



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

---

**2009**  
**REQUEST FOR OFFERS**

---

ELIGIBLE RENEWABLE RESOURCES

**ISSUED**

JUNE 29, 2009

**OFFERS DUE**

AUGUST 25, 2009

**OFFERS DUE**

**(FOR PROJECTS IN THE SPL REGION)**

SEPTEMBER 8, 2009

**RFO WEBSITE**

<http://www.sdge.com/renewablerfo2009>

**EMAIL QUESTIONS/COMMENTS TO**

[renewablerfo@semprautilities.com](mailto:renewablerfo@semprautilities.com)

---

**TABLE OF CONTENTS**

---

Table of Contents .....	2
1.0 Scope of Request.....	3
Alternative I. Power Purchase Agreement.....	4
Alternative II. Power Purchase Agreement with SDG&E Buyout Option .....	4
Alternative III. Turnkey Acquisition Agreement.....	5
2.0 RFO Website and Communication.....	6
3.0 RFO Schedule.....	7
4.0 RFO Response Instructions.....	9
4.0A RFO Response Instructions (for projects located in regions served by Sunrise Powerlink).....	11
5.0 RPS Program Parameters .....	12
California RPS Program .....	12
RPS Eligibility Criteria.....	12
Production Tax Credit.....	13
Procurement Review Group.....	13
Independent Evaluator.....	13
6.0 SDG&E Background .....	14
7.0 Resource Criteria.....	15
8.0 FIN46 Requirements.....	17
9.0 Evaluation Criteria.....	18
Evaluating Short Term Offers (Term ≤ 5 years) .....	18
Evaluating Long Term Offers (Term = 10, 15 or 20 years).....	18
10.0 Rejection of Offers .....	20
11.0 Confidentiality .....	21
12.0 Credit Terms and Conditions .....	23
Credit Provisions for Short Term Offers (Term ≤ 5 years).....	23
Credit Provisions for Long-Term Offers (Term = 10, 15 or 20 Years).....	23
13.0 CPUC Approval.....	25

---

## 1.0 SCOPE OF REQUEST

---

San Diego Gas & Electric Company (SDG&E) is issuing this Request for Offers (RFO) to solicit offers from eligible renewable energy generators (Respondents). By responding, Respondents are bound by the terms of this RFO. SDG&E is seeking resources to expand its renewable portfolio. Resources offered must meet the California Renewable Portfolio Standard (RPS) eligibility criteria set forth by the California Energy Commission (CEC). (See Section 5.0 RPS Program Parameters for additional information.)

IN ORDER TO SUBMIT PROPOSALS UNDER THIS SOLICITATION, RESPONDENT'S PROJECT SHOULD HAVE PARTICIPATED IN THE 2009 TRANSMISSION RANKING COST REPORT (TRCR) STUDY APPLICABLE TO THE SPECIFIC UTILITY'S TRANSMISSION GRID TO WHICH THE PROJECT WILL TIE-IN. PROPOSALS FROM RESPONDENTS NOT PARTICIPATING IN THE TRCR MAY BE DEEMED NON-CONFORMING AND DENIED FROM FURTHER CONSIDERATION UNDER THIS SOLICITATION. RESPONSES FROM RESPONDENTS WHO HAVE SYSTEM IMPACT STUDIES (DATED 2006 OR LATER) APPROVED BY THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO) ARE ALSO ACCEPTABLE AND DEEMED IN CONFORMANCE OF THE RFO. SDG&E MAY ENTERTAIN REQUESTS FOR CONSIDERATION OF NON-CONFORMING OFFERS AT ITS SOLE DISCRETION ON A CASE-BY-CASE BASIS. SEE RFO SECTION 4.0 – "RFO RESPONSE INSTRUCTIONS" FOR ADDITIONAL INFORMATION.

Proposed products may be for Peaking, Baseload, Dispatchable (unit firm) or As-available deliveries. Proposed resources may include capacity and energy from:

- 1) Re-powering of existing facilities;
- 2) Incremental capacity upgrades of existing facilities;
- 3) New facilities;
- 4) New facilities that are scheduled to come online during the years specified in this RFO that have excess or uncontracted quantities of power for a short time frame;
- 5) Existing facilities with expiring contracts; or
- 6) Eligible resources currently under contract with SDG&E. SDG&E shall consider offers to extend terms of or expand contracted capacities for existing agreements.

Contracts resulting from this RFO may require the Respondents to comply with the Resource Adequacy (RA) requirements that are being implemented by both the California Public Utilities Commission (CPUC) and the CAISO. SDG&E may use the qualifying RA capacity from any contract resulting from this RFO in its required RA showing for the term of the contract. SDG&E reserves the right to resell RA capacity under contract resulting from this RFO.

