

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

SDG&E's 2021 DISTRIBUTED INVESTMENT DEFERRAL FRAMEWORK ("DIDF") RFO

Seeking peak thermal distribution deferral
capacity service

from the following resource types:

ENERGY EFFICIENCY, DEMAND
RESPONSE, RENEWABLES, ENERGY
STORAGE, AND OTHER DISTRIBUTED
ENERGY RESOURCES ("DERS")

On Circuit 1202

which connects to San Ysidro Substation near San
Ysidro, California

ISSUED
DECEMBER 6, 2021

OFFERS DUE
JANUARY 14, 2022

RFO WEBSITE
<http://www.sdge.com/2021DIDFRFO>

EMAIL QUESTIONS/COMMENTS TO BOTH
iderincentivepilotrfo@sdge.com
CC' Barbara.Sands@PAConsulting.com

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1.0 BACKGROUND AND SCOPE OF THE RFO

In accordance with Decision (“D.”)16-12-036 – Decision Addressing Competitive Solicitation Framework and Utility Regulatory Incentive Pilot (the “Integrated Distributed Energy Resources Incentive Pilot Decision”) issued on December 22, 2016 and Resolution (“R.”) E-4889 adopted on December 14, 2017, San Diego Gas & Electric Company (“SDG&E”) is issuing its 2021 Distributed Investment Deferral Framework (“DIDF”) Request for Offers (“RFO”) to solicit offers from owners and operators of Energy Efficiency (“EE”) programs, Demand Response (“DR”) programs, renewable generation resources, Energy Storage (“ES”) resources and/or other Distributed Energy Resources (“DERs”) to be operated, installed, implemented and/or located near San Ysidro, California and connected, In-Front-of-the-Meter (“IFM”) and/or Behind-The-Meter (“BTM”) to circuit number 1202.¹ These resources are being sought by SDG&E in order to defer the distribution project that otherwise would have been completed in order to maintain system safety and reliability (that is, traditional distribution upgrades or build out). Parties responding to this RFO are referred to as “Respondents”.

SDG&E is issuing this 2021 DIDF RFO in order to contract with third party resources to provide peak thermal distribution deferral service as defined later in this document² in order to enable traditional distribution project replacement or deferral.

SDG&E is seeking distribution capacity as shown in Appendix B for circuit 1202, which connects to San Ysidro Substation, near San Ysidro, California. The contract delivery term SDG&E is seeking will be for selected hours during the years 2025 through 2030 as specified in Appendix B. In order to be conforming, offers must be capable of (1) providing the offered capacity during the hours of the Delivery Term having the maximum peak thermal distribution deferral service need (hours-ending 1300-2300 in the months of June-October of year 2027), and (2) providing the lesser of (i) the offered capacity, or (ii) the peak thermal distribution deferral service need, in all other hours of the Delivery Term. The Delivery Term constitutes all hours with a non-zero peak thermal distribution deferral service need as described in Appendix B.

The Independent Evaluator (“IE”) for this solicitation is PA Consulting, Barbara Sands, Barbara.Sands@PAConsulting.com.

2.0 PROCUREMENT PROCESS

This solicitation sets forth the terms and conditions of SDG&E’s 2021 DIDF RFO. By responding to this RFO, the Respondent 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 any time.

¹ Specifically, on or near (that is, able to affect loading) on SDG&E distribution circuit 1202.

² See section 3.0 (Eligibility Requirements) and the tables in Appendix B for further information.

After shortlisted Respondents have accepted their shortlisted position with SDG&E, further contract negotiations will commence. Being shortlisted does not guarantee that a contract will be negotiated or executed with the Respondent.

SDG&E reserves the right to execute agreements with individual Respondents at any time after short listing. SDG&E will submit executed agreements to the CPUC for informational purposes pursuant to Ruling in Rulemaking 14-08-013 Reform # 41 issued by the CPUC on June 21, 2021.

The valuation approach for this RFO is described in detail in section 4.0. SDG&E prefers to procure the peak thermal distribution deferral capacity service from a single offeror; however, SDG&E will consider selecting more than one offer if doing so will reduce ratepayer costs.

A. Agreements

SDG&E has posted a technology-neutral pro forma agreement (“TNPF”) for this RFO. As part of any bid submittal, Respondents must provide redlined changes or comments to the TNPF which reflect the offeror’s offer and other requested contract changes.

Given the eligibility requirements described in section 3.0, it is possible that a hybrid resource that includes more than a single technology may be best suited to fulfill these requirements. SDG&E and Respondent shall seek to negotiate changes to the TNPF that may be necessary to accommodate various combinations of hybrid technologies, but the following will be specifically addressed as a result of this solicitation:

- Early termination off-ramps for failure to meet development milestones, allowing other solutions to be pursued (contingency plans). SDG&E will include contract milestones and timing so that it becomes clear as early in the development / customer recruitment process as possible if a fatal flaw is present. This is intended to allow SDG&E to pursue other solutions in time to maintain safety and reliability.
- Credit and Insurance requirements. Given that the purpose of these projects is to maintain safety and reliability, SDG&E will require that appropriate enhanced credit support and insurance be maintained.
- Performance and damage considerations. Given that the purpose of these projects is to maintain circuit reliability, SDG&E will include appropriate performance requirements and damages provisions, which may include liquidated damages, indemnification and/or other remedies.

