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**BIORAM PROGRAM
ADVICE LETTER 2878-E-A**

**ATTACHMENT A
2016 BIORAM RFO SEEKING
BIORAM POWER PURCHASE AGREEMENTS**



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

SDG&E'S RENEWABLE AUCTION MECHANISM

2016
REQUEST FOR OFFERS
SEEKING
BIORAM POWER PURCHASE
AGREEMENTS

ISSUED
JUNE 28, 2016

OFFERS DUE
JULY 28, 2016

RFO WEBSITE
<http://www.sdge.com/procurement/2016BioRAM>

EMAIL QUESTIONS/COMMENTS TO
RAMSolicitation@semprautilities.com

TABLE OF CONTENTS

Table of Contents	1
1.0 Background.....	2
2.0 Procurement Process.....	6
3.0 Requirements.....	8
4.0 RFO Response Instructions.....	12
5.0 Evaluation Criteria.....	16
6.0 RFO Schedule.....	21
7.0 RFO Website and Communication.....	22
8.0 Rejection of Offers	23
9.0 Confidentiality	24
10.0 RPS Program Parameters	26
11.0 SDG&E Background	28

1.0 BACKGROUND

In accordance with Resolution E-4770 issued by the California Public Utilities Commission (CPUC or Commission), San Diego Gas & Electric Company (SDG&E) is issuing this Request for Offers (RFO) seeking contracts with generation facilities that can use biofuel from high hazard zones utilizing the Renewable Auction Mechanism (RAM) procurement process, to address the Governor's Emergency Proclamation (Emergency Proclamation)¹.

Overview of the Governor's Emergency Proclamation

Severe drought conditions and an epidemic infestation of bark beetles have caused tree mortality in several regions of California. Governor Brown issued the Emergency Proclamation on October 30, 2015, to protect public safety and property from falling dead trees and wildfire, specifically due to bark beetle-caused tree mortality and the hazards such tree mortality creates for the State of California, among other things, wildfires and tree falls that endanger thoroughfares, electric power lines, and public and private structures. The Emergency Proclamation tasked the Department of Forestry and Fire Protection, the California Natural Resources Agency, Caltrans, and the California Energy Commission to immediately identify high hazard zones (High Hazard Zones or HHZ) for wildfire and falling trees.

In support of the Emergency Proclamation, the Commission issued Resolution E-4770 on March 13, 2016 (the BioRAM Resolution) authorizing SDG&E to issue this BioRAM solicitation to contract with existing and new facilities that can use biofuel feedstock from High Hazard Zones, as defined above, to address the objective of the Emergency Proclamation, using an expedited procurement process and standard RAM contract with modifications specific for this program (BioRAM).

Overview of RAM/BioRAM

The RAM, approved by CPUC in Decision (D.) D.10-12-048² and modified by Resolution E-4414³, Resolution E-4489⁴, Resolution E-4546⁵, Resolution E-4582⁶, Resolution E-4655⁷, and

¹ https://www.gov.ca.gov/docs/10.30.15_Tree_Mortality_State_of_Emergency.pdf

² For additional information please visit: http://docs.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/123021.htm.

³ Resolution E-4414 dated August 18, 2011. For additional information please visit: <http://www.cpuc.ca.gov/NR/rdonlyres/D68F1B4C-D188-4F02-BF70-CC42BFBB0B71/0/E4414FinalResolution.pdf>

⁴ Resolution E-4489, Approving PG&E's AL 4000-E with Modifications and Addressing Additional Issues on Energy Division's Own Motion, dated April 19, 2012. For additional information please visit: http://docs.cpuc.ca.gov/WORD_PDF/FINAL_RESOLUTION/164684.pdf

⁵ Resolution E-4546 dated November 8, 2012. For additional information please visit: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M033/K956/33956185.PDF>

⁶ Resolution E-4582 dated May 9, 2013. For additional information please visit: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M065/K182/65182791.PDF>

