



**SAN DIEGO GAS AND ELECTRIC COMPANY**  
ELECTRIC AND FUEL PROCUREMENT DEPARTMENT  
8315 CENTURY PARK COURT, CP21D  
SAN DIEGO, CA 92123

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# **SDG&E's 2021-2023 IRP RELIABILITY RFO - RENEWABLES**

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2021-2023  
IRP RELIABILITY  
REQUEST FOR OFFERS  
("RFO")  
seeking  
RENEWABLE RESOURCES

VERSION 1 – DECEMBER 13, 2019

**ISSUED**  
DECEMBER 13, 2019

**OFFERS DUE**  
FEBRUARY 7, 2020

**RFO WEBSITE**  
<https://www.sdge.com/2021-2023-irp-reliability-rfo>

**EMAIL QUESTIONS/COMMENTS TO**  
[IRPReliabilityRFO@sdge.com](mailto:IRPReliabilityRFO@sdge.com)

[Record of Changes](#)

<b>Date</b>	<b>Explanation of Change</b>	<b>Section / Page of Document</b>

## Contents

2.0	RFO Website and Communications.....	4
3.0	RFO Schedule.....	5
4.0	RFO Response Instructions.....	8
5.0	RPS Program Parameters .....	10
	California RPS Program .....	10
	RPS Eligibility Criteria.....	10
	Procurement Review Group.....	11
	Independent Evaluator.....	11
6.0	SDG&E Background .....	12
7.0	Resource Criteria.....	12
8.0	ASC 810 (FIN46) Requirements .....	16
9.0	Evaluation Criteria and shortlisting .....	17
	QUANTITATIVE EVALUATION.....	17
	QUALITATIVE EVALUATION .....	17
	BID CONFORMANCE EVALUATION.....	19
10.0	Rejection of Offers .....	20
11.0	Confidentiality .....	21
12.0	Credit Terms and Conditions .....	23
A.	SHORTLIST Acceptance Fee .....	23
13.0	CPUC Approval.....	24

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## 1.0 SCOPE OF REQUEST

In accordance with Decision (D.)19-11-016 – Decision Requiring Electric System Reliability Procurement for 2021-2023 (the “IRP Procurement Track Decision”) approved on November 7, 2019, San Diego Gas and Electric (“SDG&E”) is issuing its 2021-2023 IRP Reliability - Renewables Request for Offers (“RFO”) to solicit offers from owners and operators of Renewable Portfolio Standard (“RPS”) eligible facilities, with a preference for facilities within the San Diego-Imperial Valley Local Area (as defined by the CAISO<sup>1</sup>).

SDG&E is issuing this 2021-2023 IRP Reliability - Renewables RFO to help meet its system capacity requirement established in the IRP Procurement Track Decision. As authorized in the Decision, SDG&E is seeking a minimum of 292.9 MW incremental to the baseline resource assumptions identified for the analysis that led to the adoption of the Preferred System Plan in Decision 19-04-040. This RFO solicits offers from eligible facilities that interconnect within the CAISO balancing authority and as required by the Decision, SDG&E is soliciting a broad range of resources including energy efficiency, demand response, renewables, energy storage, and conventional.

This solicitation sets forth the terms and conditions of SDG&E’s 2021-2023 IRP Reliability – Renewables RFO. Resources offered must meet the California Renewables Portfolio Standard RPS eligibility criteria set forth by the California Energy Commission (“CEC”) - see Section 5.0 RPS Program Parameters for additional information. By responding to this RFO, the bidder agrees to be bound by all the terms, conditions, and other provisions of this RFO and any changes or supplements to it that may be issued by SDG&E at anytime.

The purpose of this document is to provide an overview of the process that SDG&E will use to implement this RFO. It will serve to set forth each bidder’s obligations with respect to the RFO as well as describe the procedures to which each bidder must adhere. If there is a conflict or inconsistency between the terms and conditions contained in this RFO and the terms and conditions contained within the PPA attached to these instructions, the terms and conditions in the PPA will prevail. SDG&E encourages Respondents to only provide offers of delivery terms approved in the Decision.

To be considered in this RFO, an offer must be uploaded to the SDG&E RFO Website in accordance with this RFO Protocol no later than **12:00 PM** Pacific Prevailing Time (“PPT”), on February 7, 2020.

The RFO schedule is subject to change at SDG&E’s sole discretion at any time. All changes to the RFO schedule will be posted to SDG&E’s RFO website. The RFO schedule may be affected by (but not limited to) issues such as: discussions with shortlisted bidders, proceedings before the CPUC, and efforts to obtain regulatory approval. SDG&E intends to notify bidders of any schedule change, but will not be liable for any change in schedule or for failing to provide notice of any change. A schedule detailing SDG&E’s plans throughout the entire initial program period can be found in Section 6.

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<sup>1</sup> See the CAISO “Local Capacity Technical Study” – Final Report and Study Results for 2020 is available at: <http://www.caiso.com/Documents/Final2020LocalCapacityTechnicalReport.pdf>.

Once bidders have accepted their shortlisted position with SDG&E and remitted the Shortlist Acceptance Fee<sup>2</sup>, further PPA contract negotiations may commence and continue until mutual agreement has been achieved and a contract has been executed. Being short listed does not guarantee that a PPA will be negotiated or signed with the bidder.

SDG&E will seek CPUC approval of all executed agreements resulting from this RFO. SDG&E reserves the right to execute agreements with individual bidders at any time after short listing and to seek CPUC approval for individual agreements in order to expedite the approval process.

SDG&E will only be evaluating bids which include resource adequacy. Full Capacity Deliverability Status must be demonstrated. Renewable energy will also be considered if conforming to Category 1 (Public Utilities Code 399.16(b)(1)(A-B)): Bundled Products.

