



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

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## **SDG&E's 2021-2023 IRP RELIABILITY RFO - COMBINED HEAT AND POWER ("CHP")**

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2021-2023 IRP RELIABILITY  
REQUEST FOR OFFERS  
("RFO")  
seeking  
COMBINED HEAT AND POWER  
POWER PURCHASE AGREEMENTS

VERSION 1 – 12/13/2019

**ISSUED**  
DECEMBER 13, 2019

**OFFERS DUE**  
FEBRUARY 7, 2020

**RFO WEBSITE**  
<https://www.sdge.com/2021-2023-irp-reliability-rfo>

**EMAIL QUESTIONS/COMMENTS TO**  
[IRPReliabilityRFO@sdge.com](mailto:IRPReliabilityRFO@sdge.com)

Record of Changes

| Date | Explanation of Change | Section / Page<br>of Document |
|------|-----------------------|-------------------------------|
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## 1.0 BACKGROUND

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In accordance with Decision (D.)19-11-016 – Decision Requiring Electric System Reliability Procurement for 2021-2023 (the “IRP Procurement Track Decision”) approved on November 7, 2019, San Diego Gas and Electric (“SDG&E”) is issuing its 2021-2023 IRP Reliability Request for Offers (“RFO”) - Combined Heat and Power (“CHP”) to solicit offers from owners and operators of CHP facilities and Utility Prescheduled Facility (“UPF”) conversions.

SDG&E is issuing this 2021-2023 IRP Reliability RFO – CHP to help meet its system capacity requirement established in the IRP Procurement Track Decision. As authorized in the Decision, SDG&E is seeking a minimum of 292.9 MW incremental to the baseline resource assumptions identified for the analysis that led to the adoption of the Preferred System Plan in Decision 19-04-040 as adjusted in the System Reliability decision. This RFO solicits offers from eligible facilities that interconnect within the CAISO balancing authority and as required by the Decision, SDG&E is soliciting a broad range of resources including energy efficiency, demand response, renewables, energy storage, and conventional..

This solicitation sets forth the terms and conditions of SDG&E’s 2021-2023 IRP Reliability RFO – CHP. **This solicitation strictly prohibits greenfield development of natural gas facilities.** By responding to this RFO, the bidder agrees to be bound by all the terms, conditions, and other provisions of this RFO and any changes or supplements to it that may be issued by SDG&E, prior to the bidder’s response.

The Independent Evaluator (“IE”) for this solicitation is PA Consulting.

In this RFO, SDG&E will entertain offers for the following resources: Repowered<sup>1</sup> and expanded facilities under a conventional PPA. The CHP PPA will not be offered.. SDG&E will give preference for offers that are low cost, and have either low associated GHG emissions or provide GHG emissions reductions through changes in operations or technology. Any facility that offers operating flexibility will be considered favorably.

The purpose of this document is to provide an overview of the process that SDG&E will use to implement this RFO. It will serve to set forth each bidder’s obligations with respect to the RFO as well as describe the procedures that each bidder must adhere to. If there is a conflict or inconsistency between the terms and conditions contained here and the terms and conditions contained within the PPAs attached to these instructions, the terms and conditions in the PPAs applicable to the offers will prevail.

To be considered in this RFO, an offer must be uploaded to the SDG&E RFO website in accordance with this RFO protocol no later than **12:00 PM** Pacific Prevailing Time (“PPT”), on February 7, 2020.

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<sup>1</sup> The IRP Procurement Track Decision, pg 65 – 66. “And finally, some augmentation of capacity, at existing sites and including efficiency improvements or repowering, may also help support system reliability.”

The RFO schedule is subject to change at SDG&E's sole discretion at any time. All changes to the RFO schedule will be posted to SDG&E's RFO website. The RFO schedule may be affected by (but not limited to) issues such as: discussions with shortlisted bidders, proceedings before the CPUC, and efforts to obtain regulatory approval. SDG&E intends to notify bidders of any schedule change, but will not be liable for any change in schedule or for failing to provide notice of any change. A schedule detailing SDG&E's plans throughout the entire solicitation can be found in Section 6.

Once bidders have accepted their shortlisted position with SDG&E and have remitted the Shortlist Acceptance Fee<sup>2</sup>, further PPA contract negotiations may commence and continue until mutual agreement has been achieved and a contract has been executed. Being shortlisted does not guarantee that a PPA will be negotiated or signed with the bidder.

SDG&E will seek CPUC approval of all executed agreements resulting from this RFO. SDG&E reserves the right to execute agreements with individual bidders at any time after short listing and to seek CPUC approval for individual agreements in order to expedite the approval process.

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<sup>2</sup> See section 3.D.i. of this RFO for further details

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## 2.0 PROCUREMENT PROCESS

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Respondents to this solicitation shall comply with the requirements described in this RFO document.