D.14-11-042⁸ (together, the RAM Decision), supplements the State's Renewable Portfolio Standard (RPS) program. SDG&E's RAM program incorporates the directives of the RAM Decision. This BioRAM solicitation calls for SDG&E to procure at least 10 MW of capacity from new or existing facilities that are able to meet the requirements included in the BioRAM Resolution via the RAM Power Purchase Agreement (PPA) and BioRAM Rider (collectively, the BioRAM PPA). For existing facilities, the PPA may be for a 5-year, 10-year, 15-year, or 20-year delivery terms, with the option by SDG&E to extend a 5-year PPA for up to five, one-year extensions (for a cumulative total of ten consecutive contract years). For new facilities, the PPA may be for a 10-year, 15-year, or 20-year delivery terms. For both existing and new facilities, SDG&E has a preference for PPAs with shorter delivery terms.⁹

Note: SDG&E is seeking clarification from the California Public Utility Commission's General Counsel as to the direction given in Energy Division Director, Ed Randolph's June 15 letter regarding SDG&E's compliance with Resolution E-4770 (BioRAM Resolution) and reserves the right to modify its BioRAM solicitation as to contract delivery term based upon the General Counsel's review.

This solicitation is limited to seeking PPAs through the auction mechanism. This solicitation is not requesting bids for feed-in-tariff projects (e.g. Re-MAT, Bio-MAT), SunRate, Share the Sun projects, or other RPS procurement activities that currently exist or are being contemplated.

Participation from Diverse Business Enterprises:

SDG&E encourages Diverse Business Enterprises (DBEs), as defined in G.O. 156¹⁰, to participate in the RAM program. Additional information on SDG&E's DBE program can be found at:

<http://www.sempra.com/about/supplier-diversity/> and
<http://www.cpuc.ca.gov/puc/supplierdiversity/>

SDG&E's DBE Program representatives will provide a presentation during the bidder's conference on [TBD, 2016]. DBEs can request additional information by contacting SDG&E at vendorrelations@semprautilities.com.

Product and Procurement Target for Bio-RAM Solicitation:

⁷ Resolution E-4655 dated May 15, 2014. For additional information please visit:
<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M091/K295/91295566.PDF>

⁸ D.14-11-042 issued November 24, 2014. For additional information please visit:
<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M143/K313/143313500.PDF>

⁹ SDG&E's Least-Cost Best-Fit Analysis "...is intended to optimize SDG&E's procurement decisions by minimizing costs and maximizing value." SDG&E's Final 2015 RPS Plan, p. 19. See also Appendix 9 Least-Cost Best-Fit, p. 7 of SDG&E's 2015 RPS Plan which allows SDG&E to differentiate between offers by reviewing their rate impacts and portfolio fit.

¹⁰ See <http://www.thesupplierclearinghouse.com/eligibility/default.asp> for the definition of a DBE.

To meet the BioRAM program requirements, SDG&E will solicit offers from existing or new projects for baseload product that best meet the requirements of the Emergency Proclamation and the BioRAM Resolution. Projects must be located within the service territories of SDG&E, Pacific Gas & Electric Company (PG&E) or Southern California Edison Company (SCE), or able to be dynamically transferred via pseudo-tie into the California Independent System Operator (CAISO) system. A summary of the product to be procured is included in Table 1 below.

Table 1. Summary of BioRAM Product and Target Capacity.

Product	Description	Target Capacity (MW)	Minimum Fuel Requirement from High Hazard Zones (measured annually)
Baseload	<ul style="list-style-type: none"> - technologies run continuously - ratio of off-peak to total annual deliveries between 43% and 53% 	Total of 10.0 MW minimum, with no minimum or maximum project size limits	<ul style="list-style-type: none"> • 40% in 2016 • 50% in 2017 • 60% in 2018 • 80% 2019 and beyond

Additional BioRAM Procurement Requirements.

SDG&E shall require successful bidders verify that the contracting facilities are using fuel from High Hazard Zones by submitting quarterly attestations to SDG&E during the delivery term specifying, among other things, that the percentage of fuel burned to fulfill the contract was sourced from designated high hazard zones (and specifying where those high hazard zones are located). SDG&E shall have the right to audit documentation kept by the successful bidder or its third-party contractor that supports the quarterly attestations and, if during the delivery term, the facility can no longer meet the minimum required high hazard zone fuel requirement, the facility shall have the one-time option to either terminate the contract or to operate at the lesser of the successful bidder's bid price or the current ReMAT baseload price of \$89.23/MWh for the remainder of the delivery term.