#### **A. Transmission/Distribution and Deliverability**

The generating facility and interconnection must be designed and constructed in conformance with the CAISO/Distribution Provider's various reliability agreements, procedures, protocols, tariffs and standards and be found fully deliverable. In order to submit proposals under this solicitation, Respondent's Project must have the minimum of a completed CAISO/WDAT Phase II Interconnection Study or equivalent process or exemption. See RFO Section 4.0 – "RFO Response Instructions" for additional information.

#### **B. Power Purchase Agreements ("PPA")**

Respondents shall propose a power purchase agreement for energy plus capacity attributes. PPA pricing may be subject to reduction if the total cost of network upgrades required to make the project deliverable exceed a dollar cap determined by SDG&E. Respondents must be poised to sign an agreement in substantially the form of the Model Power Purchase Agreement ("Model PPA") (See Section 4.0 RFO Response Instructions). Proposed products must be fully deliverable. Additional resource criteria are described in Section 7.0 Resource Criteria. Note that the Model PPA attached to this RFO is subject to CPUC requirements and may be subject to change throughout the course of the RFO.

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## **2.0 RFO WEBSITE AND COMMUNICATIONS**

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The RFO and all subsequent revisions and documents are available for download from the RFO Website (<https://www.sdge.com/2021-2023-irp-reliability-rfo>) and the 2021-2023 IRP RELIABILITY RFO event on the PowerAdvocate® website. Potential Respondents are responsible for monitoring the RFO Website and PowerAdvocate® for subsequent updates, notices and postings.

The 2021-2023 IRP RELIABILITY RFO event on the PowerAdvocate® website contains the following: required RFO forms, documents, and schedule. Respondents who intend to bid but

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<sup>2</sup> See section 12 of this RFO for further details

do not yet have an existing account with PowerAdvocate® must first register to create a username/password in order to receive access to the event. See below for instructions to log-in/register:

## Logging In

You access the PowerAdvocate platform via a web browser.

### To log in

1. Open a web browser and go to [www.poweradvocate.com](http://www.poweradvocate.com).

PowerAdvocate functions in most web browsers; however, using browsers other than Internet Explorer (IE) version 6 or higher may cause certain functionality to work unexpectedly. Should you encounter problems, PowerAdvocate support may be unable to provide assistance until the issue has been replicated in a supported version of Internet Explorer.

2. Click **Login**.

The Login page appears; you may wish to bookmark it for quick access.

3. Enter your account **User Name** and **Password**.

Both are case-sensitive.

If you do not have an account, go to [poweradvocate.com](http://poweradvocate.com) and click the **Registration** link at the top of the page. If you have an account but do not remember your user information, click **Forgot User Name** or **Forgot Password** and they will be emailed to you.

4. Click **Login**.

First-time users must register as a Supplier using the instructions above and the Referral information below to access the RFO event:

Users with an existing PowerAdvocate® account may request access to the event using the link below:

<https://www.poweradvocate.com/pR.do?okey=99625&pubEvent=true>

The RFO website contains RFO forms and documents, the RFO schedule, and a Question and Answer forum. All questions or other communications regarding this RFO must be submitted via email to [IRPReliabilityRFO@sdge.com](mailto:IRPReliabilityRFO@sdge.com) by the DEADLINE TO SUBMIT QUESTIONS as specified in Section 3.0 RFO Schedule. SDG&E will not accept questions or comments in any other form, except at scheduled bidders conferences.

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### 3.0 RFO SCHEDULE

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The following schedule and deadlines apply to this RFO. SDG&E reserves the right to revise this schedule at any time and in SDG&E's sole discretion. SDG&E will be utilizing a platform designed and maintained by PowerAdvocate® for launching and managing offers received in response to this RFO. To access the RFO event, Respondent must register to create a username and password for PowerAdvocate®. A link and instructions on how to register is provided in

Section 2.0, RFO Website and Communications. Respondents are responsible for accessing the RFO Website and PowerAdvocate® for updated schedules and possible amendments to the RFO or the solicitation process. Respondents shall register on PowerAdvocate® for the RFO no later than January 31, 2020, and submit offers no later than February 7, 2020 at 12:00 PM Pacific Pevealing Time (PPT).

NO.	ITEM	DATE
1.	RFO Issued	December 13, 2019
2.	Pre-Bid Conference / Bidder Outreach Event	January 10, 2020
3.	DEADLINE TO SUBMIT QUESTIONS Question submittal cut-off date. Answers to questions will be posted on the website no later than January 31, 2020.	January 24, 2020
4.	DEADLINE TO REGISTER for PowerAdvocate® access / to download RFO forms and documents	January 31, 2020
5.	CLOSING DATE: Offers must be uploaded to and received on PowerAdvocate® no later than 12:00 PM Pacific Prevailing Time on February 7, 2020.	February 7, 2020
6.	SDG&E Begins Bid Evaluation Process	February 10, 2020
7.	Shortlist determination	June 5, 2020
8.	SHORTLIST NOTIFICATION SDG&E notifies Shortlisted Bidders	June 8, 2020
9.	SHORTLISTED BIDDERS ACCEPTANCE/WITHDRAWAL Letter due from Shortlisted Bidders indicating: a. Withdrawal from SDG&E's solicitation; OR b. Acceptance of shortlisted standing and including Shortlist Acceptance Fee	+10 Days after Shortlist Notification
10.	SDG&E issues appreciation notices to unsuccessful Respondents	+3 week after Shortlisted Bidders accept/withdraw
11.	SDG&E commences with PPA negotiations	+11 Days after Shortlist Notification
12.	Target date to complete PPA negotiations	Q3/Q4, 2020
13.	SDG&E Submits Application with PPAs to CPUC for approval	Q3/Q4, 2020
	* Negotiation time will vary depending on proposal specifics including proposed contract modifications.	

