



SAN DIEGO GAS AND ELECTRIC COMPANY
ELECTRIC AND FUEL PROCUREMENT DEPARTMENT
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SAN DIEGO, CA 92123

SDG&E's 2021-2023 IRP RELIABILITY RFO - ENERGY EFFICIENCY

2021-2023
IRP RELIABILITY
REQUEST FOR OFFERS
("RFO")
seeking
ENERGY EFFICIENCY RESOURCES

VERSION 2 – JANUARY 23, 2020

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

Record of Changes

Date	Explanation of Change	Section / Page of Document
1/23/2020	Removal of E3 tab requirement, replaced with Cost Effectiveness Tool (CET) requirement	Section 4, Pages 9-10

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1.0 BACKGROUND AND SCOPE OF REQUEST

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”) - Energy Efficiency to solicit bids (“Bids”) for energy efficiency program design and implementation approaches for innovative program(s) under SDG&E’s administration which meet the targeted objectives described in this RFO.

SDG&E is issuing this RFO to help meet its system capacity procurement requirements established in the IRP Procurement Track Decision requiring Electric System Reliability for 2021-2023, D.19-11-06.. SDG&E is seeking a minimum of 292.9 megawatts (“MW”) of capacity, 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 will provide proposed EE capacity reductions located within SDG&E’s service territory and as required by the Decision, SDG&E is soliciting a broad range of resources technologies (or types) including energy efficiency, demand response, renewables, energy storage, and conventionals.

This solicitation sets forth the terms and conditions of SDG&E’s 2021-2023 IRP Reliability RFO – Energy Efficiency . By responding to this RFO, the Respondent 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 Respondent’s response. SDG&E encourages Respondents to only provide offers of delivery terms approved in the Decision.

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 Respondent’s obligations with respect to the RFO as well as describe the procedures that each Respondent 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 Model Agreement attached to these instructions, the terms and conditions in the Model Agreement 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.

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 Respondents, proceedings before the CPUC, and efforts to obtain regulatory approval. SDG&E intends to notify Respondents 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 3, RFO Schedule.

Once Respondents have accepted their shortlisted position with SDG&E and remitted the Shortlist Acceptance Fee¹, further contract negotiations may commence and continue until mutual

¹ See section 12 of this RFO for further details

agreement has been achieved and a contract has been executed. Being short listed does not guarantee that an Agreement will be negotiated or signed with the Respondent.

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

A. PROGRAM OBJECTIVE AND PROCUREMENT NEEDS

The primary objective of this EE RFO is to acquire energy savings that are **incremental²** to SDG&E’s current EE program portfolios that would meet the system capacity mandate in SDG&E’s service territory.

To demonstrate that the EE products resources bid into the EE RFO are incremental, SDG&E defers to descriptions and references to the EE assumptions used in the Preferred System Plan in Decision 19-04-040 and the CEC EE studies in its solicitation materials and advises Respondents that they must explain how their EE products are incremental to these assumptions. SDG&E encourages RFO participants to provide creative products that are not part of existing or planned programs that made up the assumptions used by the Preferred System Plan or CEC EE studies.

Respondents may refer to the following sources, which describe SDG&E’s EE baseline, in order to determine whether their programs are incremental: (1) SDG&E’s current EE program portfolio; (2) SDG&E’s proposed EE program portfolio to be detailed in EStats by March 31, 2016. In addition to these sources, a Respondent may also propose programs that target hard-to-reach markets that have not been traditionally addressed by programs and are therefore incremental and / or EE technologies that are not currently in Emerging Technologies or in the market potential or existing programs.

Final determination of the offer’s compliance with the incremental requirement will be determined by the CPUC’s approval of any Agreement resulting from the offer.

The table below provides a high level overview of SDG&E’s procurement needs for this RFO. SDG&E’s need is defined in terms of the time frame within which deliveries are needed and the product categories with which SDG&E intends to meet such needs. A more detailed discussion of RFO eligibility requirements is provided at Section 7.0, Resource Criteria.

SDG&E EE Solicitation Procurement Need	Product Description
Energy Efficiency	Energy Efficiency Program that delivers long-term energy / capacity savings (SDG&E will consider contract terms of at least 5-years but no greater than the Effective Useful Life of the EE measure ³). SDG&E gives priority to EE programs that start delivering energy / capacity savings as early as August 1, 2021

² See D.19-11-016, ordering paragraph 6. This refers to D.19-04-040, Table 4 referencing the “baseline and new resources” incorporated in the study.

