

SDG&E 2014 All Source RFO

Questions & Answers / FAQs

General Questions

1. What are the acceptable start dates for deliveries?

SDG&E prefers programs or resources that begin deliveries as early as October, 2017, but will consider later start dates as well.

2. What are the acceptable contract durations?

SDG&E is not specifying any particular contract duration, but the contract term MUST encompass the entirety of calendar year 2022.

3. What are the project or system size limitations (capacity) for each technology type that will be considered in this solicitation?

Resource type	Min / Max Capacity
Energy Efficiency	500 kW - 775 MW
Demand Response	500 kW - 775 MW
Renewables	3 MW - 775 MW
Combined Heat & Power	5 MW - 775 MW
Distributed Generation	500 kW - ~10 MW (maximum interconnection at distribution voltage varies depending on such things as location relative to the substation and other engineering factors)
Energy Storage	500 kW - 800 MW (ESPPTA --- third party owned) 10 MW - 787.5 MW (ESSBOT or ESSEPC --- Utility owned)
Conventional	5 MW - 600 MW

4. What are the SDG&E preferred contract terms for each resource type?

Resource type	Preferred Contract Term
Energy Efficiency	6 years
Demand Response	No preference
Renewables	12 Years or less
Combined Heat & Power	7 Years or less term for Repowered facilities and, 12 Years or less for New and Expanded facilities
Distributed Generation	20 Years or less
Energy Storage	3-20 Years
Conventional	20 Years or less

5. How much will SDG&E be procuring from this 2014 All Source RFO? Is there a minimum or maximum?

SDG&E is soliciting a maximum total capacity of up to 800 MW.

SDG&E is soliciting a minimum total capacity of:

- 25 MW of energy storage, regardless of the outcome for the Carlsbad Energy Center
- If the Carlsbad Energy Center is not approved: 500 MW of all resource types, a minimum of 200 MW of which must come from preferred resources, or
- If the Carlsbad Energy Center is approved: a minimum of 200 MW of preferred resources

Note that SDG&E has separately filed an application for Commission approval of a 600 MW bilateral contract with a conventional resource, the Carlsbad Energy Center(A.14-07-009) (the Carlsbad Application). If approved, 600 MW of SDG&E's need will be filled by this contract and SDG&E will be authorized to procure a minimum of 200 MW of preferred resources, including at least 25 MW of energy storage. In this event, bidders shall be notified that 600 MW of the need eligible under this RFO has been filled. SDG&E encourages respondents to take this possibility into account and submit Offers with both levels of need in mind (maximum of 800 MW if this application is not approved or 200 MW if approved).

Additionally, the actual amounts procured by SDG&E will depend on the outcome of the Least Cost, Best Fit (LCBF) / Net Market Value (NMV) and qualitative analysis. SDG&E will only pursue contracts that represent significant value to ratepayers (this is determined by looking at project benefits relative to project costs).

6. What is the timing for this solicitation, contract negotiations, etc?

RFO Issuance: 9/5/2014

Bidder outreach events/bidders conferences: 9/26, 10/24 and 11/10/2014

Deadline to submit questions: 11/14/2014

Closing date (offers due): 1/5/2015

Shortlist notification: 6/5/2015

Goal to have contracts executed: by 12/31/2015

Application filed with CPUC requesting contract(s) approval: Q1, 2016

7. Is there a bid (or other type of) deposit required?

Yes, a 'shortlist acceptance fee' will be required from bidders who wish to be accepted on to the shortlist and begin negotiations. No fee is required simply to bid.

The shortlist acceptance fee for all resource types is the greater of \$100,000 or \$2 per kW of nameplate (or overall system or program capacity).

8. Is there a limit to the number of offers or bids a respondent can provide?

Yes. Each Respondent is limited to six bids. Bids may include multiple locations, hybrid technologies, or phased development as long as the package is priced as a single bid.

Variations in critical project details, like commercial operation date, contract term, energy deliveries, capacity, interconnection point, or operational constraints, must be submitted as

separate bids. For example, a project consisting of multiple 5 MW storage systems sited across San Diego to be installed in phases over the course of 2 years for one all-inclusive price would be considered one bid. However, a project consisting of one solar facility located at a specific substation with six different possible commercial operation dates would be considered 6 different bids.