INTERCONNECTION:

Respondents must have completed an interconnection agreement or a Phase II interconnection study and provide a copy of the most recent completed agreement or Phase II interconnection study with their offer. Transmission level projects that that have a Phase II interconnection study but do not yet have a completed interconnection agreement are required to apply for interconnection through the CAISO process to obtain an interconnection agreement. Distribution level projects that do not yet have a completed interconnection agreement will be required to apply through SDG&E's or the respective IOU's WDAT process. Projects interconnecting within SDG&E's service territory may visit: <http://www.sdge.com/business/interconnection.shtml> for additional information.

For projects dynamically transferred via pseudo-tie into the CAISO, Respondents must have completed a Phase II interconnection study and provide documentation certifying the existence of dynamic transfer arrangements. Such documentation must have a sufficient level of detail for SDG&E to determine conformance with Category 1 content specifications, RFO requirements, and

to ensure that the dynamic transfer arrangement conforms with all other California state laws and decisions issued by the California Public Utilities Commission, the California Energy Commission, and any other regulatory authorities with jurisdiction over utility procurement in California.

All Respondents must incorporate all estimated non-reimbursable interconnection costs that are allocated to the project in their offer pricing.

Deliverability – General:

Respondents may provide bids for projects that will achieve Full Capacity Deliverability Status (FCDS), as defined by the CAISO Tariff and determined by the CAISO, or for projects that will not achieve FCDS, provide bids for Energy Only. Respondents may also choose to provide both FCDS and Energy Only bids for the same project. Note, however, projects located in the Imperial Valley and dynamically transferred via pseudo-tie into SDG&E's service territory by the CAISO must submit Energy Only bids (see below for more detail). SDG&E intends that FCDS projects will count towards SDG&E's Resource Adequacy (RA) obligations when possible. In order to achieve FCDS, a project must apply for a deliverability study to be conducted by the CAISO. Respondents with winning bids for FCDS projects must demonstrate that: (1) the project has been assessed for deliverability; or (2) the Respondent will request a deliverability assessment through the next available CAISO cluster window. This condition must be met for winning bids that will interconnect at either the distribution or transmission level. For winning FCDS project bids that result in an executed and approved PPA, during the project development process, the project is at a minimum 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 Phase II study equivalent)).

Deliverability – Imperial Valley Dynamic Transfer Projects Only:

Projects located in the Imperial Valley and dynamically transferred via pseudo-tie into SDG&E's service territory by the CAISO must submit Energy Only bids. The Maximum Import Capability (MIC) for SDG&E from the Imperial Valley Substation is 0 MW¹¹, and any increase in MIC allocations from current levels out of the Imperial Valley Substation is dependent on yet to be built projects and transmission upgrades in the Imperial Valley and CAISO areas. With no MIC allocation, projects in Imperial Valley would not qualify for RA.

Interconnection Site Map:

To help potential Respondents assess the feasibility of project sites, SDG&E has established an interactive website. The website contains SDG&E's transmission system (69 kV and above), distribution system, circuit and substation area maps that Respondents may use to research approximate locations for project interconnection sites. SDG&E does not guarantee that projects can interconnect at any illustrated map location. The map is only one tool to help developers identify potential project interconnection sites. There are numerous factors that must be considered regarding interconnection, including project rated size, specific circuit and substation load, percent of generation on the circuit and substation, voltage, reactive power (VAR) and power factor

¹¹ http://www.caiso.com/Documents/ISOMaximumResourceAdequacyImportCapability_Year2015.pdf

considerations. Actual interconnection requirements and costs will be determined after detailed studies are performed for the specific location and project size. To view the interactive map, parties complete the registration form that can be accessed at: <http://sdge.com/builderservices/dgmap/>.

PPA/CPUC Approval:

Selected bidders will execute the BioRAM PPA. All PPAs resulting from the BioRAM program are non-modifiable and shall be subject to CPUC approval. SDG&E reserves the right to seek CPUC approval for contracts individually or to file multiple contracts in one advice letter.