### PRE-BID CONFERENCE / BIDDER OUTREACH EVENT

SDG&E will host one bidder outreach event. The event is scheduled for January 10, 2020 and will be an in-person event for all resource types (with dial-in / webinar available for those that cannot attend in-person). Participation in this event is NOT mandatory in order to submit an offer.

Please monitor the RFO Website for further details (such as conference presentation materials and final arrangements for the event (time and location)). SDG&E will make efforts to notify bidders of outreach event details via e-mail as well as provide this information via the RFO Website.

Any party interested in attending these events should email the following information to [IRPReliabilityRFO@sdge.com](mailto:IRPReliabilityRFO@sdge.com).

- Company name, and
- Attendees' names, titles and contact information



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#### 4.0 RFO RESPONSE INSTRUCTIONS

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Respondents are required to submit the forms listed below. Forms are available on the RFO Website and PowerAdvocate®. Failure to provide the listed information may result in the proposal being deemed non-conforming and may disqualify the proposal from further consideration.

##### **Limit on Number of Bids**

A MAXIMUM OF SIX (6) OFFERS PER RESPONDENT WILL BE ACCEPTED.

Fill out separate offer forms for each offer. Only one Project Description Form is required per Respondent to the extent that all bids can be adequately summarized in the space provided.

If the respondent has questions or concerns regarding bid limits, please contact SDG&E at: [IRPReliabilityRFO@sdge.com](mailto:IRPReliabilityRFO@sdge.com)

##### **Required Forms:**

If the respondent is submitting offers for more than one project, each project must be submitted separately with its required forms. Forms must be clearly labeled to identify the project name and the submitted forms. On the PowerAdvocate® site all forms are located in the “1. Download Documents” Tab and must be submitted by uploading to the “2. Upload Documents” Tab.

- 1) **Project Description Form.**<sup>3</sup>
- 2) **Renewables Offer Form** – Respondents may submit up to six (6) offers per project to this solicitation.
- 3) **Credit Application**
- 4) **Redline of Pro Forma Agreement** – Required for offers that include energy deliveries. Respondents shall download, populate, and redline the Model PPA.
- 5) **Electric Interconnection Information**<sup>4</sup> – Respondents must provide an electronic copy of the proposed project’s completed CAISO/WDAT Phase II Interconnection Study or equivalent process or exemption.<sup>5</sup>
- 6) **Resource Report** - Respondents must submit a verifiable fuel resource plan (“solar resource” or “wind resource” etc.) for the duration of the PPA based on historical actuals taken at the site with equipment maintenance and cleaning records, correlated to long term satellite data, with probabilities of different weather and productions scenarios from the site, range of equipment outputs, range of plant downtime and curtailments. For wind bids, you must submit the full AWS/GLGH or similar wind resource report.
- 7) **PVSyst Files** - For Solar bids, the full PVSyst file must be submitted by exporting the entire project that contains the prj, met, inv, pan, etc files and submitting that file through PowerAdvocate. The contract DC must match the pvsyst file and the output of the file must match the 8760 in the Offer Form. All future discussions

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<sup>3</sup> Please note this form MUST describe the substation at which the project interconnects

<sup>4</sup> Note that interconnection documents should be in the name of the entity that will sign the PPA. If not, Respondent must assign such documents to the entity that will sign the PPA by the time that Respondent accepts its position on the shortlist.

<sup>5</sup> D.13-11-024 required that the IOUs make this clarification to address potentially different requirements for existing or repowered facilities.

about plant production will refer to this prj file, where this future prj file will govern. No changes to plant design that changes the PVSyst model will be allowed unless written approval is given by SDG&E. Please set uptime percentage to 100% in PVSyst and enter that information in the Offer form. The model should include all losses to the interconnection point except for LGIA limitations losses, which will be computed in the Offer Form.

- 8) **Diverse Business Enterprise Subcontracting Commitment and Reporting Requirements (DBE) Form (optional)** - Provide a copy of certification documents received from the California Public Utilities Commission. An application can be made before submission of the offer and referenced in the offer.

The Participation Summary, Project Description Form, Credit Application, and redlines to the Model PPA must be in Word or Word-compatible format (not in PDF). The Pricing Form must be in Excel or Excel-compatible format (not in PDF).

**Submissions containing bid documents in file formats other than the formats of the original bid forms may be rejected. This RFO is an electronic only solicitation; Respondents need not submit paper documents or e-binders.**

Any party interested in submitting an offer must register to receive access to the 2021-2023 IRP Reliability RFO event on PowerAdvocate® in order to submit an offer. To register, Respondents must follow the instructions outlined in Section 2, RFO Website and Communications. All offers must be uploaded to the PowerAdvocate® no later than **12:00 P.M.**, Pacific Prevailing Time, on the CLOSING DATE (see RFO Schedule). If Respondents encounter technical difficulties with the uploading process, they should provide evidence of such difficulties (e.g. a screen shot of the error message) and email the bid to:

The RFO mailbox: IRPReliabilityRFO@sdge.com Carbon Copy (CC) to:  
[jon.jacobs@paconsulting.com](mailto:jon.jacobs@paconsulting.com)

Emails shall be received by **12:00 P.M.**, Pacific Prevailing Time, on the Closing Date.

All offer materials submitted in accordance with the above Response Instructions shall be subject to the confidentiality provisions of Section 11 Confidentiality of this RFO.

SDG&E will review and may utilize all information, if any, submitted by a Respondent that is not specifically requested as a part of any forms. During all stages of the RFO process, SDG&E reserves the right to request additional information from individual Respondents or to request any Respondent to submit supplemental materials in fulfillment of the content requirements of this RFO or to meet additional information needs. SDG&E also reserves the unilateral right to waive any technical or format requirements contained in the RFO.