Additional resource criteria are described in Section 7.0 Resource Criteria. Resources may be proposed on the basis of any of the alternatives described below.

**ALTERNATIVE I. POWER PURCHASE AGREEMENT**

Respondent shall propose a 10, 15 or 20-year power purchase agreement for capacity and/or energy from an eligible renewable resource that can meet the criteria described herein. Proposed short term agreements of up to 9 years in duration and long term in excess of 20 years will also be accepted. Any resultant agreement shall be subject to CPUC approval, regardless of the term. Resources may be located: (a) anywhere in CA or (b) outside of CA so long as they meet the criteria as defined in California Public Utilities Code Section 399.16 and CEC RPS Eligibility Guidebook. All resources must ultimately be delivered to any point within California and must commence deliveries in, 2010, 2011, 2012 or 2013. SDG&E prefers that resources located outside of the CAISO control area have adequate firm transmission capability to deliver to the CAISO control area during the delivery term. The generating facility and transmission interconnection must be designed and constructed in conformance with the CAISO various reliability agreements, procedures, protocols, tariffs and standards. The Respondent will own and operate the facilities and be responsible for development, land acquisition, fuel supply source and transportation, permitting, financing and construction for the facilities. Respondents must be poised to sign an agreement in substantially the form of the Model Power Purchase Agreement (Model PPA) (See Section 14.0 Offer Response Forms and Other Documents.)

**ALTERNATIVE II. POWER PURCHASE AGREEMENT WITH SDG&E BUYOUT OPTION**

In addition to the PPA described above, Respondents offering new renewable resources may also provide an option price for SDG&E to acquire the facility along with all environmental attributes, land rights, permits and other licenses – thus enabling SDG&E to own and operate the facility at the end of the PPA term. Resources must be located in the San Diego County, parts of Orange County that are within SDG&E's service area, or Imperial Valley areas and must commence deliveries in 2010, 2011, 2012 or 2013. If SDG&E accepts the buyout option, SDG&E would notify the Respondent and exercise the option in Year 9 and pay for the buyout at the end of Year 10. Otherwise, the PPA shall continue until its scheduled conclusion. Respondents may select the overall PPA to be either 10, 15, 20 or more years. The generating facility must be located on land owned or leased by the Respondent, with land rights assigned to or purchased by SDG&E as part of the facility acquisition. Any land lease, subject to SDG&E approval, must be in adequate form and for an adequate term (at least the life of the asset). The generating facility and transmission interconnection must be designed and constructed in conformance with CAISO's various reliability agreements, procedures, protocols, tariffs and standards. The offer shall include (1) the capacity and energy price in the delivery term of the PPA; (2) a firm price and the year for the buyout option; and (3) the capacity and energy price for the remaining PPA years if SDG&E does not exercise the buyout option. Respondents must provide complete design and construction specifications for the technology being proposed. Respondents must be poised to sign a power purchase agreement in substantially the form of the Model Power Purchase Agreement. (See Section 14.0 Offer Response Forms and Other Documents.)

**ALTERNATIVE III. TURNKEY ACQUISITION AGREEMENT**

Respondent may propose to develop, permit, and construct a new renewable generating facility to be acquired by SDG&E. Resources must be located in the San Diego County, parts of Orange County that are within SDG&E's service area, or Imperial Valley areas and must commence deliveries in 2010, 2011, 2012 or 2013. The facility must be located on land owned or leased by the Respondent, with land rights assigned to or purchased by SDG&E as part of the generation facility acquisition. Any land lease, subject to SDG&E approval, must be in adequate form and for an adequate term (at least the life of the asset). The generating facility and transmission interconnection must be designed and constructed in conformance with CAISO's various reliability agreements, procedures, protocols, tariffs and standards. Respondents must provide complete design and construction specifications for the technology being proposed. Respondents may also propose joint ownership/development opportunities, alternative financing or sharing of commercial risks that would reduce the cost to SDG&E.

RFO Website:

<http://www.sdge.com/renewablerfo2009>

---

## 2.0 RFO WEBSITE AND COMMUNICATION

---

The RFO and all subsequent revisions and documents are available for download from the RFO Website. Potential Respondents are responsible for checking the RFO Website for subsequent updates, notices and postings.

The RFO website contains RFO forms and documents, RFO Schedule, and a Question and Answer forum. **Those intending to bid must register first to receive a username/password prior to uploading electronic offers.** See instructions on the website to register. The DEADLINE TO REGISTER is indicated in Section 3.0 – “RFO Schedule”.

All questions or other communications regarding this RFO must be submitted via email to [renewablerfo@semprautilities.com](mailto:renewablerfo@semprautilities.com) by the DEADLINE TO SUBMIT QUESTIONS as specified in Section 3.0 RFO Schedule. SDG&E will not accept questions or comments in any other form.