B. Reliability

All proposed projects must provide peak thermal distribution deferral service as specified in the TNPF contract.

3.0 ELIGIBILITY AND OTHER REQUIREMENTS

Respondents must comply with the requirements described herein. SDG&E, may, in its sole discretion, change the terms, requirements and schedule of the solicitation at any time, without notice. Respondents should monitor the RFO Website for announcements regarding changes to this RFO.

BID CONFORMANCE EVALUATION

SDG&E may reject an offer if:

1. There is evidence of market manipulation by the Respondent in the offer preparation or offer process;
2. The Respondent does not provide adequate evidence that it meets minimum participation or eligibility criteria;
3. There is doubt the offered project can meet minimum resource criteria or can meet the required on-line or start dates;
4. There is doubt the Respondent or project can satisfy the terms and conditions of the contract; or,
5. The Respondent does not comply with RFO timing or other RFO requirements.

A. Overall Eligibility Criteria

1. Location

To be eligible for this RFO, resources included in the offer must interconnect to and/or serve customers (that is, provide peak thermal distribution deferral service) on circuit 1202 near San Ysidro, CA. For DR or EE program resources, and for other BTM DERs, customers to be enrolled by the Respondent must take service from the circuit for which the Respondent is providing the offer. SDG&E will provide customer composition information, subject to requirements for preserving customer privacy and confidentiality, to help bidders understand the distributed energy resources potential of this location. Information can be found at <https://www.sdge.com/more-information/customer-generation/enhanced-integration-capacity-analysis-ica>.

For BTM DERs, Respondent must verify the serving circuit as part of Respondent's enrollment process (note that SDG&E bills contain the circuit information). Relevant information with regard to project location:

- See Appendix A for a general map of the locations of circuit 1202 need area.
- The total customer composition³ of circuit 1202 need area is approximately: 614 customers
 - o Residential: 340 customers
 - o Commercial: 264 customers
 - o Industrial: 10 customers

³ The customer composition provided above is done in accordance with the privacy rules. The level of detail on customer composition may vary in SDG&E Requests for Offers, depending on the actual customer composition in question.

SDG&E provides specific customer information to companies under contract with SDG&E as required and in accordance with privacy rules. Companies must request such information through SDG&E's privacy office, must meet SDG&E's business requirements for needing and receiving the data (including system requirements for storing and protecting the data) must have a signed non-disclosure agreement in place with SDG&E for the work the data pertains to (or adequate nondisclosure language in their contract with SDG&E), and must destroy or return the data after a specified period. More information regarding this process can be found at <https://energydata.sdge.com/showAboutProcess>.

Additionally, Demand Response Providers who are registered with SDG&E under SDG&E's Electric Rule 32 may have their customers submit Customer Information Service Request ("CISR") – DRP forms to SDG&E to receive additional data.

2. Required Electrical Characteristics / Megawatt Quantities

In order to be a conforming offer, the resource(s) included in the Respondent's offer must have the ability of (1) providing the offered capacity during the hours of the Delivery Term having the maximum peak thermal distribution deferral service need (hours-ending 1300-2300 in the months of June-October of year 2027), and (2) providing the lesser of (i) the offered capacity, or (ii) the peak thermal distribution deferral service need, in all other hours of the Delivery Term.

While SDG&E prefers that each offer be for the maximum amount of peak thermal distribution deferral service during the delivery term (in which case SDG&E will select the offer having the lowest \$/kW price), SDG&E will consider offers for less than the maximum amount of peak thermal distribution deferral service if doing so will reduce ratepayer costs (in which case SDG&E will select more than one offer).

Appendix B specifies the amount of peak thermal distribution deferral service that SDG&E requires for each hour of the Delivery Term in order to defer the planned distribution project for six years.

Please note that the capacity amounts included in the Appendix B tables are for the June 1 – October 31 period for the hours shown for each year. The contracted Respondent must perform up to its contracted quantity in response to an hourly day-ahead dispatch instruction from SDG&E.

More detailed information on requirements for this circuit is available in Appendix B and via an interactive map application available through SDG&E's website.

3. Required Start Date / Delivery Term Requirements

The required delivery term is specified in Appendix B as hours with non-zero distribution deferral service needs. Deliveries will begin on June 1, 2025, but to be conforming, resources must be on-line prior to this date for testing purposes in accordance with the requirements of the TNPF contract.

4. Incrementality

Resources must be incremental to those resources already expected to support reliability on circuit 1202. The approach to determine incrementality described here is consistent with the principles adopted in D.16-12-036, Resolution 4889-E. DERs included in the Offer must satisfy the incrementality provisions specified in Ordering Paragraph 10 of D.21-02-006. Respondents must

demonstrate within their offer form that their enrolled DERs satisfy the Commission's incrementality rules.

