

SDG&E 2016 Preferred Resources

LCR RFO

Questions & Answers / FAQs

General Questions

1. Who do I have to cc on all communication regarding this RFO?

In all communications, respondents should cc the independent evaluator for this solicitation - PA Consulting, Barbara Sands at barbara.sands@paconsulting.com and Jon Jacobs at jonathan.jacobs@paconsulting.com.

2. Is this the only RFO I can bid into?

As of early March, SDG&E currently has two other open RFOs for which we are accepting offers:

<http://www.sdge.com/2016DRAMRFO> - closes on April 4, 2016

<http://www.sdge.com/2016-request-offers-seeking-chp-power-purchase-agreements> - closes on April 21, 2016.

3. Does SDG&E require that everyone submit an intent to bid?

No. Intent to bid is only required if you are interested in the energy storage EPC/BOT options. As stated in the energy storage RFO document:

ESSBOT and ESSEPC offers will be coordinated by an internal group at SDG&E that will be assembling offers for potential utility ownership ("SDG&E's Cost Development Team"). ESSBOT and ESSEPC Respondents must provide a formal written expression of interest to the Cost Development Team via e-mail to 2016ESSEPCBOTRFO@SempraUtilities.com as more fully described in the RFO document on or before March 11, 2016. Additionally, ESSEPC Respondents are required to execute a nondisclosure agreement.

4. Generally speaking, will SDG&E consider behind-the-meter (BTM) and/or hybrid distributed solutions (I.e. PV + storage) within the LCR RFO's?

Yes, SDG&E will consider behind-the-meter and/or hybrid distributed solutions (i.e.: PV + storage) within the LCR RFOs. Depending on the specifics of the configuration and operations, BTM resources will either fall within the demand response or distributed generation product types. Please review the specifics of those RFOs for details.

5. Will SDG&E limit the total number of bids submitted? There is a clear constraint around 6 bids per project, according to SDG&E's definition of a project; however, there are not similar constraints on total projects submitted. Would two submissions with all terms equal except for different CODs qualify as separate projects (therefore we could have up to 6 eligible bids for each)?

Yes, SDG&E is limiting the total number of bids in accordance with the 'Limit on Number of Bids' discussion in the RFO documents. As stated in the RFO documents, differing CODs can constitute different projects and the limitation is six offers per project.

6. Could SDG&E please clarify the site control requirements specified in the different RFO's as it would relate to BTM solutions? For example, how would these requirements apply to BTM projects for Energy Storage? Is site control needed prior to bid submittal?

Site control at the time of bidding is not required for aggregated BTM resources. BTM Energy storage should be bid into the DR category. Please look to the demand response, distributed generation and energy storage RFO documents for a further discussion on the site control requirements.

7. **Would SDG&E consider pricing in \$/kW-mo rather than \$/MWh?**

Yes, depending on the specifics of the configuration, SDG&E may consider volumetric (per kWh or MWh) or capacity (per kW-month) pricing approaches. SDG&E prefers a capacity price (\$/kW-mo) to a volumetric price (\$/MWh) when associated with dispatchable resources, and for non-dispatchable resources (such as renewables), volumetric pricing is generally utilized.

8. **If we propose behind-the-meter (BTM) assets in a bid, would SDG&E desire to buy a “bundled product” for capacity, energy and environmental attributes, preclude us from signing a PPA for onsite energy production with a host customer?**

Generally, for long term power related contracts, SDG&E prefers to include the rights to all of the power related attributes that a resource can produce. That said, in the Distributed Generation product type, SDG&E has not posted a pro forma agreement and has instructed potential respondents to contact SDG&E as a first step to ascertain the nature of the resource. Please contact SDG&E at ‘PrefResourcesRFO@semprautilities.com’ to arrange for a discussion regarding the details on this matter so a more clear answer can be provided.

9. **Can you clarify the relationship between the ESSEPC and ESSBOT procurement effort and the rest of the product types?**

ESSBOT and ESSEPC offers are being coordinated by a separate internal group at SDG&E that will be assembling offers for potential utility ownership (“SDG&E’s Cost Development Team”). SDG&E’s Cost Development Team will do a separate evaluation of the offers. Then they will submit bids into the preferred resources Energy Storage RFO similar to a third party. Their offers will be evaluated on an identical basis to all other offers in every product type.