2.0 PROCUREMENT PROCESS

Respondents to this solicitation shall comply with the requirements described in this RFO document. By responding, Respondents are bound by the terms of this RFO. The RFO Procurement Process steps are presented as a flow chart in Figure 1.

All conforming offers will be evaluated in accordance with the Evaluation Criteria described in Section 5 of the RFO. SDG&E will select bids to meet or exceed the 10.0 MW auction Target Capacity.

SDG&E recognizes the impact of interconnection costs on successful project development. Distribution level interconnection costs and/or any transmission level interconnection costs allocated to the project and to be paid by the Respondent (i.e. non-reimbursable) must be incorporated in the offer price based on the estimates provided in the interconnection agreement or most recent completed interconnection study.

Reimbursable network upgrade costs are ultimately borne by ratepayers and therefore should not be included in a Respondent's offer price. As described in Section 5 below, SDG&E will add the estimated reimbursable network upgrade costs (with the exception of area deliverability network upgrades) resulting from the interconnection agreement or most recent interconnection study to the respondent's bid price when ranking bids.

SDG&E recognizes the importance of distinguishing between projects that provide FCDS value and those that do not. Respondents may provide bids for FCDS projects or Energy Only projects. Respondents may also choose to provide both FCDS and Energy Only pricing options for the same project. Note, however, projects located in the Imperial Valley and dynamically transferred via pseudo-tie into SDG&E's service territory by CAISO must submit Energy-Only bids.

For FCDS bids, Respondents must have obtained or plan to obtain a deliverability study from the CAISO to determine what, if any, upgrades are required for the project to achieve FCDS. SDG&E will incorporate the value of obtaining FCDS in its evaluation process as described in Section 5 below.

If a bid that includes FCDS value is selected, the Respondent must demonstrate that: (1) the project has been assessed for deliverability; or (2) the Respondent will request a deliverability assessment through the next available CAISO cluster window. For winning FCDS project bids that

result in an executed and approved PPA, during the project development process, the project is at a minimum 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)). Costs to facilitate such studies will be borne by the Respondent at no additional cost to SDG&E.

The PPA for FCDS projects will provide for one price to be paid before the product achieves FCDS (which is less the Deliverability Value, i.e., the Energy Only Price) and a second (higher) price to be paid after the project achieves FCDS (FCDS Price).

For bids that will not include FCDS value, Respondents do not need to obtain a deliverability study, and instead can proceed through the interconnection process as an Energy Only project. SDG&E will not include deliverability value in its evaluation of Energy Only bids, as described in Section 5 below. If selected, SDG&E would pay an Energy Only price for this product.

Bids that are selected will receive from SDG&E a form BioRAM PPA (which is available on SDG&E's BioRAM RFO Website) that is redlined to reflect the relevant provisions that are applicable to the proposed project as indicated by Respondent in their Project Description Form. The executed PPAs will be filed for Approval with the CPUC via a Tier 2 advice letter.

3.0 REQUIREMENTS

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 shall visit the RFO Website for announcements regarding any change.

A. PARTICIPATION/ELIGIBILITY CRITERIA

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

Resource Requirements:

1. Resources must be CEC-certifiable as an eligible renewable resource by the commercial operation date;
2. Resources must utilize a commercially proven technology;
3. BioRAM Resources must be new or existing facilities;
 - i. an existing facility may participate in BioRAM without restriction if the existing facility is not currently delivering energy pursuant to an existing contractual agreement with SDG&E, PG&E or SCE, or if such an agreement exists but it is scheduled to terminate within 36 months of the utility's expected date of CPUC approval for the utility's PPA that may result from this BioRAM auction, as estimated by that utility's RAM Bidding Protocol;
4. Resources must sell its entire output to SDG&E (full buy/sell) or sell all output in excess of onsite load to SDG&E (excess sales); and
5. Respondent must demonstrate a fuel supply plan for the delivery term that includes fuel sourced from High Hazard Zones, as are designated by CAL FIRE or successor agency as a percentage of total fuel burned as follows: 40% in 2016, 50% in 2017, 60% in 2018 and 80% for each subsequent year included in the delivery term or additional option year.

