



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

SAN DIEGO GAS & ELECTRIC COMPANY

REQUEST FOR PROPOSALS

Seeking
**PROPOSALS TO BUY OR SELL 2019
RESOURCE ADEQUACY CAPACITY**

ISSUED
AUGUST 20, 2018

PROPOSALS DUE
SEPTEMBER 6, 2018

RFP WEBSITE
<http://www.sdge.com/Fall2019rarfp>

EMAIL QUESTIONS/COMMENTS TO
RARfp@semprautilities.com
With a CC to: Barbara.Sands@PAConsulting.com
(Independent Evaluator)

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1.0 INTRODUCTION

San Diego Gas & Electric Company (“SDG&E”) seeks to purchase and sell 2019 Resource Adequacy (“RA”) capacity products with load serving entities, marketers and generators (“Respondents”) to assist in optimizing its 2019 RA portfolio. It is the intention of this solicitation to minimize the procurement cost impact for ratepayers while also meeting SDG&E’s Resource Adequacy Requirements (“RAR”). Any transaction resulting from this Request for Proposals (“RFP”) will become effective only after full execution of a negotiated contract (“Confirmation” or “Confirm”) substantially in conformance with the accompanying Fall 2019 RA RFP Confirmation Template (“Confirmation Template”).

SDG&E welcomes and encourages Diverse Business Enterprises (“DBE”), as defined in G.O. 156[1], to participate in this Resource Adequacy RFP. SDG&E is seeking to increase opportunities for diverse business entities to compete for SDG&E’s business, through both direct and indirect contracting. DBEs can request additional information by contacting SDG&E at vendorrelations@semprautilities.com. Additional information on SDG&E’s DBE program can be found at:

<http://www.sempra.com/about/supplier-diversity/>
<http://www.cpuc.ca.gov/puc/supplierdiversity/>

2.0 PROCUREMENT PROCESS

This solicitation document sets forth the terms and conditions of SDG&E's Fall 2019 RA RFP and an overview of the process that SDG&E will use to implement this RFP. It will set forth each Respondent's obligations with respect to the RFP as well as describe the procedures to which each Respondent must adhere in order to participate in the RFP. If there is a conflict or inconsistency between the terms and conditions contained here and the terms and conditions contained within the Confirmation Template attached to these instructions, the terms and conditions in the Confirmation Template will prevail. Respondents to this solicitation shall comply with the requirements described in this RFP document. By responding to this RFP, the Respondent agrees to be bound by all the terms, conditions, and other provisions of this RFP and any changes or supplements to it that may be issued without notice by SDG&E, prior to the Respondent's response.

All Respondent proposals ("Proposals") shall meet the minimum eligibility requirements as set forth in Section 3.0 Eligibility Requirements. All conforming Proposals will be evaluated in accordance with the Evaluation Criteria described in Section 6.0 – Evaluation Criteria. Proposals that are evaluated as most attractive via the quantitative and qualitative methodology may be shortlisted. SDG&E intends for resources selected from this RFP to count towards SDG&E's local, system, and flexible RA obligations, as applicable.

All purchase and sale transactions arising from this RFP will be made according to the terms and conditions set forth in the Confirmation Templates. Capitalized terms used in the RFP documents, but not otherwise defined herein or therein, have the meanings set forth in the Confirmation Template.

The RFP schedule set forth in Section – 7.0-Non-Binding RFP Schedule ("RFP Schedule") is subject to change at SDG&E's sole discretion at any time. All changes to the RFP Schedule will be posted to SDG&E's RFP website. The RFP Schedule may be affected by (but is not limited to) issues such as: discussions with shortlisted Respondents, proceedings before the CPUC, and efforts to obtain regulatory approval. SDG&E intends to notify Respondents of any schedule change, but SDG&E will not be liable for any change in schedule or for failing to provide notice of any change.

This RFP includes only one round of Proposals and considers Proposals received as firm, therefore, Respondents should submit their best Proposal by the Proposal due date.