All offers shall meet the minimum eligibility requirements as set forth in Section 3.0. All conforming offers will be evaluated in accordance with the Evaluation Criteria described in Section 5.0 of the RFO. SDG&E anticipates shortlisting a minimum of 292.9 MW from the 2021-2023 IRP Reliability RFO, which could include: energy efficiency, demand response, renewables, energy storage, CHP and conventional bids. Selected offers will be evaluated consistent with the quantitative and qualitative methodology described in Section 5.0.

SDG&E is mindful of the impact that interconnection costs have on successful project development. Distribution level interconnection costs and/or any transmission level interconnection costs allocated to the project and to be paid by Respondent (i.e. non-reimbursable) should be incorporated in the offer price. Any offer shall include studies and estimates of such costs.

SDG&E intends for projects selected from this RFO Program to count towards SDG&E's Resource Adequacy ("RA") obligations. Respondents must achieve Full Capacity Deliverability Status ("FCDS") by obtaining a deliverability study from the CAISO so that the projects can become eligible for RA, if not already eligible (i.e. the project must have been assessed for deliverability, or the Respondent will request a deliverability assessment through the next available CAISO cluster window). Power Purchase Agreements resulting from this RFO will require Respondents to perform all activities necessary to facilitate RA recognition for the projects. The Respondent shall be responsible for all costs to facilitate RA recognition, including any deliverability study fees and/or non-reimbursable interconnection costs, and should include these costs in the bid price. Reimbursable costs should not be included in the bid price. Respondents with winning bids that result in an executed and approved Agreement must obtain final interconnection studies during the development process (i.e. for transmission level projects, a final Phase II interconnection study report, or for distribution level projects, a final interconnection facilities study report (or equivalent)).

On July 2, 2013, the CAISO published the 'Generator Interconnection and Deliverability Study Methodology Technical Paper' and Section One of the paper provides background information and an overview of the deliverability study methodology. Respondents may find this paper at: <http://www.caiso.com/Documents/TechnicalPaper-GeneratorInterconnection-DeliverabilityStudyMethodology.pdf>. For projects that will interconnect at distribution level, information on the interconnection process can be found at: <http://www.sdge.com/generation-interconnections/overview-generation-interconnections>.

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## 3.0 ELIGIBILITY REQUIREMENTS

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Respondents to this solicitation shall comply with the requirements herein. SDG&E, at its sole discretion, may change the terms, requirements and schedule of this solicitation. Respondents should monitor the RFO Website for announcements regarding any change.

### A. PARTICIPATION CRITERIA

Terms of participation are listed below. Respondents not meeting all minimum participation criteria could be deemed ineligible and their offers may not be considered.

1. The Facility and its associated delivery point must be located within the CAISO with a preference for San Diego Local Subarea.
2. Existing resources will have a minimum contract term of 3-years and new contracts will have a contract term of 10-years. SDG&E gives priority to projects with a COD of August 1, 2021.
3. Project must have a capacity of no less than 10 MW and no greater than 300 MW.
4. The Facility must be incremental to the baseline resource assumptions identified for the analysis that led to the adoption of the Preferred System Plan in Decision 19-04-040 that served as a basis for SDG&E's 292.9 MW system need.
5. The project must have a completed interconnection agreement, or Wholesale Distribution Access Tariff ("WDAT") or CAISO Phase I or Phase II Interconnection Study, Facilities Study or System Impact Study for the proposed incremental capacity.
6. An offer from respondents with existing facilities must either be an RA resource or the Respondent must seek to become an RA resource, which requires a CAISO deliverability study. Evidence of current RA status or pending request for a deliverability study must be included in the offer.
7. Respondents must demonstrate how their project will meet the requirements of the current RA counting rules<sup>3</sup>.
8. Respondents must assume all costs associated with energy deliveries to SDG&E.
9. Repowered, Expanded and Utility Prescheduled Facilities must submit evidence that all interconnection agreements and permits have been received and the facility can operate under those permits and conditions for the entirety of the proposed contract term.
10. The Respondent must have, at time of bidding, site control necessary for any expansion, for the duration of the term proposed within the PPA. Site control may be evidenced by documentation of:
  - a. direct ownership;
  - b. a lease; or
  - c. an option to lease or purchase upon PPA approval. The option must be an exclusive option to the Bidder that will last until the completion of the RFO cycle.

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<sup>3</sup> See the following CPUC decisions for guidance: D.10-06-036, D.11-06-022, D.12-06-025, D.13-06-024, D.14-06-050, D.15-06-063, D.16-06-045, D.17-06-027, D.18-06-030, D.19-02-022, D.19-06-026 among others.

11. Respondents must submit at least two pricing proposals per project (one by which the respondent assumes all of the GHG emissions costs, and a second where the respondent passes on some specified portion or all of those costs to SDG&E).
12. The Respondent will own the facility and have responsibility for development, land acquisition, permitting, financing, construction and operation for the facilities.
13. The Respondent must state the affiliate relationship with Sempra Energy, if one exists.