³EE measure to be used in the evaluation are in the DEER - <http://deeresources.com/index.php>

(subject to CPUC approval), but no later than August 1, 2023.

B. MODEL AGREEMENTS (“AGREEMENT”)

Shortlisted respondents must be poised to sign an agreement in substantially the form of the attached Model Agreement (“Model Agreement”) (See Section 4.0 RFO Response Instructions). Elements of the Respondent’s offer may be incorporated into the Agreement.

C. ENERGY EFFICIENCY PROGRAM OPERATIONS

San Diego Gas & Electric Company (SDG&E) designs, administers, and implements a large portfolio of customer energy efficiency (EE) programs. SDG&E utilizes third-party contractors to help implement a portion of its portfolio. These third-party contractors provide a range of services, including design, analysis, planning, and operation of these programs to serve residential and non-residential customers within SDG&E’s service territory. SDG&E’s current EE program portfolio was approved by California Public Utilities Commission (Commission) in Decision (D.) 12-11-015

Although this RFO is seeking EE that will be incremental to its current and planned EE portfolio, all contracted EE programs must be coordinated with SDG&E’s EE portfolio. During the term of an agreement, the Contractor may be expected to coordinate activities and gain SDG&E approval of marketing and operational activities.

2.0 RFO WEBSITE AND COMMUNICATIONS

The RFO and all subsequent revisions and documents are available for download from the RFO Website (<http://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 and do not 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.

To log in

1. Open a web browser and go to 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 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, 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 by the DEADLINE TO SUBMIT QUESTIONS as specified in Section 3.0 RFO Schedule. SDG&E will not accept questions or comments in any other form, except during scheduled bidders conferences.

If there is a conflict or inconsistency between the terms and conditions or other information contained on the RFO Website and the terms and conditions contained within this Energy efficiency Resources RFO document, the terms and conditions in the RFO document(s) will prevail.

3.0 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. SDG&E will be utilizing a platform designed and maintained by PowerAdvocate® for launching and managing offers received in response to this RFO. To access the RFO event, Respondent must register to create a username and password for PowerAdvocate®. The link with instructions to register is provided in Section 2.0 RFO Website and Communications. Respondents are responsible for accessing the RFO Website and PowerAdvocate® for updated schedules and possible amendments to the RFO or the solicitation process. Respondents shall register on PowerAdvocate® for the RFO no later than January 31, 2020, and submit offers no later than February 7, 2020 at **12:00 PM PPT**.

NO.	ITEM	DATE
1.	RFO Issued	December 13, 2019
2.	Pre-Bid Conference / Bidder Outreach Event	January 10, 2020
3.	DEADLINE TO SUBMIT QUESTIONS Question submittal cut-off date. 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: Offers must be uploaded to and received on PowerAdvocate® no later than 12:00 PM 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 SDG&E notifies Shortlisted Bidders	June 8, 2020
9.	SHORTLISTED BIDDERS ACCEPTANCE/WITHDRAWAL Letter due from Shortlisted Bidders indicating: a. Withdrawal from SDG&E’s solicitation; OR b. Acceptance of shortlisted standing and including Shortlist Acceptance Fee	+10 Days after Shortlist Notification
10.	SDG&E issues appreciation notices to unsuccessful Respondents	+3 week after Shortlisted Bidders accept/withdraw
11.	SDG&E commences with PPA negotiations	+11 Days after Shortlist 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.	

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 Respondents, proceedings before the CPUC, and efforts to obtain regulatory approval. SDG&E intends to notify Respondents of any

schedule changes, but will not be liable for any change in schedule or for failing to provide notice of any change.

PRE-BID CONFERENCE / BIDDER OUTREACH EVENTS

SDG&E will host one bidder outreach event. The event is scheduled for January 10, 2020 and will be an in-person event for all resource types (with dial-in / webinar available for those that cannot attend in-person). Participation in this event 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 event (time and location)). SDG&E will make efforts to notify Respondents 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.