5. Safety

SDG&E requires that third party owned, and operated facilities or programs 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 asks Respondents to confirm that this requirement will be satisfied by their project or program. The offer will be considered non-conforming if the Respondent insufficiently confirms compliance with this requirement.

6. Project Stewardship

Respondent will control and operate 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).⁴

7. Interconnection

For projects that require interconnection, SDG&E will accept either a Wholesale Distribution Access Tariff ("WDAT") or a Rule 21 interconnection. Information on SDG&E's interconnection process can be found at: <https://www.sdge.com/generation-interconnections/small-generation-interconnections>.

8. Contingency Plan

Should one or more DER projects fail to install their projects according to the terms of the TNPF contract, SDG&E will evaluate potential solutions based on the timing of when the situation may occur. If time permits, SDG&E may consider entering into bilateral contract(s) with other offers received during the solicitation. If, however, there are no timely and cost-effective replacement DER contracts available, SDG&E will install infrastructure to meet the distribution need and follow existing Commission approval and cost recovery processes in the event it becomes necessary to implement a traditional investment. SDG&E shall consult with the Independent Evaluator, Procurement Review Group and the Commission's Energy Division staff whenever a contingency occurs during the solicitation phase.

B. Product Type / Resource Specific Eligibility Criteria

1. Product Type, General

SDG&E is seeking peak thermal distribution deferral service from DERs enrolled by the Respondent. Respondents are responsible for detailing product type in the offer form. All proposed projects must be capable of (1) providing the offered capacity during the hours of the Delivery Term having the maximum peak thermal distribution deferral service need (hours-ending 1300-2300 in the months of June-October of year 2027), and (2) providing the lesser of (i) the offered capacity, or (ii) the peak thermal distribution deferral service need, in all other hours of the Delivery Term.

⁴ A direct contractual relationship with the operator of the facility is sufficient to meet this criterion.

SDG&E is only procuring peak thermal distribution deferral service via this RFO; SDG&E will not be procuring Resource Adequacy (“RA”) products, ancillary services, energy, Renewable Energy Credits (“RECs”), emission offset credits or other services.

SDG&E considers behind-the-meter (“BTM”) solutions to be those installed at an existing customer premise whose energy flows through an existing customer meter at retail rates. SDG&E does not categorically exclude or prohibit BTM solutions that export energy to the grid from participating in the solicitation process. If applicable, and to the degree that BTM solutions that export energy to the grid are cost effective relative to the other bids, SDG&E will explain jurisdictional or other regulatory barriers that would prevent SDG&E from considering the offer.

2. Energy Efficiency

There are no additional EE specific eligibility criteria for this solicitation. Please see the ‘Overall’ eligibility criteria listed above, the ‘Participation Criteria’ listed below, as well as Appendix D (the California Energy Efficiency Program) for additional information.

3. Demand Response

In addition to the ‘Overall’ eligibility criteria listed above, and the ‘Participation Criteria’ listed below, DR resources must satisfy the following eligibility criteria:

SDG&E considers BTM energy storage to be Demand Response, and therefore it must be offered as DR or it will not be considered. While site control, permits, and ownership are not required for BTM products at the time of bidding, they may be used as a conformance criterion.

4. Energy Storage and Hybrid Systems

In addition to the ‘Overall’ eligibility criteria listed above, and the ‘Participation Criteria’ listed below, energy storage resources must satisfy the following eligibility criteria:

- a. Technology. Energy storage facilities must meet the energy storage definition included in PU Code 2835.
- b. Permits. Respondents must include evidence that they have received or have applied for the necessary permits to allow the lawful operation of the Energy Storage facility and that the Energy Storage facility can operate under those permits for the entirety of the proposed contract term.
- c. Site Control. Respondents must have, at time of bidding, site control for the duration of the contract term proposed in their offer. Site control may be evidenced by documentation of:
 - i. direct ownership;
 - ii. a lease; or
 - iii. an option to lease or purchase upon contract approval. The option must be an exclusive option to the respondent that is exercisable at least through December 31, 2030.

- d. Ownership. Respondents must own or have positive control of the energy storage facilities and have responsibility for development, land acquisition, permitting, financing, construction and operation of the facilities.
- e. Multiple Use Application. Ordering Paragraphs 2 and 3 of Decision 18-01-003⁵ require all IOUs to reflect the Multiple Use Application rules adopted by the Commission in all of their storage procurement and Integrated Resource Planning documents.

5. Other Distributed Energy Resources

In addition to the ‘Overall’ eligibility criteria listed above, and the ‘Participation Criteria’ listed below, other DERs must satisfy the following eligibility criteria:

- a. Metering. For customer sited, aggregated resources, the resources must be separately metered.
- b. Permits. Respondents must include evidence that they have received or have applied for the necessary permits to allow the lawful operation of the Distributed Generation (“DG”) facility and that the DG facility can operate under those permits for the entirety of the proposed contract term.
- c. Site Control. Respondents must have, at time of bidding, site control for the duration of the contract term proposed in their offer. Site control may be evidenced by documentation of:
 - i. direct ownership;
 - ii. a lease; or
 - iii. an option to lease or purchase upon contract approval. The option must be an exclusive option to the respondent that is exercisable at least through December 31, 2030.