9. Can a single offer encompass more than one technology (ie: renewable with storage)?

Yes. SDG&E is not attempting to limit the possible combinations of technologies. SDG&E will consider combinations of technologies included in a single offer.

10. Can the same respondent bid 6 ESSPTA bids per project, 6 ESSBOT bids per project, 6 ESSPEC bids, 6 Demand Response bids and 6 Energy Efficiency bids?

Yes. The same respondent can bid separate product types up to the limits listed in the various RFO documents.

11. What are the general conformance requirements for this RFO?

There are four (4) general, high-level conformance requirements:

- 1) Generation or energy storage facilities shall be located and interconnected within the San Diego local sub-area, as defined by the CAISO¹. For programs (energy efficiency or demand response), enrolled customers must be located within SDG&E's service territory.
- 2) The resource must be incremental to the CAISO studies relied upon in the long term procurement plan proceeding that led to the 500 MW – 800 MW LCR authorization. This is a somewhat complex requirement and respondents are instructed to see further information in each product type RFO document for more information.
- 3) The facility, resource or program must count for Resource Adequacy (RA) in SDG&E's RA showings. That is, it must meet the RA counting rules. In the case of some programs (energy efficiency or load modifying demand response), the program may qualify if it provides RA value (lowers SDG&E's RA procurement obligation).
- 4) A portion of the project or program's terms must include the entire calendar year of 2022.

Please refer to the eligibility requirements section within each product type RFO for additional eligibility requirements.

12. Are existing resources eligible for this solicitation?

Yes, but only if they are incremental to the CAISO studies relied upon in the long term procurement plan proceeding that led to the 500 MW – 800 MW LCR authorization are eligible. Please refer to the RFO document for each product type for additional details regarding the “incremental” requirement.

¹ See the CAISO “Local Capacity Technical Analysis” –for 2015 available at: http://www.caiso.com/Documents/Final2015LocalCapacityTechnicalStudyReportApr30_2014.pdf. To summarize, San Diego Local subarea projects are those located in SDG&E's service territory connecting to SDG&E owned transmission or distribution facilities at a point that is at or electrically west of the Miguel or Suncrest substations and electrically south of the San Onofre Nuclear Generating Station 230 kV switchyard.

13. If a respondent bids as a Special Purpose Vehicle (SPV) do they require a credit support provider?

Not necessarily, see the response below.

14. Does every respondent require a credit support provider and if not under what circumstances does a respondent require a credit support provider?

All products will require credit support to cover exposure, which may be collateral or unsecured credit based on creditworthiness. Depending on the product type and nature of the bid, there could be a potential credit exposure due to nonperformance. Credit exposure is the sum of both Initial Collateral Requirement which is the amount of SDG&E's exposure, at the time of the execution of the transaction, and Ongoing Collateral requirement calculated on a regular basis (TBD based on the product type.) A positive Current Mark-to-Market Value implies Buyer has the potential for realization of market gains and thus has exposure to Seller's default or non-performance. This exposure amount would be calculated at the time of the contract execution and periodically thereafter and would be satisfied by either providing secured credit (Letter of Credit or Cash Deposit) or by unsecured credit. In order to apply for unsecured credit, a Credit Application is required. SDG&E's Credit Department would review for possible approval any unsecured credit amount requested. If the unsecured credit amount approved is less than the exposure amount, any short-fall would need to be covered by a Letter of Credit or Cash Deposit.

A Credit Support provider must be acceptable to SDG&E and would need to apply for unsecured credit in the same manner described above. If SDG&E's credit department approves the credit support provider for unsecured credit, a Guaranty would need to be executed at the time of the contract execution using SDG&E's Guaranty template.

15. Will the presentation from the 9/26 Pre-Bid Conference be available after the webinar?

Yes, all pre-bid conference presentations will be posted to SDG&E's RFO website.