RFO Website:

<http://www.sdge.com/renewablerfo2009>

### 3.0 RFO SCHEDULE

The following schedule and deadlines apply to this RFO. SDG&E reserves the right to revise this schedule at anytime and in SDG&E's sole discretion. Respondents are responsible for accessing the RFO Website for updated schedules and possible amendments to the RFO or the solicitation process.

NO.	ITEM	DATE
1.	RFO Issued	June 29, 2009
2.	Pre-Bidder's Conference in San Diego, California	August 5, 2009
3.	Pre-Bidder's Conference in El Centro, California	August 12, 2009
4.	DEADLINE TO SUBMIT QUESTIONS Question submittal cut-off date. Answers to all questions will be posted on the website no later than April 24, 2009.	August 14, 2009
5.	DEADLINE TO REGISTER Those intending to bid must register to receive a username/password in order to upload electronic offers.	August 21, 2009
6.	CLOSING DATE: Offers must be uploaded to and received by the RFO Website no later than <b>NOON</b> (local prevailing time).	August 25, 2009
7.	DEADLINE TO SUBMIT HARDCOPIES/CD Respondents submit to SDG&E one original signed offer (hardcopy) and one CD.	August 27, 2009
8.	CLOSING DATE (for projects located in the SPL Region): Offers must be uploaded to and received by the RFO Website no later than <b>NOON</b> (local prevailing time).	September 8, 2009
9.	DEADLINE TO SUBMIT HARDCOPIES/CD (for projects located in the SPL Region): Respondents submit to SDG&E one original signed offer (hardcopy) and one CD.	September 10, 2009
10.	SDG&E notifies the CPUC (Executive Director) that the RFO has closed.	September 29, 2009
11.	SDG&E notifies short-listed Respondents	October 30, 2009
12.	Letter due from short-listed Respondents indicating: a. Withdrawal from SDG&E's solicitation; OR Acceptance of short-listed standing, withdrawal of participating in any other solicitation and evidence of withdrawal notice to all other solicitors.	November 6, 2009
13.	Due from short-listed Respondents accepting shortlist standing a Development Period Security equal to \$3.00 per kW of Nameplate Capacity up to a maximum of \$100,000 according to the provisions of Section 12.0 Credit Terms and Conditions. (waived for projects located in the SPL Region)	November 19, 2009
14.	SDG&E submits FINAL short list to Commission and PRG	November 23, 2009
15.	SDG&E issues appreciation notices to unsuccessful Respondents	November 30, 2009
16.	SDG&E submits LCBF report to CPUC; IE submits Preliminary IE Report to CPUC	December 4, 2009
17.	Submits Advice letters with PPAs to CPUC of proposed contracts	Within 1 month of executing agreement

### PRE-BID CONFERENCES

SDG&E will host two pre-bid conferences. The first pre-bid conference will be on August 5, 2009 in San Diego; California. The second will be on August 12, 2009 in El Centro, California. Participation in the pre-bid conference is NOT mandatory in order to submit an offer. Please monitor the RFO Website periodically. The venues will be posted as soon as arrangements are finalized.

Any party interested in attending this pre-bid conference should email the following information to [renewablerfo@semprautilities.com](mailto:renewablerfo@semprautilities.com).

- Selected conference (San Diego or El Centro)
- Company name
- Attendees' names, titles and contact information

---

#### 4.0 RFO RESPONSE INSTRUCTIONS

---

Respondents may submit one or more offers to this solicitation by submitting the forms listed below. Forms are available on the RFO Website. The failure to provide the listed information may result in the proposal being deemed non-conforming and may disqualify the proposal from further consideration.

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

- 1) **Participation Summary**
- 2) **Project Description Form** – Submit one per project.
- 3) **Pricing Form** – Respondents may submit more than one pricing option per project.
- 4) **Credit Application**
- 5) **Model PPA** – Required for Alternative I and II offers only. Respondents shall populate and redline the Model PPA.
- 6) **Additional Narrative Form** – Required for Alternative II and III offers only.
- 7) **Project Viability Calculator** – Respondents must self assess the viability of the proposed project using the CPUC's Project Viability Calculator.

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

##### **Optional Forms:**

- 1) **Consent Form** - Respondents who did not participate in the TRCR but have a CAISO-approved System Impact Study (SIS) shall submit a copy of the study along with the respondent's offer. SDG&E requests that respondents sign and return a Consent Form enabling the interconnecting utility's transmission personnel to share respondent's non-public transmission information with personnel in SDG&E's Electric and Gas Procurement Department to facilitate full evaluation of respondent's offer consistent with FERC Order 2004. Once received, SDG&E will post notice on its OASIS website of the respondent's consent along with a statement that SDG&E did not provide any preferences, either operational or rate-related, in exchange for the voluntary consent.

