PG&E’s UESC Program
April 19, 2018

Federal Utility Partnership Working Group Seminar
Nashville, TN
Hosted by:
### Key Highlights

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
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<tbody>
<tr>
<td>Employees</td>
<td>~24,000</td>
</tr>
<tr>
<td>Californians served</td>
<td>~16M</td>
</tr>
<tr>
<td>Revenue (2016)</td>
<td>~$17.6B</td>
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<tr>
<td>Net income (2016)</td>
<td>~$1.4B</td>
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<tr>
<td>Miles of electric lines</td>
<td>~160,000</td>
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<tr>
<td>Miles of natural gas pipelines</td>
<td>~50,000</td>
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<tr>
<td>MW utility-owned generation</td>
<td>~7,700</td>
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<tr>
<td>GWh electricity generated and procured</td>
<td>~68,500</td>
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<tr>
<td>Carbon-free and renewable energy delivered</td>
<td>~70%</td>
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PG&E Service Territory:
- San Joaquin Valley
- San Francisco Bay Area
- Sacramento Valley
- North Coast
- Sierra Nevada
- Central Coast
PG&E UESC Program Overview

PG&E’s UESC offering drives customer energy and cost savings, carbon emission reductions, resiliency, and energy security.

**Background**
PG&E UESC began in 2008.
Examples of Projects/Sizes:
- NASA ($23M)
- IRS ($9M)
- VA Phase 1 ($10M)
- VA Phase 2 ($28M)
- Coast Guard ($4M)
- GSA ($4M)
- Army ($6M)
- FAA ($7M)
- FBOP ($19M)

**Results**
High Annual Customer Savings
- 43 GWh
- 2.6 M Therms
- 97 M Gal. water
- $7.3 M in energy cost

Strong Customer Satisfaction demonstrated by additional phases / projects at:
- Army
- VA
- NASA
- FBOP
- GSA
PG&E UESC Services

PG&E manages the entire project

**Preliminary Audit**

- Prepares contractor RFP – based on customer needs
- Conducts contractor site survey and responds to all questions
- Evaluates contractor proposals
- Scores/selects most qualified contractor

**Investment Grade Audit**

- Oversees/guides development of PA and IGA and implementation of project measures
- Leads project calls and meetings
- Oversees contractor’s performance/deliverables
- Coordinates/processes utility incentive program applications

**Financing**

- Competes its pool of qualified financiers to get best terms
- Negotiates and executes all financing documents

**Implementation**

- Task Order development and execution
- Contractor invoicing and payment coordination
- Legal review to ensure all applicable FARs are complied with

**Performance Assurance**

PG&E sources and secures the project financing

- PG&E’s UESC Team includes specialists in:
  - Sourcing and Acquisition
  - Project Development
  - Project Management
  - Customer Relations
  - Engineering (ME and EE)
  - Energy Efficiency
  - Incentives
  - Banking and Finance
  - Accounting
  - Law
Agreements and Money Flow

**Government Customer**
- Site owner
- Awards TO to PG&E
- Provides cash (sometimes)
- Repays project cost over finance period

**PG&E**
- Manages project as prime contractor
- Paid from customer cash and project financing
- Revenue is difference between TO price and subcontractor CWA price

**Financier**
- Finances project
- Purchases PG&E assignment of claims
- Receives Customer’s annual payments

**Subcontractor (ESCO)**
- Subcontracts with PG&E (agreement is CWA)
- Implements ECMs at customer site
- Paid by PG&E for implementation and performance assurance

**Task Order**
(Any project cash from Customer to PG&E)

**Assignment of Claims**
(Allows annual Customer payments to flow to Financier)

**Master Purchase (“Loan”) Agreement**
(Cash from Financier to PG&E)

**Contract Work Authorization**
(Cash from PG&E to Subcontractor)
UESC Risk Mitigation

PG&E’s UESC program is designed to meet changing marketplace needs while inherently mitigating risks

- Utilizes fixed price contracts
- Competes its portfolio of contractors and financiers on every project
- Leverages contractors’ staffing as project needs change
- Deploys dedicated project manager on each project to address issues quickly
- UESC team meets regularly with contractor teams to incorporate process improvements

PG&E has instituted a robust contractor safety program

- PG&E project manager oversees project safety
- PG&E on-boards contractors to PG&E’s safety program prior to start of implementation
- Contractors and their subcontractors
  - Have to be qualified in ISN
  - Must maintain a ‘B’ or better score in ISN throughout project
- Contractors must provide a project-specific safety plan (tied to specific ECMs at site)
- Daily safety tailboard meetings required during project implementation
FEMP’s Guidance and Assistance

FEMP is an invaluable UESC partner

- In-depth knowledge of UESC program and FARs
- Customer education and training
- Template agreements & language
- Trusted advisor to COs
- Can broker resolution of TO T&C impasses
Questions?

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