ² Further updates to [UTILITY]’s BPP were submitted and approved via the advice letter process in Advice Letters [Xxxx]-E, [Xxxx]-E and [Xxxx]-E.
 - ³ TEVaR is “Time to Expiration Value at Risk.”
 - ⁴ The Commission has defined CRT as both “Consumer Risk Tolerance” (D.03-12-062) as well as “Customer Risk Tolerance” (D.07-12-052). [UTILITY] updates its CRT every two years pursuant to D.12-01-033, at 23-24. The main use of CRT is for monthly risk reporting on [UTILITY]’s portfolio.

ahead and month-ahead Resource Adequacy (RA) requirements; mitigate transmission congestion and curtailment risk through the acquisition of Congestion Revenue Rights (CRRs) and transmission capacity; comply with the California Air Resources Board's (ARB's) greenhouse gas (GHG) cap-and-trade program; and manage its inventory of surplus sulfur dioxide (SO₂) allowances, if applicable.

Thirty (30) calendar days following the end of each quarter, [UTILITY] submits a QCR detailing all transactions that it executed during that quarter. The Commission's audit team reviews these transactions to determine compliance with [UTILITY]'s BPP and makes recommendations to the Energy Division for approval.⁵ If the Energy Division approves the QCR, [UTILITY]'s transactions are deemed to be in compliance with [UTILITY]'s BPP and the related procurement costs are deemed recoverable through the Energy Resource Revenue Account (ERRA) balancing account. If the audit team finds any transaction to be non-compliant with [UTILITY]'s BPP, [UTILITY] would need to demonstrate that the transaction was compliant and/or justify that transaction's reasonableness to the Commission.

Pursuant to D.02-08-071, an important part of the procurement process is [UTILITY]'s Procurement Review Group (PRG). [UTILITY] conducts monthly and ad hoc meetings with its PRG to discuss forecasts; open position; changes in market conditions from the previous quarter, including natural gas and electric prices; and hedging strategies going forward. The function of [UTILITY]'s PRG is to informally advise [UTILITY] on its procurement activities.

Current participants in [UTILITY]'s PRG include representatives of the following organizations: Commission's ED (ex officio); the Commission's Office of Ratepayer Advocates (ORA) (ex officio); The Utility Reform Network (TURN); the California Department of Water Resources (DWR); [INSERT OTHER PRG MEMBERS, AS APPLICABLE].

⁵ A resolution for the Commission's agenda should only be prepared if the ED or the auditor finds transactions or procurement activity that are not in compliance with the adopted plans. D.03-12-062, at 78-79. The ED shall make QCR audit reports public, consistent with CPUC goals to increase the transparency of the Commission's processes, while still protecting confidential information. D.12-04-046, at 64. Since the audit reports will be published on the Commission's website, it is sufficient that a link to any IOU response or rebuttal on the IOU's website be posted on the Commission website with the audit report. *Id.* at 64-65.

[UTILITY]’s PRG calendar, which includes dates of scheduled PRG meetings, is publicly available at: [INSERT UTILITY’S LINK]. More information about [UTILITY]’s procurement strategies and processes can be found in the BPP, available at: [INSERT UTILITY’S LINK].

All procurement-related activity during the Quarter was approved and executed either by, or under the direction of, [.], consistent with the delegation of authority effective for the period.

This report splits transactions for which [UTILITY] is seeking review and ED approval of this QCR pursuant to [UTILITY] AB 57 BPP authority into four sections: (1) new over-the-counter and exchange traded transactions (Transactions) that were executed during the Quarter; (2) Convergence Bidding transactions; (3) Congestion Revenue Rights transactions; and (4) new negotiated contracts and contract amendments that were executed during the Quarter. Details related to the number and type of transactions are included in the narrative, along with public information typically requested by the Commission audit team related to Standard of Conduct (SOC) 2. All other details about the transactions and SOC 2 compliance are included in confidential workpapers attached to this report.

