

Company: Shell Energy North America (US), L.P.
dba Shell Energy Solutions (ESP-32)
Proceeding: R.21-03-010 - Supplier Diversity

Supplier Diversity Program

2022 Annual Report & 2023 Plan



Submitted to the California Public Utilities Commission

March 1, 2023

Table of Contents

2022 ANNUAL REPORT

<u>GO 156 Section</u>	<u>Title</u>	<u>Page</u>
9.1.1	Description of Supplier Diversity Program Activities During the Previous Calendar Year	5
9.1.9	Description of Supplier Diversity Program Activities and Progress in Power (Energy) Procurement	7
9.1.1	Supplier Diversity Results in Power (Energy) Procurement	8
9.1.2	Supplier Diversity Results of Goods and Services (Non-Power Purchases) if Procured	8
9.1.2	Description of Diverse Suppliers with Majority Workforce in California	8
9.1.3	Supplier Diversity Program Expense	8
9.1.4	Description of Progress in Meeting or Exceeding Set Goals	9
9.1.4	Supplier Diversity Results Compared to Set Goals	9
9.1.5	Description of Prime Contractors' Utilization of Diverse Subcontractors	9
9.1.6	List of Supplier Diversity Complaints Received and Current Status	10
9.1.7	Description of Efforts to Recruit Diverse Suppliers in Low-Utilization Categories	10

2023 ANNUAL PLAN

<u>GO 156 Section</u>	<u>Title</u>	<u>Page</u>
10.1.1	Supplier Diversity Short-, Mid-, and Long-Term Procurement Goals for Power and Other Goods and Services	11
10.1.2	Description of Supplier Diversity Program Activities Planned for the Next Calendar Year	11
10.1.3	Plans for Recruiting Diverse Suppliers in Low-Utilization Categories	12
10.1.4	Plans for Recruiting Diverse Suppliers Where Unavailable	12
10.1.5	Plans for Encouraging Prime Contractors to Subcontract Diverse Suppliers	12
10.1.6	Plans for Complying with Supplier Diversity Program Guidelines	13

APPENDIX A

<u>GO 156 Section</u>	<u>Title</u>	<u>Page</u>
9.1.9	2022 Results in Power (Energy) Procurement	A.1
10.1.1	Goals	A.2
1.3	GO 156 Definitions	A.3

2022 ANNUAL REPORT

Shell Energy North America (US), L.P. dba Shell Energy Solutions (Shell Energy), a subsidiary of Shell plc, is an Electric Service Provider (ESP) registered with the California Public Utilities Commission (Commission) and has directly served Commercial and Industrial load across the entire State of California since 2004. Direct Access (DA) service is a retail electric service where eligible end-use customers can purchase electricity from an ESP like Shell Energy, instead of from a regulated electric utility. DA participants have the flexibility to negotiate specific terms and rates for their electricity supply while continuing to receive transmission and distribution services from the utility.

Shell Energy is committed to the economic development of businesses owned and operated by ethnic minorities and women, as well as small, disadvantaged, and underutilized businesses as defined by the Small Business Act of 2006 and by the Small Business Administration. These federal policies have been a guidepost for Shell Energy's business since their inception and form the basis of Shell Energy's Supplier Diversity Program. State policies such as those established in California law and the Commission's General Order (GO) 156 (the Order) supplement these federal policies by identifying aspects of Shell Energy's procurement activity that fall under the Commission's jurisdiction and could be improved through increased diversification of eligible suppliers.

ESP spend in power procurement is primarily on contracts for Renewable Portfolio Standard (RPS) products, Resource Adequacy products, and capacity associated with clean energy assets, with the remaining amount clearing through the California Independent System Operator's centralized, day-ahead market, which is an energy commodity exchange not regulated by the Commission. Shell Energy's objective for its retail power procurement is to source high-integrity, RPS-eligible contracts from suppliers with proven records of delivery, reliability, and financial stability. Shell Energy's power procurement sourcing model requires that purchase decisions be based on an objective evaluation of documented and pre-established criteria, which include a variety of factors including risk management, credit, and strategic fit in Shell Energy's overall procurement portfolio. Shell Energy employs a robust Know-Your-Counterparty (KYC) process to ensure that those suppliers with which it does business are able to fulfill contractual promises and support Shell Energy's value proposition. Deviations from this model could compromise Shell Energy's ability to support California's incremental clean procurement goals, resource adequacy, and reliability standards.

