Diablo Canyon Power Plant: Joint Proposal Overview

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PG&E Service Territory

We deliver natural gas and electric service to approximately 16 million people throughout a 70,000-square-mile service area.
Data represents gross generation only. Data is subject to independent audit and verification.

The Grid of Things

Power Plants
- Nuclear Power Plants
- Hydropower Plants
- Natural Gas Generators
- Wind Farms
- Solar Farms / Power Plants

Electric Grid
- Transmission Lines
- Utility-scale Storage
- Distribution Substations
- Rooftop Solar

Customers
- Distributed Storage
- Plug-in Electric Vehicles
- Customers
Notes: Eligible Resources do not include fossil-fueled cogeneration, gasified coal, large hydro, or municipal waste combustion, ** No utility scale PPA offered, emerging technologies
California’s Energy Future: Joint Proposal

<table>
<thead>
<tr>
<th>California’s Goals</th>
<th>Joint Proposal</th>
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<tr>
<td>50% renewables by 2030</td>
<td>55% renewables by 2031 (PG&amp;E electricity sales*)</td>
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<td>Double energy efficiency savings by 2030</td>
<td>Implement additional energy efficiency programs between 2018-2024</td>
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<td>Optimal integration of renewables</td>
<td>More flexible generation mix to integrate renewables</td>
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<td>80% decline in greenhouse gases by 2050</td>
<td>Facilitates California’s climate goals</td>
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* Electricity sales refers to PG&E’s bundled retail sales (i.e. “bundled” electricity, transmission and distribution services)

Joint Proposal

1. Why Now?

Diablo Canyon is subject to federal relicensing and state approvals to continue operations past its current license period.

2. What Has Changed?

Demand for Diablo Canyon’s output is falling due to California energy policies and changing market conditions.

3. How Will Diablo Canyon Be Replaced?

Diablo Canyon will be replaced with energy efficiency, renewables, and other GHG-free resources, and in the process, help reach California’s climate and energy goals.

4. How Will PG&E Support the Employees and Community?

PG&E will provide generous retention & retraining programs for employees and financial support for the community.

Uncertain/Declining Need

**Uncertain Electricity Supply Needs for PG&E**
- Energy efficiency programs
- Growth in Distributed Generation (i.e. rooftop solar)
- Community Choice Aggregation
- Direct Access policies

**Declining Need for Diablo Canyon Generation**
- Resource needs from conventional generation sources are projected to decrease, due to falling electricity sales and increasing renewables supply
Uncertain Electricity Supply Needs for PG&E

Energy efficiency (EE) programs, growth in distributed generation (DG), and Community Choice Aggregation (CCA) & Direct Access (DA) policies create significant uncertainty for PG&E’s electricity sales (Bundled Portfolio). Future electricity sales could fall significantly below current levels.

Source: MJ Bradley & Associates analysis based on data provided by PG&E
Declining Need for Diablo Canyon Generation

Resource needs from conventional generation sources are projected to decrease due to falling electricity sales and increasing renewables supply.

Source: MJ Bradley & Associates analysis based on data provided by PG&E
Orderly Replacement with Energy Efficiency and Renewables

Three Steps:

1. PG&E procures 2,000 GWh of new energy efficiency projects and programs to be installed from 2018 to 2024
2. PG&E procures 2,000 GWh of GHG-free energy or energy efficiency offerings to be initiated between 2025 and 2030
3. Starting in 2031, PG&E will purchase incremental RPS eligible resources through competitive solicitations to voluntarily achieve a 55% RPS
Community Impact

Joint Proposal supports an orderly transition for the community
- Includes nearly $50 million to County of SLO
- Continued emergency planning resources

PG&E will remain a community partner
- Charitable investments in the community will continue
- Our commitments will continue to focus on Education, Economic & Community Vitality, Emergency Preparedness, and Environment
PG&E 2014/2015: Unitary Tax Revenue Allocation

**$1–$24,999: $273,093**
- Roads: $298,752
- Paso Robles Unified: $397,711
- Port San Luis Harbor: $388,237
- Atascadero Unified: $409,261
- County Library: $503,415
- Lucia Mar Unified: $1,098,810
- County School Service: $1,157,724
- SLO Co., Community College: $1,951,633
- **$25,000–$249,999: $1,969,913**

**TOTAL FUNDING: $26,988,621**

*19 organizations receiving between $25,000 to $249,999
**61 organizations receiving between $1 to $24,999

Source: San Luis Obispo County Office of the Auditor-Controller/Treasurer/Tax Collector
Emergency Planning

- Extends PG&E’s emergency plan through Part 50 license above current NRC requirements
- Will be included as part of 2019 site-specific decommissioning estimate
- Will include community and local government input
• Diablo Canyon Units 1 & 2 will operate to the end of existing licenses (2024 and 2025, respectively)

• As Part of the JPA, PG&E has committed to submitting a site-specific decommissioning study by Q1, 2019
  – Current Rate Case to increase trust by $1.4 billion
    • Out of state shipments
    • Breakwater
    • Security Costs

• Will include community input & enhanced emergency planning commitments under the JPA
Employee Retention & Other Programs

• Proposed at approximately $350 million in the JPA over 9 years
• Offers 25% over base pay per year for a 4 year, then 3 year tranche
• Very high acceptance rate – 86%
• Prorated for new employees
• Full company severance package at end of license
  – Plus employee retraining
  – Plus employee placement within PG&E
Retention Percentages

- Signed: 86%
- 1 Year Until Retirement: 11%
- Other: 3%

Employee Retention Program Continued
Employee Retention Program Continued

Retention Enrollments (by Age)

Retention Enrollments (by Tenure)
Status of JPA

• Submitted June 21, 2016
• Docket No. A1608006
• October 6, 2016 – CPUC held hearings in San Francisco
• October 20, 2016
  – 1:30 PM Public Participation Hearing
  – 7:00 PM Public Participation Hearing
• Scope and schedule to be issued after San Luis Obispo meetings
Thank you

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