

Questions and Responses from the 2020 DRAM RFO Pre-Bidder's Conference

#	Question	Answer from Webinar	Additional Clarification
1	Does this process include businesses such as architects who design spaces?	For building envelope design? We are looking for a behavioral adjustment to existing consumption to your power consumption. This does not apply during design phase, it is for energy that customers would have otherwise used during certain periods of high demand.	See webinar response. This RFO seeks monthly demand response (DR) system capacity and flexible capacity, such that Sellers will bid aggregated demand response directly into the CAISO day-ahead energy market using an aggregation of customer load. The DR resources are required to bid into the CAISO energy market under the CAISO must-offer obligation for DR.
2	On the Scoring Matrix, some of the response weightings seem like they should have a negative weighting. Can you please clarify how these will be scored?	Yes, some have positive and negative effect on the ranking. Please look at the IOUs protocols for positive or negative weighting. PGE: •certified small business is positive, the last two are negative SDGE: •Permits, etc a yes is a negative, and adder to the cost •Enabling technology: an answer of no is an additive cost •Expect majority for customers to increase GHG: an answer of yes is an additive cost SCE: •If our rows have a weight it is negative If it is a 1 under the yes column it adds cost, if it a 1 under the no column then it adds cost for the no response	See webinar response. Note that there was a typo in the webinar slide for the small business qualitative criteria. Answering yes would reduce the cost of your bid by 1% for bid evaluation purposes.
3	Can the IOUs give any indication of how much of their respective DRAM budgets will be available for contracts (as opposed to admin)?	A small amount but we defer to the authorized budget that is posted for each utility	PG&E allocated a relatively small amount of their DRAM budget to administrative costs.
4	Is an offeror prohibited from stacking PDR with local capacity delivered through another procurement? Like ones based on local and regional needs that could overlap with the demand response someone could provide under DRAM.	Generally, you cannot provide the capacity awarded in DRAM from other procurements. This would result in the same resource committed under multiple contracts, which is problematic. Please see Section 3.4(C). for more details on prohibitions on concurrent enrollment of resources	No, the capacity you provide under DRAM cannot be committed under a separate contract. See Section 3.4(c) of the DRAM contract, which states, "Seller shall not include any Customer premises or resource in a PDR in the DRAM Resource that is concurrently enrolled in or otherwise concurrently committed to any other demand response program offered, maintained, or funded by Buyer (e.g., without limitation, behind-the-meter storage products in the Energy Storage RFO), or that is registered with CAISO as a part of any other demand response resource or Distributed Energy Resource Aggregation, other than as provided under this Agreement." See also Section C(2)(d) in Electric Rule 24 (for PG&E and SCE, and Electric Rule 32 for SDG&E) for other prohibitions on dual participation.
5	Regarding new entrant set-aside, if there is not 10% of bids from new entrants, will that excess capacity/budget be re-allocated to non-new entrant bidders?	Yes, if there are not enough bids to meet that requirement, we would be looking at non-new entrants to be able to exhaust our allocated budgets. If there are sufficient bids that are available, we would be required to procure those unless they fall under our ability to reject them i.e. contain outliers or costs above our long run avoided cost of generation. Any such decisions to reject offers would be made in conjunction with approval from the Energy Division, our Procurement Review Group, and our Independent Evaluator.	See webinar response.
6	Clarification on credit ratings for the offer form: for SCE on the form it indicated a fitch credit rating	For collateral required for the contract, Section 5.1 states that if you meet certain credit requirements you do not have to post collateral and we use S&P and Moody to determine this. We only use Fitch when it comes to Issuers of Credit in the event that they do not meet the requirements to have the collateral waived.	See webinar response.
7	Qualifying capacity is one of the newer components in this DRAM, as a C&I provider who has customers will very different demand reduction abilities, there is not a one size fits all service account, should we take our portfolio customers with very different load reduction abilities and average them? How would you like to see this in the offer work book in a simplified format?	PGE: You can put multiple data items in each cell and you can use the optional notes cell to reflect your diverse portfolio. Otherwise, you can also try to represent the majority of your resources and use the note section to indicate this. Please email the RFO inboxes when more questions come up on this topic and we will try to answer as many of them as we can.	See webinar response. Providers are expected to aggregate the contracted demand reduction, accounting for the non-coincident nature of their various customer demand reduction profiles.