## **B. RESOURCE CRITERIA**

Any CHP Facility located / interconnecting within the CAISO balancing authority, with a preference for San Diego-Imperial Valley Local Area, with a nameplate larger than 10 MW but not more than 300 MW may bid into the CHP RFO provided that the CHP Facility meets the definition of cogeneration under California Public Utilities Code (“PUC”) §216.6 and the Emissions Performance Standard established by PUC §8341 (Senate Bill 1368). A CHP Facility must meet the federal definition of a qualifying cogeneration facility under the Code of Federal Regulations (“CFR”) 18 CFR §292.205 implementing PURPA.

This RFO also provides for CHP Facilities converting to Utility Prescheduled Facilities as long as the conversion would result in incremental (additional) capacity being made available (such as an increase in net qualifying capacity). Only the incremental capacity is eligible for this RFO. A CHP Facility that met the PURPA efficiency requirements (18 C.F.R. §292.205) as of September 2007 and converts to a Utility Prescheduled Facility is eligible to participate in this CHP RFO. After the Existing CHP Facility converts to a Utility Prescheduled Facility, it may be either a Qualifying Facility or an Exempt Wholesale Generator (“EWG”) if the facility otherwise meets the criteria in Section 4.2.2.2 of the Settlement Agreement.

Repowered CHP Facility: If the CHP Facility contains combustion turbines, then each combustion turbine must be replaced with: (1) a new combustion turbine that has been certified as new by the original manufacturer of the equipment provided, however, a CHP Facility that has replaced its combustion turbines with a substantially identical engine (e.g., as is common during major overhauls of aero derivative combustion turbines or as part of a spare engine program), does not qualify as a Repowered CHP Facility; or (2) a refurbished combustion turbine, so long as such refurbished combustion turbine has been certified by the entity that refurbished such combustion turbine (which may be the manufacturer) to achieve Heat Rate and total power output performance guarantees comparable to a new combustion turbine, prior to operational degradation; or (3) if the CHP Facility contains only steam turbines, then each steam turbine must be replaced with a refurbished steam turbine, and this refurbishment must have been accomplished with new or near-new condition parts, including (i) a replacement of all stop and throttle control valves, seals, bearing, rotors, and turbine blades of each steam turbine, and (ii) a replacement or rebuilding of the stationary part of each steam turbine back to new condition, including seal system, lube oil system and all associated piping and auxiliary equipment.

In addition to the above turbine requirement, all of the following conditions must be met: (1) The repowering of the Generating Facility as described in this definition must be completed before the Term Start Date (2) Seller must provide to Buyer a written certification, including all supporting data, from a qualified independent engineer, and this certification must provide that the total useful life of the CHP Facility (including, as applicable, the combustion turbine(s), the steam turbine(s), the electrical generator(s) and the heat recovery steam generator) will operate for at least



the Term of this Agreement, subject to industry standard maintenance practices, and (3) the repowering results in incremental (additional) capacity being made available (such as an increase in net qualifying capacity).

Expanded CHP Facility: A CHP Facility that is (i) an existing topping-cycle CHP Facility that, on or after the Settlement Effective Date, has added at least one new combustion turbine and increased the Power Rating of the Generating Facility by not less than 90% of the Power Rating of the largest existing combustion turbine at the Generating Facility, or (ii) an existing bottoming-cycle CHP Facility that has increased its total Power Rating by at least 30% as compared to the Power Rating before such expansion.

### **C. POWER PURCHASE AGREEMENT CRITERIA**

Bidders may modify the Conventional Tolling PPA submitted as part of their offer package to the extent such modifications add value to the offer. However, SDG&E discourages extensive modification of the PPA and will consider materiality of such changes on a qualitative basis as it evaluates and ranks the offers received.

### **D. CREDIT TERMS AND CONDITIONS**

Winning bidders will be required to comply with the credit and collateral requirements set forth in the Conventional PPA. The amount of such requirements will be determined by SDG&E at the time of shortlisting and will be based on product, deliveries, price, and term, among other variables. For clarity, bidders should not include credit costs within their bid price (note: respondents are required to provide information regarding the added cost of collateral per \$100,000 increment to satisfy the initial collateral requirement if SDG&E decides not to extend unsecured credit via a separate offer form. These costs will be considered as discussed in the quantitative evaluation section within this document).

### **E. SHORTLIST ACCEPTANCE FEE.**

The Shortlist Acceptance Fee is the greater of \$100,000 or \$2 per kW of project nameplate capacity and shall be required to be paid to SDG&E within ten (10) business days of notification by SDG&E that the offer has been shortlisted. The Shortlist Acceptance Fee shall be refunded (with interest) to Respondent if Respondent and SDG&E fail to reach an agreement and such failure is not due to Respondent's withdrawal of its offer or a material misrepresentation of pricing or non-pricing information provided by Respondent.

SDG&E has the right to evaluate and determine the credit-worthiness of the Respondent relative to this RFO. The Respondent is required to complete, execute and submit the RFO credit application as part of its offer. The application requests financial and other relevant information needed to demonstrate creditworthiness. Respondents may download the application from the RFO Website. Sellers will be expected to comply with the Performance Assurance requirements in the Conventional PPA.