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## 5.0 RPS PROGRAM PARAMETERS

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### CALIFORNIA RPS PROGRAM

California's Renewable Portfolio Standard (RPS) Program was adopted in 2002 and is codified at Public Utility Code sec 399.11, *et seq.* In adopting the RPS legislation, the Legislature specifically found and declared that increasing California's reliance on renewable energy resources promotes the purpose of and may accomplish each of the following:

- Increase the diversity, reliability, public health and environmental benefits of the energy mix
- Promote stable electricity prices
- Protect public health and improve environmental quality
- Stimulate sustainable economic development and create new employment opportunities
- Reduce reliance on imported fuels
- Ameliorate air quality problems
- Improve public health by reducing the burning of fossil fuels

Current law requires Investor Owned Utilities (IOU's) to procure renewable energy in the amount of 60% of retail sales by 2030<sup>6</sup>. Unlike the prior annual RPS program, the 60% regime sets increasing targets for multi-year Compliance Periods ("CPs"). The CPUC issued its first decision implementing the RPS Program, D.03-06-071 on June 19, 2003. This decision established certain basic RPS Program parameters. The CPUC has subsequently issued several additional RPS-related decisions in rulemaking proceeding R.04-04-026, and successor proceedings R.06-02-012, R.06-05-027, R.08-08-009, R.11-05-005, R.15-02-020, and R.18-07-003. SDG&E will comply with all CPUC decisions governing RPS procurement. These decisions are publicly available on the CPUC's website at [https://www.cpuc.ca.gov/RPS\\_Overview/](https://www.cpuc.ca.gov/RPS_Overview/).

This RFO is being conducted in compliance with relevant statutory and regulatory directives. Requirements set forth within the law and all directives shall be incorporated herein by reference. A full text of the law and the above-mentioned CPUC decisions can be downloaded from the CPUC website. Respondents are encouraged to review all RPS-related, CPUC issued directives available on the same Internet websites and are responsible for understanding and abiding by all RPS provisions.

### RPS ELIGIBILITY CRITERIA

Respondents successfully signing agreements with SDG&E must warrant that the resources being offered in response to this solicitation are certifiable as an "eligible renewable resource" by the California Energy Commission (CEC). Eligibility criteria are set forth by the CEC in its [Renewable Portfolio Standard Eligibility Guidebook](#). The most recent revision to the CEC guidebook can be downloaded from the CEC's website at <https://www.energy.ca.gov/programs-and-topics/programs/renewables-portfolio-standard/renewables-portfolio-standard-0>. Respondents are encouraged to review all RPS-related, CEC issued directives available on the same Internet website and are responsible for understanding and abiding by all RPS provisions. All requirements set forth within the CEC's guidebooks and all RPS-related documents shall be incorporated herein by

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<sup>6</sup> See, Senate Bill (SB) 100.

reference. SDG&E has no preferred “eligible renewable resource” or resource stack and will judge the merits of each bid based on the provisions of Section 9.0.

Respondents are encouraged, although not required, to apply for pre-certification from the CEC in advance of submitting an offer. Pre-certification forms are available from the above-entitled guidebook.

#### **PROCUREMENT REVIEW GROUP**

The Procurement Review Group (PRG) and Cost Allocation Mechanism (CAM) PRG are CPUC-endorsed entities and are composed of non-market participants such as ratepayers’ advocacy groups, state energy and water commissions, power authorities, utility-related labor unions and other non-commercial, energy-related special interest groups. Each IOU has its own PRG and CAM PRG. The PRG and CAM PRG are charged with overseeing the IOU’s procurement process, reviewing procedural fairness, examining overall procurement prudence and providing feedback during all stages. From RFO language development to offer evaluation to contract negotiation, IOU’s brief the PRG and/ or the CAM PRG on a periodic basis during the entire process.

Respondents are hereby notified that revealing confidential offer information to the PRG and/or CAM PRG is required during briefings in accordance with Section 11 (“Confidentiality”). Each Respondent must clearly identify, as part of its offer, what type of information it considers to be confidential.

#### **INDEPENDENT EVALUATOR**

The CPUC requires each IOU to use an Independent Evaluator (“IE”) to separately evaluate and report on the IOU’s entire solicitation, evaluation, and selection process. The IE will review SDG&E’s implementation of the RFO process and final selections. The IE also makes periodic presentations regarding its findings to the IOU, and the IOU’s PRG and/or CAM PRG including the CPUC Energy Division staff. The intent of these IE presentations is to preserve the independence of the IE by ensuring free and unfettered communication between the IE and the CPUC, as well as an open, fair, and transparent process that the IE can affirm.

SDG&E is committed to ensuring an open and transparent solicitation, and to providing a fair, reasonable and competitive process.

The Independent Evaluator (“IE”) for this solicitation is PA Consulting.

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## 6.0 SDG&E BACKGROUND

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[SDG&E](#) is a regulated public utility that provides clean, safe and reliable energy service to 3.6 million consumers through 1.4 million electric meters and 873,000 natural gas meters in San Diego and southern Orange counties. The utility's area spans 4,100 square miles. SDG&E is committed to creating ways to help customers save energy and money every day. SDG&E is a subsidiary of [Sempra Energy](#) (NYSE: SRE), a Fortune 500 energy services holding company based in San Diego. Connect with SDG&E's Customer Contact Center at 800-411-7343, on [Twitter](#) (@SDGE) and [Facebook](#).