As acknowledged by electric utilities in prior years,¹ increasing supplier diversity in power procurement is constrained by a number of challenges. First, due to the nature of the suppliers

¹ See, e.g., San Diego Gas & Electric (SDG&E) Supplier Diversity Report and Plan at 42 (2021); Southern California Edison (SCE) Supplier Diversity Report and Plan at 29 (2021); Liberty Utilities (CalPeco Electric) Supplier Diversity Report and Plan at 12 (2020).

in this type of business, Shell Energy has not historically collected data about the diversity composition or self-identification of its power procurement suppliers. Shell Energy's power procurement suppliers include large utilities, generation developers owned by publicly traded companies, municipally owned water and power agencies, trading firms, and banks – the management and ownership of which are subject to regular and frequent change in the course of a single reporting year. Second, entities participating in power supply must have firm, stable, and strong financial standing; small- and medium-sized companies, including diverse enterprises, face significant capital and credit barriers to entry in addition to the challenge of showing the requisite technical knowledge and operational experience. Consequently, there are very few firms in the power supply market that are both small enough to be static in their management or ownership to be designated as women, minority, disabled veteran, or LGBT-owned business enterprises (WMDVLGBTBE), and also have the financial standing and experience to be competitive bidders for supplying power.

Against the backdrop of these market dynamics, Shell Energy submits the below information regarding activities undertaken in 2022 to stand up a GO 156-compliant Supplier Diversity Program and its plans for 2023 to improve outreach and engagement of eligible diverse suppliers in power procurement.

I. Description of Supplier Diversity Program Activities During the Previous Calendar Year (GO 156, Section 9.1.1)

Upon the adoption of Commission Decision (D.) 22-04-035 in April 2022, Shell Energy's priority has been to understand the impacts of the Decision and the corresponding updates to GO 156 on Shell Energy's business in California. Over the course of 2022, Shell Energy developed and implemented internal program activities to stand up its Supplier Diversity Program specifically relating to power procurement.

Shell Energy first sought to establish its internal knowledge of the diversity eligibility of its current catalogue of power suppliers, followed by developing an approach for external outreach and compiling information about the diversity composition of their management and ownership. Accordingly, to develop a baseline understanding, Shell Energy actively contacted its retail power suppliers to seek to obtain and to survey information about the identities of their management and ownership, and other data requested by Commission Staff's Reporting Template (Staff Reporting Template).²

Among its internal activities to establish a GO 156-compliant program, over the course of 2022, Shell Energy periodically cross-referenced the Supplier Clearinghouse³ to identify if any of

² California Public Utilities Commission, ESP Reporting Template (updated Jan. 26, 2023), available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/go-156-templates/esps-new-reporting-template-and-guide.xlsx>.

³ Supplier Clearinghouse (last visited Feb. 26, 2023), <http://sch.thesupplierclearinghouse.com>.

its existing suppliers were already registered in that database. Shell Energy also sought to identify from the database eligible suppliers that could be counterparties for future supply. Based on that review and as reflected in the ensuing tables, Shell Energy concluded that power procurement is a low-utilization category.⁴ This conclusion is consistent with the Supplier Diversity Reports previously submitted by utilities also engaged in power procurement and as acknowledged in GO 156.⁵

Nevertheless, in furtherance of the goals of GO 156, Shell Energy undertook several internal meetings to educate its regulatory and commercial teams engaged in power procurement on the requirements of that Order and its current position based on best available data from current suppliers of power for retail load. Because of those meetings, Shell Energy's commercial teams are now aware that in the course of their bilateral outreach, they can encourage new prospective suppliers to register in the Supplier Clearinghouse and that this registration serves as an additional factor in the consideration of those suppliers' bids to do business with Shell Energy in addition to the objective criteria employed in reviewing any purchase of power.