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

4.0 RFO RESPONSE INSTRUCTIONS

Respondents may submit proposals by submitting the forms listed below. Forms are available on the RFO Website and PowerAdvocate®. The 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

Required Forms:

If the respondent is submitting offers for more than one program, each program must be submitted in a separate compressed ZIP archive with its required forms. Forms and compressed ZIP archives must be clearly labeled to identify the program name and the submitted forms. All forms are located in the "1. Download Documents" Tab and must be submitted by uploading to the "2. Upload Documents" Tab.

- 1) **Energy Efficiency Offer Form** – Respondents must include in their offer form annual contract costs as well as participant costs. If multiple program designs or energy savings profiles are contemplated, multiple offer forms should be submitted.

Note: SDG&E is requiring Respondents to provide three annual costs:

- (1) Annual contract costs. These are the costs that respondents expect to be paid by SDG&E as a result of entering into an EE agreement with SDG&E. These amounts should be inclusive of any incentive payments that will be paid to program participants.
 - (2) Total Annual replacement or purchase costs to meet code. These are the costs that participants would pay for any appliances / equipment (measures) that would be necessary to simply reach 'code' level (that is, what would have been paid in the normal course of business), and
 - (3) Total Annual replacement or purchase costs of intended, higher efficiency measures. These are the total costs participants will pay for the intended, higher efficiency EE measures. These are the (higher) costs that participants pay for the higher efficiency approach included in the program and for which customers receive incentives to install. Customer incentive payments should not be deducted from these amounts.
- 2) **Program Description Form** – The Program Description must include a description of the program, a detailed list of measures that will be installed under the program, the description of the markets that the program will target, and a description of marketing activities that the program will be employing.
 - 3) **Credit Application** –A credit application will be required under all Agreements. Changes to terms and conditions will render the offer non-conforming and disqualify the program from further consideration.
 - 4) **Diverse Business Enterprise Subcontracting Commitment and Reporting Requirements (DBE) Form** - 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.
 - 5) **Redline of Pro Forma Agreement** - Respondents may provide a mark-up of SDG&E's EE pro forma agreement as part of the offer package.
 - 6) **Workpaper(s) associated with MW reductions per EE unit.** Respondent shall provide workpaper(s) showing the energy savings associated with each proposed measure to be installed under the project - MWh reduction/EE unit and the unit's load profile. The proposal must include workpapers to show the energy savings calculations. These workpapers are not standardized or provided by SDG&E and they may reference DEER-Database of Energy Efficiency Resources.
 - 7) **Measurement and Verification Plan (M&V)** – Respondents shall provide a proposed M&V Plan and calculation methodology to forecast energy savings for the following year and to verify actual energy savings delivered. M&V Plan shall include estimated costs.
 - 8) **CEDARS Cost Effectiveness Tool (CET)** –Bidder shall use the CET web-based program to calculate the proposed program's Total Resource Cost (TRC) Test, Program Administrator Cost (PAC) Test, and realized benefits for the proposed program. Bidder shall provide separate CET runs for each program year listed. Bidder will populate two CET input sheets according to the instructions provided in the CET guide found at <https://cedars.sound-data.com>. Respondents shall submit the following documents from the CET:

- CET input sheets in a .csv file format
- CET output files calculated by utilizing values used in the input sheets

Note: Bidder shall not make changes to the structure, font, or layout of the excel spreadsheet provided.

The Program Description Form, Credit Application, and redlines to the Model Agreement must be in Word or Word-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 2, 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

Carbon Copy (CC) to: jon.jacobs@paconsulting.com

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

All offer materials submitted in accordance with the above Response Instructions shall be subject to the confidentiality provisions of Section 11 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.

SDG&E will review responses for the targeted objectives described in this RFO. SDG&E has sole and absolute discretion to determine whether a Respondent meets SDG&E's general criteria for selection as described herein.

Respondent must be in “good standing”⁴ with SDG&E in order to bid

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.

⁴Circumstances under which contractors would not be considered to be in good standing with SDG&E include, but are not limited to, the following: 1) outstanding unpaid bills to SDG&E, 2) program termination for cause during a previous program cycle, or 3) non-compliance with SDG&E's policies or Code of Conduct.