For a map California IOU service territories please visit:

[http://www.energy.ca.gov/maps/serviceareas/electric\\_service\\_areas.html](http://www.energy.ca.gov/maps/serviceareas/electric_service_areas.html)

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## 7.0 RESOURCE CRITERIA

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### A. Procurement Mandate

In order to meet its system reliability objectives, SDG&E is soliciting products that meet the following criteria:

#### I. Renewable Product Requirements

- a. RPS Product Category: Category 1 (bundled products as defined in Public Utilities Code 399.16(b)(1)(A-B));
- b. Location: Within the CAISO balancing authority, with a preference for San Diego Imperial Valley Local Area;
- c. Term: (3) three-year contracts for existing resources and (10) ten-year contracts for new resources.;
- d. Timing: SDG&E endeavors to procure 50% of its apportioned capacity derived from the IRP Procurement Track Decision by August 1, 2021. Subsequently, SDG&E is to cumulatively procure 75% and 100% of its requirement by August 1, 2022 and August 1, 2023 respectively;
- e. Eligible Renewable Resources: All proposed resources must be CEC-certifiable as an eligible renewable resource ("ERR"), and cannot be subject to any moratorium or injunction against procurement by the California Energy Commission, California Public Utility Commission, or other legal authority with jurisdiction over utility procurement;
- f. The Facility must be incremental to the baseline assumptions used in the IRP Procurement Track studies<sup>7</sup> associated with the IRP proceeding that served as a basis for SDG&E's 292.9 MW identified need.
- g. Minimum Size: Net Contract Capacity must be  $\geq 10$  MW<sup>8</sup> (rated in alternating current, or "AC");
- h. Maximum Size: Net Contract Capacity must be  $\leq 300$  MW AC;
- i. Deliverability: Offers should provide fully deliverable products. SDG&E will incorporate any deliverability value in its evaluation of these offers<sup>9</sup>;
- j. Safety: SDG&E expects that third party owned and operated facilities or programs will be operated and maintained in accordance with good industry practices, and all applicable requirements of Law, the CAISO, NERC and WECC related to the Project including those that are related to safety. In the project / program description form that Respondents will provide as part of the offer package, SDG&E will ask respondents to confirm that this will be the case with their project or program. If the Respondent is unable to confirm these statements, the offer will be considered nonconforming.
- k. The resource must meet all applicable RA counting rules.

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<sup>7</sup> Study results will be released by the CPUC on December 2, 2019.

<sup>8</sup> Note that SDG&E will consider the administrative burden/feasibility of negotiating a high volume of agreements when selecting its shortlist.

<sup>9</sup> Resource Adequacy (RA) is a capacity attribute of a CAISO Participating Generator. An RA resource can provide either Local and/or System RA attributes based on its location as determined by the CAISO, and in this solicitation, SDG&E is seeking Local RA from projects within the San Diego-Imperial Valley Local Area. Annually the CPUC and the CAISO assign a Net Qualifying Capacity (NQC) to each RA resource. In order to receive an NQC the resource's capacity output must be deliverable to load as described in the CAISO Tariff. The methodology for determining a resource's NQC can be found in the CPUC's Qualifying Capacity Methodology Manual located at: <http://www.cpuc.ca.gov/NR/rdonlyres/2526B26C-BEEA-46FE-904E-A99D2F042FD8/0/AdoptedQCmethodologymanualfromD1006036APPENDIXB.doc>.

- l. Green Attributes: All green attributes associated with the project must be tendered to SDG&E;
- m. Project Stewardship: The Respondent will own and operate<sup>10</sup> the facility(ies) associated with the offer and be responsible for development, land acquisition, fuel supply source and transportation, permitting, financing and construction for the facility(ies).
- n.

### **Additional Requirements for Shortlisted Offers:**

Additional requirements for Respondents successfully entering into an agreement for a Category 1 product with SDG&E, may include, but are not limited to:

- a. Respondents shall be financially responsible for the interconnection costs up to the point of interconnection with the local transmission/distribution network in accordance with applicable laws. Interconnection costs allocated to the project and to be paid by Respondent (i.e. non-reimbursable) should be included in the offer price for energy and capacity. Reimbursable network upgrade costs are ultimately borne by ratepayers and therefore should not be included in Respondent's offer price;
- b. Respondents must obtain final interconnection studies during the development process (i.e. for transmission level projects, a final Phase II interconnection study report, or for distribution level projects, a final interconnection facilities study report (or equivalent)) [and be able to have their interconnection and upgrades completed prior to COD;]
- c. Respondents will provide personnel required to operate the Facility;
- d. Resource operations will be scheduled in accordance with the CAISO Tariff, as from time to time modified, including the requirement to participate in VER. CAISO compliant real-time metering of the generation will be required for Energy Management System (EMS) data;
- e. Respondents must execute Participating Generator Agreements and Meter Service Agreements as required by the CAISO.
- f. To facilitate monthly settlement processes, Respondents shall authorize Buyer to view the Facility's CAISO on-line meter data by identifying SDG&E as an authorized user with "read only" privileges on Schedule 3 of Respondent's Meter Service Agreement with the CAISO. For resources outside of CAISO's area, Respondent will provide similar access to SDG&E, if such an interface exists, with the system operator having jurisdiction over the project;
- g. Respondents must take all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System prior to the first delivery under the contract;
- h. Respondent's project must, at a minimum, have achieved the "application deemed complete" (or equivalent) status under the land use entitlement process associated

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<sup>10</sup> A direct contractual relationship with the operator of the facility is sufficient to meet this criteria.

with the environmental review under the California Environmental Quality Act (CEQA) and/or under the National Environmental Quality Act (NEPA).