As part of SDG&E’s Cost Development Team procurement effort, there are certain requirements for bidders, submission process, and schedule. The Preferred Resources Bid Evaluation Team is not involved in any of that nor are we aware of those requirements. Any changes to the requirements for the ESSBOT or ESSEPC procurement effort will NOT affect the preferred resources solicitation (comprised of the ESSPPTA, DR, EE, DG, and renewable product types). All information requests for the ESSEPC and ESSBOT procurement effort needs to be sent to 2016ESSEPCBOTRFO@SempraUtilities.com, where you MUST cc the IEs as well. You need not put PrefResourcesRFO@semprautilities.com on those emails.

For example, if SDG&E’s Cost Development Team changes their schedule, that does not change the preferred resources schedule. If the Preferred Resources Evaluation Offer Team were to change our schedule for some reason, which we have not, we would attempt to directly contact any bidder who has expressed interest or signed up on PowerAdvocate® as well as post that information to the solicitation website (www.sdge.com/procurement/2016PrefResourcesLCRRFO).

Also, please separate your questions that need to be answered by the cost development team for the ESSEPC and ESSBOT product types and send those to the cost development team separately from the Preferred Resources Bid Evaluation Team.

Additionally, we have become aware that SDG&E’s Cost Development Team is using PowerAdvocate to receive offers. However, this is a separate procurement effort and you may not put in an Offer for the ESSPPTA, DR, EE, DG, or renewable product type under the ESSEPC or ESSBOT PowerAdvocate event. You must sign up by following the instructions that are in the RFO document for the specific product type you are interested in.

10. **Why can't I use the AllSourceRFO@semprautilities.com I emailed you at two years ago?**
The 2016 Preferred Resources LCR RFO is not an All-Source RFO and does not include certain product types. Please do not send emails to this address as we cannot guarantee a response in a timely manner. Please email PrefResourcesRFO@semprautilities.com for any questions. You MUST cc the IEs on all communications as well, regardless of the email you send to.
11. **Is the attendee list from the past bid conferences available publicly?**
We cannot post or distribute the attendee list for pre-bidders conferences.
12. **Can SDG&E provide an interactive map of eligible addresses in the San Diego local sub-area (similar to SCE's PRP program), or a GIS layer?**
SDGE does not supply customer addresses nor do have a similar tool nor is there a public GIS layer; SDGE has a single local sublap. There is a detailed map of the SDGE service territory posted here: http://www.sdge.com/sites/default/files/documents/1833663991/20151008_SDGE_OC_Boundary.pdf?nid=15981
In addition you can use this map:
<http://www.sdge.com/generation-interconnections/interconnection-information-and-map>
13. **Are developers able to cross-bid projects into different product types?**
In general, no. However, if you bid into the ESSBOT product type, that is essentially a different SDGE RFO and you may bid that into one of the other preferred resources product types for storage, most likely ESSPPTA.
14. **When and how will the results of SDG&E's 2014 all source RFO (that was released in September 2014 and for which offers were due in January 2015) be released?**
On March 30, 2016, SDG&E filed application (A.) 16-03-014 that includes the contracts that SDG&E signed as a result of the 2014 all source RFO. That application is available on SDG&E's website at: <http://www.sdge.com/proceedings>.
15. **What are IEs?**
Jonathan Jacobs and Barbara Sands of PA Consulting Group will be the Independent Evaluators ("IEs") for this solicitation. Both Jonathan and Barbara have been the IE for previous SDG&E's RFOs (e.g., RPS, RAM, all-source RFO and peaking capacity RFO)
- The role of the IE is to ensure that SDG&E's evaluation of bids is transparent and that all bidders are treated fairly and equitably
 - The IE is expected to assure that affiliate and utility owned bids are not favored
 - The IE oversees SDG&E's Cost Development Team and Evaluation Team. The IE will also ensure that bid compliance decisions are fair.
 - The IE oversees the modeling of the bids including how each bid is represented in the models.
 - The IE provides advice to SDG&E on evaluation issues as they arise
16. **Can I get a copy of the presentation from the bidder's conference? Can I listen to a recording of the presentation?**
a. Yes, the presentation is available on the RFO website
b. Yes, you can listen to the recording; the link is on the RFO website
17. **Will SDG&E utilize ranking order among the preferred resources? i.e. EE is preferred over DR, preferred over renewables, etc.?**
Loading order is a qualitative factor in the evaluation as stated in the RFO documents.

