



2023-2026 SDGE Mid-Term Reliability RFO Bidders' Conference

October 13, 2021



Agenda



1. Welcome and Agenda
2. Procedures and Legal Disclaimers
3. Supplier Diversity
4. Independent Evaluator
5. Solicitation Overview
6. Bidding Process
7. Offer Submission Process
8. Bid Evaluation
9. Collateral Requirements
10. Questions and Answer

Logistics



Audio

- Microphones will be on mute for all participants for the duration of the webinar

Procedure for Questions

- Please hold questions until Q&A section of the conference.
 - Questions can also be emailed to IRPReliabilityRFO@sdge.com and MUST also CC SDGE_IE@paconsulting.com.
- Questions will be addressed either
 - At the end of the webinar or
 - In the FAQ document available on the IRP Reliability RFO website:
<https://www.sdge.com/2023-2026-irp-reliability-rfo>.

Anti-Trust and Document Conflict

Legal

Legal Disclaimer: Anti-Trust Guidelines & Document Conflict

Anti-trust:

- All participants in today's meeting shall comply with anti-trust guidelines. These guidelines direct meeting participants to avoid discussions of topics or behavior that would result in anti-competitive behavior, including restraint of trade and conspiracy to create unfair or deceptive business practices or discrimination, allocation of production, imposition of boycotts and exclusive dealing arrangements.

Document Conflict:

- This presentation is intended to be a summary level discussion of the information and requirements established in the IRP Reliability RFO documentation. To the extent that there are any inconsistencies between the information provided in this presentation and the requirements in the RFO documentation, the RFO documentation shall govern.

Supplier Diversity

Diverse Business Enterprises (DBE)

General Order (GO) 156

- History: Adopted by the California Public Utilities Commission in 1986 and with Electric Procurement reporting added in 2012
- Purpose: Promote greater competition among utility suppliers by expanding the available supplier base and to encourage greater economic opportunity for women, minority, and disabled veteran owned businesses historically left out of utility procurement
- Qualitative Metric: In the event of a tie between two offers, SDG&E will consider a Respondent's status as a DBE and or a Respondent's plan to utilize the services of DBEs during project development

California Public Utilities Commission (CPUC) Supplier Clearinghouse

- Register to become a DBE supplier,
<http://www.thesupplierclearinghouse.com/>

Questions?

SDG&E Supplier Diversity Team

Email: vendorrelations@sdge.com

Phone: 1 (866) 616-5565

Independent Evaluator

PA Consulting

Independent Evaluator Role

- PA Consulting Group will be the Independent Evaluators (“IEs”) for this solicitation. PA Consulting has served as the IE for previous SDG&E RFOs (e.g., RPS, all-source RFO, etc.)
 - The IE oversees SDG&E’s Bid Evaluation Team.
 - The role of the IE is to ensure that SDG&E’s evaluation of bids is transparent and that all bidders are treated fairly and equitably.
 - The IE is expected to assure that affiliate and utility owned bids are not favored.
 - The IE will also ensure that bid compliance decisions are fair.
 - The IE oversees the modeling of the bids including how each bid is represented the models.
 - The IE provides advice to SDG&E on evaluation issues as they arise.

Independent Evaluator Contact Info

Any emails sent to SDG&E at
IRPReliabilityRFO@sdge.com

MUST also be cc'd to IE address:
SDGE_IE@paconsulting.com

Solicitation Overview

Regulatory Background

- In accordance with Decision (D.)21-06-035 of the California Public Utilities Commission, SDG&E is issuing its 2023-2026 Mid-Term Reliability RFO to solicit offers from owners and operators for the purchase of eligible system RA to come online by August 1, 2023, June 1, 2024, June 1, 2025, or June 1, 2026.
- SDG&E is directed to procure at least 361 MW of additional net qualifying capacity.
- Energy Storage EPC and BOT bidding will not be covered in this webinar.
 - Questions relating to ESSEPC and ESSBOT can be sent to UtilityDevelopmentTeam@sdge.com.