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## 8.0 ASC 810 (FIN46) REQUIREMENTS

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Generally Accepted Accounting Principles and SEC rules require SDG&E to evaluate whether or not SDG&E must consolidate a Seller's financial information. SDG&E will require access to financial records and personnel to determine if consolidated financial reporting is required. If SDG&E determines at any time that consolidation is required, SDG&E shall require the following during every calendar quarter for the term of any resultant agreement:

- a) Unaudited financial statements with footnotes, within 15 calendar days of the end of each quarter;
- b) Audited financial statements with footnotes within 90 calendar days of the end of the year,
- c) Financial schedules underlying the financial statements, within 15 calendar days of the end of each quarter;
- d) Access to records and personnel, so that SDG&E's internal or independent auditor can conduct financial audits (in accordance with generally accepted auditing standards) and internal control audits (in accordance with Section 404 of the Sarbanes-Oxley Act of 2002) ) and SDG&E can meet its SEC filing requirements. The rights and obligations under the agreement shall survive the termination of this agreement for a period of two years;
- e) Certifications by duly authorized representatives as may be reasonably requested by SDG&E; and
- f) Such other information as reasonably requested by SDG&E.
- g) If consolidation is required and considered material by the buyer to buyer's financial statements or its parent company's financial statements and buyer reasonably determines seller's internal controls over financial reporting are considered to be significantly deficient or a material weakness, then seller is to remediate within 30 calendar days;
- h) Seller to provide to buyer any SEC Form 8K disclosures, two calendar days after the occurrence of the SEC Form 8K event; and
- i) Seller to notify buyer at any time during the term of the agreement of any consulting (non-independent) services proposed to be provided to seller by the buyer's independent auditor.

Any information provided to SDG&E shall be treated as confidential, except that it may be disclosed for financial statement purposes. Full details of SDG&E's requirements in connection with consolidation are set forth in the Model PPA.

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## 9.0 EVALUATION CRITERIA AND SHORTLISTING

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All incoming offers will be assessed for conformance based on the requirements outlined in Eligibility Requirements section. Respondents' offers shall conform with minimum participation criteria and eligibility requirements in order to be considered.

SDG&E will utilize all the information provided in the required forms and narratives to evaluate all offers. Respondents are responsible for the accuracy of all discussions, figures and calculations. Errors discovered during evaluation may impact a Respondent's potential shortlist status.

As required by the IRP Procurement Track Decision, SDG&E is soliciting a broad range of resources including energy efficiency, demand response, renewables, energy storage, and conventional. SDG&E has provided a separate RFO document outlining instructions and requirements for each resource type (and in the case of energy storage, contract type as well). SDG&E's valuation and selection approach is intended to evaluate the different resource (and contract) types in a non-discriminatory manner, with resources delivering the same attributes being valued in the same manner. Initially, all offers will go through a conformance check to ensure that the project meets the requirements outlined in the RFO document for that particular resource type. Conforming offers will then go through a Least-Cost / Best-Fit (LCBF).

### **QUANTITATIVE EVALUATION**

SDG&E evaluates and ranks offers based on Least-Cost/Best-Fit ("LCBF") principles. The LCBF analysis evaluates both quantitative and qualitative aspects of each offer to estimate its value to SDG&E's customers and its relative value in comparison to other offers. The valuation of an offer takes into account both benefits and costs.

A primary consideration used in the LCBF process is quantifying the price of an offer compared to the value it would provide using a set of price benchmarks. Since the primary consideration of D.19-11-016 is system reliability, SDG&E's 2021-2023 IRP Reliability RFO will place the highest value in Resource Adequacy. Other grid services, such as energy and ancillary services will also be used in the quantitative evaluation benefits for those technology types that are capable of providing each service. SDG&E plans to include some or all of the following costs: contract payments, ownership costs, variable costs, network upgrades, GHG emission costs. These benefit and cost components are netted, discounted and weighted to yield an NMV for each offer. These values are then ranked to establish the initial least cost portion of the evaluation.

Once an initial listing of the highest ranked offers is determined, a credit analysis will be conducted and credit costs will be considered. The economic evaluation normalizes the MW size differences of offers by finding the most attractive NMV per MW of capacity ("Least Cost").

### **QUALITATIVE EVALUATION**

Following the least-cost methodology, several additional aspects of each conforming bid are analyzed to establish how well the offer meets grid needs and satisfies priorities set out by the CPUC.

## A. INTERCONNECTION STATUS

D.19-11-016 sets clear targets for delivery, with the first milestone of 50% to be met by August 1, 2021 and full delivery by August 1, 2023. To achieve this target, a high value will be placed on the project's position in the CAISO interconnection queue or WDAT process. See the Facility Interconnection section for more information.

## B. LOADING ORDER

The State of California has set ambitious policy goals relating to carbon emission. To assist meeting these statewide goals, preferred resources will be given priority per the following loading order:

- 1) Demand Response
- 2) Energy Efficiency
- 3) Energy Storage/Hybrid Renewable
- 4) Renewable-Only
- 5) Gas-Fired Generation/CHP

## C. RESOURCE ADEQUACY

All proposed facilities and associated delivery points located within CAISO are eligible to participate in the RFO. However, facilities interconnecting in the San Diego-Imperial Valley Local Area will be given a higher value to meet SDG&E's local capacity requirements. Interconnection location within the SD-IV Local Area may also be considered if it benefits SDG&E's local capacity requirement position.

SDG&E will give preference to resources that are able to meet the CAISO's prevailing Flexible Resources Availability Criteria and Must Offer Obligations ("FRAC-MOO")<sup>11</sup> and obtain an Effective Flexible Capacity ("EFC") greater than zero. In addition, SDG&E will differentiate flexible attributes based on their Flexible Resource Categories, with Category 1  $\geq$  Category 2  $\geq$  Category 3.