All offers must be uploaded to the RFO Website no later than **Noon**, local prevailing time, on the CLOSING DATE (see RFO Schedule). Any party interested in submitting an offer must fill-out and email an RFO Registration Form (available from the RFO Website) to [renewablerfo@semprautilities.com](mailto:renewablerfo@semprautilities.com). SDG&E will process the form and provide the interested party instructions necessary to upload offers. A username/password combination will be issued allowing access to the offer upload link.

No later than the DEADLINE TO SUBMIT HARDCOPIES/CD, Respondent shall provide to SDG&E one hardcopy printout of the original offer signed by an authorized officer of the Respondent, along with one CD. The original signed offer must be IDENTICAL to the electronic offer submittal, and must be sent to the address shown below:

San Diego Gas & Electric Company  
Electric and Gas Procurement Department  
Attn: RPS RFO Response  
8315 Century Park Court, CP21D  
San Diego, CA 92123-1593

All offer materials submitted shall be subject to the confidentiality provisions of Section 11 Confidentiality of this RFO.

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

Respondents offering the same capacity and/or energy from one resource to multiple solicitations are hereby advised that if SDG&E notifies Respondent that the offer is being short-listed, the Respondent MUST immediately withdraw their offer from all other solicitations or risk being removed from the short-list. Respondent's shall confirm such withdrawal by submitting to SDG&E a copy of the written correspondence sent to all other solicitations pertaining to such withdrawal while granting SDG&E permission to contact the other solicitors to confirm the withdrawal. ALL OFFERS SHALL BE VALID AND BINDING UPON THE RESPONDENT AFTER BEING SELECTED FOR THE SHORT LIST UNTIL CONTRACT EXECUTION.

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

RFO Website:

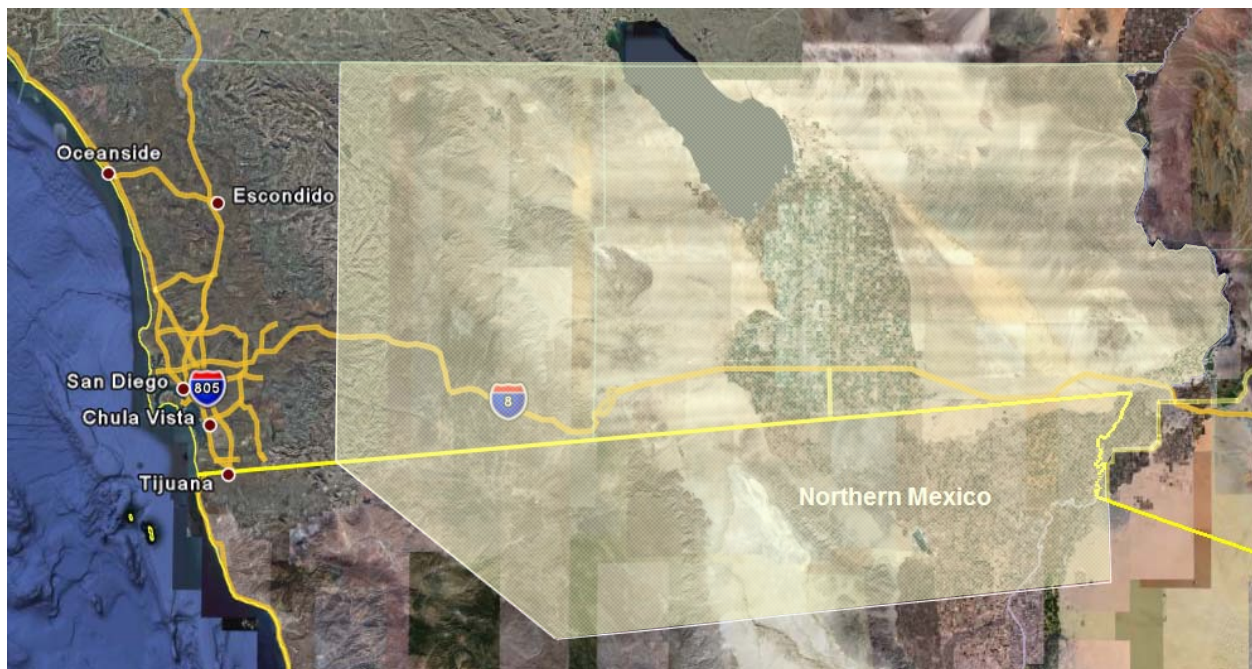
<http://www.sdge.com/renewablerfo2009>

---

#### 4.0A RFO RESPONSE INSTRUCTIONS (FOR PROJECTS LOCATED IN REGIONS SERVED BY SUNRISE POWERLINK)

---

The recently-approved Sunrise Powerlink<sup>1</sup> provides California IOUs access to clean energy from renewable rich areas and provides developers with a means to transport renewable energy to utility load centers. SDG&E is pleased for the first time to solicit renewable projects from areas served by Sunrise Powerlink (“SPL Region”). The map below defines geographically the SPL Region (highlighted in yellow).