Solicitation Q&A

- SDG&E has posted questions and answers on the solicitation website (<https://www.sdge.com/2023-2026-irp-reliability-rfo>).
- Questions from today will be documented and all questions and their associated answers will be posted on the RFO website.
- Questions can be submitted to IRPReliabilityRFO@sdge.com (please cc the IE) at any time until the question submittal deadline.
- Respondents are encouraged to submit questions as soon as possible.
- Deadline to submit questions: October 20, 2021.
 - SDG&E will post answers to questions as they are received. The final set of answers will be shared no later than October 22, 2021.

RFO Authorization and Online Dates

- SDG&E is directed to procure at least 361 MW of additional net qualifying capacity. Resources procured must be incremental to the baseline resource assumptions identified for the analysis: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/d2106035_baseline_gen_list.xlsx.
- COD Requirements
 - 63 MW online by August 1, 2023
 - 188 MW online by June 1, 2024
 - 47 MW online by June 1, 2025
 - 63 MW online by June 1, 2026

RFO Eligible Resources



Type of Resource	2023	2024	2025	2026	Total
Firm zero-emitting resources*	-	-	-	31.5	31.5
Long-duration storage resources*	-	-	-	31.5	31.5
Any other type of non-fossil-fueled resource	63	188	47	-	298
Total	63	188	47	63	361
Zero-emitting resources required by no later than 2025**	-	-	78	-	78

* The Long Lead-Time resource requirements are divided into half from long-duration storage and half from firm, zero-emitting generation resources.

** The zero-emitting resources required to replace Diablo Canyon must be procured by 2025 but may occur in any of the years 2023-2025; therefore, the columns do not add to the total.

RFO Schedule



NO.	ITEM	Date
1	RFO Issued	September 30, 2021
2	Pre-Offer Webinar details available at https://www.sdge.com/2023-2026-irp-reliability-rfo	October 13, 2021
3	DEADLINE TO SUBMIT QUESTIONS. Question submittal cut-off date. Answers to all questions will be posted on the website no later than October 22, 2021.	October 20, 2021
4	DEADLINE TO REGISTER for PowerAdvocate access / to download RFO forms and documents	October 20, 2021
5	CLOSING DATE: Offers must be uploaded to and received on Power Advocate ® no later than 12:00 PM Pacific Prevailing Time	November 5, 2021
6	SDG&E Begins Offer Evaluation Process	November 8, 2021
7	Shortlist determination	January 28, 2022
8	SHORTLIST NOTIFICATION SDG&E notifies Shortlisted Respondents	February 4, 2022
9	SHORTLISTED RESPONDENTS ACCEPTANCE/WITHDRAWAL Letter due from Shortlisted Respondents indicating: a. Withdrawal from SDG&E's solicitation; OR b. Acceptance of shortlisted standing and including Shortlist Acceptance Fee SHORTLIST NOTIFICATION	February 11, 2022
10	SDG&E issues appreciation notices to unsuccessful Respondents	February 11, 2022
11	SDG&E commences contract negotiations	February 11, 2022
12	Target date to complete contract negotiations	May 2, 2022
13	SDG&E Submits agreements to CPUC for approval	Q2 2022

* Dates subject to change

RFO Requirements

Location

- Resources must be located within the CAISO or dynamically transferred, or pseudo tied to CAISO
- DER and DR must be within SDG&E service territory

Resource Adequacy

- Must qualify to contribute to RA requirements

Incremental

- The resource must be 'demonstrably incremental' to the baseline resource assumptions

Contract Term

- Minimum of ten years

RFO Requirements

- IOUs must meet CPUC RA requirements on a monthly basis.
 - RA resources used to meet these requirements have a ‘must offer obligation’ in the CAISO energy markets
- The resources that SDG&E is seeking through this RFO are intended to count toward SDG&E’s RA obligations or are required to provide RA value

Supply side resources

- Must go through the CAISO deliverability study process and receive a non-energy only deliverability status

