Power Resources Update

DATE: OCTOBER 25, 2019
Agenda

• Overview of Energy Hedging Jan-June Hedging Results
  – Risk Management Guideline Hedge Matrix
  – Historic Pricing Trends
  – Effective Coverage Ratios
  – Energy Hedge Results

• Storage RFI

• Integrated Resource Planning Update
Risk Management Guideline Matrix

APPENDIX 9
Recommended Coverage

The following Time-Price Coverage Matrix will be used as a guide for EBCE’s short term and long term procurement strategies. The objective of the Time-Price Coverage Matrix is to develop a procurement strategy focused on hedging against the risk of open load positions, as measured over time, and to mitigate EBCE’s exposure to market price volatility and other pricing risk. EBCE will strive to further develop this matrix based on (1) EBCE’s wholesale price risk and (2) appropriate limits for these risks. The actual covered positions taken by EBCE, reflected as a percentage of forecasted load, may deviate from the following Time-Price Coverage Matrix based upon EBCE’s staff evaluation of current market conditions and other applicable requirements (e.g., regulatory requirements).

<table>
<thead>
<tr>
<th>Months to Delivery</th>
<th>Price Matrix Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&gt;60%</td>
</tr>
<tr>
<td>0+</td>
<td>80%</td>
</tr>
<tr>
<td>3+</td>
<td>70%</td>
</tr>
<tr>
<td>6+</td>
<td>70%</td>
</tr>
<tr>
<td>9+</td>
<td>60%</td>
</tr>
<tr>
<td>12+</td>
<td>60%</td>
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</tbody>
</table>
Historic Traded Average Annual Pricing Trend By Year

Historic Annual Average Pricing Trend $/MWh As Traded Since 1/1/17

- 2019
- 2020
- 2021
- 2022

Volumetric Coverage Prior to Spot Market

2019 Q1-Q2 Volumetric Coverage Ratios

<table>
<thead>
<tr>
<th>Month</th>
<th>Coverage Ratio</th>
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<tbody>
<tr>
<td>Jan-19</td>
<td>87.58%</td>
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<tr>
<td>Feb-19</td>
<td>94.53%</td>
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<tr>
<td>Mar-19</td>
<td>87.47%</td>
</tr>
<tr>
<td>Apr-19</td>
<td>88.68%</td>
</tr>
<tr>
<td>May-19</td>
<td>88.38%</td>
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<tr>
<td>Jun-19</td>
<td>85.67%</td>
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Hedges vs. Spot Market

2019 Q1-Q2 Average Cost of Energy Hedges vs. Spot Market Prices $/MWh

- **Jan-19**: Cost of Hedges $44.53, Spot Market $41.25
- **Feb-19**: Cost of Hedges $40.30, Spot Market $41.25
- **Mar-19**: Cost of Hedges $37.54, Spot Market $36.63
- **Apr-19**: Cost of Hedges $30.82, Spot Market $22.34
- **May-19**: Cost of Hedges $31.48, Spot Market $18.73
- **Jun-19**: Cost of Hedges $35.47, Spot Market $23.27

**Legend**
- Blue bar: Cost of Hedges $/MWh
- Red bar: Spot Market $/MWh
2019 Q1-Q2 Results vs. Unhedged Scenario

Actual vs. Fully Unhedged Scenario

- **With Hedges**: Blue bars
- **Spot Market Alone**: Red bars

<table>
<thead>
<tr>
<th>Month</th>
<th>Jan-19</th>
<th>Feb-19</th>
<th>Mar-19</th>
<th>Apr-19</th>
<th>May-19</th>
<th>Jun-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>$24m</td>
<td>$32m</td>
<td>$20m</td>
<td>$15m</td>
<td>$10m</td>
<td>$12m</td>
</tr>
</tbody>
</table>

*Note: Values are in millions.*
2019 Q1-Q2 Combined Average Cost of Energy
Hedges vs. Spot Market Prices $/MWh

Cost of Hedges $/MWh: $36.69
Spot Market $/MWh: $36.36
New RA and Peak Energy RFI

Timeline:
• Issued: Sept. 6, 2019
• Closed: Sept. 27, 2019

Key Takeaways:
• Technologies:
  – Storage Only
  – Storage Hybridization
    • Onto new and existing solar facilities
    • Onto existing natural gas facilities
• COD: 2020-2023; ~80% of offers in 2022-2023
• Proportionate System and Sub-Local RA offerings

Next Steps:
• Continue counterparty follow-ups and project analysis
• Bring forth formal next steps at November 20th Board meeting

<table>
<thead>
<tr>
<th>Counter-parties</th>
<th>Unique Sites</th>
<th>Variations</th>
<th>RA NQC (MW)</th>
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<tbody>
<tr>
<td>Overall</td>
<td>26</td>
<td>47</td>
<td>109</td>
</tr>
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Integrated Resource Planning

• Joint CCA Analysis currently underway: Early December
  – True-Up to CPUC 2019 Reference System Plan
  – Further engagement with EBCE board: Dec board meeting
• Additional risk analysis and sensitivity analysis: Early Jan
  – Further engagement with EBCE board: Jan board meeting
• Disaggregate joint IRP into individual CCA IRPs: Jan/Feb
• Create EBCE draft IRP compliance report: Feb/Mar
• Present draft IRP to board: Mar board meeting
• Present final IRP submission to board: April board meeting
• Submit final IRP to CPUC: May
QUESTIONS?