5.0 ENERGY EFFICIENCY PROGRAM PARAMETERS / ROLE OF THE PRG AND INDEPENDENT EVALUATOR

CALIFORNIA ENERGY EFFICIENCY PROGRAM

Commission and state energy policy, as expressed in the Energy Action Plan (EAP) and reaffirmed in Decision (D.) 04-12-048, is to make energy efficiency and demand response the IOUs' highest priority procurement resource. The 2005 EAP II continues strong support for the leading order and identifies energy efficiency and demand response as the State's preferred means of meeting growing energy needs. After cost-effective efficiency and demand response, we rely on renewable sources of power and distributed generation, such as combined heat and power applications. This is also consistent with California Public Utility code, § 454.5(b)(9)(C) 2 which requires IOUs to first meet their "unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible." In order to promote the resource procurement policies articulated in the Energy Action Plan and by the Commission, energy efficiency activities funded by ratepayers should offer programs that serve as alternatives to more costly supply-side resource options (resource programs).

D.07-10-032 established a broader framework for statewide coordination on energy efficiency program design, in order to overcome market barriers to more widespread adoption of energy efficiency and to capture longer-term savings. The decision directed the IOUs to work with Commission staff and market participants to prepare the California Long-Term Energy Efficiency Strategic Plan (Strategic Plan). Adopted in D.08-09-040, the Strategic Plan set forth a roadmap for energy efficiency in California through 2020 and beyond, by articulating a long-term vision and goals for each economic sector and identifying specific near-term, mid-term and long-term strategies to achieve the goals. D.08-09-040 and the subsequent October 30, 2008 Ruling in A.08-07-021 directed the IOUs to align their EE programs with Strategic Plan goals by clearly identifying utility actions for all Strategic Plan near-term strategies and action steps, where a utility role is important, and to provide programs that reflect the Strategic Plan short-term steps and milestones.⁵

ENERGY EFFICIENCY ELIGIBILITY CRITERIA

SDG&E intends for programs / projects selected from this RFO Program to count towards SDG&E's Resource Adequacy ("RA") obligations. Respondents must meet the appropriate requirements to count for RA⁶. Agreements resulting from this RFO will require Respondents to perform all activities necessary to facilitate RA recognition for the programs. The Respondent shall be responsible for all costs to facilitate RA recognition.

PROCUREMENT REVIEW GROUP / COST ALLOCATION MECHANISM PROCUREMENT REVIEW GROUP

The Procurement Review Group ("PRG") and Cost Allocation Mechanism ("CAM") PRG, both CPUC-endorsed entities, are composed of non-market participants such as ratepayers'

⁵ Decision.08-09-040 OP 2

⁶ See the following CPUC decisions for guidance: D.10-06-036, D.11-06-022, D.12-06-025 and D.13-06-024 among others. Additionally, see the CAISO's "Flexible Resource Adequacy Criteria and Must-Offer Obligation", Market and Infrastructure Policy Revised Draft Final Proposal of March 7, 2014. To summarize, currently the least binding requirement is availability of the resource for three consecutive days for four hours per day. EE programs that provide RA value by reducing forecasted demand will also likely count toward SDG&E's RA obligations and therefore be conforming in this regard.

advocacy groups, state energy and water commissions, power authorities, utility-related labor unions and other non-commercial, energy-related special interest groups. The PRG and CAM PRG are 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, IOU's brief the PRG and/or the CAM PRG on a periodic basis during the entire process.

Respondents are hereby notified that revealing confidential offer information to the PRG and/or the CAM PRG is required during PRG and/or the CAM PRG briefings in accordance with Section 11 ("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 to separately evaluate and report on the IOU's entire solicitation, evaluation, and selection process for this solicitation. This will serve as an independent review of SDG&E's implementation of the RFO process and final selections. The Independent Evaluator shall make periodic presentations regarding its findings to the IOU, and the IOU's PRG including the CPUC Energy Division staff. The intent is to preserve the independence of the Independent Evaluator by ensuring free and unfettered communication between the Independent Evaluator and the CPUC as well as an open, fair, and transparent process that the Independent Evaluator can affirm.

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

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

6.0 SDG&E BACKGROUND

[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 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

7.0 RESOURCE CRITERIA

Respondents to this solicitation shall comply with the requirements herein. SDG&E, at its sole discretion, may change the terms, requirements and schedule of the 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 may be deemed ineligible / nonconforming and their offers may not be considered.