SDG&E reserves the right to execute agreements with individual Respondents at any time after short listing and to seek CPUC approval for individual agreements to expedite the approval process if necessary.

This document and all revisions and other RFP documents are available for download from the RFP Website. Respondents (and potential Respondents) are responsible for monitoring the RFP Website for subsequent updates, notices and postings. The RFP website contains RFP forms and documents, RFP Schedule, and a Question and Answer forum.

A. RESOURCE ADEQUACY – SYSTEM ATTRIBUTE

Based on statutory language contained in Public Utilities Code 380¹ the California Public Utilities Commission’s (“Commission” or “CPUC”) RA program applies to Load Serving Entities (“LSE”) such as SDG&E. CPUC Decision (D.) 05-10-042 established a Year-Ahead and Month-Ahead System RAR for LSEs. System RAR is calculated based on a one-in-two-year peak-load forecast plus a 15% reserve margin and is adjusted for demand response. Annually, at the end of October, LSEs must submit a Year-Ahead System RAR compliance filing which demonstrates sufficient RA capacity resource procurement to meet 90% of its assigned System RAR obligation for the five summer months of May through September during the upcoming compliance year. Additionally, monthly during the RA compliance-year, an LSE must submit a Month-Ahead System RAR compliance filing demonstrating sufficient RA capacity resource procurement to meet 100% of its assigned System RAR obligation for that compliance month.

B. RESOURCE ADEQUACY – LOCAL ATTRIBUTE

Subsequently, D.06-06-064 (i) expanded the RA program to include a Year-Ahead Local RAR and (ii) determined that an annual study of Local Capacity Requirements (“LCR”), based on a one-in-ten-year peak-load forecast without a reserve margin, performed by the California Independent System Operator (“CAISO”) would form the basis for the Commission’s annual Local RA program requirements. Each year, following the CAISO’s publication of its LCR study, the CPUC issues a decision in which it adopts specific local procurement obligations for each local capacity area based on the CAISO’s LCR determinations. Annually, at the end of October, LSEs must submit a Year-Ahead Local RAR compliance filing which demonstrates sufficient RA capacity resource procurement to meet 100% of its assigned Local RAR obligation for all months of the upcoming compliance year.

C. RESOURCE ADEQUACY – FLEXIBLE ATTRIBUTE²

As intermittent renewable generation resources continue to become an increasing proportion of the CAISO grid and as once-through-cooling units are planned to be retired, the need for assuring sufficient flexible quick response generation resources available on the grid has become apparent. As a result, the 2014 Resource Adequacy Decision (D.13-06-024) introduced an expansion of RA requirements to include the flexibility attribute of RA capacity. Flexible RAR is under ongoing development and refinement by both the CPUC and CAISO. Continuing into 2015 and 2016, both D.14-06-050 and D15-06-063 (i) establish Flexible RA requirements for each LSE to have in its Resource Adequacy portfolio, (ii) mandate a reporting requirement, enforceable by referral to the Safety & Enforcement Division, that all eligible flexible resources in an LSE’s RA portfolio be reported in the RAR compliance filings, and (iii) propose a must-offer obligation (MOO) with a good-faith effort to submit economic bids (vs. self-schedules) into the Day-Ahead and Real-Time markets for flexible resources committed to meeting an LSE’s Flexible RAR in the Month-

¹ As amended by Stats. 2008, ch. 558, Sec. 13, effective January 1, 2009.

² See Section 10.3 of the CAISO BPM for more information:
<https://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Reliability%20Requirements>

Ahead RAR compliance filings. Although SDG&E is seeking RA resources in this RFP, to the degree these resources can also provide flexible attributes of RA capacity, SDG&E values and is seeking flexible RA as well. Sellers must provide pricing with and without flexible attributes if the resource is dispatchable.