For questions regarding credit terms, please contact Ms. Judy Delgadillo at (213) 244-4343. Project-specific questions and answers will not be disclosed to other Respondents.

#### **F. ASC 810 (FIN46(R), CONSOLIDATION OF VARIABLE INTEREST ENTITIES) REQUIREMENTS**

Generally Accepted Accounting Principles and SEC rules require SDG&E to evaluate whether or not SDG&E must consolidate a Seller's financial information as the primary beneficiary of a variable interest entity. If SDG&E determines at any time during the term of the agreement that consolidation is required, SDG&E shall require the following during every calendar quarter for the term of any resultant agreement:

- a) Complete unaudited financial statements and notes to financial statements, within 15 days of the end of each quarter;
- b) Financial schedules underlying the financial statements, within 15 days of the end of each quarter;
- c) Access to records and personnel, so that SDG&E's internal or independent auditor can conduct financial audits (in accordance with generally accepted auditing standards) and internal control audits (in accordance with Section 404 of the Sarbanes-Oxley Act of 2002) and so that SDG&E can meet its SEC filing requirements;
- d) Certifications by duly authorized representatives as may be reasonably requested by SDG&E; and
- e) Such other information as reasonably requested by SDG&E.
- f) If consolidation is required and considered material by the buyer to buyer's financial statements or its parent company's financial statements and buyer reasonably determines seller's internal controls over financial reporting are considered to be significantly deficient or a material weakness, then seller is to remediate within 30 days;
- g) Seller to provide to buyer any SEC Form 8K disclosures, two days after the occurrence of the SEC Form 8K event; and
- h) Seller to notify buyer at any time during the term of the agreement of any consulting (non-independent) services provided or proposed to be provided to seller by the buyer's independent auditor.

Any information provided to SDG&E shall be treated as confidential, except that it may be disclosed for financial statement purposes.

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## 4.0 FACILITY INTERCONNECTION

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### A. FACILITY INTERCONNECTION

Respondents with new projects or expanded projects should have a completed interconnection agreement, or WDAT or CAISO Phase I or Phase II Interconnection Study, Facilities Study or System Impact Study. A Respondent shall provide a copy of the most recently completed agreement or study with their offer. Projects must interconnect within the CAISO balancing authority, with a preference for San Diego-Imperial Valley Local Area interconnections. Respondents may visit: <http://www.sdge.com/business/interconnection.shtml> for additional information. Respondents are responsible for all non-reimbursable interconnection costs that are allocated to the project and these costs should be incorporated into the offer. Reimbursable network upgrade costs borne by ratepayers will be included in the evaluation and ranking of offers.

SDG&E intends that CHP projects count towards SDG&E's RA obligations. In order to become RA eligible, a new project must apply for a deliverability study to be conducted by the CAISO. Respondents with winning offers must demonstrate that: (1) the project has been assessed for deliverability, (2) an assessment is underway, or (3) the Respondent will request a deliverability assessment through the next available CAISO cluster window. This condition must be met for winning offers that will interconnect at either the distribution or transmission level. For winning bids that result in an executed and approved PPA, during the project development process, the project is required to obtain final interconnection studies (i.e. for transmission level projects, a final Phase II interconnection study report, or for distribution level projects, a final interconnection facilities study report (or equivalent)), and achieve FCDS status by the delivery date in the PPA.

For more information:

SDG&E Interconnection Website:

- <https://www.sdge.com/more-information/customer-generation>

CAISO Generation Interconnection Process Website:

- <http://www.caiso.com/planning/Pages/GeneratorInterconnection/Default.aspx>

### B. GAS SUPPLY & INTERCONNECTION

Each offer with an existing natural gas interconnection for an existing CHP or Utility Prescheduled Facility must provide the information specified in the offer form to confirm gas service.

Each offer requiring an increase in peak daily gas demand on an existing interconnection must have initiated a request for gas service. Any resulting studies must be submitted as part of the offer package.

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## 5.0 EVALUATION CRITERIA

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All incoming offers will be assessed for conformance based on the requirements outlined in Eligibility Requirements section. Respondents' offers shall conform with minimum participation criteria and eligibility requirements in order to be considered.

SDG&E will utilize all the information provided in the required forms and narratives to evaluate all offers. Respondents are responsible for the accuracy of all discussions, figures and calculations. Errors discovered during evaluation may impact a Respondent's potential shortlist status.

As required by the IRP Procurement Track Decision, SDG&E is soliciting a broad range of resources including energy efficiency, demand response, renewables, energy storage, and conventional. SDG&E has provided a separate RFO document outlining instructions and requirements for each resource type (and in the case of energy storage, contract type as well). SDG&E's valuation and selection approach is intended to evaluate the different resource (and contract) types in a non-discriminatory manner, with resources delivering the same attributes being valued in the same manner. Initially, all offers will go through a conformance check to ensure that the project meets the requirements outlined in the RFO document for that particular resource type. Conforming offers will then go through a Least-Cost / Best-Fit (LCBF).

