

SDG&E 2020 RPS REC Sales RFP

2nd Set of Questions & Answers (FAQs)

- 1) For the 10 year unit contingent PCC1 product, are buyers purchasing a slice of SDG&E's RPS portfolio or are buyers able to select generation from certain units or technologies? For example, if we submit a bid for 100,000 MWh delivered annually, can we specify whether it will come from a pool of wind resources, a certain wind resource or a mix of resources (solar and wind) whose contracts extend for at least 10 years?**

For 10 year unit contingent Bundled Energy and REC products, buyers may select generation from a certain unit, units or technologies. Buyers may submit a bid for an amount up to a certain quantity (non-firm) delivered annually per SDG&E's sole discretion. Buyers can specify whether RECs are delivered from a solar or wind resource whose contract term is at least 10 years.

- 2) We were contemplating bidding on Bundled Energy Products but there is no mention of an EEI. If we have to use an EEI agreement as you state below, should we use the same agreement as the for Unbundled RECS?**

Respondents bidding on bundled energy products must mark-up SDG&E's Long-form Confirmation to the WSPP, and all references to the WSPP will be amended to the EEI Standard Template. Please do not use unbundled REC agreement if bidding on bundled energy products.

- 3) Is this "separation" of RECs from SDGE RPS projects already approved by CPUC or is it subject to later approval?**

SDG&E must seek CPUC approval for all signed agreements. CPUC approval that is final and non-appealable will be required as a condition precedent to the effective date of any contract resulting from this RFP. Deliveries under any contract will not start prior to CPUC approval.

- 4) Also does it apply to RECS separated from RPS projects generating under the BioMAT tariff?**
<https://www.sdge.com/sites/default/files/SDGE-BioMAT-Tariff.pdf>

The pool of facilities for bundled REC sales could provide a BioMAT resource.

- 5) Will you please provide a list of all RPS eligible SDG&E resources and their contract expiration date?**

SDG&E will provide a list of all RPS eligible SDG&E resources at the time of shortlisting. Please list any comments or restrictions on specific types of resources for each bid in the offer form (comments / other information section of offer form).

- 6) Which tier advice letter will be sought for 10-year Bundled RECs?**

Tier 3 Advice Letter

7) Which tier advice letter will be sought for 10-year Unbundled RECs?

Tier 3 Advice Letter

8) Can you confirm SDG&E's upstream contracts have terms of at least 10+ years?

Yes, a majority of upstream contracts are 10+ years.

9) As part of the credit application SDG&E requests 3 years of audited financials. As a private company, an NDA will need to be completed before submission of financials. Is it possible to have an NDA in place prior to bid submission? Would SDG&E fill in an NDA / submit financials if a bid is selected?

SDG&E will complete an NDA/obtain financials if a bid is shortlisted.

10) What is the expected timing of Invoice delivery to Buyer for Calculation Periods for Bundled Firm and Unit Contingent Products? Will the invoice be delivered immediately following the Calculation Period, or immediately following transfer of RECs into the Buyer's WREGIS account?

Purchaser shall pay Seller the Monthly Cash Settlement amount, in arrears, for each Calculation Period (invoice will be generated the following month of delivery).

11) Section 5.3 of the Bundled Product WSPP Confirm states that "The invoice shall include a statement detailing the portion of Product transferred to Purchaser during the applicable Calculation Period." Can SDGE provide a sample of the invoice, or list the details that will be included in the "statement" supporting Seller's invoice?

The invoice will include the following: Invoice Date, Price, and Quantities.

12) None of SDGE's proposed WSPP Confirms include Service Schedule R of the WSPP Master Agreement. Will SDGE consider bids that include invoking Service Schedule R of the WSPP Master Agreement? If not, please explain why.

SDG&E provided its approved pro forma confirmation for review for transactions in this solicitation. Bidders should review and comment on that document, proposing redlined changes where necessary.

13) Section 7.2 of the Bundled and Unit Contingent WSPP Confirms, and Section 8.1 of the Unbundled WSPP Confirm, state that " . . . EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT." Will SDGE consider bids from municipal Buyers that are unable to waive their right to a jury trial? If not, please explain why.

Section 7.2 in the pro forma template states "**TO THE EXTENT ENFORCEABLE** AT SUCH TIME, EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY

LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT”, contemplating certain parties may not be able to waive such right.

- 14) Section 7.3 of the Bundled and Unit Contingent WSPP Confirms, and Section 9.1 of the Unbundled WSPP Confirm, state that “Purchaser hereby waives sovereign immunity with regard to disputes relating to this Confirmation.” Will SDGE consider bids from municipal Buyers that are unable to waive their sovereign immunity? If not, please explain why.**

It is SDG&E’s expectation that municipal buyers can agree to limited language waiving sovereign immunity for contract disputes.

- 15) If a prospective Buyer submits a bid with a Delivery Term from July 2021 through June 2022, should this bid be submitted as Firm, or Unit Contingent?**

Unit Contingent.

- 16) The RFP Protocols state that for Unbundled products the “Model REC Agreement – To be provided by SDG&E at time of shortlisting,” but Number 7 of the FAQ’s issued for this RFP states “. . . SDG&E is expecting redlined PPAs with all bid packages and they will be included as part of the bid evaluation.” Please clarify whether a redlined PPA is required to be submitted with bids for Unbundled products?**

See above.

- 17) Regarding biomass transactions – are there emissions associated with the biomass units for the Power Content Label and Power Source Disclosure regulations and if so what is the carbon intensity starting in 2021?**

The biomass transactions may be subject to emissions reporting. SDG&E does not provide the carbon intensity starting in 2021.

- 18) In terms of proposed timing – can a buyer submit a bid that is conditional upon board approval? In terms of the timing, we would need board approval to execute a 10 year RPS index plus transaction and the buyer’s next board meeting is on August 12th. The contract negotiations would begin for shortlisted parties on July 24th and finish on August 31st? If shortlisted, we could take this to the board on August 12th but want to ensure that the bid is conditional upon board approval.**

All internal approvals must be completed prior to execution.

- 19) Will SDG&E provide an opportunity to refresh bids after submission?**

SDG&E will not refresh bids after submission.