16. How can we get access to the E3 presentation from the 9/26 Pre-Bid Conference?

The E3 presentation will be posted to SDG&E's RFO website, and will also be presented at the remaining two pre-bid conferences.

17. Do you have to register by October 1, 2014 on PowerAdvocate?

Bidders intending to submit offers for Energy Storage System Engineering Procurement and Construction projects must email the RFO inbox to express interest by October 1, 2014. Bidders intending to submit offers for Energy Storage System Build Own and Transfer projects must email the RFO inbox to express interest by October 17, 2014. DG bidders must contact SDG&E before bidding, and all bidders must register for access to Power Advocate by December 1, 2014.

18. What is the shortlist fee?

The Shortlist Acceptance Fee is the greater of \$100,000 or \$2 per kW of project nameplate/aggregate program capacity, and must be paid to SDG&E within ten (10) business days of notification by SDG&E that the offer has been shortlisted.

19. What is the CPUC approval timeline?

SDG&E expects to submit contracts from this solicitation for CPUC approval in the first quarter of 2016, and expects the approval process to take about a year.

20. Why not take UOG bids for all technologies?

SDG&E is required to consider all ES ownership structures, including utility owned, per the Storage Decision (D.13-10-040). SDG&E intends that all ES procurement undertaken as a part of this All-Source RFO will count towards both its ES and All-Source targets, and as such must consider utility owned ES.

21. Will the IE compare Carlsbad with other bids?

The IE for the All-Source RFO may consider any relevant market pricing data when developing its report.

22. Is SDG&E accepting offers that supply 600 MW and that are not associated with the Carlsbad Energy Center?

Yes, SDG&E encourages bids from all resource types up to the caps specified in the respective RFO documents.

23. Do LLCs have to be formed by the time the bid is submitted?

LLCs do not have to be formed at bid submittal, but they must be formed prior to agreement execution. Please note that the counterparty to all agreements (lease, interconnection, etc...) must match the counterparty to the project's agreement with SDG&E prior to execution of that agreement.

24. If the bid doesn't conform to all requirements, how should it be submitted? Does it have to meet all of the requirements? Does it have to be local?

All bids need to be submitted via PowerAdvocate. If it is not clear which RFO a project should be submitted to, please send a question to the RFO inbox and SDG&E will determine the relevant RFO. The bid must meet all requirements specific to its technology type, including local siting, or it will be rejected.

25. How should a project with phases be bid? Or a project that can be contracted for in blocks?

Please refer to question 8.

26. Are behind the meter projects owned by the customer acceptable?

It depends on the specifics of the arrangement and situation. SDG&E cannot provide a definitive answer without understanding the specifics of this case. Please see the DR RFO for information regarding eligibility requirements.

27. Has SDG&E identified preferred areas?

No, SDG&E has not identified preferred areas. Please note that projects interconnecting at the distribution system must be eligible for RA.

28. Does the project need a physical location before being bid?

For ESSEPC bids, SDG&E will identify the locations and bidders will specify which site(s) they intend to bid upon. SDG&E intends to provide additional detail on these locations by the end of October. EE and DR bidders may identify an area within which program participants must be located instead of a specific location. All other projects must identify a particular location that is within SDG&E's service territory.

29. Will projects located in constrained areas be evaluated over those in less constrained areas?

There is no significant quantitative differentiation within SDG&E's local subarea due to location, other than the impact of differing interconnection costs.

30. Why are CHP and DG being treated differently than EE and DR for site control?

EE and DR are customer projects that typically aggregate a number of sites, whereas CHP and DG are facilities constructed on a single site, therefore site control will be different.

31. Does SDG&E have lease language that it prefers to see?

The lease must be valid, with commercially reasonable terms for the duration of the agreement with SDG&E (for example, a project with a 10-year lease would not be eligible for a 20-year PPA).

32. Is SDG&E interested in hybrid solutions that will impact demand load curve, such as solar plus EE?

Yes, SDG&E will consider a variety of projects, including, but not limited to hybrid projects. The evaluation of such a project will depend on the structure of the offer.