Project Capacity:

1. All capacity ratings specified in this RFO must be nameplate capacities for alternating current (ac) generation as provided to the transmission or distribution system. Offers that provide direct current (dc) ratings only will be rejected for nonconformance;

Location/Site Control:

1. BioRAM Projects must be located within the service territories of PG&E, SCE or SDG&E, or be dynamically transferred via pseudo-tie into the CAISO; and
2. The Respondent must have, at time of bidding, site control for the duration of the proposed power purchase agreement. A copy of one of the following forms of site control must be provided:
 - 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.

Note: If shortlisted, Respondent's site control documents must be: 1) in the name of the same entity that will execute the BioRAM PPA, or 2) shall have been assigned to such entity by the time Respondent accepts its position on the shortlist.

Interconnection:

1. Respondents must have completed a Phase II interconnection study, or have an interconnection agreement; and
2. A copy of the most recent completed Phase II study or interconnection agreement must be included in the offer.
3. If the project is an existing facility, Respondent must provide the facility's interconnection agreement, and if a Qualifying Facility ("QF"), an affidavit that there will be no anticipated material modification to their facility and that Respondent may proceed to the completion of an interconnection agreement with the CAISO.
4. For projects dynamically transferred via pseudo-tie into the CAISO, Respondents must provide a completed Phase II interconnection study or interconnection agreement and provide documentation certifying the existence of dynamic transfer arrangements. Such documentation must have a sufficient level of detail for SDG&E to determine conformance with Category 1 content specifications, RFO requirements, and to ensure that the dynamic transfer arrangement conforms with all other California state laws and decisions issued by the California Public Utilities Commission, the California Energy Commission, and any other regulatory authorities with jurisdiction over utility procurement in California.

Note: If shortlisted, Respondent's interconnection documents must be: 1) in the name of the same entity that will execute the BioRAM PPA, or 2) shall have been assigned to such entity by the time Respondent accepts its position on the shortlist.

Developer Experience:

1. The Respondent and/or members of the project development team must have experience. Respondents must provide evidence of having completed, or begun construction, of a project using a technology similar to the offered technology, that is at least one MW nameplate capacity; and
2. The Respondent will maintain contractual control of the facilities and be responsible for development, land acquisition, permitting, financing and construction for the facilities. Respondents must provide a description of how operational control will be maintained.

Project Start Date:

1. Offers must provide an anticipated delivery start date that is no later than: (i) thirty-six months after the CPUC Approval date of the PPA.

Other Incentives Not Permitted:

1. Respondents shall not have participated in the Net Energy Metering (NEM) Program for the projects being offered and shall not participate in the NEM Program for the entire term of the PPA; and
2. Respondents shall not have sought or received any other benefits from the small generator incentive programs, such as the Self-Generation Incentive Program, offered by the State of California or California utilities.

B. POWER PURCHASE AGREEMENT CRITERIA

Requirements contained within the non-negotiable BioRAM PPA attached to this RFO, include the following:

1. Resources may choose between two types of transactions:
 - a. Full Buy/Sell: facility sells 100% of its output to the utility and purchases any energy needed to service onsite load from the utility; or
 - b. Excess Sales: facility first offsets its onsite load and then sells excess energy to the utility.
2. Resources must:
 - a. obtain RPS certification for the project from the CEC by their Commercial Operation Date;
 - b. execute a Participating Generator Agreement with the CAISO, or Pseudo Participating Generator Agreement for projects dynamically transferred via pseudo-tie into the CAISO;
 - c. execute a Meter Service Agreement with the CAISO;
 - d. install a CAISO meter;
 - e. register the project with the Western Renewable Energy Generation Information System (WREGIS) and pay all associated fees so that monthly generation can be tracked and automatically reported for purposes of meeting the requirements of the RPS and automatically transferred to SDG&E;
 - f. execute a CAISO Qualified Reporting Entity Service Agreement to allow CAISO, on the Respondent's behalf, to upload generation information directly into WREGIS;
 - g. have the appropriate systems in place which include the CAISO's Automated Dispatch System and CAISO's Application Programming Interface;
 - h. for projects dynamically transferred via pseudo-tie into the CAISO, a Dynamic Transfer Balancing Authority Area Operating Agreement, Native Balancing Authority Generator Agreement, and any other requirements as set forth in the CAISO tariff.
 - i. Obtain fuel sourced from High Hazard Zones as designated by CAL FIRE as a percentage of total fuel burned as follows: 40% in 2016, 50% in 2017,

60% in 2018 and 80% for each subsequent year included in the delivery term or additional option year.