To promote the development of renewable projects in the SPL Region, SDG&E is waiving selected solicitation requirements and creating special accommodations as detailed below.

- 1) SDG&E is hosting a special pre-bid conference in El Centro, California. Although all developers are invited to attend, the theme of the special pre-bid conference will center around projects in the SPL Region. SDG&E will invite Imperial Irrigation District and Comision Federal de Electricidad to give presentations on the interconnection process. See the RFO website for details on event date, time and location as well as instructions to register for the event.
- 2) The due date for offers from the SPL Region will be extended by two weeks.
- 3) To help alleviate upload traffic on the due date, Respondents submitting offers for projects located in the SPL Region will upload bids via a special, dedicated upload link. See the RFO website for instructions to obtain a username/password combination to upload bids via this dedicated link.
- 4) San Diego Gas & Electric (SDG&E) recently opened the Renewable Energy Resource Center in El Centro in an effort to assist renewable energy developers in launching their projects. The center also will serve as the local development office for the Sunrise Powerlink, a 120-mile, 500-kilovolt transmission line that will carry up to 1,000 megawatts of renewable energy to San Diego. The address of the Renewable Energy Resource Center is 1425 Main Street, El Centro, CA 92243.

---

<sup>1</sup> Decision D.08-12-058

---

## 5.0 RPS PROGRAM PARAMETERS

---

### CALIFORNIA RPS PROGRAM

California's Renewable Portfolio Standard (RPS) Program was adopted in 2002 and is codified at Public Utility Code sec 399.11, *et seq.*<sup>2</sup> in adopting the RPS legislation, the Legislature specifically found and declared that increasing California's reliance on renewable energy resources promotes the purpose of and may accomplish each of the following:

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

Current law requires Investor Owned Utilities (IOU's) to comply with two requirements: (1) annually increase its procurement of renewable resources by 1% of its retail sales and (2) procure renewable energy in the amount of 20% of retail sales by 2010. The CPUC issued its first decision implementing the RPS Program, D.03-06-071 on June 19, 2003. This decision established certain basic RPS Program parameters. The CPUC has subsequently issued several additional RPS-related decisions in rulemaking proceeding R.04-04-026, and successor proceedings R.06-02-012, R.06-05-027 and R.08-08-009. SDG&E will comply with all CPUC decisions governing RPS procurement, including the requirement that short term contracts are only accepted after long-term contracts are executed which equal 0.25% of SDG&E's prior year retail sales. These decisions are publicly available on the CPUC's website at <http://www.cpuc.ca.gov/PUC/energy/electric/RenewableEnergy/decisions.htm>.

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

### RPS ELIGIBILITY CRITERIA

Respondents successfully signing agreements with SDG&E must warrant that the resources being offered in response to this solicitation are certifiable as an "eligible renewable resource" by the California Energy Commission (CEC). Eligibility criteria are set forth by the CEC in its Renewable Portfolio Standard Eligibility Guidebook. The CEC guidebook can be downloaded from the following internet website: <http://www.energy.ca.gov/renewables/02-REN-1038/documents/index.html>. Respondents are encouraged to review all RPS-related, CEC issued directives available on the same

---

<sup>2</sup> See, Senate Bill (SB) 1078 (Stats. 2002 Ch. 516), as amended by SB 107, (Stats. 2006, Ch. 464).

Internet website and are responsible for understanding and abiding by all RPS provisions. All requirements set forth within the CEC's guidebooks and all RPS-related documents shall be incorporated herein by reference. SDG&E has no preferred "eligible renewable resource" or resource stack and will judge the merits of each bid based on the provisions of Section 9.0.

Respondents are encouraged, although not required, to apply for pre-certification from the CEC in advance of submitting an offer. Pre-certification forms are available from the above-entitled guidebook. An excerpt of the eligibility requirements is provided at the end of this section.

#### **PRODUCTION TAX CREDIT**

The CPUC initially ruled in 2003 that each utility, as part of its RFO process, must stipulate that any funds received by bidders from the federal PTC be passed through entirely to ratepayers. The CPUC subsequently clarified that each utility issuing a solicitation should stipulate in its RFO, and in subsequent negotiations with bidders, that each bidder should submit two price offers. One price offer will apply if the federal PTC is not extended. The second price offer will apply if the federal PTC is extended. This stipulation is necessary given the present uncertainty surrounding renewal of the PTC. A full text of the ruling can be downloaded from <http://www.cpuc.ca.gov/PUBLISHED/RULINGS/30260.htm>.