1. Customers to be enrolled in the EE programs and/or who will provide proposed EE resource(s) must be located within SDG&E's service territory.
2. Minimum resource capacity of 5 MW⁷ delivered by the program for the Delivery Period.
3. The EE resource must meet the requirements of the current RA counting rules⁸.
4. The EE resource must be demonstrably incremental to the baseline resource assumptions identified for the analysis that led to the adoption of the Preferred System Plan in Decision 19-04-040⁹. Sellers are required to explain and/or show how their proposed EE resource is incremental. Sellers are encouraged to reference (1) SDG&E's current EE program portfolio¹⁰; (2) SDG&E's proposed EE program portfolio¹¹. Incremental resources that are similar to existing EE resources must demonstrate, to SDG&E's satisfaction that the resource is "incremental" and provide creative products that are not part of existing or planned programs.
5. Safety. SDG&E expects that third party owned and operated facilities or programs will be operated and maintained in accordance with all applicable safety standards, accepted electrical practice and applicable law. In the project / program description form that Respondents will provide as part of the offer package, SDG&E will ask respondents to confirm that this will be the case with their project or program. If the Respondent is unable to confirm these statements, the offer will be considered nonconforming.
6. The Respondent must state any affiliate relationship with Semptra Energy, if one exists.

SDG&E is aware that the RA counting rules change frequently. If the capabilities of the system, facility or program that the Respondent is describing in its offer are currently non-conforming specifically with regard to the RA requirement, but the Respondent believes that the RA counting rules may change prior to SDG&E short-listing, the Respondent is instructed to submit their offer and note that it is currently non-conforming due to current RA rules. If and when the RA rules change resulting in the offer conforming to the new RA rules, the Respondent should notify SDG&E (via the RFO e-mail address – IRPReliabilityRFO@sdge.com) and the IE (jon.jacobs@paconsulting.com).

For EE resources, measure installation may begin prior to the Delivery Period during the Agreement Term.

⁷ Note SDG&E will consider the administrative burden/feasibility of negotiating a high volume of agreements when selecting its shortlist. For EE resources, SDG&E will calculate the resource capacity based on the energy savings profile(s) provided.

⁸ 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.

⁹ See D.19-11-016, ordering paragraph 6. This refers to D.19-04-040, Table 4 referencing the "baseline and new resources" incorporated in the study.

¹⁰ SDG&E's current EE programs (see <http://www.sdge.com/save-money/upgrade-and-save> -- gives information on SDG&E's EE rebate programs; CPUC Decision approving SDG&E's current programs: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M034/K299/34299795.PDF> ; and reporting on SDG&E's current EE programs at <http://eestats.cpuc.ca.gov/Views/Documents.aspx>

¹¹ See <http://www.sdge.com/regulatory-filing/10501/2015-energy-efficiency-program-portfolio-changes-phase1-rulemaking-13-11-005> for information about SDG&E's proposed 2015 EE program portfolio.

8.0 EVALUATION CRITERIA AND SHORTLISTING

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, 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

A. 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. **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")¹² 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. 156¹³, 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

¹² 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>

¹³ See <http://www.thesupplierclearinghouse.com/eligibility/default.asp> for the definition of a DBE.

contractors/subcontractor spending if any. Additional information on SDG&E's DBE program can be found at:

<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.

9.0 REJECTION OF OFFERS

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 EFFICIENCY 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. IN ADDITION, SDG&E NOTES THAT SHORTLISTING AN OFFER DOES NOT CONSTITUTE SDG&E ACCEPTANCE OF ALL REDLINED CHANGES TO THE PROFORMA CONTRACT. 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 SEMPRA ENERGY, SDG&E, OR ANY OF THEIR SUBSIDIARIES, AFFILIATES, OR REPRESENTATIVES TO ANY RESPONDENT. SDG&E SHALL HAVE NO OBLIGATION TO CONSIDER ANY OFFER.

10.0 CONFIDENTIALITY

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, PROGRAM 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 DATA, 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.

11.0 CREDIT TERMS AND CONDITIONS

Winning Respondents will be required to comply with the Credit and, Collateral and Service Warrantee/Guarantee requirements set forth in the Model Agreement. 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 – this information will be gathered via the credit application form. These costs will be considered as discussed in the quantitative evaluation section within this document).

Shortlist Acceptance Fee

The Shortlist Acceptance Fee is the greater of \$100,000 or \$2 per kW of the highest delivered capacity in any one calendar year 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 for cash deposits) 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.

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