## D. SUPPLIER DIVERSITY

SDG&E strongly encourages Diverse Business Enterprises ("DBEs"), "Women-Owned Businesses" or "Minority-Owned Businesses" or "Disabled Veteran Business Enterprises" as defined in G.O. 156<sup>12</sup>, to participate in this RFO. Furthermore, SDG&E strongly encourages developers to utilize DBEs during various stages of project development and construction. As a part of G.O. 156, SDG&E will require developers to identify, verify and report their DBE contractors/subcontractor spending if any. Additional information on SDG&E's DBE program can be found at:

<https://www.sdge.com/more-information/doing-business-with-us/supplier-diversity>

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<sup>11</sup> A must-offer obligation, or MOO, is a commitment to be available for dispatch by the CAISO. The proposed MOO for Flexible RA resources (FRAC-MOO) aims to ensure that flexible resources will be available to contribute to the times of greatest system ramping. The proposed FRAC-MOO requirements can be found at <https://www.caiso.com/informed/Pages/StakeholderProcesses/FlexibleResourceAdequacyCriteria-MustOfferObligations.aspx>

<sup>12</sup> See <http://www.thesupplierclearinghouse.com/eligibility/default.asp> for the definition of a DBE.

<http://www.cpuc.ca.gov/puc/supplierdiversity/>

## **E. OTHER CONSIDERATIONS**

SDG&E is seeking experienced companies and development teams to develop and operate facilities utilizing known and proven technology to the degree available. Status of required permits, fuel and water interconnections will be considered in bid selection. Additionally, SDG&E will seek to mitigate single-technology risk, preferring a mixed portfolio solution as well as consider demonstrable resiliency benefits.

## **BID CONFORMANCE EVALUATION**

In addition to the elements described above, SDG&E may also reject an offer if:

1. SDG&E uncovers evidence of market manipulation or unlawful collusion in the bid preparation and offer process;
2. the Respondent does not provide adequate evidence that it meets minimum participation criteria;
3. the Respondent is unable to comply with RFO timing and other solicitation requirements.

SDG&E WILL NOT REIMBURSE RESPONDENTS FOR THEIR EXPENSES UNDER ANY CIRCUMSTANCES, REGARDLESS OF WHETHER THE RFO PROCESS PROCEEDS TO A SUCCESSFUL CONCLUSION OR IS ABANDONED BY SDG&E IN ITS SOLE DISCRETION.

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**10.0 REJECTION OF OFFERS**

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SDG&E SHALL TREAT ALL RESPONDENTS FAIRLY AND EQUALLY AND SHALL EVALUATE ALL OFFERS IN GOOD FAITH. WHILE SDG&E IS MINDFUL OF THE BENEFITS OF RENEWABLE ENERGY AND IS VIGOROUSLY PURSUING THE GOALS OF THE RPS, IT MAKES NO GUARANTEE THAT A CONTRACT AWARD SHALL RESULT FROM THIS RFO EVEN AFTER AN OFFER HAS BEEN SHORTLISTED. IN ADDITION, SDG&E NOTES THAT SHORTLISTING AN OFFER DOES NOT CONSTITUTE SDG&E ACCEPTANCE OF ALL REDLINED CHANGES TO THE PROFORMA CONTRACT. SDG&E RESERVES THE RIGHT AT ANY TIME, AT ITS SOLE DISCRETION, TO ABANDON THIS RFO PROCESS, TO CHANGE THE BASIS FOR EVALUATION OF OFFERS, TO TERMINATE FURTHER PARTICIPATION IN THIS PROCESS BY ANY PARTY, TO ACCEPT ANY OFFER OR TO ENTER INTO ANY DEFINITIVE AGREEMENT, TO EVALUATE THE QUALIFICATIONS OF ANY RESPONDENT OR THE TERMS AND CONDITIONS OF ANY OFFER, OR TO REJECT ANY OR ALL OFFERS, ALL WITHOUT NOTICE AND WITHOUT ASSIGNING ANY REASONS AND WITHOUT LIABILITY OF SEMPRA ENERGY, SDG&E, OR ANY OF THEIR SUBSIDIARIES, AFFILIATES, OR REPRESENTATIVES TO ANY RESPONDENT. SDG&E SHALL HAVE NO OBLIGATION TO CONSIDER ANY OFFER.

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## 11.0 CONFIDENTIALITY

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EXCEPT WITH THE PRIOR WRITTEN CONSENT OF SDG&E, RESPONDENTS MAY NOT DISCLOSE (OTHER THAN BY ATTENDANCE ALONE AT ANY MEETING TO WHICH MORE THAN ONE RESPONDENT IS INVITED BY SDG&E) TO ANY OTHER RESPONDENT OR POTENTIAL RESPONDENT THEIR PARTICIPATION IN THIS RFO, AND RESPONDENTS MAY NOT DISCLOSE, COLLABORATE ON, OR DISCUSS WITH ANY OTHER RESPONDENT, OFFER STRATEGIES OR THE SUBSTANCE OF OFFERS, INCLUDING WITHOUT LIMITATION THE PRICE OR ANY OTHER TERMS OR CONDITIONS OF ANY INDICATIVE OR FINAL OFFER.

SDG&E WILL USE THE HIGHER OF THE SAME STANDARD OF CARE IT USES WITH RESPECT TO ITS OWN PROPRIETARY OR CONFIDENTIAL INFORMATION OR A REASONABLE STANDARD OF CARE TO PREVENT DISCLOSURE OR UNAUTHORIZED USE OF RESPONDENT'S CONFIDENTIAL AND PROPRIETARY INFORMATION THAT IS LABELED AS "PROPRIETARY AND CONFIDENTIAL" ON THE OFFER PAGE ON WHICH THE PROPRIETARY INFORMATION APPEARS ("CONFIDENTIAL INFORMATION"). RESPONDENT SHALL SUMMARIZE ELEMENTS OF THE OFFER(S) IT DEEMS CONFIDENTIAL. THE SUMMARY MUST CLEARLY IDENTIFY WHETHER OR NOT PRICE, PROJECT NAME, LOCATION, SIZE, TERM OF DELIVERY AND TECHNOLOGY TYPE (EITHER COLLECTIVELY OR INDIVIDUALLY) ARE TO BE CONSIDERED CONFIDENTIAL INFORMATION. CONFIDENTIAL INFORMATION MAY BE MADE AVAILABLE ON A "NEED TO KNOW" BASIS TO SDG&E'S DIRECTORS, OFFICERS, EMPLOYEES, CONTRACTORS, CONSULTANTS, THE INDEPENDENT EVALUATOR, AGENTS AND ADVISORS ("REPRESENTATIVES"), BUT SUCH REPRESENTATIVES SHALL BE REQUIRED TO OBSERVE THE SAME CARE WITH RESPECT TO DISCLOSURE AS SDG&E.