3. Winning bidders must provide Development Period Security, if applicable, and Delivery Term Security for the project as described in Section C below.
4. For projects that will interconnect to a distribution system, Respondents must apply for distribution interconnection using the SDG&E WDAT process, or similar process for SCE and PG&E, and have a final interconnection facilities study report (or Phase II study equivalent), or interconnection agreement.
5. For projects that will interconnect to a transmission system, Respondents must have completed a Phase II interconnection study or have an interconnection agreement with CAISO.
6. Seller of projects that bid FCDS must obtain at a minimum a final CAISO deliverability study.
7. Before executing the BioRAM PPA and Rider, Respondents shall chose whether SDG&E shall be the scheduling coordinator for the project or whether another party shall be the scheduling coordinator.
8. There will be zero payment for output during any hour during the delivery period where the project provides delivered energy in excess of 110% of the contracted capacity, and a reduced payment equal to 75% of the PPA price for energy deliveries in excess of 115% of the contracted annual generation.
9. Respondents shall cooperate with SDG&E during the term of the agreement to provide financial statements, financial schedules and all necessary records to determine whether or not the project is subject to financial consolidation as required by Generally Accepted Accounting Principles (GAAP) and SEC rules. If it is determined that consolidation is necessary, Respondents shall continue to cooperate with SDG&E during the term of the PPA to comply with all applicable rules.
10. Respondents must provide milestone updates for new development projects.
11. Respondents must provide quarterly attestations to the IOU throughout the delivery term specifying, among other things, that the percentage of fuel burned to fulfill the contract came from designated high hazard zones, and Respondents must agree that SDG&E shall have audit rights, including records of fuel contractors and suppliers to the extent reasonably necessary to verify the accuracy of any attestations.

C. CREDIT TERMS AND CONDITIONS

Development Period Security is due **on or before** the signing date of the PPA. A \$90 per kW deposit is required for baseload resources. **If selected for the shortlist, Respondents must be prepared to post the Development Period Security on the date the PPA is signed.**

Delivery Term Security is required at COD. The Delivery Term Security is the higher of (a) 5% of the expected total revenues over the term of the PPA or (b) the Default Energy Price times expected Contract Quantity. The Development Period Security will roll over to help satisfy the Delivery Term Security.

Credit support may be in the form of a Letter of Credit or cash. A pro forma Letter of Credit is contained within the BioRAM PPA.

4.0 RFO RESPONSE INSTRUCTIONS

Respondents may submit offers to this solicitation by completing the forms listed below. Forms are available on both the RFO website and the PowerAdvocate® website. Respondents are responsible for monitoring the RFO website and PowerAdvocate® website for subsequent updates, notices and postings.

The failure to provide the listed information may result in the proposal being deemed non-conforming and may disqualify the proposal from further consideration.

RFO Offer Submittal:

Any party interested in submitting an offer must submit the offer electronically via PowerAdvocate®, and attach all required forms and bid materials to the offer. The 2016 BioRAM RFO event on the PowerAdvocate® website contains the following: required RFO forms, documents, and schedule. Respondents intending to bid and who 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 and the Referral information below to access the RFO event:

Referral Information	
Are you registering for a specific Event: *	<input checked="" type="radio"/> Yes <input type="radio"/> No, I would simply like to register.
Who referred you to this Event: *	<input type="text" value="RAMSolicitation@semprautilities.com"/>
Name of that individual's company: *	<input type="text" value="San Diego Gas & Electric"/>
Name or description of the Event: *	<input type="text" value="58441 : 2016 SDGE Bio-Ram"/>

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

<https://www.poweradvocate.com/pR.do?okey=51353&pubEvent=true>

The RFO website contains RFO forms and documents, RFO Schedule, and a Question and Answer document following the bidder's conference. All questions or other communications regarding this RFO must be submitted via email to RAMSolicitation@semprautilities.com by the DEADLINE TO SUBMIT QUESTIONS as specified in Section 6.0 of the RAM RFO Schedule. SDG&E will not accept questions or comments in any other form.