### **QUANTITATIVE EVALUATION**

SDG&E evaluates and ranks offers based on Least-Cost/Best-Fit ("LCBF") principles. The LCBF analysis evaluates both quantitative and qualitative aspects of each offer to estimate its value to SDG&E's customers and its relative value in comparison to other offers. The valuation of an offer takes into account both benefits and costs.

A primary consideration used in the LCBF process is quantifying the price of an offer compared to the value it would provide using a set of price benchmarks. Since the primary consideration of D.19-11-016 is system reliability, SDG&E's 2021-2023 IRP Reliability RFO will place the highest value in Resource Adequacy. Other grid services, such as energy and ancillary services will also be used in the quantitative evaluation benefits for those technology types that are capable of providing each service. SDG&E plans to include some or all of the following costs: contract payments, ownership costs, variable costs, refundable network upgrades, GHG emission costs. These benefit and cost components are netted, discounted and weighted to yield an NMV for each offer. These values are then ranked to establish the initial least cost portion of the evaluation.

Once an initial listing of the highest ranked offers is determined, a credit analysis will be conducted and credit costs will be considered. The economic evaluation normalizes the MW size differences of offers by finding the most attractive NMV per MW of capacity ("Least Cost").

### **QUALITATIVE EVALUATION**

Following the least-cost methodology, several additional aspects of each conforming bid are analyzed to establish how well the offer meets grid needs and satisfies priorities set out by the CPUC.

## A. INTERCONNECTION STATUS

D.19-11-016 sets clear targets for delivery, with the first milestone of 50% to be met by August 1, 2021 and full delivery by August 1, 2023. To achieve this target, a high value will be placed on the project's position in the CAISO interconnection queue or WDAT process. See the Facility Interconnection section for more information.

## B. LOADING ORDER

The State of California has set ambitious policy goals relating to carbon emission. To assist meeting these statewide goals, preferred resources will be given priority per the following loading order:

- 1) Demand Response
- 2) Energy Efficiency
- 3) Energy Storage/Hybrid Renewable
- 4) Renewable-Only
- 5) Gas-Fired Generation/CHP

## C. RESOURCE ADEQUACY

All proposed facilities and associated delivery points located within CAISO are eligible to participate in the RFO. However, facilities interconnecting in the San Diego-Imperial Valley Local Area will be given a higher value to meet SDG&E's local capacity requirements. Interconnection location within the SD-IV Local Area may also be considered if it benefits SDG&E's local capacity requirement position.

SDG&E will give preference to resources that are able to meet the CAISO's prevailing Flexible Resources Availability Criteria and Must Offer Obligations ("FRAC-MOO")<sup>4</sup> and obtain an Effective Flexible Capacity ("EFC") greater than zero. In addition, SDG&E will differentiate flexible attributes based on their Flexible Resource Categories, with Category 1  $\geq$  Category 2  $\geq$  Category 3.

## D. SUPPLIER DIVERSITY

SDG&E strongly encourages Diverse Business Enterprises ("DBEs"), "Women-Owned Businesses" or "Minority-Owned Businesses" or "Disabled Veteran Business Enterprises" as defined in G.O. 156<sup>5</sup>, to participate in this RFO. Furthermore, SDG&E strongly encourages developers to utilize DBEs during various stages of project development and construction. As a part of G.O. 156, SDG&E will require developers to identify, verify and report their DBE contractors/subcontractor spending if any. Additional information on SDG&E's DBE program can be found at:

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<sup>4</sup> A must-offer obligation, or MOO, is a commitment to be available for dispatch by the CAISO. The proposed MOO for Flexible RA resources (FRAC-MOO) aims to ensure that flexible resources will be available to contribute to the times of greatest system ramping. The proposed FRAC-MOO requirements can be found at <https://www.caiso.com/informed/Pages/StakeholderProcesses/FlexibleResourceAdequacyCriteria-MustOfferObligations.aspx>

<sup>5</sup> See <http://www.thesupplierclearinghouse.com/eligibility/default.asp> for the definition of a DBE.

<https://www.sdge.com/more-information/doing-business-with-us/supplier-diversity>  
<http://www.cpuc.ca.gov/puc/supplierdiversity/>

## **E. OTHER CONSIDERATIONS**

SDG&E is seeking experienced companies and development teams to develop and operate facilities utilizing known and proven technology to the degree available. Status of required permits, fuel and water interconnections will be considered in bid selection. Additionally, SDG&E will seek to mitigate single-technology risk, preferring a mixed portfolio solution as well as consider demonstrable resiliency benefits.

## **BID CONFORMANCE EVALUATION**

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

1. SDG&E uncovers evidence of market manipulation or unlawful collusion in the bid preparation and offer process;
2. the Respondent does not provide adequate evidence that it meets minimum participation criteria;
3. the Respondent is unable to comply with RFO timing and other solicitation requirements.