The confidential workpapers also include information related to: [UTILITY] PRG meetings in Workpaper 12, Request for Offer (RFO) and Solicitation Materials (such as Independent Evaluator (IE) Reports)⁶ in Workpaper 13, data and forecasts used to analyze transactions in Workpaper 14, and justification for transactions subject to a “strong showing”⁷ in Workpaper 15.

Additionally, Workpaper 10 includes, for information purposes only, a summary of new negotiated contracts and contract amendments that [UTILITY] executed during the Quarter that

⁶ [UTILITY] is also required to receive IE Reports from non-affiliated third parties for certain transactions.

⁷ Pursuant to [UTILITY]’s BPP, [UTILITY] must justify certain transactions through a “strong showing” requirement. The confidential workpapers include a description of transactions that are subject to the Commission’s strong showing requirement and demonstration that the requirement was met.

either have been approved or are being approved through a separate process or proceeding, such as an application, advice letter, or ERRR. Workpaper 16 includes, for information purposes only, emissions performance standard (“EPS”) compliance information required by D.07-01-039.

B. New Over-The-Counter⁸ and Exchange Traded Transactions for Approval via QCR

During the Quarter, [UTILITY] executed: (1) [Xxx] new electric physical Transactions;⁹ (2) [Xxx] new electric financial Transactions; (3) [Xxx] new gas physical Transactions;¹⁰ and (4) [Xxx] new gas financial Transactions for which it is seeking review and approval in this QCR. These new Transactions are in compliance with [UTILITY]’s’s BPP and are listed in Workpapers 1-4, respectively.¹¹ Transactions were conducted via the following procurement processes:

1. Electric Physical Transactions –
2. Electric Financial Transactions –
3. Natural Gas Physical Transactions –
4. Natural Gas Financial Transactions –
5. Greenhouse Gas Compliance Instrument Transactions –
6. Miscellaneous Transactions –

⁸ This includes brokered and bilateral trades.

⁹ This total does not include Day-Ahead Market transactions and Real-Time Market transactions which occur in the California Independent System Operator markets.

¹⁰ This includes commodity, transportation, and storage transactions.

¹¹ Master Agreements are not included in the QCR.

C. Convergence Bidding Transactions

Consistent with its BPP authority, during the Quarter [UTILITY] executed transactions related to convergence bidding. These transactions are listed in Workpaper 7.

D. Congestion Revenue Rights Transactions

Consistent with its BPP authority, during the Quarter [UTILITY] executed transactions related to congestion revenue rights for the monthly and annual processes. These transactions are listed in Workpaper 8 and are described generally below:

1. CAISO Monthly CRR Allocation and Auction Process –
2. CAISO Long Term and Annual Tier 1, Tier 2, and Tier 3 CRR Allocation and Auction Process –

E. New Negotiated Contracts and Contract Amendments for Approval via QCR

During the Quarter, [UTILITY] executed: (1) [Xxx] new electric product contracts; (2) [Xxx] new gas product contracts; (3) [Xxx] new transmission contracts; and (4) new emissions¹² contracts for which it is seeking review and approval in this QCR. [UTILITY] also executed [Xxx] contract amendments and letter agreements for which it is seeking review and approval in this QCR. These contracts and amendments are listed in Workpaper 9 and copies of these contracts and amendments are included in Workpaper 9 as well. Contracts were negotiated and executed via the following procurement processes: [DESCRIBE PROCESSES HERE].

F. Compliance with Standard of Conduct 2

SOC 2 requires [UTILITY] to adopt, actively monitor, and enforce compliance with a comprehensive code of conduct for all employees engaged in the procurement process. More specifically, all employees with knowledge of procurement strategies should be required to sign and abide by an agreement to comply with the comprehensive code of conduct and to refrain

¹² Emissions contracts could refer to SO₂ transactions, or allowances or offsets under AB32.

from disclosing, misappropriating, or utilizing [UTILITY]’s trade secrets and other confidential information during or subsequent to their employment by [UTILITY]. Documentation demonstrating that the relevant energy procurement employees completed the necessary SOC 2 training and signed the acknowledgement form is included in Workpaper 10.