Required Forms and Bid Materials:

If the Respondent is submitting offers for more than one project, each project 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 project 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. **Project Description Form** – Submit one per project. Respondents will use this form to describe the Product for which they are submitting a bid, present the merits of the project and demonstrate that the participation criteria and resource criteria have been met. For example, within this form Respondents must present the project's financing plan and provide or attach evidence of site control.
2. **Pricing Form** – Submit up to two per project. Respondents may propose up to two pricing options per project; one that reflects the value of FCDS and one that is Energy Only. However, projects located in Imperial Valley and dynamically transferred via pseudo-tie into SDG&E's service territory by the CAISO may only bid Energy Only. Pricing Forms must clearly indicate whether the bid is FCDS or Energy Only. Pricing must be TOD adjusted per the bid forms to be completed by Respondent.
3. **Interconnection Agreement or Phase II Interconnection Study** – Submit a copy of the interconnection agreement or Phase II interconnection study. For projects dynamically transferred via pseudo-tie into the CAISO, submit copies of a completed Phase II interconnection study and provide documentation certifying the existence of the dynamic transfer arrangements.

4. **Site Control Documentation** – Submit copies of site control documents demonstrating: a) direct ownership; b) a lease; or c) an option to lease or purchase upon PPA approval (must be an exclusive option to the Bidder that will last until the completion of the RFO cycle).

The Project Description Form must be in Word or Word-compatible format (not in PDF). The Pricing Form must be in Excel or Excel-compatible format (not in PDF). The interconnection and site control documentation must be submitted in PDF format.

Submitting Offers:

All parties interested in submitting an offer must register to receive access to the 2016 Bio-RAM RFO event on PowerAdvocate® in order to submit an offer. To register, Respondents must follow the instructions outlined above.

All offers must be uploaded to PowerAdvocate® no later than **12:00 p.m.** (i.e. **Noon**), Pacific Standard Time, on **July 28, 2016** (Closing Date) (see also the RAM RFO Schedule). If Respondents encounter technical difficulties with uploading, they should provide evidence of such difficulties (e.g. a screen shot of the error message) and email the bid to the RAM RFO inbox by 1:00 p.m., Pacific Standard Time, on the Closing Date. If the Respondent encounters further technical difficulties with the RAM RFO inbox, they should provide evidence of such difficulties (e.g. a screen shot of the error message or a sent email notice with a time stamp before 1:00 p.m. on the Closing Date) and Respondent shall submit a hard copy **and an electronic copy, on CD or portable storage device (i.e. flash-drive)**, of the bid package to SDG&E and the Independent Evaluator at the addresses below by close of business on the day following the Closing Date.

San Diego Gas & Electric Company
Electric and Fuel Procurement Department
Attn: Bio-RAM RFO Response
8315 Century Park Court, CP21D
San Diego, CA 92123-1593

Accion Group
Harold T. Judd
244 N. Main Street
Concord, NH 03301

All offer materials submitted shall be subject to the confidentiality provisions of Section 9 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.

Respondents offering the same projects to multiple solicitations or other contracting opportunities are hereby advised that if SDG&E notifies Respondent that their offer is selected as a winning bid, the Respondent must decide within 7 days whether to accept its standing as a winning bidder and immediately withdraw their offer from all other solicitations/contracting opportunities or risk being disqualified from continuing participation in the BioRAM program. Respondents shall confirm such withdrawal by submitting to SDG&E a copy of the written correspondence sent to all other solicitations/opportunities pertaining to such withdrawal while granting SDG&E permission to contact the other solicitors to confirm the withdrawal. ALL OFFERS SHALL BE VALID AND BINDING UPON THE RESPONDENT AFTER BEING SELECTED AS A WINNING BIDDER UNTIL CONTRACT EXECUTION.

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.

5.0 EVALUATION CRITERIA

SDG&E will utilize all required forms and narratives, as provided pursuant to Section 4, to evaluate all offers. Respondents are responsible for the accuracy of all discussions, figures and calculations they submit. Errors discovered during evaluation may impact a Respondent's standing on the short-list.

