

2015 RESOURCE ADEQUACY RFO QUESTIONS AND ANSWERS

The additional questions below questions were submitted after the August 21, 2014 deadline. In some cases questions were consolidated and/or reworded to remove confidential information, conceal the submitter's identity, and/or for clarity.

- 1. I consider the NV Energy system as a firm resource and do not have individual units registered. Would this be a product you would consider as part of your RFO?**

SDG&E is not taking delivery of any energy at the intertie location or any other delivery point inside the CAISO. Products selected at any intertie location for resource adequacy would result in a must offer obligation for the seller's scheduling coordinator to bid or self-schedule into the ISO markets. Any dispatch or schedule as a result of the ISO clearing market is between the ISO and the seller. SDG&E would accept an offer for such a product described.

- 2. Also, since Mead is located in Nevada, there would be no California Carbon Allowances ("CCA's) required by NV Energy.**

Physical deliveries of electricity into the state of California are subject to California's Cap-and-Trade Regulation. However since SDG&E would be buying a capacity product, no compliance obligation would be assigned to SDG&E.

If physical delivery of electricity occurs as a result of bidding energy into the CAISO market, seller may be required to purchase compliance instruments to cover the calculated emissions associated with the imported electricity. For more on Cap-and-Trade import obligations see the Cap-and-Trade website: <http://www.arb.ca.gov/cc/capandtrade/capandtrade.htm>

- 3. Should the third line on page 1 of the Long Form Confirmation letter read 2014 rather than 2015?**

Yes, that update has been made to the current confirm document on the website.

- 4. Please clarify the period of time for which SDG&E is soliciting RA capacity; start month, 2015 through end month, 2015.**

The contract delivery term must start on the first day of a calendar month and cannot occur prior to January 1, 2015 nor shall the contract term end later than December 31, 2015.

5. About the Confirmation Template, besides Appendix B, does SDG&E require respondents to fill all corresponding blank lines and tables?

No. While Respondents are welcome to fully complete all aspects of the *Confirmation Template* they return with their proposals that is not required for a conforming proposal. There are three critical aspects of the *Confirmation Template* that need to be addressed in a conforming proposal. These are each reviewed below:

- 1) **Redline** – As Section 8 – RESPONSE INSTRUCTIONS indicates, all Respondents should include the *Confirmation Template* with their proposals even if there are no suggested changes ...this is the preferred approach. Otherwise submit the *Confirmation Template* with your proposal indicating via Word doc redlining any suggested language changes.
- 2) **Appendix B** – As noted in Section 2B – SCHEDULED MAINTENANCE OUTAGES any Respondent intending to utilize an Appendix B should complete and submit a completed Appendix B with their proposals. If Appendix B is not completed it will be assumed that there will be no Appendix B in any resulting transaction.
- 3) **Price Shaping** – As referenced in Note #7 of the *Offer Form*, for calendar year (12-month strip) offerings the *Capacity Pricing Table* in Section 4.1 of the *Confirmation Template* should be completed if the intention of the proposal is for the *Capacity Price* to vary from month-to-month. If the Section 4.1 *Capacity Pricing Table* is left blank it will be assumed that the annual price shown in the *Offer Form* is evenly distributed throughout the twelve months.

The only EXCEPTION to the above process is for **Import RA (Product 3)**. In this case the *Confirmation Template* as supplied on the RA RFO website is not applicable and as such does not have to be submitted with any Product 3 – Import RA proposals. Instead SDG&E will provide a separate/different transaction confirmation to Respondents proposing Import RA.

6. What information do you require respondents to fill out on the Unit Description tab when submitting an offer for Import RA? Do you need the actual Unit Resource Name since the obligation is to submit energy bids at the tie point regardless of unit?

We do not need a specific unit unless it is a resource that is listed on the Imports tab of the NQC file which is limited to dynamically transferred resources. However, we would require the seller to list an intertie resource ID. That ID should be registered with the ISO already or will be registered with the ISO by the time the compliance filing is due.

- 7. Can respondents offer blocks of RA capacity at different prices? For example, if we have a capacity of 250MW, can we offer 180MW at certain price and the remaining 70MW at a different price? If yes, how that offer should be put in the Offer Form?**

Yes, SDG&E is okay with block pricing. Use your best judgment in conveying your offer on the offer form. Duplicating a tab is acceptable way to describe your offer or perhaps for each month have two rows one for each MW/price pair. Just make sure that you clarify any mutual exclusivity among your offer structure.

- 8. We intend to submit an offer in response to the RA RFO. We wish to understand the RA Pricing risk and request that you direct us to the appropriate tariff. Specifically, we want to understand what Energy price we would receive if called upon to generate.**

You will need to contact your CAISO rep to discuss and you can use the following links to the tariff and contact CAISO below.

CAISO Tariff - <http://www.aiso.com/rules/Pages/Regulatory/Default.aspx>

CAISO Contact - <http://www.aiso.com/Pages/ContactUs.aspx>