3.0 ELIGIBILITY REQUIREMENTS

Respondents to this solicitation shall comply with the requirements herein, including but not limited to the RFP response instructions contained in Section 9.0–RFP Response Instructions. Respondents not meeting minimum participation criteria could be deemed ineligible and their Proposals may not be considered. SDG&E, at its sole discretion, may change the terms, requirements and schedule of this solicitation at any time. Respondents should monitor the RFP Website³ for announcements regarding any updates or changes including posted questions & answers.

By submitting a Proposal into this RFP, the Respondent specifically acknowledges the following:

- 1) Transactions resulting from this RFP will become effective only after full execution of a Confirmation.
- 2) Respondents for shortlisted Proposals will enter good faith negotiations to execute an agreement substantially in the form of the Confirmation Template. Respondents may make suggested changes to the *Confirmation Template* in their Proposal; however, extensive and material modifications are discouraged. SDG&E, in its sole discretion, will determine whether any proposed modifications or alterations of the *Confirmation Template* are material and reserves the right to decline to execute any agreement with a selected Respondent for any reason.
- 3) Proposals shall remain valid, binding, and effective as proposed through October 31, 2018.
- 4) The shortest acceptable contract term is one day.
- 5) The contract delivery term cannot occur prior to January 1, 2019 nor shall the contract term end later than December 31, 2019.
- 6) Any proposed Resource Adequacy capacity must either be owned by the Respondent or the Respondent must have a contractual right to the capacity proposed.
- 7) The resource must be eligible to receive an NQC and must have obtained a valid CAISO Resource ID number by the contract execution date.
- 8) There is no restriction on resource types that the NQC may come from (conventional, energy storage, renewable, DR, etc.)
- 9) Neither a PPA nor a Master Agreement needs to be in place between the Respondent and SDG&E to enter into a contract resulting from this RA RFP. Only an executed RA Confirmation agreement is necessary.

³ <http://www.sdge.com/2019rarfp>

4.0 PRODUCT DESCRIPTION

All products sought by this RFP are associated with Resource Adequacy capacity. RA capacity submitted into this RFP must be from specific identified generating units located within the CAISO Balancing Authority Area. Such RA capacity must be eligible for inclusion in both Year-Ahead and Month-Ahead compliance filings with the CPUC and CAISO. All products are for RA compliance year 2019. Net Qualifying Capacity (“NQC”) values for RA resources are available [online](#). If any of these products are mutually exclusive, please explain in the comment section of the Proposal Form.

A. PRODUCTS SOLICITED

Table 1 – RA Products shown below designate SDG&E’s specific interests in Resource Adequacy Proposals. These products will be considered on an annual, quarterly, and/or monthly basis.

Table 1 – RA Products

Product ID	Product
1	Local SD-IV– with or without Flex Category 1, 2, or 3 SDG&E Buys Local SD-IV RA (Annual, Quarterly, Monthly, Daily)
2	System RA – with or without Flex Category 1, 2, or 3 SDG&E Buys System RA (NP-15 or SP-15) (Annual, Quarterly, Monthly, Daily)
3	RA bought at select intertie Scheduling Points/Branch Groups* SDG&E Buys Import RA (Annual, Quarterly, Monthly, Daily)
4	SDG&E Sells Firm System RA – with or without Flex Category 1, 2, or 3 (Monthly)
*SDG&E would consider using its intertie RA import allocations at the following Schedule Points: PACI_MSL, NOB, IID-SDGE_BG or PVWEST. Respondents may propose Import RA at other intertie points if import allocations at those locations are included in the proposal	

B. SCHEDULED MAINTENANCE OUTAGES

SDG&E’s buying preference is for firm, fixed quantity RA with the only excuse for non-delivery being force majeure. Please note that in accordance with the [CAISO Tariff](#), sellers will be fully responsible for providing replacement in the event of outages

C. OTHER PRODUCT CONSIDERATIONS

- Both the Local and System RA attributes will become part of and included in any transaction resulting from this RFP which involves MW capacity from such units.
- Product quantities may be proposed in any whole MW increment. SDG&E reserves the right to request a modification of the proposed quantities of a Respondent’s Proposal as is necessary to fulfill SDG&E’s remaining RA need after considering better-priced Proposals.
- Any Proposals involving Once-Through Cooling (“OTC”) units must be contracted in a manner consistent with the State of California’s OTC Policy.