Demand side resources

- Provide RA value by offering load reduction conforming to RA guidelines

RFO Requirements



Table 1: SDG&E Mid-Term Reliability RFO Resource Needs

Product	Agreement	Eligible Resources	Minimum Delivery Term(Years)	Minimum Size (MW)
All market attributes (Third-Party Ownership)	Energy Storage System Power Purchase Agreement	Energy Storage/Hybrid	10	10
	Energy Storage System Power Purchase Agreement, RA Only	Energy Storage/Hybrid	10	10
	Behind the Meter/Distributed Energy Resource Power Purchase Agreement	Behind the Meter Resources	10	10
	Renewable Power Purchase Agreement	Zero-Emissions Resources	10	10
	Firm energy imports	New Resource or an Increase of Capacity From an Existing Resource	10	10
All market attributes (Utility Ownership)	Energy Storage System Turn-key Build, Own, Transfer Agreement or Turn-key Engineering, Procurement and Construction Agreement	RPS-eligible Energy Storage/Hybrid	See Table 3 for details	See Table 3 for details
	Renewable Turn-key Build, Own, Transfer Agreement or Turn-key Engineering, Procurement and Construction Agreement	Zero-Emissions Resources	10	10

Bidding Process

Required Documents

Energy Storage/Hybrid Example

1. Project Description Form
2. Energy Storage Offer Form
3. Credit Application
4. Redline Pro Forma Agreement
5. Electric Interconnection/Repowering Information
6. Site Control Information
7. PVSyst Files
8. Diverse Business Enterprise Subcontracting Commitment and Reporting Requirements (DBE) Form (optional)

See requirements for specific resources in Protocols.

Offer Submission Process

PowerAdvocate

- **Ways to Register:**

1. Register as a first-time user on www.PowerAdvocate.com

- Request for access using the PowerAdvocate® link provided in the RFO documents

– <https://www.poweradvocate.com/pR.do?okey=127839&pubEvent=true>

- **How to Log On:**

1. Launch a web browser and go to: www.poweradvocate.com, and then click on the orange **Login** button

2. Enter your account **Username** and **Password** (both are case-sensitive)

3. Click **Login**

Common Mistakes to Avoid

- Inconsistent contract terms between worksheets or documents
 - Prices and deliveries should start at the same date as the contract start date. Deliveries and prices should stop in the final contract year. Offer forms for contracts of 20-year terms that only have 10 years of pricing and deliveries, or any other mismatch that is not explained in the offer form, may be declared non-conforming and rejected.
- Missing documents
 - Any of the required documents that are not submitted before the RFO closing date could be declared non-conforming.
- Using incorrect units
 - Offer form entries that are inconsistent with the units shown at the top of the pricing form column may require corrections. For example: \$/MWh vs. cents/kWh.

Common Mistakes to Avoid

- Adding or renaming worksheets
 - If the bid has multiple options for pricing/COD/deliveries/etc., fill out separate offer forms for each option. Adding worksheets, or renaming worksheets, create problems with interpretation and processing, and the bid may be declared non-conforming and rejected.
- Pricing form data inconsistent with project description form
 - The Project Description Form and the Offer Forms should describe the same project and pricing options. If options are submitted that are inconsistent with the Project Description Form, the options may be declared non-conforming and rejected. If none of the submitted offer forms match the Project Description Form, the bids may be rejected.

Bid Evaluation

Evaluation

- Valuation and Selection Process
 - Least-Cost/Best-Fit (LCBF)
- Conformance Screening & Qualitative Evaluation
- Quantitative Evaluation
 - Net Market Value (NMV)
 - Each conforming offer is valued using this discounted cash flow analysis.
- Shortlisted Offers

Quantitative Valuation Process

Net Market Value = Benefits - Costs

Typical Benefits	Typical Costs
Capacity (RA)	Contract Payments
Energy	Variable Energy Costs (Fuel, VOM, GHG Compliance)
Ancillary Services (A/S) – Spin, Non-Spin, Reg Up, Reg Down	Transmission Interconnection

Collateral Requirements

Collateral Requirements

Shortlist Acceptance Fee: higher of \$100K or \$2/kW * Highest Delivered Capacity

- Pay in 10 business days after shortlisted

Pre-COD collateral requirements are the amount of SDG&E's exposure to Seller's default or non-performance from Effective Date to project COD

- Including potential Development Period Security and Construction Period Security

Collateral requirement during delivery period is based on the potential market exposure that SDG&E may have if Seller defaults or fails to perform

- May vary by product type

Collateral requirements can be satisfied by the combination of:

- Unsecured Credit: granted by SDG&E to the Seller based on credit worthiness (credit application)
- Secured Credit: Cash or letter of credit posted by the Seller

Thank you for attending

Questions