Site Control is not applicable for aggregated, customer sited resources.

- d. Ownership. Respondents must own or have positive control of the DG facilities and have responsibility for development, land acquisition, permitting, financing, construction and operation of the DG facilities.

C. Participation Criteria

1. ASC 810 (FIN46) Requirements

Generally Accepted Accounting Principles and SEC rules require SDG&E to evaluate whether SDG&E must consolidate a Respondent’s financial information within SDG&E’s financial statements. 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

⁵ Decision 18-01-003, Decision on Multiple-Use Application Issues, issued on 01/17/2018, <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M206/K462/206462341.PDF>

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 so that SDG&E can meet its SEC filing requirements. The rights and obligations under the agreement shall survive the termination of the 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 SDG&E to SDG&E's financial statements or its parent company's financial statements and SDG&E reasonably determines the Respondent's internal controls over financial reporting are considered to be significantly deficient or a have a material weakness, then the Respondent must remediate within 30 calendar days;
- h) The Respondent must provide SDG&E any SEC Form 8K disclosures, or equivalent disclosures, two calendar days after the occurrence of the SEC Form 8K or similar event; and
- i) The Respondent must notify SDG&E at any time during the term of the agreement of any consulting (non-independent) services proposed to be provided to the Respondent. by SDG&E'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 Term Sheet.

If the Respondent is unable or unwilling to provide the above, the offer may be considered non-conforming.

2. Affiliate Relationship with Sempra Energy

The Respondent must describe any affiliate relationship with SDG&E or Sempra Energy, if one exists.

D. Additional Requirements for Selected Offers:

1. For resource types that require an interconnection to the SDG&E or CAISO grid, Respondents shall be financially responsible for the interconnection costs up to the point of interconnection with the 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 reflected in the offer price.

2. Respondents must obtain final interconnection studies, permitting, and site control during the development process (i.e., a final interconnection facilities study report or equivalent).
3. Depending on the resource and characteristics, Respondents may be required to provide personnel required to operate the facility and/or manage and run the program, to ensure safety and reliability to customers and the surrounding community.

4.0 EVALUATION CRITERIA

All incoming offers will be assessed for conformance based on the requirements outlined in Section 3.0. Respondents' offers must conform with minimum participation criteria and eligibility requirements to be considered.

SDG&E will utilize all the information provided in the required forms and narratives to evaluate offers. Respondents are responsible for the accuracy of all descriptions, figures and calculations. Errors in the offers may impact SDG&E's evaluation of the offer.

In accordance with the IDER Incentive Pilot Decision and the DRP Guidance Ruling⁶, SDG&E is soliciting a broad range of resources including energy efficiency, demand response, renewables, energy storage and other DERs. SDG&E's selection approach is intended to evaluate offers on an equal footing. All offers will initially be checked for conformance with the eligibility and participation requirements outlined in this RFO.

Respondents will submit offers in the form of a quantity ("kW") that the offeror is willing to provide at the offeror's indicated price (\$/kW). The offer cost cap, which is the six-year deferral value of the planned distribution upgrade, will be specified in \$/kW. Only offers which are at or below the offer cost cap will be considered.

Offer Cost Cap: The offer cost cap is $\$251/\text{kW} = \$397,120/1,580 \text{ kW}$

Contracted Respondents will be paid for their offered quantity and offered price, on a present value basis; i.e., the present value sum of all payments across the Delivery Term will equal the contracted Respondent's offered quantity times its offered price. Payments will be made in the month following each month of the Delivery Term, with the payments in later years being larger than the early years in order to encourage performance throughout the full Delivery Term; i.e., the payment stream will be "back-loaded".

To calculate the *actual* stream of annual payments, a *notional* annual payment stream is initially determined. The notional payment stream will use a specified percentage per year growth in payments. The notional payment for the first year of the Delivery Term will be determined such that the present value of the annual notional stream of payments (reflecting the notional payment for the first year escalated at the specified percentage for all subsequent years of the Delivery Term) equals the offeror's quantity (kW) times the offeror's price (\$/kW). The notional payment for the last year is used as the basis for the back-loading which determines the *actual* payment for the last year.

The actual annual payment stream will be back-loaded by a specified number of months. This specified number of months is added to 12 and then divided by 12 to compute a multiplier.⁷

⁶ See: <http://www.cpuc.ca.gov/General.aspx?id=5071> scroll down to 'Rulemaking' and click on the link titled "Final Guidance Assigned Commissioner Ruling on Distribution Resource plans". This ruling was issued on February 6, 2015 and provides the definition of DERs in this context (see page 14 of the Attachment to the ruling).

⁷ For example, if the back-loading was six months, then the multiplier would be $1.5 (6 + 12)/12$. If the back-loading was 18 months, then the multiplier would be 2.5. If the back-loading was zero months (i.e., no back-loading) then the multiplier would be 1.