Other 2020 DRAM RFO Questions Received by the IOUs as of 10/25/2019

#	Question	SDGE Response	PGE Response	SCE Response
1	How does each of the IOUs view needs for System vs. Flex RA? Are these procurement minimums or maximums for System and/or Flex RA?	SDG&E will ensure that the net market value (NMV) reflects the appropriate values for system and flexible capacity, based on proprietary and confidential internal RA curves. SDG&E is not able to express any preferences publicly at this time. In the DRAM solicitation, there are no explicit procurement minimums or maximums for either system or flexible with system capacity.	PG&E will ensure that the net market value (NMV) reflects the appropriate values for system and flexible capacity, based on proprietary and confidential internal RA curves. PG&E is not able to express any preferences publicly at this time. There are no explicit procurement minimums or maximums for either system or flexible with system capacity.	There is no specific requirement to select a certain amount of System/Flex product or PDR resource type set by the CPUC and therefore each IOU will procure based on their individual needs
2	For each IOU, is there additional value for Flex RA as compared to System RA?	System RA values, both with Flex RA and without Flex RA, are confidential. SDG&E is unable to provide a comparison, however some historical information is available on the CPUC RA webpage, https://www.cpuc.ca.gov/RA/ .	PG&E will ensure that the net market value (NMV) reflects the appropriate values for system and flexible capacity, based on proprietary and confidential internal RA curves per D.06-06-066. PG&E is not able to express any preferences publicly at this time.	SCE values 'Flex' has greater value than 'no Flex' (please see each IOUs RFO Protocols for more information). The specific valuation premiums are considered confidential per D.06.06.066. Respondents are encouraged to bid at the lowest price possible regardless of the analysis that is taking place.
3	Will contracts be consolidated for each IOU? If yes, what is the criteria for consolidation? (i.e., system and flexible or residential and nonresidential?)	Same as SCE	PG&E will consolidate contracts by product type, which includes RA Type (System RA, Flex (Category 1) + System RA, Flex (Category 2) + System RA, Flex (Category 3) + System RA) and Customer Product Type (Residential, Non-Residential).	SCE will consolidate contracts by product type including RA type and Customer Product type
4	How will capacity provided to Residential and Nonresidential users be differentiated in the contract terms?	Same as PG&E	There is a check box in section 1.1(c) of the pro-forma to identify that the contract is a Residential product. Failure to meet the Residential product requirements for a Residential product contract would result in reduced payment per variable C of the calculation in Section 4.1 of the pro-forma contract.	Refer to PGE's Response
5	What is the Bidder's responsibility to provide qualifying capacity assessments to PG&E? PG&E said in their "2020 DRAM Protocol" that the "Failure to provide this (i.e. qualifying capacity) information would not comply with D.19-07-009, which would disqualify the bidder". But in footnote 10 to this section, it says "Bidders may elect to provide their QC assessments on a voluntary basis."	N/A	The references to PG&E's Protocols in the question are misquoted, and the full language provides important information about the granularity of the QC assessments. PG&E is requesting that, at minimum, each of the product types offered by the bidder have an accompanying QC assessment (i.e., a row in the QC assessment template). Additional, more granular, information, is voluntary (i.e., a QC assessment row for each offer if each offer is of the same product type). The full footnote is reflected here: "For instance, all System Capacity - Residential Customer Product Offers may be combined for the purposes of the QC Assessment, but may not be combined with all System Capacity - Non-residential Customer Product Offers. Bidders may elect to provide their QC Assessments per Offer on a voluntary basis." As another example, if a bidder has five Flexible Capacity (Category 1) with System Capacity - Residential Customer Product offers, the bidder may combine the QC assessments into one QC assessment row describing all five offers, or break out each individual offer into its own QC assessment row.	N/A
6	Are the estimated Administrative Costs to the IOU the same as previous auctions?	Refer to PGE's Response	They will be similar, but not identical, as the administrative costs for the 2020 DRAM will include additional tasks required by D.19-07-009, such as the QC assessments.	Refer to PGE's Response
7	For 2020, what is the Long-Run Avoided Cost of Generation (LRACG) and where could we find that information for future reference? Is the LRACG effectively an offer cap?	Refer to PGE's Response	The 2020 avoided capacity cost in E3's avoided cost model is \$113.20/kW-year (cell F200 in the "Market Dynamics" tab). Here is the link to the reference: https://www.ethree.com/public_proceedings/distributed-energy-resources-der-avoided-cost-proceedings/ . The IOUs are not obligated to procure offers above this value, but may elect to do so. If the IOUs seek to reject an offer due to its cost exceeding the long-run avoided cost of generation, it must do so with approval from the Energy Division.	Refer to PGE's Response

