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Overview of SB 846

Vice-Chair Siva Gunda
December 14, 2022
State is Facing Reliability Challenges

- Capacity Needed In Year X
- Meet Coincident Events
  - Cover Drought and Fire Events
  - Cover Extreme Heat
  - Cover New Project Delays
  - Cover Changing Conditions*
- Meet Traditional Planning Standard
- Authorized Procurement

*Demand conditions and assumptions may change resulting in a procurement lag
New Legislative Requirements Enacted in 2022

Assembly Bill 205
- Strategic Reliability Reserve Fund
  - Distributed Electricity Assets Program
  - Demand Side Grid Support Program
  - Certification of DWR SRR Facilities
- Opt-In Permitting
- Long-Duration Energy Storage
- Summer 2022 Reliability Report

Assembly Bill 209
- Planning Reserve Margin
- Climate Innovation Program
- Clean Energy Programs
- Offshore Wind Infrastructure

Senate Bill 846
- Sets in motion the analysis, conditions and requirements necessary for an extension of DCC through 2030
  - Tasks State agencies with determining the prudence of extension, taking into consideration our reliability needs, cost-effectiveness, and our GHG reduction goals
  - Given timing constraints, tasks relevant organizations with taking minimum required steps to maintain the option for extension
- If extension is pursued, take actions to ensure ratepayer benefit, protection and safe operations.

Senate Bill 424
- Assessment of Firm Zero-Carbon Resources
SB 846 Calls for 48 Actions Across Multiple Entities

- CEC
- CPUC
- DWR
- CNRA

- CAISO
- SWRCB
- DOF
- State Controller's Office (SCO)
- PG&E
- Other State and Local Government Agencies
CEC Tasks

- Reliability Planning Assessment
- Clean Energy Reliability Investment Plan (CERIP)
- Report on the Need for Extension of Diablo Canyon
- Report on Diablo Canyon Operations
- Load Shift Goal and Policies
- Cost Comparison of Diablo Canyon
- Reevaluating Cost Effectiveness of Diablo Canyon
Assessment must contain several elements, including:

- Estimates for electrical supply and demand balance
- Identify online and expected loads and resources
- Prospective information about existing and expected resources
- Report on significant delays or barriers
- Recommendations on actions to resolve
- Report on any regulatory barriers

Submitted quarterly after initial deadline
• Determine whether there is potential for reliability deficiencies and whether extension is prudent
• Assess the operation of the powerplant
• Present a cost comparison
• Reevaluate cost-effectiveness
SB 846 – Load Shift Goals

JUNE 1, 2023

• In consultation with CPUC and CAISO
• Adopt a goal for load shifting to reduce net peak electrical demand
• Must consider Berkeley National Lab report on Shift Resource, etc.
• Adjust target in biennial IEPRs
SB 846 – Clean Energy Reliability Investment Plan

MARCH 1, 2023

Support investments that take into account:

• Anticipated supply and demand needs for near- and mid-term reliability
• Advancement of 100% zero carbon and renewable resources policies
• GHG reduction target for electricity sector

$1 Billion
Clean Energy Reliability Investment Plan
SB 846 – CPUC Requirements

- Within 120 days, CPUC to issue a decision authorizing PG&E to (1) take actions to extend the operations of DCPP and (2) track all costs (DWR loan and CPUC jurisdictional ratepayers)
- By 12/31/23, determine final closure dates for the two units.
- Within an “Energy Resource Recovery Account Like Proceeding”:
  - Enable PG&E to recover the reasonable costs and expenses of operating DCPP
  - Authorize PG&E to recover in rates an operating fee for each megawatt-hour generated by DCPP during the period of extended operations.
  - Determine whether PG&E is liable for any above-market costs resulting from any extended outages
- Establish a new Cost Allocation Mechanism to recover costs from all CPUC jurisdictional entities.
- Authorize PG&E to recover reasonable replacement power costs, if incurred, during any DCPP unplanned outage periods.
- Determine whether and how much additional Decommissioning funding is needed and authorize PG&E to collect as needed.
SB 846 – CPUC Requirements (Cont’d)

- Ensure sufficient funding for the Diablo Canyon Independent Safety Committee to attract qualified experts and require PG&E to (1) respond to the findings and recommendations of the Committee, and (2) distribute the response to various public entities.

- Determine the disposition of DCPP properties in a manner that best serves the interests of the local community, ratepayers, California Native America tribes, and the state.

- Ensure that the energy, capacity, or attributes of DCPP is excluded from all IRP portfolios developed by the CPUC or CPUC-jurisdictional load serving entities (beyond current license expiration dates).

- At any point during the license renewal process or extended operations period, determine whether continued operations are reasonable or not as a result of the cost of performing upgrades needed to continue operations of one or both units exceeding the benefits to ratepayers.