G. EPS-Related Information in Compliance with D.07-01-039 (Information Only)

In D.07-01-039, the Commission required the IOUs to report in their QCRs certain information regarding “linked contracts” as well as information concerning investments in major alterations to utility-owned generation facilities with regard to the issue of emissions performance standard (“EPS”) compliance.¹³ This information is provided in Workpaper 16.

H. Workpapers

For the Quarter, [UTILITY] provides the following confidential workpapers supporting its procurement activities.

As described above, [UTILITY] has included additional procurement materials for activity during the Quarter related to the PRG; RFO and Solicitation Materials; data and forecasts used to analyze transactions; and strong showings.

Workpaper	Description
Workpaper 1	New Electric Physical Transactions
Workpaper 2	New Electric Financial Transactions
Workpaper 3	New Gas Physical Transactions ¹⁴
Workpaper 4	New Gas Financial Transactions
Workpaper 5	Greenhouse Gas Compliance Instrument Transactions
Workpaper 6	Miscellaneous Transactions

¹³ D.07-01-039 at pp. 155-157, 173-174 and Ordering Paragraph 12.

¹⁴ Gas physical transactions include commodity, transportation, and storage transactions.

Workpaper 7	Convergence Bidding Transactions
Workpaper 8	Congestion Revenue Rights Transactions
Workpaper 9	New Negotiated Contracts and Contract Amendments for Approval via QCR
Workpaper 10	New Negotiated Contracts and Contract Amendments Submitted via Separate Application, Advice Letter, or ERRR (Information Only)
Workpaper 11	Standard of Conduct 2 Compliance
Workpaper 12	Procurement Review Group Materials
Workpaper 13	Request for Offer and Solicitation Materials
Workpaper 14	Data/Forecasts Used To Analyze Transactions
Workpaper 15	Strong Showing Documentation
Workpaper 16	EPS-Related Information in Compliance with D.07-01-039 (Information Only)

[Utility]

CONFIDENTIAL PROTECTED MATERIAL

General Order 66-C

Public Utilities Code 454.5g

Decision 06-06-066

Workpaper 1 - New Electric Physical Transactions

Summary

Quarter [X], [20xx]

Workpaper 1 - New Electric Physical Transactions

Transactions in this WP were executed over-the-counter, through exchanges, or under master enabling agreements (excluding negotiated contracts which are listed in Workpapers 9 a Quarter [X], [20xx])

Transaction ID	Trade Date	Counterparty Name	Buy/Sell	Product	Delivery Location	Total Traded Volume	Time of Use Period

Workpaper 1 - New Electric Physical Transactions

Transactions in this WP were executed over-the-counter, through and 10)

Quarter [X], [20xx]

Transaction ID	Trade Date	Counterparty Name	Pricing Unit	Price (\$/Pricing Unit)	Price Type	Option Strike	Delivery Start Date

Workpaper 1 - New Electric Physical Transactions
Transactions in this WP were executed over-the-counter, throu
Quarter [X], [20xx]

Transaction ID	Trade Date	Counterparty Name	Delivery End Date	Term (Days)	Term Type	Notional Value (\$)	Transaction Process	Exchange or Broker

Workpaper 1 - New Electric Physical Transactions
Transactions in this WP were executed over-the-counter, throu
Quarter [X], [20xx]

Transaction ID	Trade Date	Counterparty Name	Affiliate (Y/N)	Notes

[Utility]

Column Heading	Definition
Transaction ID	
Trade Date	
Counterparty Name	
Buy/Sell	
Product	
Delivery Location	
Total Traded Volume	
Time of Use Period	
Pricing Unit	
Price (\$/Pricing Unit)	
Price Type	
Option Strike	
Delivery Start Date	
Delivery End Date	
Term (Days)	
Term Type	
Notional Value (\$Millions)	
Transaction Process	
Exchange or Broker	
Affiliate	