#### **PROCUREMENT REVIEW GROUP**

The Procurement Review Group (PRG), a CPUC-endorsed entity, is composed of non-market participants such as ratepayers' advocacy groups, state energy and water commissions, power authorities, utility-related labor unions and other non-commercial, energy-related special interest groups. CPUC Decision D.03-06-071 established the role of the PRG in the RPS Program. The PRG is 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 on a periodic basis during the entire process.

Respondents are hereby notified that revealing confidential offer information to the PRG is required during PRG briefings in accordance with Section 10 ("Confidentiality"). Each Respondent must clearly identify, as part of its offer, what type of information it considers to be confidential.

#### **INDEPENDENT EVALUATOR**

The CPUC requires each IOU to use an Independent Evaluator to separately evaluate and report on the IOU's entire solicitation, evaluation, and selection process for this solicitation. This will serve as an independent review of SDG&E's implementation of the RFO process and final selections. The Independent Evaluator shall make periodic presentations regarding its findings to the IOU, and the IOU's PRG including the CPUC Energy Division staff. The intent is to preserve the independence of the Independent Evaluator by ensuring free and unfettered communication between the Independent Evaluator and the CPUC as well as an open, fair, and transparent process that the Independent Evaluator can affirm.

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



---

## 7.0 RESOURCE CRITERIA

---

SDG&E seeks resources with the minimum characteristics described below.

- 1) Technology type, project location and delivery start date must conform with details provided in Section 1.0 Scope of Request.
- 2) Proposed resources must be CEC-certifiable as an eligible renewable resource;
- 3) The Net Contract Capacity must be  $\geq 1.5\text{MW}$ , net of all auxiliary and station parasitic loads; (if within SDG&E service area)
- 4) The Net Contract Capacity must be  $\geq 5\text{MW}$ , net of all auxiliary and station parasitic loads; (if outside of SDG&E service area)
- 5) All green attributes must be tendered to SDG&E. [The form PPA contemplates the purchase and sale of energy, capacity attributes, green attributes, and other ancillary service products bundled together from a single project. SDG&E will consider bids where these products are unbundled.](#)

In addition to the minimum characteristics described above and in Section 1.0 Scope of Request, additional requirements expected from Respondents successfully entering into an agreement with SDG&E include, but is not limited to:

- 1) Respondents shall be financially and operationally responsible for the transmission gen-tie up to the point of interconnection with the local transmission/distribution network in accordance with applicable laws. Gen-tie costs must be included in the offer price for energy and/or capacity.
- 2) For PPA-only offers, Respondents must have a verifiable fuel resource plan for the duration of the PPA.
- 3) For the PPA and during the PPA term of Alternative II, Respondent will provide personnel required to operate the Facility.
- 4) For the PPA and during the PPA term of Alternative II, resource operations will be scheduled in accordance with the CAISO Tariff, as from time to time modified. CAISO compliant real-time metering of the generation will be required for Energy Management System (EMS) data.
- 5) For the PPA and during the PPA term of Alternative II, Respondents must execute Participating Generator Agreements and Meter Service Agreements as required by the CAISO. If the project is outside of CAISO's jurisdiction, Respondents must make all interconnection and wheeling arrangements required.
- 6) For the PPA and during the PPA term of Alternative II, to facilitate monthly settlement processes, Respondents shall authorize Buyer to view the Facility's CAISO on-line meter data by identifying SDG&E as an authorized user with "read only" privileges on Schedule 3 of Respondent's Meter Service Agreement with the CAISO. For resources outside of CAISO's area, Respondent will provide similar access to SDG&E, if such an interface exists, with the system operator having jurisdiction over the project.

- 7) For PPA-with-Buyout and Turnkey proposals, Respondents shall include as part of its offer a proposal to provide a 10-year Operations & Maintenance servicing agreement for the proposed resource during SDG&E's ownership.
- 8) Respondents depending on PTCs, ITCs or any other subsidies shall pass through 100% of the savings on to SDG&E's ratepayers via reduced contract prices.

---

**8.0 FIN46 REQUIREMENTS**

---

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

- a) Complete financial statements and notes to financial statements, within 15 days of the end of each quarter;
- b) Financial schedules underlying the financial statements, within 15 days of the end of each quarter;
- c) Access to records and personnel, so that SDG&E's internal or independent auditor can conduct financial audits (in accordance with generally accepted auditing standards) and internal control audits (in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 ) and SDG&E can meet its SEC filing requirements;
- d) Certifications by duly authorized representatives as may be reasonably requested by SDG&E; and
- e) Such other information as reasonably requested by SDG&E.