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

## 6.0 RFO 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. Respondents are responsible for monitoring the RFO Website for updated schedules and possible amendments to the RFO or the solicitation process.

| No. | Item  | Date  |
|-----|---|---|
| 1.  | RFO Issued  | December 13, 2019                                       |
| 2.  | Pre-Bid Conference / Bidder Outreach Event  | January 10, 2020  |
| 3.  | DEADLINE TO SUBMIT QUESTIONS<br>Question submittal cut-off date.<br>Answers to questions will be posted on the website no later than January 31, 2020.  | January 24, 2020  |
| 4.  | DEADLINE TO REGISTER for PowerAdvocate® access / to download RFO forms and documents  | January 31, 2020  |
| 5.  | CLOSING DATE:<br>Offers must be uploaded to and received on PowerAdvocate® no later than <b>12:00 PM</b> Pacific Prevailing Time on February 7, 2020.   | February 7, 2020  |
| 6.  | SDG&E Begins Bid Evaluation Process   | February 10, 2020                                       |
| 7.  | Shortlist determination   | June 5, 2020  |
| 8.  | SHORTLIST NOTIFICATION<br>SDG&E notifies Shortlisted Bidders  | June 8, 2020  |
| 9.  | SHORTLISTED BIDDERS ACCEPTANCE/WITHDRAWAL<br>Letter due from Shortlisted Bidders indicating:<br>a. Withdrawal from SDG&E's solicitation; OR<br>b. Acceptance of shortlisted standing and including Shortlist Acceptance Fee | +10 Days<br>after Shortlist Notification                |
| 10. | SDG&E issues appreciation notices to unsuccessful Respondents   | +3 week<br>after Shortlisted Bidders<br>accept/withdraw |
| 11. | SDG&E commences with PPA negotiations   | +11 Days after Shortlist<br>Notification                |
| 12. | Target date to complete PPA negotiations  | Q3/Q4, 2020   |
| 13. | SDG&E Submits Application with PPAs to CPUC for approval  | Q3/Q4, 2020   |
|     | * Negotiation time will vary depending on proposal specifics including proposed contract modifications.   |   |

## **PRE-BID CONFERENCE / BIDDER OUTREACH EVENTS**

SDG&E will host one bidder outreach event currently scheduled for January 10, 2020 which will be an in-person event for all resource types (with dial-in / webinar available for those that cannot attend in-person). Participation in these events is NOT mandatory in order to submit an offer.

Please monitor the RFO Website for further details (such as conference presentation materials and final arrangements for the second and third events). SDG&E will make efforts to notify bidders of outreach event details via e-mail as well as providing this information via the RFO Website.

Any party interested in attending these events should email the following information to [IRPReliabilityRFO@sdge.com](mailto:IRPReliabilityRFO@sdge.com).

- Company name, and
- Attendees' names, titles and contact information



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## 7.0 RFO WEBSITE AND COMMUNICATION

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The RFO and all subsequent revisions and documents are available for download from the RFO Website (<https://www.sdge.com/2021-2023-irp-reliability-rfo>) and the 2021-2023 IRP RELIABILITY RFO event on the PowerAdvocate® website. Potential Respondents are responsible for monitoring the RFO Website and PowerAdvocate® for subsequent updates, notices and postings.

The 2021-2023 IRP RELIABILITY RFO event on the PowerAdvocate® website contains the following: required RFO forms, documents, and schedule. Respondents intending to bid but who do not yet have an existing account with PowerAdvocate® must first register to create a username/password in order to receive access to the event. See below for instructions to log in/register:

### Logging In

You access the PowerAdvocate platform via a web browser.

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#### To log in

1. Open a web browser and go to [www.poweradvocate.com](http://www.poweradvocate.com).

PowerAdvocate functions in most web browsers; however, using browsers other than Internet Explorer (IE) version 6 or higher may cause certain functionality to work unexpectedly. Should you encounter problems, PowerAdvocate support may be unable to provide assistance until the issue has been replicated in a supported version of Internet Explorer.

2. Click **Login**.

The Login page appears; you may wish to bookmark it for quick access.

3. Enter your account **User Name** and **Password**.

Both are case-sensitive.

If you do not have an account, go to [poweradvocate.com](http://poweradvocate.com) and click the **Registration** link at the top of the page. If you have an account but do not remember your user information, click **Forgot User Name** or **Forgot Password** and they will be emailed to you.

4. Click **Login**.

First-time users must register as a Supplier using the instructions above.

Users with an existing PowerAdvocate® account may request for access to the event using the link below:

<https://www.poweradvocate.com/pR.do?okey=99625&pubEvent=true>

The RFO website contains RFO forms and documents, the RFO Schedule, and a Question and Answer forum. All questions or other communications regarding this RFO must be submitted

via email to [IRPReliabilityRFO@sdge.com](mailto:IRPReliabilityRFO@sdge.com) by the DEADLINE TO SUBMIT QUESTIONS as specified in Section 6.0 RFO Schedule. SDG&E will not accept questions or comments in any other form, except at one of the scheduled bidders conferences.