The multiplier is multiplied times the notional payment for the last year, which results in the actual payment for the last year of the Delivery Term. The actual payment for the first year of the annual payment stream is determined such that (i) the escalation of this first year payment at a constant compound annual growth rate equals the final payment in the last year, and (ii) the present value of the resulting annual payment stream equals the offeror's quantity (kW) times the offeror's price (\$/kW). The compound annual growth rate determines the actual annual payments for the intervening years.

For purposes of determining the notional annual payment stream, SDG&E will use a 2.5% per year growth in payments and a discount rate of 7.53%. To determine the actual annual payment stream SDG&E will use a 12 month back-loading (which results in a multiplier of two) and a discount rate of 7.53%. An example of the calculation is provided in the tab "4. Payment Back-Loading Example" in the Offer form.

In the event, selection of an offeror's full offered quantity would result in the offer cost cap (\$397,120) being exceeded, SDG&E will request that the highest price offeror (in \$/kW) reduce its quantity offered by an amount necessary to prevent the cost cap from being exceeded. If the offeror declines, then the RFO is terminated.

A Respondent may submit as many offers as it chooses. SDG&E may select any, or all, of the offers submitted by a Respondent, and the Respondent must perform on all selected offers. If the cumulative quantity of offers submitted is at least 100% of the distribution deferral service need, SDG&E will tender the Technology Neutral Pro Forma contract to the selected offerors for signature. SDG&E will provide two weeks for entities to return the signed TNPF contract and provide the information required by the contract. If the amount of peak thermal distribution deferral service offered by Respondents is less than required to defer the planned distribution upgrade for six years, SDG&E will terminate this RFO.

QUALITATIVE EVALUATION

Qualitative factors and benefits may be used to determine which projects are the "Best Fit" for SDG&E's portfolio. SDG&E may use these factors to determine advancement onto the short list. Qualitative factors may include, but are not limited to:

A. PROJECT VIABILITY

SDG&E is seeking experienced companies and development teams to develop and operate facilities and programs utilizing commercially available, known and proven technology. Project or program viability will be evaluated on development progress achieved, team member experience, reasonableness of delivery (start) date, interconnection progress (as applicable), permitting progress (as applicable), and other relevant factors. Additionally, the project's viability will be considered in terms of its ability to reliably provide distribution capacity at or above the required amounts and thereby its ability to help ensure safety and reliability.

B. ADHERENCE TO TERM SHEET TERMS AND CONDITIONS

Respondents may modify the Term Sheet as part of their submittal package to the extent that modifications add value to the offer. SDG&E will review modifications to any terms and conditions proposed in the offer and consider the materiality of these changes.

C. SUPPLIER DIVERSITY

SDG&E strongly encourages Diverse Business Enterprises (“DBEs”), including women-owned, minority-owned, service-disabled veteran owned and LGBT-owned business enterprises as defined in G.O. 156⁸, 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>.

D. OTHER QUALITATIVE FACTORS THAT MAY BE CONSIDERED

Other qualitative factors may also be considered during the selection process. These factors include, but are not limited to counterparty concentration, site diversity, technology/end-use diversity and market transformation and whether or not the resource can help SDG&E achieve multiple mandates.

⁸ See <http://www.supplierclearinghouse.com/eligibility/default.asp> for the definition of a DBE.

5.0 RFO SCHEDULE

A. NON-BINDING SCHEDULE

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. Respondents are responsible for accessing the RFO Website and for updated schedules and amendments to the RFO or the solicitation process.

	Event	Date
1	Launch 2021 DIDF Solicitation	December 6, 2021
2	Deadline to submit any questions	December 13, 2021
3	Answers to all questions will be posted	December 17, 2021
4	RFO closes	January 14, 2022
5	SDG&E selects offers	January 28, 2022
6	Contracts tendered	February 11, 2022
7	Contracted entities to return the signed TNPf contract and provide the information required by the contract	February 25, 2022

6.0 RFO WEBSITE AND COMMUNICATIONS

A. RFO WEBSITE AND POWERADVOCATE®

The RFO Website contains all the solicitation materials for download and review (<http://www.sdge.com/2021DIDFRFO>). Respondents are responsible for monitoring the RFO Website for subsequent updates, notices and postings.

SDG&E will be utilizing a platform designed and maintained by PowerAdvocate® for managing offers received in response to this RFO. To access the RFO event, Respondent must register as a “supplier” to create a username and password for PowerAdvocate®. A link and instructions on how to register are provided below.

Respondents who intend to submit an offer but do not yet have an existing account with PowerAdvocate® must first register to create a username/password to receive access to the event (Event Number 129107). 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.

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 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. Users with may request access to the event using the link below:

<https://www.poweradvocate.com/pR.do?okey=129107&pubEvent=true>

All questions and communications regarding this RFO must be submitted via email to iderincentivepilotrfo@sdge.com and **must** CC the IE, Barbara.Sands@PAConsulting.com. Questions received after the question deadline may not receive a response.