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

RFO Website:

<http://www.sdge.com/renewablerfo2009>

---

## 9.0 EVALUATION CRITERIA

---

SDG&E will utilize the Offer Response Forms and narratives to evaluate all offers. Respondents are responsible for the accuracy of all figures and calculations. Errors discovered during negotiations may impact Respondents standing on the short-list.

SDG&E will periodically brief the members of the PRG during the various stages of evaluation. Upon completion of SDG&E's evaluation process, SDG&E will brief the PRG members regarding SDG&E's recommendations for its Short-List. Based upon the comments and recommendations received from the PRG, SDG&E may modify the Preliminary Short-List as necessary.

### EVALUATING SHORT TERM OFFERS (TERM ≤ 9 YEARS)

SDG&E evaluates all short-term offers via a three-step process. The following provides a general description of the steps.

- Step I: Check for Conformance. Check to ensure that all offers meet minimum RFO criteria. All offers meeting minimum requirements will pass Step I, will be deemed “conforming” and will move on to Step II.
- Step II: Preliminary Ranking and Short Listing. SDG&E will assess price reasonableness of each offer by various methods including comparing the offer to 1) a publicly available energy market price index plus, if necessary, an appropriate valuation of other attributes bundled within the offer. The index and attribute valuation SDG&E uses will depend on the location and nature of the offer; or, 2) offers received in recent RFO's. Offers will be sorted from most reasonably priced to least reasonably priced.
- Step III: After offers are sorted by price, SDG&E will short list the most reasonably priced offers that are most viable and reliable. Given development risks associated with building a new facility, existing resources may be deemed more viable than new. However, if a Respondent can successfully demonstrate that a new project comes without undue risk of completion, SDG&E will consider the proposal. Projects will be deemed to be more reliable if they provide some minimum guaranteed delivery to SDG&E.

### EVALUATING LONG TERM OFFERS (TERM = 10, 15, 20 OR MORE YEARS)

SDG&E evaluates all long-term offers via a three-step process. Passing each step is required in order to advance to the next level, with the eventual Short Listed offers having to pass all levels. The following provides a general description of each evaluation level.

- Step I: Check for Conformance. Check to ensure that all offers meet minimum RFO criteria. All offers meeting minimum requirements will pass Step I, will be deemed “conforming” and will move on to Step II.

Step II: Preliminary Ranking and Short Listing. This assessment will be based on the all in price, including capacity and energy, Time of Delivery factors, transmission network upgrade costs, congestion costs/credits, as well as duration equalization adders. Offers will be ranked on a present value, \$/MWh basis from lowest to highest cost. SDG&E will populate the preliminary shortlist with offers to fulfill at least twice its RPS MWh need. In doing so, SDG&E would eliminate offers that are noticeably more expensive.

Step III: Modeling/Detailed Analysis. After the preliminary short list has been approved by the PRG, the Offers may be modeled to determine impacts to SDG&E's portfolio. If modeling occurs, the shortlist may be updated based on modelling results which identify offers that best meet SDG&E's bundled customer needs.

SDG&E is evaluating long-term offers in accordance with CPUC direction and criteria established for the RPS Program. SDG&E will place high emphasis on the offer pricing in its evaluations, not only in terms of the initial cost to SDG&E, but also the long-term costs. Upon completion of Step III, SDG&E may differentiate offers of similar cost<sup>3</sup> by reviewing qualitative factors including: (in no particular order of preference)

- a) Project viability
- b) Local reliability
- c) Benefits to low income or minority communities
- d) Resource diversity
- e) Environmental stewardship

These factors will be used to differentiate long-term offers with similar costs for those resources under consideration near the annual procurement target. SDG&E requests that Respondents elaborate in their offer on the benefits of their project with regard to these factors. SDG&E notes that a project scoring low on the Project Viability Calculator may not be shortlisted even if it ranks high on the LCBF quantitative evaluation.

Consistent with CPUC Decision D.04-07-029 issued on July 8, 2004, SDG&E will treat dispatchability, curtailability and repowering as quantitative attributes and will evaluate these factors using quantitative methods. SDG&E requests that Respondents elaborate in their offer on the benefits of their project with regard to these factors.

---

<sup>3</sup> The term "similar cost" is used to indicate expected indifference by the PRG and CPUC as to the cost of one offer or another. The PRG will have access to SDG&E's evaluation and the quantitative and qualitative components of those offers prior to SDG&E's recommendation filing to the CPUC.