GO 156, Section 8 requires covered entities to set substantial and verifiable goals for the utilization of eligible suppliers under the Commission's Supplier Diversity Program. "Substantial and verifiable goals" means goals that are realistic and clearly demonstrate a commitment to encourage the participation of eligible suppliers.⁶ GO 156 also instructs covered entities to consider the following factors in setting goals:

- 1) Total utility or other covered entity purchasing and/or contracting projections;
- 2) Availability of eligible suppliers under the Commission's Supplier Diversity Program and competitiveness in the geographical area served by the utility or other entity;
- 3) Market dynamics based on historical data and trends; and
- 4) Other appropriate factors that may increase the share of business for eligible suppliers under the Commission's Supplier Diversity Program.⁷

Accordingly, in 2022, following internal discussions, Shell Energy adopted the following goals for its GO 156 Supplier Diversity Program:

- Short-Term (one year) Goal: Shell Energy shall establish a qualitative goal⁸ of assessing current suppliers eligible for registration in the Supplier Clearinghouse

⁴ See also GO 156, § 8.12 (identifying low utilization areas such as "legal and financial services, fuel procurement, and areas that are considered technical.")

⁵ GO 156, § 8.12.

⁶ *Id.*, § 8.

⁷ *Id.*, § 8.1.

⁸ GO 156 allows "where appropriate, non-numeric goals." *Id.*, § 8.8 (Procurement Goals Expressed). Shell Energy submits that for this first reporting year, a non-numeric goal is more practical than a goal expressed as a percentage because 2022 did not receive the benefit of a full year's worth of implementation progress and data collection due

and establishing a baseline from which to extrapolate future goals. Shell Energy plans to concentrate on understanding and analyzing existing internal processes for procurement, supplier partnerships, team education, and sharing of GO 156 guidelines that impact and encourage supplier diversity.

- Mid-Term (three years) Goal: Shell Energy shall pursue a minimum of 7.5% of products and services purchased from minority business enterprises; 2.5% from women business enterprises; 0.75% from disabled veteran business enterprises; and 1.5% from LGBT business enterprises.
- Long-Term (five years) Goal: Consistent with the requirements of GO 156, Section 8.2., in the category of power procurement, Shell Energy shall pursue a minimum of 15% from minority business enterprises; 5% from women business enterprises; 1.5% from disabled veteran business enterprises; and 1.5% from LGBT business enterprises after 2024.

Shell Energy's long-term goal is based on the initial minimum goal required by GO 156, Section 8.2. For the reasons explained above, however, Shell Energy believes this long-term goal is aspirational, rather than realistic, substantial, or verifiable. Nevertheless, Shell Energy commits to undertaking good-faith efforts to meet the aspirations established by the Legislature and GO 156. Shell Energy's mid-term goal reflects a halfway milestone to meet the initial minimum goal.

Notwithstanding the clear and significant obstacles described above, Shell Energy maintains that its GO 156 program is buttressed by its longstanding policy to actively engage in efforts that increase supplier inclusion.⁹ Shell Energy is committed to supporting supplier diversity in the low-utilization category of power procurement.

Further information regarding Shell Energy's Supplier Diversity Program is available from the following sources:

<http://energyconnect.shell.com/Our-Products--Regulatory>

Christa Lim, Western Regulatory Affairs

SENA-Regulatory-NRD@shell.com

(858) 526-2109

II. Description of Supplier Diversity Program Activities and Progress in Power (Energy) Procurement (GO 156, Section 9.1.9)

The Staff Reporting Template requests that this section provide a "[n]arrative describing

to the timing of the effective date of the Final Decision, D.22-04-035 (adopted in April 2022), and the end of the reporting year.

⁹ See "Shell – About Supplier Diversity" available at: <https://www.shell.us/sustainability/supplier-diversity/supplier-diversity-and-shell-us.html#:~:text=Supplier%20Diversity%20is%20a%20Shell-wide%20commitment%20encouraging%20the,SBA%20defined%20small%20business%20enterprises%20%28SBEs%29%20as%20suppliers.>

the ESP's efforts to recruit diverse suppliers in power procurement and progress achieved during the previous calendar year."¹⁰

Shell Energy submits that the Supplier Diversity Program applicable to ESPs is still in its nascence. As described above, Shell Energy's commercial teams have been made aware of the GO 156 objective to use diverse suppliers to the extent available.