5.0 CREDIT TERMS & CONDITIONS

SDG&E has the right to evaluate and determine the creditworthiness of the Respondent relative to this RFP including completion of a credit application and submittal of audited financial statements. Counterparties who wish to apply for an unsecured line of credit MUST submit a credit application. Collateral requirements will be negotiated based on the counterparty's creditworthiness as assessed by SDG&E. When required, collateral may be posted as cash or letter of credit.

As a California utility SDG&E does not generally post collateral. Proposals requiring SDG&E to post collateral will likely not be selected. Payments are made in arrears following the respective RA compliance month.

For questions regarding credit terms, please contact Ms. Judy Delgadillo at (213) 244-4343.

6.0 EVALUATION CRITERIA

All Proposals will be initially assessed for conformance with the basic submittal requirements set out in this RFP description. Respondents should conform to such participation criteria to be considered. Beyond that there will be both quantitative and qualitative considerations involved with evaluating Proposals for placement on the shortlist.

A. QUANTITATIVE EVALUATION

SDG&E will rank the Proposals based on per unit pricing. SDG&E will accept well-priced Proposals based on the best value to our customers in meeting SDG&E's Resource Adequacy obligations. By submittal of a Proposal, Respondent agrees that SDG&E may evaluate Proposals in the manner indicated, and that SDG&E may accept or reject any portion of or the Respondent's entire Proposal.

B. QUALITATIVE EVALUATION

Aside from the quantitative evaluation methods described above, there are several qualitative factors which could come into play in evaluating Proposals. These may include, among others, exceptions made to the Confirmation Template, Resource Category (i.e., MCC bucket), flexible RA category, counterparty concentration and creditworthiness, SDG&E's RA portfolio balance, and OTC considerations.

C. OTHER CONSIDERATIONS

Respondents are responsible for the accuracy of all discussions, figures and calculations.

BID CONFORMANCE EVALUATION

In addition to the elements described above, SDG&E may also reject a Proposal if:

1. SDG&E uncovers evidence of market manipulation in the bid preparation and Proposal process;
2. the Respondent does not provide adequate evidence that it meets minimum participation criteria;
3. the Respondent cannot fulfill the terms and conditions of the Confirmation Template; and/or,
4. the Respondent is unable to comply with RFP timing and other solicitation requirements.

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

7.0 NON-BINDING RFP 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. Offerors are responsible for monitoring the RFO Website for updated schedules and possible amendments to the RFO or the solicitation process.

Table 2: RFP Schedule
LATE PROPOSALS WILL NOT BE ACCEPTED!

No	Event	Date
1	Launch RFP	Mon-Aug-20
2	Deadline to submit any questions	Fri-Aug-31
3	Answers to all Questions will be posted	Wed-Sep-05
4	Offer package due no later than <u>12 pm PPT</u> on this date	Thu-Sep-06
5	SDG&E Notifies Offerors of selection	Tue-Sep-25
6	Shortlisted bidders notify IOUs of acceptance/rejection	Tue-Oct-02
7	All contracts are executed	Tue-Oct-16

8.0 RFP WEBSITE AND COMMUNICATION

The RFP website contains RFP forms and documents, the RFP Schedule, and a Question and Answer forum.

ALL questions or other communications regarding this RFP should be submitted via email to RARFP@semprautilities.com with a CC to the Independent Evaluator. Only questions submitted by the RFP QUESTION SUBMITTAL deadline as specified in Table 2 (see Section 7–RFP Schedule) to these email addresses will be assured a response on the RFP Website. Questions received after this deadline may not receive a response. SDG&E will not accept questions or comments in any other form, except during scheduled bidders' conferences.

