

From: [Redacted]
Sent: 6/19/2014 9:58:58 AM
To: Jacobson, Erik B (RegRel) (/O=PG&E/OU=Corporate/cn=Recipients/cn=EBJ1);
[Redacted] Houck,
Jason (jason.houck@cpuc.ca.gov)
Cc: Franz, Damon A. (damon.franz@cpuc.ca.gov); Kochanowsky, Amy E.
(Amy.Kochanowsky@cpuc.ca.gov)
Bcc:
Subject: RE: ED/PG&E Meeting - Overview of PG&E's Market Data System

Hello Jason,

I wanted to confirm that I received your request. I am in the process of identifying the right people to help my team respond to your questions, as some of the issues are outside the scope of the forecast analysis. It may take me another day or two to get to a definitive answer on timing and availability for a meeting. I will do my best to work within the timeframes you mentioned, and will send alternate suggestions if needed.

Also, I added Erik Jacobson to the email distribution – he is covering for [Redacted]

Thanks,

[Redacted]

[Redacted]

Case Manager

Pacific Gas and Electric

[Redacted]

From: Houck, Jason [mailto:jason.houck@cpuc.ca.gov]
Sent: Tuesday, June 17, 2014 5:18 PM
To: [Redacted]
Cc: Kochanowsky, Amy E.; Franz, Damon A.
Subject: ED/PG&E Meeting - Overview of PG&E's Market Data System

Hi [Redacted]

[Redacted] Michele Kito in Energy Division advised me that you are PG&E's primary ERRA analyst – or at least a good starting contact for our questions.

It would be really helpful if PG&E could meet with Energy Division's GHG staff to help us understand the Market Data System that PG&E uses to forecast GHG costs that inform PG&E's ERRA forecast. At a PRG meeting the other week (June 10), PG&E gave an overview of its recent ERRA forecast application. In that overview, PG&E explained that its forecast GHG prices are based, in part, on market broker quotes, which prompted further explanation that PG&E's MDS results in a GHG price forecast based on variously weighted inputs, broker quotes among them.

Can we organize a meeting at which PG&E can present the following:

1. Explanation of the exact inputs to the Market Data System and how this system uses these inputs to output a GHG price forecast.
2. Explanation of how the MDS GHG price forecast is used when PG&E models overall ERRA forecast costs.
3. Explanation of how the MDS GHG price forecast is used on a day-to-day basis in PG&E's generation dispatch decisions.
4. A numeric analysis to illustrate how PG&E's MDS-generated GHG price differs from forward ICE settlement prices for GHG allowances. Depending on how often PG&E updates or calculates GHG prices via its MDS, we would value a historic look at how MDS prices at a given day have compared to forward ICE settlement prices with December delivery.
 - a. If PG&E's MDS generates daily GHG prices, please compare MDS outputs to daily forward ICE settlement prices with December delivery. Alternatively, if MDS outputs only reflect a forecast at certain days, please compare those outputs to forward ICE settlement prices with December delivery on those same days. It would be helpful to present absolute differences

(\$/MT) as well as percent differences over time. If you have the data available, please present data between January 2013 up through the data used in your May 2015 ERRA forecast application (filed May 2014).

I think this meeting would be good to have in person to facilitate conversation, but we'd also be happy to organize a conference call.

Dates and times that work for us for a 1-hr meeting:

- □□□□□□□□ Thursday 6/26: 3-5pm
- □□□□□□□□ Tuesday, 7/1: 10-11am; 1-3pm
- □□□□□□□□ Wednesday 7/2: 10-11am; 1-5pm
- □□□□□□□□ Thursday, 7/3: 1-5pm

Please let us know if you need more time to put together data and a presentation, but I would like to host this meeting within the next two weeks if possible.

Thank you, and please don't hesitate to reach out with any questions.

Best,

Jason Houck

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