Shell Energy will continue to assess the market for prospective diverse suppliers. If small and medium firms eligible for registration in the Supplier Clearinghouse are identified, Shell Energy will encourage them to register and make them aware of any open solicitations for power products sought by Shell Energy.

III. Supplier Diversity Results in Power (Energy) Procurement (GO 156, Section 9.1.1)

Staff's Reporting Template requests information regarding direct power purchases for renewable and non-renewable power products.

Shell Energy's spend in power procurement for 2022 was not available at the time of submission of this report due to the timing of internal processes which will not conclude until May 2023; however, Shell Energy submits in Appendix A its best estimate based on 2021 spend.

IV. Supplier Diversity Results of Goods and Services (Non-Power Purchases) if Procured (GO 156, Section 9.1.2)

The Staff Reporting Template requests information regarding total goods and services procurement spend from all suppliers (both non-diverse and diverse suppliers) for the previous calendar year. The Staff Reporting Template clarifies that Net Procurement excludes fuel and power procurements.¹¹

Shell Energy did not purchase any non-power goods or services in 2022.

V. Description of Diverse Suppliers with Majority Workforce in California (GO 156, Section 9.1.2)

The Staff Reporting Template states that for this section "[e]ach ESP shall report on the number of diverse suppliers who have the majority of their workforce working in California, to the extent the information is readily accessible."¹²

Shell Energy submits that this information is not available since no GO 156-eligible suppliers were reported in 2022.

VI. Supplier Diversity Program Expense (GO 156, Section 9.1.3)

¹⁰ Staff Reporting Template, *supra* n.2, Description of Power 9.1.9.

¹¹ Staff Reporting Template, *supra* n.2, Diverse Spend Results 9.1.2.

¹² *Id.*, Description of Workforce 9.1.2.

The Staff Reporting Template requests information regarding expenses associated with the Supplier Diversity Program, including wages, employee expenses, program expenses, reporting expenses, training expenses, etc.¹³

Shell Energy does not maintain a budget for the Supplier Diversity Program. Shell Energy notes that unlike investor-owned utilities, whose spend on wages, program expenses, reporting expenses, training expenses, and those other expense categories identified in the reporting template is supported by their revenue requirement and captive rate base, such expenses for the Supplier Diversity Program are not borne by Shell Energy’s customers, who can elect to leave at any time. Instead, any spend in these categories comes from funds outside Shell Energy’s California power procurement spend and cannot be tied back on a categorical basis.

VII. Description of Progress in Meeting or Exceeding Set Goals (GO 156, Section 9.1.4)

The Staff Reporting Template requests a “[n]arrative describing progress in meeting or exceeding set goals and an explanation of any circumstances that may have caused the ESP to fall short of its goals.”¹⁴

To reiterate, Shell Energy adopted a qualitative goal for 2022. Through internal activities described above, Shell Energy met its goal of gaining an understanding of the GO 156 program and of the current inventory of suppliers (both diverse and non-diverse) providing power products and establishing a baseline from which to set future goals.

VIII. Supplier Diversity Results Compared to Set Goals (GO 156, Section 9.1.4)

The Staff Reporting Template requests information to compare reporting year supplier diversity performance results with the goals an ESP had established for that reporting year.¹⁵

As explained above, Shell Energy did not have a quantitative goal for 2022.

IX. Description of Prime Contractors’ Utilization of Diverse Subcontractors (GO 156, Section 9.1.5)

The Staff Reporting Template requests a “[n]arrative describing prime contractors[’] utilization of diverse subcontractors.”¹⁶

This information was not readily accessible for 2022 despite best efforts. As described in Section I, above, Shell Energy surveyed its power procurement suppliers as of 2022 regarding their utilization of diverse subcontractors over the past year. Collectively, Shell Energy’s suppliers responded that they do not maintain the diversity information of their subcontractors.

¹³ *Id.*, Program Expense 9.1.3.

¹⁴ *Id.*, Description of Meeting Goals 9.1.4.