- Verify at the conclusion of extended operations that PG&E’s sole compensation during the period of extended operations is limited to the volumetric and fixed payments.
SB 846 – CPUC Joint Requirements / Support Role

• Jointly with the CEC, provide to the Legislature a quarterly Reliability Planning Assessment that identifies estimates for the electrical supply and demand balance for the forward 5- and 10-year period under high-, medium-, and low-risk scenarios.

• DWR is to conduct a semi-annual loan costs true-up, with the support of CPUC.

• The CEC, in consultation with the CPUC and CAISO, is to adopt a goal for load shifting to reduce net peak electrical demand and adjust this target in each biennial integrated energy policy report thereafter.

• All relevant state agencies directed to consult and work collaboratively with local California Native American tribes, including designating a tribal liaison to consider tribal access, use, conservation, and co-management of DCPP lands and agencies are directed to work cooperatively with tribes interested in acquiring DCPP lands.

• In coordination with the CEC, CAISO, and DWR, submit a report to the Legislature each year on the status of new resource additions and revisions to the state’s electric demand forecast.

• Support the CEC in developing, an assessment of the DCPP operations that includes, but is not limited to, outage information (either in a new report or including in an existing report).
DWR Tasks

• Develop and execute contracts that disperse funds:
  • Loaning money necessary for advancing next steps
  • Compensating operators for performance
  • Contracting for services of other public agencies
  • Contracting for external expertise

• Coordinate with State agencies and partners and Report on Progress
CNRA Tasks

- By 1/31/23, submit a detailed description and plan to the Legislature identifying all actions necessary for extension of Diablo Canyon.
  - Will convene a joint public process at least 30 days before the first approval/decision related to Diablo Canyon extension.
- For all deliverables, welcome input and information from stakeholders and interested parties.
Example of Overlapping Needs

- Permanent Reduction
- Peak Reduction
- Emergency Reduction

Strategic Reliability Reserve  
Distributed Electricity Backup Assets (AB 205)

Clean Energy Reliability Investment Plan (SB 846)
PG&E Update: Diablo Canyon Decommissioning Engagement Panel

December 14, 2022
Diablo Canyon Extension: Recent Accomplishments

Recent Accomplishments

- Executed $75M Reliability Reserve Funding Agreement on 8/16
- Submitted DOE CNC application on 9/2
- Executed $1.4B loan agreement with DWR on 10/18
- First tranche of DWR funding ($350M) disbursed to PG&E on 10/31
- Filed initial licensing action request with U.S. NRC on 10/31
- DOE Determination of Eligibility and Conditional Award of up to ~$1.1B on 11/17
- First transition fee disbursements approved on 11/29
- CPUC issued a Final Decision authorizing PG&E to take all necessary actions to pursue relicensing and extended operations on 12/1
- NRC Pre-Application Public Meeting on 12/8
Diablo Canyon Extension: Near-Term Milestones

Upcoming Near-Term Milestones

- By December 15, CEC and CPUC provide joint Reliability Planning Assessment identifying estimates for the electrical supply and demand balance for the forward 5- and 10-year period under high-, medium-, and low-risk scenarios
- In December, submit updated lease application to CA State Lands Commission
- CPUC to open new proceeding focused on SB 846 implementation (Q1 2023)
- NRC determine regulatory approach for License Renewal Application (Q1 2023)
- By March 1, 2023, CEC, CAISO, and CPUC determination on “need” to extend DCPP to ensure reliability
- By March 30 and after holding a meet and confer with CPUC-jurisdictional LSEs, PG&E to make a filing with the CPUC containing detailed description of accounting structure for cost recovery of Diablo Canyon extension costs
- File application for extension of DCPP Employee Retention Program (Q1/Q2 2023)
- By June 30, 2023, engage Legislature regarding authorization for remaining DWR funding ($800M) and clean-up items from SB 846
Dual Paths Due to California Energy Policy Changes

1. DCPP Retirement 2024/2025
   - Continue key decommissioning planning to secure items already in progress
     • Diablo Canyon Decommissioning Engagement Panel
     • San Luis Obispo County: Decommissioning development planning
     • Nuclear Regulatory Commission: Decommissioning license actions
     • CA Public Utilities Commission: Nuclear Decommissioning Cost Triennial Proceedings
     • Diablo Canyon land activities

2. DCPP Continued Operations
   - DCPP license renewal efforts with Federal and State agencies (ongoing)
   - Dept. of Energy conditionally granted PG&E Civil Nuclear Credit funds (up to $1.1B)
   - Coordinate with State’s Secretary of Natural Resources (ongoing)
   - Develop employee retention

SB 846 Enacted (Sep 2, 2022)
Diablo Canyon Independent Safety Committee
Oversite of Extended Operations

Robert Budnitz, DCISC
CEQA Permit Status and Schedule

Tom Jones, PG&E
Engagement Panel
Questions/Comments
Thank you for your participation

Visit http://DiabloCanyonPanel.org for meeting video, presentation slides, meeting transcript, and support materials