9.0 RFP RESPONSE INSTRUCTIONS

Respondents are required to submit their Proposals with firm pricing via the PowerAdvocate® website. The submitted Proposal Form and Confirmation Template must be in their original format, i.e., not converted to a Portable Document Format (PDF). Failure to provide the listed information may result in the Proposal being deemed non-responsive and may disqualify the Proposal from further consideration. Hard copies of Proposals are not necessary.

Respondents intending to bid but who do not yet have an existing account with PowerAdvocate® must first register to create a username/password to receive access to the event (event code 83570). Users with an existing PowerAdvocate® account may request access using:

<https://www.poweradvocate.com/pR.do?okey=83570&pubEvent=true>

Required Participation Documents:

- 1) ***Proposal Form*** – Each Respondent may submit one or more Proposal forms. If one Proposal Form (i.e., spreadsheet) is submitted to cover all products being proposed, it must clearly indicate which products, if any, are mutually exclusive (don't hesitate to use the comments sections). Otherwise, separate Proposal Forms will be treated as mutually exclusive from all other Proposal Forms submitted by a Respondent.

For any product that can provide Flexible RA, we would prefer two separate Proposals: one for the RA Product and one for the RA Product plus Flexible RA Product. Also, for any product that can provide Flexible RA the Respondent must also list the Flexible Category type (1, 2, or 3).

The NQC and EFC should be listed monthly on the Proposal form. If you are providing an annual Proposal, it should be included in the Calendar Year section of the Proposal form.

Put all pricing in \$/kW-MONTH. Upon being selected, SDG&E will divide the pricing by the appropriate days in a given month and use that value for the Confirm.

- 2) ***Confirmation Template*** –If a Respondent has no exceptions to the Confirmation Template, then an unmodified Confirmation Template (other than modifications made to fill out required information) should be returned with the Proposal. If a Respondent has exceptions to the Confirmation Template, it should submit a redlined *Confirmation Template* with the Proposal. As noted in Section 3–Eligibility Requirements and Section 6.0 – Evaluation Criteria, excessive exceptions made to the Confirmation Template are discouraged and could result in a Proposal being rejected.

The Confirmation Template provided as part of this RFP is intended for where SDG&E is the buyer. SDG&E will not accept a confirmation from the respondent nor any other contract form except those on the RA RFP website

- 3) ***Credit Application [Optional]*** – Per the credit Section 5.0, counterparties who wish to apply for an unsecured line of credit MUST submit a credit application.

All Proposals must be uploaded to PowerAdvocate no later than **12 pm**, Pacific Prevailing Time (PPT), on the PROPOSAL DUE deadline date as specified in Table 2 (see Section 7–RFP Schedule). However, early submittals are permitted and encouraged. Proposal materials submitted shall be subject to the confidentiality provisions of Section 10.0–Confidentiality and Disclaimers. SDG&E may or may not review and utilize information, if any, submitted by a Respondent that is not specifically requested as a part of any required RFP documentation. During all stages of the RFP process, SDG&E reserves the right to request additional information and clarification from individual Respondents or to request any Respondent to submit supplemental materials in fulfillment of the content requirements of this RFP or to meet additional information needs. SDG&E also reserves the unilateral right to waive any technical or format requirements contained in the RFP.

10.0 CONFIDENTIALITY AND DISCLAIMERS

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF SDG&E, RESPONDENTS MAY NOT DISCLOSE TO ANY OTHER RESPONDENT OR POTENTIAL RESPONDENT THEIR PARTICIPATION IN THIS RFP, AND RESPONDENTS MAY NOT DISCLOSE, COLLABORATE ON, OR DISCUSS WITH ANY OTHER RESPONDENT, PROPOSAL STRATEGIES OR THE SUBSTANCE OF PROPOSALS, INCLUDING WITHOUT LIMITATION THE PRICE OR ANY OTHER TERMS OR CONDITIONS OF ANY INDICATIVE OR FINAL PROPOSAL.