Notes:	
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[Utility]

CONFIDENTIAL PROTECTED MATERIAL
General Order 66-C
Public Utilities Code 454.5g
Decision 06-06-066

Workpaper 2 - New Electric Financial Transactions
Summary
Quarter [X], [20xx]

Workpaper 2 - New Electric Financial Transactions

Transactions in this WP were executed over-the-counter, through exchanges, or under master enabling agreements (excluding negotiated contracts which are
Quarter [X], [20xx]

Transaction ID	Trade Date	Counterparty Name	Buy/Sell	Product	Delivery Location	Total Traded Volume	Time of Use Period

Workpaper 2 - New Electric Financial Transactions

Transactions in this WP were executed over-the-counter listed in Workpapers 9 and 10)

Quarter [X], [20xx]

Transaction ID	Trade Date	Counterparty Name	Pricing Unit	Price (\$/Pricing Unit)	Price Type	Option Strike	Delivery Start Date	Delivery End Date

Workpaper 2 - New Electric Financial Transactions
Transactions in this WP were executed over-the-cou
Quarter [X], [20xx]

Transaction ID	Trade Date	Counterparty Name	Term (Days)	Term Type	Notional Value (\$)	Transaction Process	Exchange or Broker

Workpaper 2 - New Electric Financial Transactions
Transactions in this WP were executed over-the-cou
Quarter [X], [20xx]

Transaction ID	Trade Date	Counterparty Name	Affiliate (Y/N)	Notes

[Utility]

Column Heading	Definition
Transaction ID	
Trade Date	
Counterparty Name	
Buy/Sell	
Product	
Delivery Location	
Total Traded Volume	
Time of Use Period	
Pricing Unit	
Price (\$/Pricing Unit)	
Price Type	
Option Strike	
Delivery Start Date	
Delivery End Date	
Term (Days)	
Term Type	
Notional Value (\$Millions)	
Transaction Process	
Exchange or Broker	
Affiliate	

Notes:	
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[Utility]

CONFIDENTIAL PROTECTED MATERIAL

General Order 66-C

Public Utilities Code 454.5g

Decision 06-06-066

Workpaper 3 - New Gas Physical Over-the-Counter and Exchange-Traded Transactions

Summary

Quarter [X], [20xx]

Workpaper 3 - New Gas Physical Over-the-Counter and Exchange-Traded Transactions

Transactions in this WP were executed over-the-counter, through exchanges, or under master enabling agreements (excluding negotiated contracts which are listed in Quarter [X], [20xx])

Transaction ID	Trade Book (IOU or DWR)	Trade Date	Counterparty Name	Buy/Sell	Product	Firm or Non-Firm	Pipeline	Delivery Location

Workpaper 3 - New Gas Physical Over-the-Counter and Exchange-Tr
Transactions in this WP were executed over-the-counter, through exchange in Workpapers 9 and 10)
Quarter [X], [20xx]

Transaction ID	Trade Book (IOU or DWR)	Trade Date	Counterparty Name	Total Traded Volume (MMBtu)	Price (\$/MMBtu)	Price Type	Option Strike	Delivery Start Date	Delivery End Date

Workpaper 3 - New Gas Physical Over-the-Counter and Exchange-Tr
Transactions in this WP were executed over-the-counter, through ex
Quarter [X], [20xx]

Transaction ID	Trade Book (IOU or DWR)	Trade Date	Counterparty Name	Term (Days)	Term Type	Notional Value (\$)	Transaction Process	Exchange or Broker	Affiliate (Y/N)

Workpaper 3 - New Gas Physical Over-the-Counter and Exchange-Tr
Transactions in this WP were executed over-the-counter, through ex
Quarter [X], [20xx]

Transaction ID	Trade Book (IOU or DWR)	Trade Date	Counterparty Name	Notes

[Utility]