---

**10.0 REJECTION OF OFFERS**

---

SDG&E SHALL TREAT ALL RESPONDENTS FAIRLY AND EQUALLY AND SHALL EVALUATE ALL OFFERS IN GOOD FAITH. WHILE SDG&E IS MINDFUL OF THE BENEFITS OF RENEWABLE ENERGY AND IS VIGOROUSLY PURSUING THE GOALS OF THE RPS, IT MAKES NO GUARANTEE THAT A CONTRACT AWARD SHALL RESULT FROM THIS RFO EVEN AFTER AN OFFER HAS BEEN SHORTLISTED. 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.

RFO Website:

<http://www.sdge.com/renewablerfo2009>

---

## 11.0 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") FOR THE PURPOSE OF EVALUATING RESPONDENT'S OFFER, 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, AND THE PRG. 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 FOR THE PURPOSES OF

OBTAINING REGULATORY APPROVAL. SDG&E WILL ALSO SEEK CONFIDENTIALITY PROTECTION FROM THE 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, 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.

RFO Website:

<http://www.sdge.com/renewablerfo2009>

---

## 12.0 CREDIT TERMS AND CONDITIONS

---

SDG&E has the unilateral right to evaluate and determine the credit-worthiness of the Respondent relative to this RFO. The Respondent is required to complete, execute and submit the RFO credit application as part of its offer. The application requests financial and other relevant information needed to demonstrate creditworthiness. Respondents may download the application from the RFO Website.

### CREDIT PROVISIONS FOR OFFERS UP TO 2 YEARS

SDG&E's requires the Respondent to provide Delivery Term Security during the delivery term of the PPA. The Delivery Term Security, regardless of the term of the agreement, will be the estimated delivery amount times \$5/MWH, never to exceed twice the annual estimated delivery amount times \$5/MWH. The form of the Delivery Term Security Delivery Term Security(e.g. parent guaranty, deed of trust, letter of credit) will be at SDG&E's sole discretion and will depend on various factors including Respondent's credit worthiness, the estimated annual delivery amount and the term of the agreement.

### CREDIT PROVISIONS FOR OFFERS GREATER THAN 2 YEARS

Within 5 business days after being notified by SDG&E that a bid proposed by a Respondent is on the short list, the Respondent will provide a per-project collateral to SDG&E ("a Development Period Security") equal to: the lesser of either (i) \$3.00 per kW of the facility's nameplate capacity, or (ii) \$100,000. The Development Period Security shall be paid in cash or as a posted letter of credit or surety bond in a form and from an issuer acceptable to SDG&E. The Development Period Security shall be refunded (with interest) to Respondent if Respondent and SDG&E fail to reach an agreement and such failure is not due to Respondent's withdrawal of its offer or a material misrepresentation of pricing or non-pricing information made by Respondent. If Respondent and SDG&E do execute an agreement, the Development Period Security shall be security for Respondent's obligations thereunder for the period until Construction Period Security (described below) is delivered or the agreement is terminated because a condition precedent has not been achieved by the deadline therefore. The Development Period Security shall be forfeited as payment of liquidated damages to SDG&E unless the agreement is not approved by the CPUC. If a Respondent submitted bids from one facility covering more than one of the alternatives listed in Section 1.0 Scope, the Respondent would be required to provide only one Development Period Security., however, if the Respondent submits bids for more than one facility, the Respondent will be required to provide a Development Period Security for each facility.

In addition to the Development Period Security(s), SDG&E's credit provisions for renewable resources requires the Respondent to provide collateral to SDG&E on the date on which all of the conditions precedent in the PPA are either satisfied or waived. A Construction Period Security is required during the construction phase until the Respondent's facility achieves commercial operation. The Construction Period Security

amount will be determined by multiplying twice the annual estimated energy amount in MWh by \$5/MWh. SDG&E will have the right to draw upon the Construction Period Security to pay for delay damages if the commercial operation is delayed. Once the facility achieves commercial operation, a Delivery Term Security will be required during the delivery term of the PPA. The Delivery Term Security will be determined by multiplying twice the annual estimated energy amount in MWh by \$15/MWh.

All credit support arrangements (e.g., parent guaranty, deed of trust, letter of credit) must be negotiated prior to an offer being accepted as a winning offer. A model guaranty and a model letter of credit may be downloaded from the RFO Website as attachments to the PPA.

For questions regarding credit terms, please contact Ms. Judy Delgadillo at (213) 244-4343. Questions and answers will not be subject to disclosure to other parties.

RFO Website:

<http://www.sdge.com/renewablerfo2009>

---

**13.0 CPUC APPROVAL**

---

SDG&E shall submit all signed contracts to the CPUC for approval. All signed contracts will contain the condition precedent language that has been standardized by the CPUC for this purpose and which the Model PPA contains.

RFO Website:

<http://www.sdge.com/renewablerfo2009>