18. **“Incrementality” questions:**

a. Please give more details on “incremental”?

Resources must be demonstrably incremental to the assumptions used in the California ISO studies - See D.14-03-004, ordering paragraph 6 which cross-references D.13-02-015, ordering paragraph 4. Subparagraph b of this ordering paragraph states “the resource must be demonstrably incremental to the assumptions used in the California ISO studies, to ensure that a given resource is not double counted.” Please see the 5/21/2013 “REVISED SCOPING RULING AND MEMO OF THE ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE”, Attachment A – Track 4 Assumptions, available here:

ftp://ftp2.cpuc.ca.gov/PG&E20150130ResponseToA1312012Ruling/2013/10/SB_GT&S_0148784.pdf

b. Can you provide an example?

An EE program that targets a previously underserved market segment, or a DR program that utilizes a new technology, or a generation resource not included in the study may be considered ‘incremental’.

c. How do bidders’ demonstrate it? Will SDGE pre-approve incrementality for individual projects?

As part of the offer package (program or project description form), respondents will be asked to describe how they meet the ‘incremental’ requirement. SDG&E will not ‘prescreen’ offers prior to bid submission to determine if they meet the ‘incremental’ requirement.

d. Can you explain more how EE and/or DR can show incrementality? For example, if there is an existing or planned EE program focused a customer group, with specific measures in a specific geography; could an offer be considered incremental if it targets the exact same customer segment, same measures, same geography but with greater rebate and turnkey services?

In this example the offer would not be considered incremental because increasing rebates and turnkey services increase program costs and do not improve the savings provided by the measure itself.

e. Please explain how the repower option works to show incrementality? Timing (beginning of 2021 or end of 2021?)

In the energy storage RFO, interconnection requirements, SDG&E’s requirement is for a completed phase I study or providing evidence that the project is a repowering of a comparably sized existing facility in accordance with the CAISO BPM for Generator Management (see p. 15 of the energy storage RFO for more information). In terms of the incremental requirement, if the existing unit was assumed to be retired as of the end of 2021, the capacity can be considered ‘incremental’.

f. How do we know if a resource will be incremental in 2022 if we don’t have foresight in our current portfolio that far out for products like EE and DR?

In the EE and DR program description form, please explain how your program meets the ‘incremental’ requirement. Make your best case; SDG&E (in consultation with the IE and PRG) will review and determine if it is a reasonable explanation as to how the requirement is met.

- g. **If the bidder owns a another asset in the SDG&E service area with unused capacity under an existing interconnection agreement (500 kW+ of unused capacity due to operating limitations), could a new energy storage project be installed at this generation site and utilize the unused capacity of the existing interconnection to export power from the same POI and be considered incremental, per RFO requirements? Does that also relieve the bidder from the requirement to obtain a Phase II interconnection Study?**

If the capacity is incremental to that included in the CAISO studies underlying the track 4 authorization, it can be considered incremental. In the energy storage RFO, interconnection requirements, SDG&E's requirement is for a completed phase I study or providing evidence that the project is a repowering of a comparably sized existing facility in accordance with the CAISO BPM for Generator Management (see p. 15 of the energy storage RFO for more information).