33. If you have a hybrid project, is there a place to link the two resource types in PowerAdvocate?

The developer should choose one PowerAdvocate RFO event, and then explain in the bid forms (Project Development Form specifically) that the project is a hybrid.

34. How will the costs be treated for hybrid systems?

All costs should be built into the offer price.

35. Will the slides from the 10/24 webinar conference be available for participants to download?

Yes, the presentations from both the 9/26 and the 10/24 bidder's conferences are available at: <http://www.sdge.com/all-source-2014-rfo> (scroll down to 'Outreach Events / Pre-Bid Conferences').

36. I am planning on attending the Nov 10th SDG&E 2014 All Source RFO Bidders Conference for EE, DR & Energy Storage. When will the meeting details (time & location) be available?

SDG&E is planning to start the event at 10am on 11/10 and for those that can attend in person it will take place at SDG&E's Energy Innovation Center located at 4760 Clairemont Mesa Blvd, San Diego CA 92117. Call in and webinar link will be provided during the week of 11/3. Please monitor SDG&E's All Source RFO website for those details (<http://www.sdge.com/all-source-2014-rfo>).

37. Would SDG&E consider starting the bid conference at 11am on Monday, November 10 to accommodate those traveling from the East Coast?

SDG&E is planning to start the 11/10 bidder's conference at 10AM.

38. Will the E3 be discussed during the 10/24 pre-bid conference meeting?

No, but the E3 presentation from 9/26 is posted in the SDG&E website

(<http://www.sdge.com/all-source-2014-rfo>) and the E3 model will be discussed at the next Pre-Bid Conference meeting on Nov 10th.

39. What is the expected timing of a Decision on the Carlsbad Energy Center application?

A proposed decision is targeted for late February 2015 (see

<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M107/K149/107149798.PDF> for more information)

40. If we are going to submit a "blend" type of resource, how should we bid it?

In general, it depends on the resource types involved. SDG&E would need to understand the specifics in order to give a definitive answer.

41. Is there any way to increase the number of offer limitation to more than six?

No. Please limit the number of offers to six as stated in the RFO documents.

42. EE or DR resources have many sites from which the load reduction is achieved. What about CHP or DG? Can numerous sites be aggregated for those resource types and would site control at the time of the bid be required?

Please see the RFO documents for limits on the number of bids. Six priced offers will be accepted, in some cases, multiple locations can be combined into a single offer. For conventional generation resources or CHP, generally the resource is located at a single location. If it is an energy storage resource, as stated in the RFO documents, multiple sites can be aggregated into a single priced offer. SDG&E has the right to waive the site control requirement if warranted.

43. Regarding the boundaries of the San Diego Local Sub Area - will resources in the Imperial Valley be acceptable?

No. The San Diego local subarea is summarized as being within SDG&E's service territory at or electrically west of the Miguel substation, and electrically south of the San Onofre switchyard. More information is included in each RFO document.

44. We are working on a creative approach to DR or EE (among other things, we intend for this to help with the incremental finding) and would like find a way to couple non-traditional resources into such a program (that is, resources that have not been used for DR or EE generally in the past). This might include storage or another generation capable resource behind the customer meter. If we want to couple non-traditional technologies into a DR or EE program, can that work - and if so, how should we offer it to SDG&E?

SDG&E would need to understand the specifics of the offer in order to give a definitive answer, but encourages respondents to take a creative approach to bidding DR or EE resources such that the incremental determination will be a clear cut 'yes'. SDG&E is providing the below information related to coupling non-traditional technologies into a DR or EE offer:

- Can rooftop solar (either residential or commercial) be considered incremental? Unless the respondent is able to show how the rooftop solar is different than that included in the IEPR mid-case load study it is unlikely that it would clearly be incremental. See See : http://www.energy.ca.gov/2013_energypolicy/documents/demand-forecast_CMF/mid_case/ ; and click on SDGE Mid.xls
- Is the EE or DR benefit associated with load reduction from behind the meter solar or storage eligible? Load reduction from solar is not eligible as EE or DR. Solar is not considered EE or DR, per Decision (D.) 12-11-015 (see: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M034/K299/34299795.PDF> - in particular, conclusion of law (COL) 43 on page 122). Load reduction from storage may be eligible for DR (not EE) provided SDG&E shall have the exclusive rights to: (a) the DR Resource; (b) utilize the energy storage capacity from the Project; (c) the Contract Capacity from the DR Resource; and (d) all benefits, attributes, credits, emissions reductions, offsets, and allowances derived or attributable from or to the DR Resource.
- Can I participate if my project is also under the NEM tariff or another subsidy? No.