NOTWITHSTANDING THE FOREGOING, SDG&E MAY DISCLOSE ANY OF THE CONFIDENTIAL INFORMATION TO COMPLY WITH ANY LAW, RULE, OR REGULATION OR ANY ORDER, DECREE, SUBPOENA OR RULING OR OTHER SIMILAR PROCESS OF ANY COURT, SECURITIES EXCHANGE, CONTROL AREA OPERATOR, GOVERNMENTAL AGENCY OR GOVERNMENTAL OR REGULATORY AUTHORITY AT ANY TIME EVEN IN THE ABSENCE OF A PROTECTIVE ORDER, CONFIDENTIALITY AGREEMENT OR NON-DISCLOSURE AGREEMENT, AS THE CASE MAY BE, WITHOUT NOTIFICATION TO THE RESPONDENT AND WITHOUT LIABILITY OR ANY RESPONSIBILITY OF SDG&E TO THE RESPONDENT.

IT IS EXPRESSLY CONTEMPLATED THAT MATERIALS SUBMITTED BY A RESPONDENT IN CONNECTION WITH THIS RFO WILL BE PROVIDED TO THE CPUC, ITS STAFF, THE CEC, ITS STAFF, SDG&E'S INDEPENDENT EVALUATOR, SDG&E'S PRG, AND THE COST ALLOCATION METHODOLOGY ("CAM") GROUP. ADDITIONALLY, SDG&E MAY PROVIDE LIMITED INFORMATION SUCH AS (BUT NOT LIMITED TO) ON-LINE DATE, INTERCONNECTION POINT, TECHNOLOGY AND OTHER OPERATIONAL CHARACTERISTICS TO THE CAISO FOR MODELING PURPOSES. SDG&E WILL SEEK CONFIDENTIAL TREATMENT PURSUANT TO PUBLIC UTILITIES CODE SECTION 583 AND GENERAL ORDER 66-D OF THE CPUC, WITH RESPECT TO ANY RESPONDENT CONFIDENTIAL INFORMATION

SUBMITTED BY SDG&E TO THE CPUC. SDG&E WILL ALSO SEEK CONFIDENTIALITY PROTECTION FROM THE CALIFORNIA ENERGY COMMISSION (“CEC”) FOR RESPONDENT’S CONFIDENTIAL INFORMATION AND WILL SEEK CONFIDENTIALITY AND/OR NON-DISCLOSURE AGREEMENTS WITH THE PROCUREMENT REVIEW GROUP (“PRG”). SDG&E CANNOT, HOWEVER, ENSURE THAT THE CPUC OR CEC WILL AFFORD CONFIDENTIAL TREATMENT TO A RESPONDENT’S CONFIDENTIAL INFORMATION OR THAT CONFIDENTIALITY AGREEMENTS OR ORDERS WILL BE OBTAINED FROM AND/OR HONORED BY THE PRG, CEC, OR CPUC.

SDG&E, ITS REPRESENTATIVES, SEMPRA ENERGY, AND ANY OF THEIR SUBSIDIARIES DISCLAIM ANY AND ALL LIABILITY TO A RESPONDENT FOR DAMAGES OF ANY KIND RESULTING FROM DISCLOSURE OF ANY OF RESPONDENT’S INFORMATION.

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## 12.0 CREDIT TERMS AND CONDITIONS

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SDG&E has the unilateral right to evaluate and determine the credit-worthiness of the Respondent relative to this RFO. The Respondent is required to complete, execute and submit the RFO credit application as part of its offer. The application requests financial and other relevant information needed to demonstrate creditworthiness. Respondents may download the application from the RFO Website. Winning bidders will be required to comply with the credit and collateral requirements set forth in the pro forma agreement. The amount of such requirements will be determined by SDG&E at the time of shortlisting and will be based on product, deliveries, price, and term, among other variables. For clarity, bidders should **not** include credit costs within their bid price (note: respondents are required to provide information regarding the added cost of collateral per \$100,000 increment to satisfy the initial collateral requirement if SDG&E decides not to extend unsecured credit - this information will be gathered via the credit application form. These costs will be considered as discussed in the quantitative evaluation section within this document).

### A. SHORTLIST ACCEPTANCE FEE.

The Shortlist Acceptance Fee is the greater of \$100,000 or \$2 per kW of project nameplate / aggregate program capacity and shall be required to be paid to SDG&E within ten (10) business days of notification by SDG&E that the offer has been shortlisted. The Shortlist Acceptance Fee shall be refunded (with interest for cash deposits) to Respondent if Respondent and SDG&E fail to reach an agreement and such failure is not due to Respondent's withdrawal of its offer or a material misrepresentation of pricing or non-pricing information provided by Respondent. For questions regarding credit terms, please contact Ms. Judy Delgadillo at (213) 244-4343. Project-specific questions and answers will not be disclosed to other Respondents.



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**13.0 CPUC APPROVAL**

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SDG&E shall submit all signed contracts to the CPUC for approval. CPUC approval will be required as a condition precedent to the effectiveness of any contract resulting from this RFO, however, SDG&E, in its sole discretion, may choose to take deliveries prior to such approval.