7.0 RFO RESPONSE INSTRUCTIONS

Respondents are required to submit the forms listed below via PowerAdvocate® by the date and time listed in Section 5. Forms are available on the RFO Website. Failure to provide the listed information may result in the proposal being deemed non-conforming and may disqualify the proposal from further consideration.

Offers must be for peak thermal distribution deferral service as described in Section 3.0 (Eligibility and Other Requirements). The DERs enrolled by Respondent to provide peak thermal distribution deferral service must be connected IFM or BTM to circuit 1202. The Delivery Term for these offers is specified in Appendix B.

Offers may include multiple resource types, however the DERs included in each offer will be considered in the aggregate. Respondents must fill out separate offer forms for each offer.

Required Forms:

- 1) **Offer Form** – Respondents may provide offers as described herein. If a Respondent is providing an offer for multiple product types (e.g., renewables and energy storage), the offer form should be completed with sufficient comments provided in the narrative spaces provided to allow SDG&E to understand the nature of the offer.
- 2) **Redline of Technology-Neutral Pro Forma (optional)** – Respondents may redline the Agreement; however, acceptance of any changes to the TNPF contract are at SDG&E's discretion.
- 3) **Electric Interconnection Information⁹ (as applicable)** – For selected offers that require an electrical interconnection, Respondents may provide an electronic copy of the proposed project's completed CAISO/WDAT or Rule 21 Interconnection Study no later than the contingency date (June 1, 2024) for constructing the planned distribution project.
- 4) **Measurement & Verification (M&V) plan (as applicable)** – Offers that include DR, EE, and other BTM DERs must provide a proposed M & V plan including a description of the calculation methodology. Acceptance of the M&V plan is at SDG&E's discretion.
- 5) **Workpaper(s) Associated with the Energy Savings per EE unit (as applicable)** – for EE valuation, Respondents must provide workpaper(s) showing the energy savings associated with each proposed measure including MWh reduction per EE unit and the unit's load profile. The workpapers must include details of the energy savings calculations. There is not a 'standard' workpaper, and Respondents may provide any excel file(s) necessary to allow SDG&E to understand the calculations included in the offer and may reference the Database for Energy Efficient Resources ("DEER") database of EE resources.

⁹ Note that interconnection documents should be in the name of the entity that will sign the TNPF contract. If not, Respondent must assign such documents to the entity that will sign the TNPF contract by the time that Respondent accepts its position on the shortlist.

The Offer Form must be in Excel format (not in PDF) and must not be modified, except where directed. Redlines to the TNPF must be in Word format (not in PDF). Submissions containing bid documents in file formats other than the formats of the original offer forms may be rejected. This RFO is an electronic only solicitation.

Any party interested in submitting an offer must register on PowerAdvocate® in order to submit an offer. To register, Respondents must follow the instructions outlined in Section 6. All offers must be uploaded to the PowerAdvocate® per the schedule in Section 5. All offer materials submitted in accordance with these instructions will be subject to the confidentiality provisions of Section 9.

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.

8.0 REJECTION OF OFFERS

SDG&E SHALL TREAT ALL RESPONDENTS FAIRLY AND EQUALLY AND SHALL EVALUATE ALL OFFERS IN GOOD FAITH. SDG&E 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 SELECTING AN OFFER DOES NOT CONSTITUTE SDG&E ACCEPTANCE OF ALL REDLINED CHANGES TO THE TERM SHEET. 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.

9.0 CONFIDENTIALITY

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 PROCUREMENT REVIEW GROUP ("PRG"), AND THE COST ALLOCATION METHODOLOGY ("CAM") PRG 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-C 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 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, CAM, 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.

10.0 ROLE OF THE PRG AND THE INDEPENDENT EVALUATOR

A. PROCUREMENT REVIEW GROUP (“PRG”)

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, environmental advocacy groups 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 9.0 (Confidentiality). Each Respondent must clearly identify, as part of its offer, what information it considers to be confidential.

B. 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, Barbara Sands, Barbara.Sands@PAConsulting.com.

11.0 SDG&E BACKGROUND

SDG&E provides electricity to 3.4 million customers through 1.4 million electric meters in San Diego County and an adjacent portion of southern Orange County and through 855,000 natural gas meters in San Diego County. SDG&E's electric customer base is comprised of approximately 89% residential and 11% commercial and industrial customers.

SDG&E's electric transmission network is comprised of 130 substations with 884 miles of 69-kV, 265 miles of 138-kV, 349 miles of 230-kV, and 215 miles of 500-kV transmission lines. Local ("on system") generating resources include, among other resources, the Encina plant (connected into SDG&E's grid at 138 kV and 230 kV), the Palomar Energy Center (connected at 230kV), the Otay Mesa Energy Center (connected at 230 kV) and a number of combustion turbine facilities located around the service area (connected at 69 kV). Imported resources are received via the Miguel Substation as the delivery point for power flow on the Southwest Power Link, which is SDG&E's 500-kV transmission line that runs from Arizona to San Diego along the U.S./Mexico border. The Sunrise Power Link is SDG&E's second 500kV transmission line that runs from the Imperial Valley substation and ends in San Diego's north county. Additionally, imported resources are received at the San Onofre Nuclear Generating Station 230-kV switchyard.