Column Heading	Definition
Transaction ID	
Trade Book (IOU or DWR)	
Trade Date	
Counterparty Name	
Buy/Sell	
Product	
Firm or Non-Firm	
Pipeline	
Delivery Location	
Total Traded Volume	
Price (\$/MMBtu)	
Price Type	
Option Strike	
Delivery Start Date	
Delivery End Date	
Term (Days)	
Term Type	
Notional Value (\$Millions)	
Transaction Process	
Exchange or Broker	
Affiliate	

Notes:	
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[Utility]

CONFIDENTIAL PROTECTED MATERIAL

General Order 66-C

Public Utilities Code 454.5g

Decision 06-06-066

Workpaper 4 - New Gas Financial Transactions

Summary

Quarter [X], [20xx]

Workpaper 4 - New Gas Financial Transactions

Transactions in this WP were executed over-the-counter, through exchanges, or under master enabling agreements (excluding negotiated contracts which are listed in Wor Quarter [X], [20xx])

Transaction ID	Trade Book (IOU or DWR)	Trade Date	Counterparty Name	Buy/Sell	Product	Delivery Location	Total Traded Volume (MMbtu)	Price (\$/MMBtu)

Workpaper 4 - New Gas Financial Transactions

Transactions in this WP were executed over-the-counter, through ~~ex~~ papers 7 & 8)

Quarter [X], [20xx]

Transaction ID	Trade Book (IOU or DWR)	Trade Date	Counterparty Name	Price Type	Option Strike	Delivery Start Date	Delivery End Date	Term (Days)	Term Type

Workpaper 4 - New Gas Financial Transactions

Transactions in this WP were executed over-the-counter, through ex
Quarter [X], [20xx]

Transaction ID	Trade Book (IOU or DWR)	Trade Date	Counterparty Name	Notional Value (\$)	Transaction Process	Exchange or Broker	Affiliate (Y/N)	Notes

[Utility]

Column Heading	Definition
Transaction ID	
Trade Book (IOU or DWR)	
Trade Date	
Counterparty Name	
Buy/Sell	
Product	
Delivery Location	
Total Traded Volume	
Price (\$/MMBtu)	
Price Type	
Option Strike	
Delivery Start Date	
Delivery End Date	
Term (Days)	
Term Type	
Notional Value (\$Millions)	
Transaction Process	
Exchange or Broker	
Affiliate	

Notes:	
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Workpaper 5 - Greenhouse Gas Compliance Instrument Transactions
Quarter [X], [20xx]

Transaction ID	Trade Date	Counterparty Name	Buy/Sell	Product	Compliance Instrument Vintage	Volume (Metric Tons) (MT)	Price (\$/MT)	Price Type	Delivery Start Date	Delivery End Date

Workpaper 5 - Greenhouse Gas Compliance Instrument Transactions
Quarter [X], [20xx]

Transaction ID	Trade Date	Counterparty Name	Buy/Sell	Product	Compliance Instrument Vintage	Notional Value (\$)	Transaction Process	Notes

[Utility]

Column Heading	Definition
Transaction ID	
Trade Date	
Counterparty Name	
Buy/Sell	
Product	
Compliance Instrument Vintage	
Volume (Metric Tons) (MT)	
Price (\$/MT)	
Price Type	
Delivery Start Date	
Delivery End Date	
Notional Value (\$millions)	
Transaction Process	

Notes:	
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[Utility]

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General Order 66-C
Public Utilities Code 454.5g
Decision 06-06-066

Workpaper 6 - New Miscellaneous Transactions
Quarter [X], [20xx]

Workpaper 7 - Convergence Bidding Transactions
 Quarter [X], [20xx]

Cleared Convergence Bids For Qx [Year]										
Based on the CAISO Initial Statement										
Line No.	Type of Convergence Bid (Supply or Demand)	Date and Hour Ending	Location	MW Volume	Day Ahead Price \$/MWh	Hour Ahead or Real Time Price \$/MWh	Gain or Loss (-) \$	Make Whole Adjustment \$	Total Gain/Loss \$	Justification for transaction (Authorized Strategy*)