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## 8.0 RFO RESPONSE INSTRUCTIONS

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Respondents are required to submit the forms listed below. Forms are available on the RFO Website. Failure to provide the listed information may result in the proposal being deemed non-conforming and may disqualify the proposal from further consideration.

### **Limit on Number of Bids**

A MAXIMUM OF SIX (6) OFFERS PER RESPONDENT WILL BE ACCEPTED.

Fill out separate offer forms for each offer. Only one Project Description Form is required per Respondent to the extent that all bids can be adequately summarized in the space provided.

If the respondent has questions or concerns regarding bid limits, please contact SDG&E at: [IRPReliabilityRFO@sdge.com](mailto:IRPReliabilityRFO@sdge.com)

### **Required Participation Forms:**

- 1) **Offer Form** – Note that separate offer forms must be completed for offer price and credit costs. Bidders must include in their offer form proposed pricing for the following items:
  - a) Firm Capacity Payment (\$/kW-yr)
    - i. Fixed O&M cost included in the Firm Capacity Payment.
  - b) As-Available Capacity Payment (\$/kW-yr)
    - i. Applicable only to CHP Pro Forma PPAs.
  - c) Energy Payment in \$/MWh or,
  - d) At a guaranteed (fixed) heat rate (Btu/kWh) applied to either the PG&E City Gate or SoCal Gas price index
    - i. Gas Transportation Service Rate (\$/MMBtu) applied to the gas price index, if applicable
    - ii. Variable O&M (\$/MWh) applied to the energy payment, if applicable.

Bidders are required to complete the offer form as well as the other applicable appendices. The offer form should be completed in conjunction with the PPA form contract when the PPA contract is required.
- 2) **Project Description Form** – A written description of the generating facility as well as the following information: nameplate of each generating unit, heat balance diagrams, thermal host and use, contractual arrangements, and description of all interconnection systems.
- 3) **CEC-2843 Application Form** – Submit a copy of respondent's application to the CEC requesting qualification for the Combined Heat and Power System.
- 4) **Electric Interconnection Information** – Please provide copies of completed studies, provide the name of the substation and interconnection voltage applicable to the facility as well as the nearest substation in the offer Form (listed above).
- 5) **Credit Application** – A credit application will be required under all PPAs. Changes to terms and conditions will render the offer non-conforming and disqualify the project from further consideration.

- 6) **Supplier Diversity Information** - Provide a copy of certification documents received from the California Public Utilities Commission. An application can be made before submission of the offer and referenced in the offer.
- 7) **Redline forms of the Applicable PPA** – Only the Conventional PPA redlines should be submitted.

The Participation Summary, Project Description Form, Credit Application, and redlines to the Conventional PPA must be in Word or Word-compatible format (not in PDF). The Pricing Form and Project Viability Calculator must be in Excel or Excel-compatible format (not in PDF).

**Submissions containing unsolicited materials or submissions of individual bid documents in file formats other than the formats of the original bid forms may be rejected. This RFO is an electronic only Solicitation; Respondents need not submit paper documents, or e-binders.**

Any party interested in submitting an offer must register to receive access to the 2021-2023 IRP RELIABILITY RFO event on PowerAdvocate® in order to submit an offer. To register, Respondents must follow the instructions outlined in Section 7, RFO Website and Communications. All offers must be uploaded to the PowerAdvocate® no later than **12:00 P.M.**, Pacific Prevailing Time, on the CLOSING DATE (see RFO Schedule). If Respondents encounter technical difficulties with the uploading process, they should provide evidence of such difficulties (e.g. a screen shot of the error message) and email the bid to:

The RFO mailbox: [IRPReliabilityRFO@sdge.com](mailto:IRPReliabilityRFO@sdge.com)  
Carbon Copy (CC) to: [jon.jacobs@paconsulting.com](mailto:jon.jacobs@paconsulting.com)

Emails shall be received by **12:00 P.M.**, Pacific Prevailing Time, on the Closing Date.

All offer materials submitted shall be subject to the confidentiality provisions of Section 10.0 Confidentiality of this RFO.

SDG&E will review and may utilize all information, if any, submitted by a Respondent that is not specifically requested as a part of any forms. During all stages of the RFO process, SDG&E reserves the right to request additional information from individual Respondents or to request any Respondent to submit supplemental materials in fulfillment of the content requirements of this RFO or to meet additional information needs. SDG&E also reserves the unilateral right to waive any technical or format requirements contained in the RFO.