The figure below shows a simplified diagram of existing SDG&E's service area, which encompasses an area of 4,100 square-miles and spans 2 counties and 25 communities.



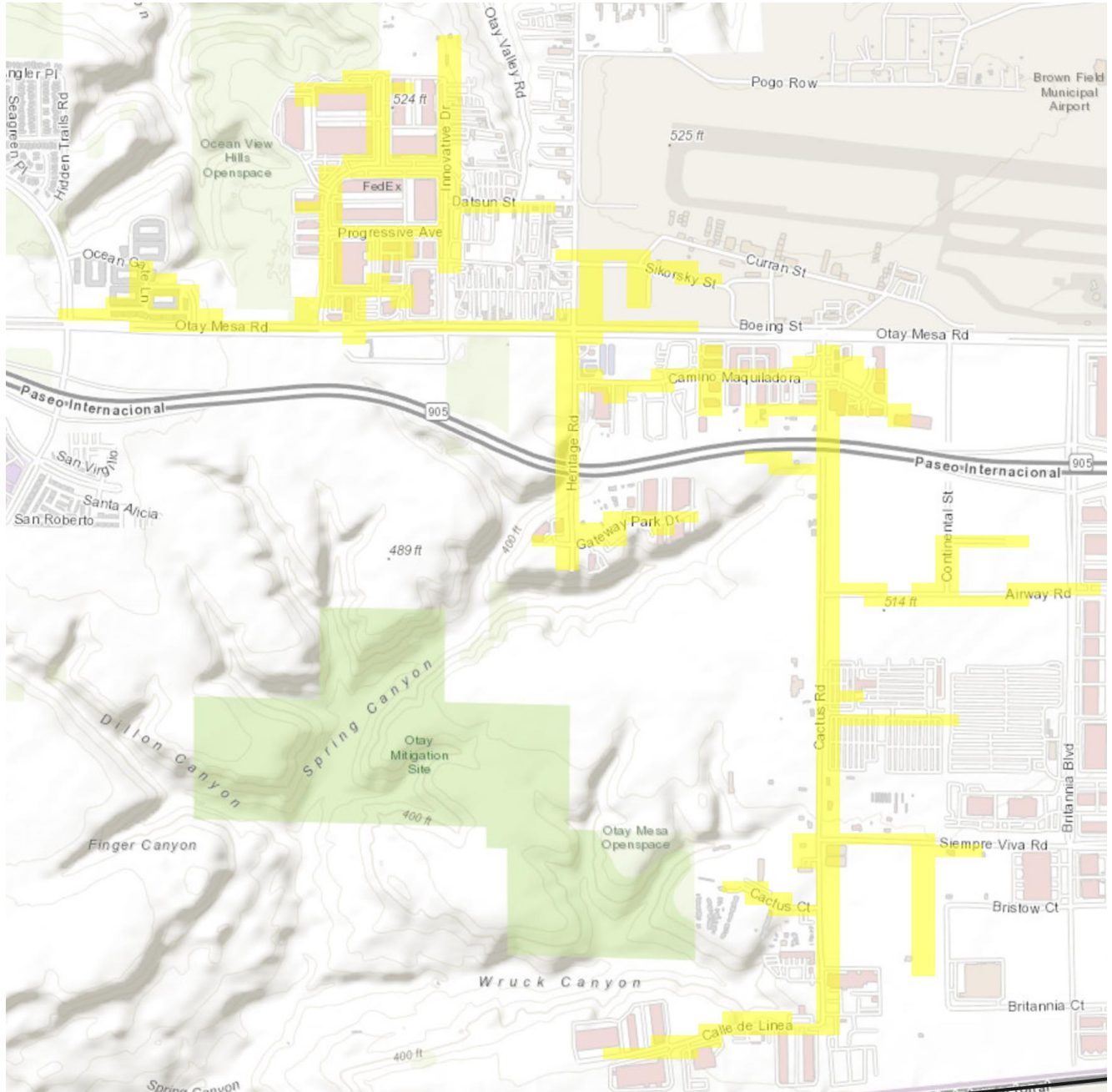
For a map California IOU service territories please visit:
http://www.energy.ca.gov/maps/serviceareas/electric_service_areas.html.

12.0 CREDIT TERMS AND CONDITIONS

Upon execution of an agreement by Respondent and SDG&E, Respondent shall deliver to SDG&E performance assurance in the form of cash or letter of credit in the amount of \$200,000 to secure its obligations under the agreement.

Appendix A

High Level Map of Circuit 1202



<https://www.sdge.com/more-information/customer-generation/enhanced-integration-capacity-analysis-ica>

Appendix B Peak Thermal Distribution Deferral Service Requirements

Planned Upgrade to Circuit 1202:

The planned upgrade of circuit 1202 is load transfer with new equipment. and is estimated to have a capital cost (including all overheads) of \$628,000 in nominal dollars. Including forecast O&M costs, inflation at 2.5 % per year on average, and a discount rate of 7.55% per year, the six-year deferral value (the cost cap) of the planned upgrade is \$397,120 in nominal dollars.