8	<p>What is the permissible criteria or reasoning for IOUs to Accept or Reject qualifying capacity? Does the Commission need to approve the decision of an IOU to reject a bid based on qualifying capacity? How will Bidders be notified that submitted qualifying capacity has been Accepted or Rejected? If a Bidder's bids have been Rejected, what is the process for determining whether a Bidder can resubmit Rejected bids with updated qualifying capacity?</p>	Same as PG&E	<p>Each IOU will review whether the capacity offered is reasonable based on the information provided in the QC assessment template. The IOUs will select offers based on the following criteria: offers will be ranked by net market value (adjusted for the qualitative criteria), and offers will be selected up to the authorized budget (adjusted by the administrative costs). The IOUs may elect to not select an offer if the offer's price is above the long-term avoided cost of generation or one more of the monthly capacity prices of the offer are outliers, and such exceptions will be made with consultation with the IOUs' respective Procurement Review Group and with approval of the Energy Division. See each IOUs' protocols for additional information. Bidders will only be notified of issues with their QC assessments if a cure is required, and if the IOU determines that a cure is required, it will request only the information that requires curing to be revised by the bidder during the cure period.</p>	Refer to PGE's Response
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Questions Received as of 11/5/2019 (After SDG&E's Submittal Deadline)

9	Can more than two offers be exclusive of each other?	N/A	Yes, you may submit multiple offers that are exclusive of each other.	Refer to PGE's Response
10	If an offer is selected, must all the months in that offer be awarded? i.e., if an offer covering June - September is submitted, would PG&E have the option of selecting only the June months?	N/A	Each final bid will be accepted or rejected in its entirety. PG&E will not modify offers when shortlisting bids. In your example, PG&E would award all months offered if the offer is shortlisted.	Refer to PGE's Response
11	Can you help point me to a reference for the must offer obligation summarizing the CAISO tariff?	N/A	Your best resource for the latest and official must-offer obligation requirements is the CAISO tariff. The must-offer obligation requirements span the CAISO Tariff, but a few starting points for your research include Sections 40.6, 40.8.1.13, and 40.9.3.	Refer to PGE's Response
12	For the new market entrant criteria, how do you define having "integrated demand response resources in the CAISO market"?	N/A	If you have participated in DRAM before and/or you have been a demand response provider and/or scheduling coordinator that has aggregated customer load reduction and offered demand response in the CAISO wholesale energy markets, you would not qualify as a new market entrant.	Refer to PGE's Response
13	If we intend to offer System RA for the DRAM solicitation, I assume there are no restrictions about where in System those come from (i.e., doesn't necessarily need to be from resources within PG&E's service territory under a PG&E DRAM contract), but can you please confirm?	N/A	The DRAM contract restricts where the customers may be aggregated from to only PG&E's territory. You may not use customers or resources from SCE's territory to meet System RA obligations under a PG&E DRAM contract. For reference, see the DRAM Protocols, top of page 8, under Section D.1, and the DRAM pro forma, Section 1.4(a)(ii) and the associated definitions in Exhibit A.	Customers must be aggregated from SCE's territory