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## 9.0 REJECTION OF OFFERS

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SDG&E SHALL TREAT ALL RESPONDENTS FAIRLY AND EQUALLY AND SHALL EVALUATE ALL OFFERS IN GOOD FAITH. WHILE SDG&E IS MINDFUL OF THE BENEFITS OF ENERGY FROM CHP FACILITIES AND IS VIGOROUSLY PURSUING THE GOALS OF THE RFO, IT MAKES NO GUARANTEE THAT A CONTRACT AWARD SHALL RESULT FROM THIS RFO, EVEN AFTER AN OFFER HAS BEEN SHORTLISTED. SDG&E RESERVES THE RIGHT AT ANY TIME, AT ITS SOLE DISCRETION, TO ABANDON THIS RFO PROCESS, TO CHANGE THE BASIS FOR EVALUATION OF OFFERS, TO TERMINATE FURTHER PARTICIPATION IN THIS PROCESS BY ANY PARTY, TO ACCEPT ANY OFFER OR TO ENTER INTO ANY DEFINITIVE AGREEMENT, TO EVALUATE THE QUALIFICATIONS OF ANY RESPONDENT OR THE TERMS AND CONDITIONS OF ANY OFFER, OR TO REJECT ANY OR ALL OFFERS, ALL WITHOUT NOTICE AND WITHOUT ASSIGNING ANY REASONS AND WITHOUT LIABILITY OF SEMPR ENERGY, SDG&E, OR ANY OF THEIR SUBSIDIARIES, AFFILIATES, OR REPRESENTATIVES TO ANY RESPONDENT. SDG&E SHALL HAVE NO OBLIGATION TO CONSIDER ANY OFFER.

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## 10.0 CONFIDENTIALITY

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EXCEPT WITH THE PRIOR WRITTEN CONSENT OF SDG&E, RESPONDENTS MAY NOT DISCLOSE (OTHER THAN BY ATTENDANCE ALONE AT ANY MEETING TO WHICH MORE THAN ONE RESPONDENT IS INVITED BY SDG&E) TO ANY OTHER RESPONDENT OR POTENTIAL RESPONDENT THEIR PARTICIPATION IN THIS RFO, AND RESPONDENTS MAY NOT DISCLOSE, COLLABORATE ON, OR DISCUSS WITH ANY OTHER RESPONDENT, OFFER STRATEGIES OR THE SUBSTANCE OF OFFERS, INCLUDING WITHOUT LIMITATION THE PRICE OR ANY OTHER TERMS OR CONDITIONS OF ANY INDICATIVE OR FINAL OFFER.

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 OFFER PAGE ON WHICH THE PROPRIETARY INFORMATION APPEARS ("CONFIDENTIAL INFORMATION"). RESPONDENT SHALL SUMMARIZE ELEMENTS OF THE OFFER(S) IT DEEMS CONFIDENTIAL. THE SUMMARY MUST CLEARLY IDENTIFY WHETHER OR NOT PRICE, PROJECT NAME, LOCATION, SIZE, TERM OF DELIVERY AND TECHNOLOGY TYPE (EITHER COLLECTIVELY OR INDIVIDUALLY) ARE TO BE CONSIDERED CONFIDENTIAL INFORMATION. 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"), 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 RFO WILL BE PROVIDED TO THE CPUC, ITS STAFF, THE CEC, ITS STAFF, SDG&E'S INDEPENDENT EVALUATOR, SDG&E'S PRG, AND THE COST ALLOCATION METHODOLOGY ("CAM") GROUP. ADDITIONALLY, SDG&E MAY PROVIDE LIMITED INFORMATION SUCH AS (BUT NOT LIMITED TO) ON-LINE DATE, INTERCONNECTION POINT, TECHNOLOGY AND

OTHER OPERATIONAL CHARACTERISTICS TO THE CAISO FOR MODELING PURPOSES. SDG&E WILL SEEK CONFIDENTIAL TREATMENT PURSUANT TO CPUC DECISION NUMBER 06-06-066, PUBLIC UTILITIES CODE SECTION 583 AND GENERAL ORDER 66-D OF THE CPUC, WITH RESPECT TO ANY RESPONDENT CONFIDENTIAL INFORMATION SUBMITTED BY SDG&E TO THE CPUC. 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.

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## **11.0 ROLE OF THE PRG AND THE INDEPENDENT EVALUATOR**

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### **PROCUREMENT REVIEW GROUP**

The Procurement Review Group (PRG), a CPUC-endorsed entity, is composed of non-market bidders such as ratepayer advocacy groups, state energy and water commissions, power authorities, utility-related labor unions and other non-commercial, energy-related special interest groups. Each 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 RFO language development to offer evaluation to contract negotiation, each IOU briefs its PRG on a periodic basis during the entire process.

Respondents are hereby notified that revealing confidential offer information to the PRG is required during PRG briefings in accordance with Section 10 ("Confidentiality"). Each Respondent must clearly identify, as part of its offer, 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 RFO 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.

SDG&E is committed to ensuring an open and transparent solicitation, and to providing a fair, reasonable and competitive process.



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## 12.0 SDG&E BACKGROUND

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[SDG&E](#) is a regulated public utility that provides clean, safe and reliable energy service to 3.6 million consumers through 1.4 million electric meters and 873,000 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 [Sempra 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](#).



For a map California IOU service territories please visit:  
[http://www.energy.ca.gov/maps/serviceareas/electric\\_service\\_areas.html](http://www.energy.ca.gov/maps/serviceareas/electric_service_areas.html)