19. **How does SDG&E account for contract start date and capacity if CPUC approval is delayed?**
If CPUC approval is not obtained and SDG&E has made reasonable attempts to acquire such approval, SDG&E has a walk away provision (a condition precedent in the contract) if a delayed start date cannot be negotiated.
20. **Will SDG&E be able to answer submitted questions ahead of the June 24, 2016 deadline?**
Yes, questions will be answered periodically and posted to the website after vetting by internal staff experts, legal, and the IEs. Answers to all questions received will be posted by June 24, 2016.
21. **Can multiple resources be submitted in one bid?**
Yes, although certain additional requirements may be needed. Please contact SDG&E prior to submitting your bid if you intend to do this so we can ensure the proper offer forms are filled out.
22. **This RFO is based on the track 4 decision to replace SONGS, which had an ~80% capacity factor. For example if SDGE selects a solar project that has a 25% capacity, how do you bridge the difference in energy and reliability?**
The necessary capacity was determined by the CAISO and CPUC and included in the Track 4 Decision (500-800 MW in total). The 2016 Preferred Resources LCR RFO is a follow up RFO to the 2014 All Source RFO. Through these RFO's, SDG&E is seeking the authorized capacity to keep the system reliable.
23. **Can you clarify, for projects east of the San Diego Local Sub-area; will there be a RFO for projects in that area?**
SDG&E has other RFOs; please check our website for details:
www.sdge.com/request-proposals
24. **Can you specify which CAISO tariff defines local RA?**
The requirements are defined as part of the CAISO's annual local capacity technical study 2017 is here <http://www.caiso.com/informed/Pages/StakeholderProcesses/LocalCapacityRequirementsProcess.aspx>
25. **How do respondents follow an "appropriate process so the resource can be eligible for RA"**
Information on the appropriate process is available on the ISO's business process manual for reliability requirements. Please consult with the CAISO and firms specializing in providing Scheduling Coordinator services to find out more about RA process. Resources must count for local RA or provide RA value in order to be conforming.

26. The RFO document states: "Respondent shall be responsible for all costs to facilitate local RA recognition" - please clarify.

Resources must count for local RA or provide RA value in order to be conforming. For resources that interconnect with the grid, full capacity deliverability status is required. A non-exhaustive list to establish RA includes an ISO interconnection study to achieve FCDS which may result in certain upgrade costs. All of these costs should be included in the offer

27. Any updates on or timeline for CPUC adoption of the updated TOU periods? How does that work if the TOUs are not adopted before the bids are due? Can you comment on the favorability of it being approved?

See DR question number 28.

28. We have an offer that has elements of both EE and DR, how should that type of offer be submitted in response to the two distinct RFO's for EE/DR?

Please submit the EE portion into the EE RFO using the EE Offers forms and the DR portion into the DR RFO using the DR Offer forms including unique pricing for each product type. Each bid must individually meet the conformance and program requirements of the EE and DR RFOs. In the Offer forms, bidders can state the exclusivity/inclusivity of each of their bids such as "SDG&E can only take both or none", "SDG&E can take one or the other or both", "SDG&E can take #1 in EE as long as we take one of the offers in the DR RFO", etc.

Regardless, the bidder must decide what they feel is in their best interest to propose to SDG&E and are responsible for the outcome of that choice. For example, if the bids are made inclusive (SDG&E must take both or none):

1. If one of the bids is found to be non-conforming, then both bids will be rejected by SDG&E;
2. The two NMVs will both be considered. So if one has an NMV that might be shortlisted but the other has an NMV such that it does not deserve to be shortlisted, then the project with the lower NMV might make the combined projects not attractive to SDG&E's ratepayers and neither may be shortlisted.
3. If there are synergies for accepting both offers, then the pricing for the individual projects should reflect the savings. The bidder may decide to submit additional offers that can be chosen separately, which may or may not reflect a different pricing structure. The bidder needs to clearly state which offers are mutually inclusive and which may be chosen individually.

29. Can we submit an offer to add additional capacity to, and/or extend the duration of, a contract we already have with SDG&E or are in the process of getting signed and approved?

Offers in the 2016 Preferred Resources RFO will be evaluated on a stand-alone basis. All offers should bid to the proforma template on the webpage for the product you are interested in. SDG&E will not necessarily agree to old contract provisions or those made under different circumstances. All Offers must show they are incremental resources as described in this RFO and must contain deliveries in the year 2022.

30. With the requirement for energy storage to use the newly proposed TOUs, has there been any additional proceedings or notice regarding potential tariff restructuring? i.e. redistribution of demand charges, etc?

Please see Energy storage Question #22

31. Does the minimum resource capacity of 500kW apply to every month??

Yes. For an offer to qualify as local RA, it is required to offer a minimum size in all 12 months, although the size may vary from month to month

32. Outside of every month of the year 2022, are there any restrictions on months that must be bid in?

SDG&E prefers start dates as early as, but no earlier than, Jan 1, 2018 and the project must offer into every month of the year 2022, otherwise there are no other timing conformance requirements.