45. My organization is seeking permission to allow qualified students enrolled, or who will enroll in a particular class to access the material referenced herein (the RFO documents) during our next calendar term. If permission is granted, the requested material will be hosted by our organization on a course specific, password protected web site. Student users will access the requested course material via unique log in ID and password. The PDF will be secured against unauthorized use. May we have utilize your RFO documents in this manner?

Your organization may use any document that is not copyrighted and posted on SDG&E's website such as our RFO documents. However, be advised that the WSPP and EEI master agreements (contract documents) are copyrighted by organizations other than SDG&E, as indicated on those documents, and SDG&E cannot waive that copyright.

46. If a resource is delivered after 2017, will it be deemed to be incremental to the 2015-2017 plan?

Not necessarily. For DR and EE resources, please see the links provided in the RFO documents and clearly explain in your project description form how or why you think your resource is incremental. For other resource types, please utilize the associated questions in the project description form to explain how or why your resource is incremental.

47. Can bids be made on behalf of to-be formed LLCs? Or do the LLCs have to be formed at the time of the proposal?

LLCs do not have to be formed at the time of the proposal submission.

48. Do we need to download the RFO forms by Dec 1?

The RFO forms are available now on the SDG&E website (see the product specific pages that link from here: <http://www.sdge.com/all-source-2014-rfo>) or from the Power Advocate platform. The bids are due by 1PM PPT on January 5, 2015. The December 1 deadline is for registration on the PowerAdvocate platform.

49. Is there any preference for single bids that contain multiple resources, ie Energy Efficiency, Demand Response, Renewables, Energy Storage and distributed generation all as a single bid?

SDG&E has no stated preference for the structure of individual bids.

50. Can a single bid be used to secure a contract for the delivery of a fixed number of kW at a fixed price and minimum TRC with a guarantee that all equipment will meet all RFO requirements without identifying specific equipment to be installed or sites in which the equipment will reside?

For an offer such as that described in this question, it would be difficult (if not impossible) to make a clear determination whether or not it is demonstrably incremental to CAISO study assumptions and therefore would likely be deemed nonconforming.

51. We are contemplating bidding a behind-the-meter, customer sited storage offering that would be utilized as a demand response resource and for demand charge management. Which track of the RFO would best be suited to this type of bid?

Energy storage sited behind the customer meter would likely fall within the Demand Response RFO. Be advised that in the most recent update to the DR RFO (dated 11/21) language was added to clarify that SDG&E may deem ineligible demand response resources or products that result in cost shifting between customers or customer groups and an offer such as that described here may be found to be non-conforming depending on the other details of the offering.

52. SGIP funding may be critical to the economics of the solution – which of the RFO tracks best allows resources to leverage SGIP funding?

Bids that are supported by resources that are already being subsidized (or potentially will be subsidized) under another CPUC regulated program or rate schedule are likely nonconforming depending on the other details of the offering.

53. Is a resource allowed to bid via multiple tracks, as long as the acceptance of a winning bid is mutually exclusive of acceptance of other bids covering the same resource?

Yes, as long as the respondent observes the number of offer limitation (essentially six per respondent – see the RFO documents for more details).

54. I would like to get clarification on what exactly is meant by the statement below that is pulled directly from the RFO.

Respondents NOT seeking O&M contract to extend throughout the expected useful life of the storage system should submit O&M costs using RFO forms to PowerAdvocate by 5:00pm 12/10/2014.

The statement included with this question refers to a utility owned energy storage offer and it means that respondents interested in these offer types must provide O&M cost information related to their proposed project(s) by the date and time indicated. This information will allow SDG&E to better estimate the O&M costs associated with the particular energy storage system being offered.