SB_GT&S_0519205

Workpaper 7 - Convergence Bidding Transactions
 Quarter [X], [20xx]

All Defensive Strategy Bids For Qx [Year]

Cleared Defensive Bids

Line No.	Type of Convergence Bid (Supply or Demand)	Date and Hour Ending	Location	MW Awarded	Max MW Bid	Day Ahead Price \$/MWh	Hour Ahead or Real Time Price \$/MWh	Gain or Loss (-) \$	Make Whole Adjustment \$	Total G/L \$	Justification for transaction (How bid was intended to protect ratepayers)
1											
	Total			0	0					\$0.00	

Not Cleared Defensive Bids

Line No.	Type of Convergence Bid (Supply or Demand)	Date and Hour Ending	Location	MW Awarded	Max MW Bid	Day Ahead Price \$/MWh	Hour Ahead or Real Time Price \$/MWh	Gain or Loss (-) \$	Make Whole Adjustment \$	Total G/L \$	Justification for transaction (How bid was intended to protect ratepayers)
1											
	Total Bids			0	0					\$0.00	

Footnotes:

1) Prices and Gain/Loss based upon preliminary settlement statement provided by CAISO. Final Prices and Gain/Loss are subject to change by the CAISO.

Workpaper 7 - Convergence Bidding Transactions
 Quarter [X], [20xx]

Cumulative Convergence Bidding Information

Table 1: Cleared Convergence Bid Volume and Financial Totals

[Year]	Volume (MW)	Gain/Loss (-) \$
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		
Total	0	\$ -

Table 2: Count of Cleared Bids by Strategy

Authorized Strategy*	January [Year]	February [Year]	March [Year]	April [Year]	May [Year]	June [Year]	July [Year]	August [Year]	September [Year]	October [Year]	November [Year]	December [Year]	Total Calendar Year
1													0
2													0
3													0
Total	0	0	0	0	0	0	0	0	0	0	0	0	0

Table 3: Count of Cleared Bids Outside of Service Territory

	January [Year]	February [Year]	March [Year]	April [Year]	May [Year]	June [Year]	July [Year]	August [Year]	September [Year]	October [Year]	November [Year]	December [Year]	Total Calendar Year
Number of Cleared Bids Outside of [Utility] Service Territory													0

* Strategy Number and Strategy Description

- 1 D.10-12-034 OP 2 - Unanticipated forced outage, derating of generating units, derating of transmission, or uncertain generation performance for resources scheduled by the IOU in the CAISO Day-ahead Market.
- 2 D.10-12-034 OP 3 - Virtual supply bids in the CAISO Day-ahead Market up to, but not exceeding, the amount of the Day-ahead forecast of intermittent generation in the Day-ahead Market.
- 3 D.10-12-034 OP 4 - Defensive convergence bidding in the CAISO Day-ahead and Real-time energy markets to mitigate real harms from market manipulation or other unintended market dynamics.

Footnotes:

1) Prices and Gain/Loss based upon preliminary settlement statement provided by CAISO. Final Prices and Gain/Loss are subject to change by the CAISO.

[Utility]

Workpaper 7 - Convergence Bidding Transactions
Quarter [X], [20xx]

Qualitative Analysis

[Enter here]

Workpaper 7 - Convergence Bidding Transactions
Quarter [X], [20xx]

Affiliates Registered for Convergence Bidding									
[Enter here]									

Workpaper 8: Congestion Revenue Rights Transactions
Quarter [X], [20xx]

Table 1

[UTILITY] Monthly Congestion Revenue Rights
Nominated/Bid and Awarded During the Quarter

Period Effective	Off-Peak: MW	On-Peak: MW

Workpaper 8: Congestion Revenue Rights Transactions
Quarter [X], [20xx]

Table 2

[UTILITY] Seasonal [YEAR] Congestion Revenue Rights
Nominated/Bid and Awarded During the Quarter