¹⁵ *Id.*, Results by Set Goals 9.1.4.

¹⁶ *Id.*, Description of Prime 9.1.5.

Like other covered entities, Shell Energy recognizes that the utilization of diverse subcontractors for power procurement presents the greatest opportunity for diversifying this category. Shell Energy will continue to encourage its developers and their engineering, procurement, and construction (EPC) teams to utilize diverse suppliers in the development phase of a project and to collect diversity information.

X. List of Supplier Diversity Complaints Received and Current Status (GO 156, Section 9.1.6)

The Staff Reporting Template requests a “list of complaints received from diverse suppliers during the past year, accompanied by a brief narrative describing the nature of each complaint and its resolution or current status.”¹⁷

Shell Energy did not receive any complaints related to its Supplier Diversity Program in 2022.

XI. Description of Efforts to Recruit Diverse Suppliers in Low-Utilization Categories (GO 156, Section 9.1.7)

The Staff Reporting Template requests a “[n]arrative describing efforts to recruit diverse suppliers in low utilization areas.”¹⁸

As described above, Shell Energy focused its efforts in 2022 to understand and implement a GO 156-compliant program. Shell Energy submits that the low number of diverse suppliers in power procurement reflects the electric utilities’ efforts to date. In 2023, Shell Energy will improve its understanding of these efforts and where, in Shell Energy’s estimation, there may be gaps or opportunities for partnership with other covered entities reporting in this category.

END OF REPORT

¹⁷ *Id.*, Complaint 9.1.6.

¹⁸ *Id.*, Underutilized 9.1.7.

ANNUAL PLAN

I. Supplier Diversity Short-, Mid-, and Long-Term Procurement Goals for Power and Other Goods and Services (GO 156, Section 10.1.1)

Through its Supplier Diversity Program, Shell Energy's goal is to develop mutually beneficial relationships with under-represented minority-owned, women-owned, LGBT-owned, veteran-owned, and disadvantaged business enterprises and small businesses (collectively WMDVLGBTBEs), by facilitating the sustained growth of those firms that are an integral part of the communities in which Shell Energy does business.

Shell Energy's commitment is:

- To recognize local content as a business imperative, and inclusion of WMDVLGBTBEs as critical components of local content and sustainable development.
- To encourage strategies, processes, and behaviors consistent with diversity and inclusion in our procurement practices.
- To support capacity building opportunities for WMDVLGBTBEs (working toward the capacity to scale up as needed to fulfill the requirements of a specific project or piece of business).
- To leverage opportunities with our prime suppliers to further inclusion of WMDVLGBTBEs in Second Tier contracting (providing a product or service through a prime vendor's contract with Shell Energy).

Shell Energy embraces the inclusion of WMDVLGBTBEs because we believe that taking a broader, more integrated approach to our business not only reflects our values, but also will create value and enable competitive markets.

Appendix A, page A.2 expresses in percentage Shell Energy's supplier diversity goals through 2027 for power procurement. Shell Energy does not anticipate spending on other goods or services.

II. Description of Supplier Diversity Program Activities Planned for the Next Calendar Year (GO 156, Section 10.1.2)

The Staff Reporting Template requests that ESPs describe internal and external supplier diversity program activities planned for the next calendar year.¹⁹

With regard to internal activities, Shell Energy will continue to hold discussions to share knowledge of supplier diversity with its regulatory and commercial leadership and team to identify realistic opportunities. Shell Energy will continue to assess the market for prospective diverse suppliers. If small and medium firms eligible for registration in the Supplier Clearinghouse are identified, Shell Energy will encourage them to register and make them aware of any open

¹⁹ *Id.*, Plan Description 10.1.2.

solicitations for power products sought by Shell Energy. Through these efforts to canvas the market and to further explore eligible diverse suppliers for power procurement following the adoption of D.22-04-035, Shell Energy identified a supplier that it will engage and encourage to participate in Shell Energy's solicitations.