56. We understand that no more than six proposals may be submitted. Please confirm that this cap on bids applies separately to SDG&E's Energy Storage System RFO and SDG&E's Conventional Resources RFO and that a Respondent may submit six energy storage proposals and six conventional proposals for an overall total of twelve proposals responding to the two Requests for Offers.

Yes, in the circumstance described, SDG&E would accept six energy storage proposals and six conventional proposals.

57. Please explain how SDG&E is calculating land costs and provide the specific land value of SDG&E owned properties.

SDG&E will undertake bid evaluation to assess all costs, including land, from its customer's perspective as the evaluation is being conducted under the oversight of the Independent Evaluator.

58. Please clarify/quantify the value of a certified Disadvantaged Business Enterprise (DBE).

DBE status is not a quantifiable metric within this RFO, but is rather a qualitative factor. As stated in the various RFO documents, qualitative factors such as DBE status or loading order ranking may be used to determine advancement onto the shortlist from among a group of similarly quantitatively ranked offers or to evaluate tie breakers, if any.

59. Can we include a cover letter? If yes, should we upload it as a separate item?

Yes to both.

60. If we submit an offer for any of the following items are there any additional "pre application" documents required to be submitted before 1/5/15 (similar to what was required for the Energy Storage ESSEPC?) Note: we do not plan to submit an offer for Energy Storage ESSEPC, but may submit an offer for the following:

- a. Energy Efficiency (EE)
- b. Demand Response (DR)
- c. Renewables
- d. Combined Heat and Power (CHP)
- e. Energy Storage (behind the meter)
- f. Distributed Generation (DG)

No additional pre-application documents are required for these types of offers.

61. Can an aggregated, dispatchable, demand-side management (DSM) project be bid into this RFO? If yes, which resource type should it be bid as?

The Demand Response RFO would most likely (depending on the resource specifics) be the appropriate place for an offer of this type.

62. How should a hybrid proposal of DSM combined with other customer-side technologies, such as customer-side solar PV or energy storage, be bid into the RFO?

This would most likely fall into the category of Demand Response, due to the customer-side nature of the resource.

63. Please provide a definition and the minimum requirements of Capacity as it referenced in the EE RFO, DR RFO, and model contract language

In the EE case, the model agreement provides a definition of 'expected capacity savings' that should be referred to and used in the EE context. In the case of DR, SDG&E has not published a model DR agreement and therefore has not provided the exact meaning of 'capacity' in that context.

64. SDG&E asserted at the bidders' conference that Location Effectiveness Factors are the same for all SDG&E substations, yet the Carlsbad PPTA application asserts that Carlsbad is in a superior location from a transmission perspective. Please reconcile this apparent contradiction.

In summary, the CAISO in its LEF study done for SDG&E in April of 2014 did find that various locations within the San Diego local sub area are essentially equivalent. Statements in the application associated with the Carlsbad Energy Center PPTA as to its locational advantages are associated with the infrastructure that is already in place, thus making additional upgrades (related to interconnection and associated costs) much less likely to be necessary.

65. The CAISO "2015 Local Capacity Technical Analysis: Final Report and Study Results" dated April 30, 2014, indicates seven (7) sub-areas within the San Diego sub-area that have Category B and Category C MW deficiencies. Locations within these sub-areas which help to resolve MW deficiencies should indicate different Locational Effectiveness Factors. Why are such sub-areas not valued differently?

SDG&E is relying upon the locational effectiveness factor study done by the CAISO in April, 2014. Questions related to conclusions of this study should be brought up with the CAISO.

66. In addition to the similar Locational Effectiveness Factors at SDG&E substations, are there other considerations that make certain substations preferred to others? If yes, please provide a list of preferred substations and the reasoning supporting the list.

One important consideration is upgrade costs. Please see information available here: <http://www.sdge.com/generation-interconnections/interconnection-information-and-map> regarding SDG&E's interconnection interactive map. Note that in order to view the map you are required to register with SDG&E.