Period Effective	Off-Peak: MW	On-Peak: MW
Q1		
Q2		
Q3		
Q4		

Workpaper 8: Congestion Revenue Rights Transactions
Quarter [X], [20xx]

CRR Process	Tier	Applicable Period				Source	Sink	CRR (MW)
		Season/Month	Time of Use	Start Date	End Date			

Workpaper 8: Conge
Quarter [X], [20xx]

CRR Process	Tier	Auction Clearing price MCC Value (\$/MWH)	Expected Value (\$)	Resource (source) Description	Time of Use # On/Off-Peak Hrs	File Name/Portfolio

[Utility]

Column Heading		Definition
	CRR Process	The CAISO allocation and auction processes are Annual and Monthly
	Tier	For the Annual CRR Process there are 4 tiers (1, 2, LT (Long-Term), and 3). For the Monthly Process there are two tiers (1 and 2). There is only a single auction in each of the Annual and Monthly processes
Applicable Period	Season/Month	Quarters are identified by number and represent calendar quarters (1 = Jan - Mar, 2 = Apr - Jun, 3 = Jul - Sep, 4 = Oct - Dec) Months are identified by name
	Time of Use	Time of Use is either On-Peak (On) or Off-Peak (Off)
	Start Year	First year in which the CRR is effective
	End Year	Last year in which the CRR is effective
	Source	Location on the CAISO grid representing the CRR source
	Sink	Location on the CAISO grid representing the CRR sink
	CRR: MW	MWs of CRRs awarded
	Auction Clearing price MCC Value (\$/MWH)	Difference between auction cleared LMP price at source and sink
	Expected Value	MCC (\$/MWh) * MW awarded * hours by season TOU
	Resource Hedged	Name of the resource for which the CRR was obtained. Note that the CAISO awards disaggregated source sink pairs when requesting a Trading Hub in the allocation process.

Notes on Process:	[UTILITY's] CRR holdings from the monthly processes that took place in the [X] Quarter, [YEAR], were downloaded from CAISO CRR MUI. Auction Clearing Prices and the number of On/Off Peak hours were determined using internal records.
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Workpaper 9 - New Negotiated Contracts and Contract Amendments (for Approval in QCR)
Contracts in this WP were executed through RFOs, auctions, or are bilateral agreements
Quarter [X], [20xx]

Contract Counterparty	Execution Date	Term	Product	Procurement Mechanism	Volume	Price	Contract File Name

[Utility]

Workpaper 9 - New Negotiated Contracts and Cont
Contracts in this WP were executed through RFOs
Quarter [X], [20xx]

Contract Counterparty	Execution Date	Strong Showing/IE Report File Name	PRG File Name	Affiliate?	Notes

[Utility]

Column Heading	Definition
Contract Counterparty	
Execution Date	
Term	
Product	
Procurement Mechanism	
Volume	
Price	
Contract File Name	
Strong Showing/IE Report File Name	
PRG File Name	
Affiliate	

Notes	
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Workpaper 10 - New Contracts and Contract Amendments Submitted via Separate Applications, Advice Letter, or ERRA (Information Only)

Contracts in this WP were executed through RFOs, auctions, or are bilateral agreements

Quarter [X], [20xx]

Counterparty	Execution Date	Product/Technology	Procurement Mechanism	Approval Process (Advice Letter, Application)	Notes

[Utility]

Column Heading	Definition
Counterparty	
Execution Date	
Product/Technology	
Procurement Mechanism	
Approval Process (Advice Letter, Application)	

Notes:	
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[Utility]

Workaper 11 - Standard of Conduct 2 - Code of Conduct
Quarter [X], [20xx]

New and Transferred Employee Hired During Quarter	Hire Date	COC Training Date

Workaper 12 - Procurement Review Group Materials
Quarter [X], [20xx]

Line No.	Subject	File Name
1		
2		
3		
4		
5		
6		
7		