With regard to external activities, Shell Energy plans to focus on developing an understanding of efforts made by the utilities to date to recruit eligible diverse suppliers in the category of power procurement. Shell Energy believes there are opportunities for partnership with other covered entities reporting in this category, including ESPs and CCAs that are now included as covered entities, to meaningfully address supplier diversity in power procurement at an industry level. Shell Energy will continue to encourage its developers and their engineering, procurement, and construction (EPC) teams to utilize diverse suppliers in the development phase of a project and collect diversity information to the extent available. Shell Energy will also work with the Supplier Diversity Program leads at its parent company, Shell plc, to identify suppliers with diversity eligibility established under other programs, including federal programs, and broadcast opportunities to win business with Shell Energy to a wider net of eligible diverse suppliers in power procurement. Finally, Shell Energy plans to participate in the Supplier Diversity En Banc that will be hosted by the Commission and Staff in October 2023.

III. Plans for Recruiting Diverse Suppliers in Low-Utilization Categories (GO 156, Section 10.1.3)

The Staff Reporting Template requests a “[n]arrative describing plans to recruit diverse suppliers in categories such as power and other categories considered highly technical in nature where diverse supplier utilization has been low.”²⁰

Shell Energy addresses this in Section II above.

IV. Plans for Recruiting Diverse Suppliers Where Unavailable (GO 156, Section 10.1.4)

The Staff Reporting Template requests a “[n]arrative describing plans for seeking and/or recruiting diverse sup[p]liers in categories where diverse suppliers are currently unavailable.”²¹

Shell Energy addresses this in Section II above.

V. Plans for Encouraging Prime Contractors to Subcontract Diverse Suppliers (GO 156, Section 10.1.5)

The Staff Reporting Template requests a “[n]arrative describing plans for encouraging prime contractors to engage diverse suppliers in subcontracts in all categories which provide subcontracting opportunities.”²²

Shell Energy addresses this in Section II above.

²⁰ *Id.*, Recruitment Plan 10.1.3.

²¹ *Id.*, Plan for Unavailable 10.1.4.

²² *Id.*, Plans for Primes 10.1.5.

VI. Plans for Complying with Supplier Diversity Program Guidelines (GO 156, Section 10.1.6)

The Staff Reporting Template requests a “[n]arrative describing plans for complying with the Supplier Diversity Program guidelines established by the California Public Utilities Commission as required by the California Public Utilities Code Section 8283(c).”²³

Shell Energy is continuing to develop and refine its GO 156 Supplier Diversity Program and believes focusing on internal education and external outreach via the approaches described above will aid in standing up a strong programmatic framework. Over time, Shell Energy expects that examining its solicitations for procurement through the lens of GO 156 will generate ideas to identify and engage eligible diverse suppliers. In addition, Shell Energy looks forward to sharing lessons learned with other covered entities to address obstacles to recruiting eligible diverse suppliers.

As described above, Shell Energy commits to undertaking a good-faith effort to identify, engage, and utilize eligible diverse suppliers for its power procurement consistent with the mandate in GO 156.

²³ *Id.*, Plans to Comply 10.1.6.

APPENDIX A
Table of Contents

<u>GO 156 Section</u>	<u>Title</u>	<u>Page</u>
9.1.9	2022 Results in Power (Energy) Procurement	A.1
10.1.1	2023 Goals	A.2
1.3	Definitions	A.3

Supplier Diversity Annual Report and Annual Plan

Shell Energy Solutions	2022	GO 156 Section 9.1.9
Supplier Diversity Results in Power (Energy) Procurement		

		Direct Power Purchases \$	Direct Fuels for Generation \$			Totals \$ ¹			% ²
		Renewable and Non-Renewable Power Products	Diesel	Nuclear	Natural Gas	Direct ³	Sub ⁴	Total \$ ⁵	
1	African American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2	Asian Pacific American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
3	Hispanic American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
4	Native American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
5	Total Minority Male	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
6	African American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
7	Asian Pacific American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
8	Hispanic American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
9	Native American	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
10	Total Minority Female	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
11	Total Minority Business Enterprise (MBE)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
12	Women Business Enterprise (WBE)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
13	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
14	Disabled Veteran Business Enterprise (DVBE)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
15	Persons with Disabilities Business Enterprises (DBE)	\$0	\$0	\$0	\$0	0	0	0	
16	8(a) ⁶	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
17	Total Supplier Diversity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
18	Net Power Procurement								
19	Net Direct Power Purchases	\$0							
20	Net Direct Fuels for Generation	\$0							
21	Total Number of Diverse Suppliers	0							

NOTES:

¹ Excludes purchases from the California Independent System Operator (CAISO), utilities, federal entities, state entities, municipalities and cooperatives.