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 PROPOSAL PAGE ON WHICH THE PROPRIETARY INFORMATION APPEARS ("CONFIDENTIAL INFORMATION"). RESPONDENT SHALL SUMMARIZE ELEMENTS OF THE PROPOSAL(S) IT DEEMS CONFIDENTIAL. 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 PROPOSAL, 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 RFP WILL BE PROVIDED TO THE CPUC, ITS STAFF, THE CEC, ITS STAFF, AND SDG&E'S PRG. 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 PROCUREMENT REVIEW GROUP ("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.

SDG&E MAKES NO GUARANTEE THAT A CONTRACT AWARD SHALL RESULT FROM THIS RFP EVEN AFTER A PROPOSAL HAS BEEN SHORTLISTED. SDG&E RESERVES THE RIGHT AT ANY TIME, AT ITS SOLE DISCRETION, TO ABANDON THIS RFP PROCESS, TO CHANGE THE BASIS FOR EVALUATION OF PROPOSALS, TO TERMINATE FURTHER PARTICIPATION IN THIS PROCESS BY ANY PARTY, TO ACCEPT ANY PROPOSAL OR TO ENTER INTO ANY DEFINITIVE AGREEMENT, TO EVALUATE THE QUALIFICATIONS OF ANY RESPONDENT OR THE TERMS AND CONDITIONS OF ANY PROPOSAL, OR TO REJECT ANY OR ALL PROPOSALS, 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 PROPOSAL.

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

11.0 ROLE OF THE PRG AND IE

PROCUREMENT REVIEW GROUP

The Procurement Review Group (PRG), a CPUC-endorsed entity, is composed of non-market bidders 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. Each investor-owned utility ("IOU") has its own PRG. 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 RFP language development to Proposal evaluation to contract negotiation, each IOU briefs its PRG on a periodic basis during the entire process.

Respondents are hereby notified that revealing confidential Proposal information to the PRG is required during PRG briefings in accordance with Section 10.0 - Confidentiality and Disclaimers. Each Respondent must clearly identify, as part of its Proposal, what type of information it considers to be confidential.

INDEPENDENT EVALUATOR

The CPUC requires each IOU to use an Independent Evaluator ("IE") to evaluate and report on the IOU's entire solicitation, evaluation, and selection process. The IE will review SDG&E's implementation of the RFP process and final selections. The IE also makes periodic presentations regarding its findings to the IOU and the IOU's 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.

The IE will review and validate methods of processing the Proposal information and evaluating Proposals to ensure that the evaluation is done fairly with no preferential treatment to any Respondent, monitoring IOU solicitation and discussion processes, valuation methodologies, selection processes, reviewing Proposals to assure competitive process and no market collusion or market manipulation by some Respondents, and reporting to the Commission on the auction process. The IE is privy to viewing all Proposals, invited to participate in all discussions, reviews all Proposals, reviews Proposal scoring and selection, and must be copied on all correspondence between each IOU and their Respondents.

Affiliate Proposals will be closely examined to ensure the Proposal is evaluated in the same manner as the other Proposals. If an Affiliate Proposal were to make the short-list, then all communications and negotiations will be closely monitored and assessed by the IE to ensure no preferential terms and conditions are included in the Proposal. An Affiliate Proposal is one where the Respondent is an affiliate of SDG&E or if the Scheduling Coordinator of the Respondent is an affiliate of SDG&E.

12.0 SDG&E BACKGROUND

[SDG&E](#) is a regulated public utility that provides safe and reliable energy service to 3.4 million consumers through 1.4 million electric meters and 868,000 natural gas meters in San Diego and southern Orange counties. The utility's area spans 4,100 square miles. SDG&E is committed to creating ways to help customers save energy and money every day. SDG&E is a subsidiary of [Semptra Energy](#) (NYSE: SRE), a Fortune 500 energy services holding company based in San Diego. Connect with SDG&E's Customer Contact Center at 800-411-7343, on [Twitter](#) (@SDGE) and [Facebook](#).

