

2015 CHP RFO Q&A

1. Q: How many MW's and GHG Reduction Credits has SDG&E achieved in meeting its CHP Settlement Targets?

A: See the below table for SDG&E's current progress toward its MW and GHG reduction targets. Additional information can be found at:

<http://www.cpuc.ca.gov/PUC/energy/CHP/settlement.htm>

| Progress Towards Targets | | |
|--------------------------|--------------------|-----------------------------------|
| | MW (211 Target) | GHG Reduction MMT (.28 Target) |
| Current Progress | 102.8 MW | .020 MMT |
| Remaining | 108.2 MW | .260 MMT |

2. Q: For facilities whose GHG Reduction Credit accounting methodology will change in the second program period due to D.15-06-028 (that is, bottoming cycle and existing efficient CHP will have GHG benefits that did not count in the initial program period, but will count in the second program period), should they wait until the next CHP RFO to bid?

A: No, they should not wait until the next CHP RFO to bid. The pending GHG accounting rules change that will take effect for the second program period will mean that for bottoming cycle and existing efficient CHP facilities, SDG&E **will** be allowed to count GHG reductions against its target for these facilities starting with its next RFO (which will be released no later than February 24, 2016), but not in the current RFO. It is possible for a facility whose GHG reduction credit accounting methodology will change to be selected for shortlisting in this RFO. Offers are ranked based on Net Market Value (NMV) AND both settlement targets (MW and GHG credits).

3. For a proposal that includes primarily existing CHP with interconnections in place, and a small amount of additional steam turbine generator capacity (resulting from repurposing steam when converting to a Utility Prescheduled Facility (UPF)), which is in the initial stages of filing for WDAT interconnection approval, would SDG&E consider the proposal conforming with the interconnection requirements?

A: The existing capacity with interconnection agreements in place would be conforming. The additional capacity that has not yet completed its interconnection study (WDAT or CAISO Phase 1) would not be conforming. SDG&E will be conducting its next CHP RFO no later than February 24, 2016 (with up to three (3) additional CHP RFOs following) and anticipates that interconnection conformance requirements will likely remain consistent over time. In other words, there are future opportunities for projects that have not yet met the interconnection conformance requirements to complete their interconnection studies and meet the conformance requirement for future solicitations.

4. The “UPF Facility Information” tab in the Offer Form requests the maximum and minimum MW output and corresponding heat rates. If the unit has an optimal heat rate at an output level in between the minimum and maximum MW outputs, how should a bidder provide that information?

A: An additional free-form field (Additional Operational Information) has been added at the bottom of the UPF Facility Information sheet, which can be used to describe any operational characteristics that cannot be captured in the fields provided. Please be as specific and thorough as possible in describing these characteristics so they can be applied appropriately in the evaluation. A revised offer form (CHP_Offer_Form 2015 rev1.xls) will be posted to the CHP RFO site on SDG&E’s website, and on PowerAdvocate.