² % - Percentage of Net Procurement.

³ Includes Direct Power Purchases and Direct Fuels for Generation. Direct - Means Direct Procurement: when an ESP directly procures from a supplier.

⁴ Sub - Means Subcontractor Procurement: when a prime contractor, in contract with an ESP, procures from a subcontractor to fulfil its contractual obligation(s).

⁵ "Total" does not include pre-commercial development (COD) subcontracting values.

⁶ 8(a) - Businesses owned and controlled by persons found to be disadvantaged by the U.S. Small Business

Administration pursuant to Section 8(a) of the Small Business Act, as amended (15 U.S.C. 637 (a)) or the U.S. Secretary of Commerce, pursuant to Section 5 of Executive Order 11625 (GO 156 Section 1.3.13).

GO 156 Section 1.3 Definitions*

Name	Definition	Acronym	Certification
Woman Business Enterprises	A business enterprise at least 51% owned by a woman or women, or if a publicly owned business, at least 51% of the stock owned by one or more women; and whose management and daily business operations are controlled by one or more of those individuals (GO 156 Section 1.3.3).	WBE	Supplier Clearinghouse
Minority Business Enterprises	A business enterprise at least 51% owned by a minority individual or group(s), or if a publicly owned business, at least 51 % of the stock owned by one or more minority groups; and whose management and daily business operations are controlled by one or more of those individuals. Minority includes, but is not limited to, African Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, and other groups as defined in the GO (GO 156 Section 1.3.4).	MBE	Supplier Clearinghouse
Lesbian, Gay, Bisexual, Transgender (LGBT) Business Enterprise	A business enterprise at least 51% owned by a lesbian, gay, bisexual, or transgender person or persons, or if a publicly owned business, at least 51% of the stock owned by one or more lesbian, gay, bisexual, or transgender persons; and whose management and daily business operations are controlled by one or more of those individuals (GO Section 156 1.3.5).	LGBTBE	Supplier Clearinghouse
Persons with Disabilities Business Enterprise	A business enterprise at least 51% owned by a person or persons with a disability, or if a publicly owned business, at least 51 % of the stock owned by one or more persons with a disability; and whose management and daily business operations are controlled by one or more of those individuals (GO 156 Section 1.3.6)	DBE	Supplier Clearinghouse
Disabled Veteran Business Enterprises	1) It is a sole proprietorship at least 51% owned by one or more disabled veterans or, in the case of a publicly owned business, at least 51% of its stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation, but only if at least 51% of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51% of the joint venture's management and control and earnings are held by one or more disabled veterans. (2) The management and control of the daily business operations are by one or more disabled veterans. (3) It is a sole proprietorship, corporation, or partnership with its home office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business (GO 156 Section 4.1).	DVBE	Department of General Services (DGS)
Disabled Veteran	Refers to a veteran of the military, naval or air service of the United States with a service-connected disability and who is a resident of the State of California (GO 156 Section 1.3.7).		
African American	Refers to a person having origins in any black racial groups of Africa (GO 156 Section 1.3.9)	BA	
Asian Pacific American	Refers to a person having origin in Asia or the Indian subcontinent, including, but not limited to, persons from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the U.S. Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, Taiwan, India, Pakistan, and Bangladesh (GO 156 Section 1.3.12).	APA	
Hispanic American	Refers to a person of Mexican, Puerto Rican, Cuban, South or Central American, Car bbean, and other Spanish culture or origin (GO 156 Section 1.3.10).	HA	
Native American	Refers to a person having origin in any of the original peoples of North America or the Hawaiian Islands, in particular, American Indians, Eskimos, Aleuts, and Native Hawaiians (GO 156 Section 1.3.11).	NA	