Peak Thermal Distribution Deferral Service Requirements

- These requirements apply for each hour and each year from June 1 – October 31
- Quantities shown within the tables are in MW
- Hours shown are ‘hour beginning’

Year/ Hour- Ending	2025 6/1 – 10/31	2026 6/1 - 10/31	2027 6/1 – 10/31	2028 6/1 – 10/31	2029 6/1 - 10/31	2030 6/1- 10/31
1:00	0	0	0	0	0	0
2:00	0	0	0	0	0	0
3:00	0	0	0	0	0	0
4:00	0	0	0	0	0	0
5:00	0	0	0	0	0	0
6:00	0	0	0	0	0	0
7:00	0	0	0	0	0	0
8:00	0	0	0	0	0	0
9:00	0	0	0	0	0	0
10:00	0	0	0	0	0	0
11:00	0	0	0	0	0	0
12:00	0	0	0	0	0	0
13:00	0	1.46	1.58	1.51	1.45	0
14:00	0.86	1.46	1.58	1.51	1.45	1.39
15:00	0.86	1.46	1.58	1.51	1.45	1.39
16:00	0.86	1.46	1.58	1.51	1.45	1.39
17:00	0.86	1.46	1.58	1.51	1.45	1.39
18:00	0.86	1.46	1.58	1.51	1.45	1.39
19:00	0.86	1.46	1.58	1.51	1.45	1.39
20:00	0.86	1.46	1.58	1.51	1.45	1.39
21:00	0.86	1.46	1.58	1.51	1.45	1.39
22:00	0.86	1.46	1.58	1.51	1.45	1.39
23:00	0	1.46	1.58	1.51	1.45	1.39
24:00	0	0	0	0	0	0

Appendix C

California Energy Efficiency Program

The California Public Utilities Commission and state energy policy, as expressed in the Energy Action Plan (“EAP”) and reaffirmed in Decision 04-12-048, is to make energy efficiency and demand response the IOUs’ highest priority procurement resource. The 2005 EAP II continues strong support for the loading order and identifies energy efficiency and demand response as the State’s preferred means of meeting growing energy needs. After cost-effective energy efficiency and demand response, we rely on renewable sources of power and distributed generation, such as combined heat and power applications. This is also consistent with California Public Utility code, § 454.5(b)(9)(C) 2 which requires IOUs to first meet their “unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible.” To promote the resource procurement policies articulated in the Energy Action Plan and by the Commission, energy efficiency activities funded by ratepayers should offer programs that serve as alternatives to costlier supply-side resource options.

D.07-10-032 established a broader framework for statewide coordination on energy efficiency program design, to overcome market barriers to more widespread adoption of energy efficiency and to capture longer-term savings. The decision directed the IOUs to work with Commission staff and market participants to prepare the California Long-Term Energy Efficiency Strategic Plan (Strategic Plan). Adopted in D.08-09-040, the Strategic Plan set forth a roadmap for energy efficiency in California through 2020 and beyond, by articulating a long-term vision and goals for each economic sector and identifying specific near-term, mid-term and long-term strategies to achieve the goals. D.08-09-040 and the subsequent October 30, 2008, Ruling in A.08-07-021 directed the IOUs to align their EE programs with Strategic Plan goals by clearly identifying utility actions for near-term strategies and action steps, where a utility role is important, and to provide programs that reflect the Strategic Plan short-term steps and milestones¹⁰.

In Rulemaking (“R.”) 13-11-005, the PUC contemplated moving away from a triennial review towards a “rolling” review of EE program portfolios. Consistent with that vision, D.14-10-046 provided ongoing funding for EE programs from 2015 onward. D.15-10-028 then directed the utilities to adopt a Business Plan approach for developing EE programs and strategies for six market sectors: Residential, Commercial, Industrial, Agricultural, Public and Cross-Cutting (Workforce Education & Training, Codes & Standards and Emerging Technologies). SDG&E submitted its 2018 onwards Business Plan application on January 2017 and it is available at <http://www.sdge.com/regulatory-filing/20456/sdge-energy-efficiency-rolling-portfolio-business-plan>.

Senate Bill 350--Clean Energy and Pollution Reduction Act of 2015 directed the California Energy Commission to establish annual targets for statewide energy efficiency savings and demand reduction that will achieve a cumulative doubling of statewide energy efficiency savings in electricity and natural gas end uses of retail customers by January 1, 2030. The bill would also require the PUC to establish efficiency targets for electrical and gas corporations consistent with this goal. To meet these targets, in addition to adopting the Business Plan approach, the Commission has implemented changes to statewide and third-party programs and their administration¹¹. These changes would require that at least 60% of the utility’s EE portfolio be bid out for third party program implementation by the end of 2020. Statewide programs, particularly upstream and midstream programs, are to be administered by one utility through one or several

¹⁰ Decision 08-09-040, OP 2

¹¹ D.16-08-019

implementers across the state. The Commission will determine other programs that could be administered and implemented on a statewide basis.