Other Groups (8(a))	Persons found to be disadvantaged by the U.S. Small Business Administration pursuant to Section 8(a) of the Small Business Act, as amended (15 U.S.C. 637 (a)) or the U.S. Secretary of Commerce, pursuant to Section 5 of Executive Order 11625 (GO 156 Section 1.3.13).	8(a)	
Subcontract	Any agreement or arrangement between a contractor and any party or person (in which the parties do not stand in the relationship of an employer and an employee): for the furnishing of supplies or services for the use of real or personal property, including lease arrangements, which, in whole or in part, is necessary to the performance of any one or more contracts; or under which any portion of the contractor's obligation under any one or more contracts is performed, undertaken or assumed (GO 156 Section 1.3.23).	Sub	
Supplier Clearinghouse	A Commission-supervised program or entity that shall conduct certifications/verifications and maintain a database of eligible suppliers for the use of utilities and other covered entities under the Commission's Supplier Diversity Program (GO 156 Section 1.3.22).		
Commission	Refers to the California Public Utilities Commission, as provided for in Article XII of the California Constitution (GO 156 Section 1.3.1).	CPUC	
Short-Term Goal	A goal applicable to a period of one (1) year (GO 156 Section 1.3.18).		
Mid-Term Goal	A goal applicable to a period of three (3) years (GO 156 Section 1.3.19).		
Long-Term Goal	A goal applicable to a period of five (5) years (GO 156 Section 1.3.20).		
Product and Service Categories	As defined by the Standard Industrial Classification (SIC) system maintained by the United States Department of Labor, Occupational Safety and Health Administration, as they currently read or as amended or as defined by any other updated classification system that supersedes the SIC system (GO 156 Section 1.3.24).		
Supplier Diversity	Refers to the inclusion of women, minority, disabled veteran, LGBT, and persons with disabilities business enterprises in supply chains and procurement activities		
Diverse Business/Supplier	Refers to women, minority, disabled veteran, LGBT, and persons with disabilities business enterprises		

NOTE:

* These definitions are not proposed amendments to Section 1.3 of GO 156 or the other Sections. The purpose of these definitions is to provide convenient reference in preparing GO 156 reports.

Shell Energy Supplier Diversity Annual Report and Plan
Declaration of Marcie A. Milner in Support of Confidentiality Designation

I, Marcie A. Milner, declare and state as follows:

1. I am the Vice President, Regulatory Affairs, for Shell Energy North America (US), L.P. (“Shell Energy”). I have assisted with the preparation of the attached 2022 Annual Report & 2023 Plan for the Supplier Diversity Program (“Report”).
2. Appendix A.1, row 18 of this Report includes market sensitive information regarding the total net power procurement expenditures made by Shell Energy in 2022. If made public, this information, in combination with other publicly available information, could be used to determine Shell Energy’s retail load and/or the value of individual procurement contracts. That information is considered confidential by the Commission pursuant to D.06-06-066, D.08-04-023, D.21-11-029, and related decisions. Specifically, the information falls within Section III, IV, and V of the ESP Confidentiality Matrix. This procurement quantity-related information is also designated “market sensitive information” under P.U. Code Section 454.5(g).
3. The information identified in Appendix A.1, row 18 is treated as market sensitive trade secret information that is not disclosed to other entities or the public because loss of confidentiality would result in a competitive disadvantage for Shell Energy and its customers. This information should be kept confidential because Shell Energy operates in the competitive and dynamic retail energy markets and is a net purchaser in the competitive wholesale markets, so the confidentiality of data regarding its retail and wholesale market positions is a competitive advantage. Disclosure of the information identified can be used to directly or indirectly determine Shell Energy’s market position and would result in a loss of competitive advantage in the wholesale and retail marketplaces relative to its ability to negotiate future contracts for the purchase or resale of energy, or with respect to negotiation of contracts with retail customers
4. The information for which confidential treatment is requested has not been made public.
5. Based upon the foregoing, the information should be maintained on a confidential basis, and should remain so for a three-year period, *i.e.* until March 1, 2026.

I declare under penalty of perjury that the foregoing is true of my own knowledge, except as to matters that are stated on information and belief, and as to those matters, I believe them to be true.

Executed on March 1, 2023 at San Diego, California.



Marcie A. Milner