Respondents must conform to minimum participation criteria and minimum resource criteria in order to be considered. Each Respondent will submit an offer for the Product, described in Table 1. All offers submitted in response to this RFO will go through a conformance check to ensure that the particular RFO requirements are met. Conforming offers will then go through a Least-Cost / Best-Fit (LCBF) / Net Market Value ("NMV") analysis.

SDG&E will periodically brief the members of the PRG and / or CAM PRG during the various stages of evaluation. Upon completion of SDG&E's evaluation process, SDG&E will brief the PRG and/or CAM PRG members regarding SDG&E's recommendations for its short-list. Based upon the comments and recommendations received from the PRG, SDG&E may modify the preliminary short-list as necessary.

EVALUATING OFFERS

In order to be considered a conforming offer, bids must, at a minimum, declare:

- a. A single Guaranteed Commercial Operation Date when the project will provide the product described in the Bid Pricing Form which is within 36 months of CPUC (with one 6 month regulatory delay extension);
- b. A single contract term between the Guaranteed Commercial Operation Date and the ending date of the contract. For existing facilities, 5 years (with SDG&E option for up to five consecutive one-year extensions), 10 years, 15 years, or 20 years. For new facilities, 10 years, 15 years, or 20 years.
- c. A single set of net output capacities, estimated contract deliveries, and energy prices for the duration of the contract term for quantities and prices as delivered to SDG&E, using alternating current (AC) and in the appropriate units of measure as specified on the Bid Pricing Form and inclusive of all losses due to expected curtailment, transmission losses, distribution losses, and transmission costs up to the point of interconnection;
- d. Expected hourly capacity factors in the Typical Profile of the Bid Pricing Form, which shall be the ratio of estimated contract deliveries in megawatts (AC) delivered to SDG&E in a typical hour to the net output capacity at the point of delivery to SDG&E in megawatts (AC) during that same hour, in Pacific Time (including Pacific Standard Time and Pacific Daylight Time for appropriate time periods).
- e. The point of interconnection.

Absence of any of the above may result in a bid being rejected due to nonconformance. SDG&E may require clarifying information for certain projects in addition to those specified above;

failure to provide such clarifying information timely, or providing information which conflicts with original bid documents, may also result in a bid being rejected due to nonconformance.

ADDITIONAL EVALUATION CRITERIA

- The auction shall be open to both existing and new facilities, but SDG&E may favor earlier online dates in the bid evaluation process, in recognition of the Emergency Proclamation.
- In recognition of the Emergency Proclamation, SDG&E may favor projects that have shorter term contracts (e.g. a ten-year delivery term may be favored over a fifteen-year term).
- In order to incentivize facilities that can exceed the minimum fuel requirements, SDG&E shall favor bids that commit to meeting the specified fuel requirements in each contract year on an accelerated basis.
- In recognition of the Emergency Proclamation and in order to promote the use of High Hazard Zone Fuel, SDG&E will favor facilities that are within close proximity to High Hazard Fuel Zones.

Accordingly, SDG&E reserves the right to select a bid out of rank order.¹²

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. The primary quantitative metric used in SDG&E’s LCBF process is a Net Market Value (“NMV”) calculation. The NMV calculation is a quantification of the value of an offer when compared to a set of price benchmarks for capacity, electrical energy, ancillary services, natural gas, and Green House Gas (“GHG”) compliance. Additionally, SDG&E may consider portfolio effects (costs or benefits) associated with the offer on the portfolio. These benefit and cost components are netted and discounted to yield a NMV for each offer. The NMV of an offer is compared to the NMV of other offers to determine whether that offer is one of the highest ranked. The initial evaluation will be done without regard to credit costs. 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 (“Least Cost”).

SDG&E evaluates the quantifiable attributes of each offer individually. These individual attributes will include: capacity benefits, energy benefits, ancillary service benefits, contract payments, GHG emissions and costs, congestion costs, and transmission losses and costs. Each of these attributes is described below.

¹² SDG&E’s Least-Cost Best-Fit Analysis “...is intended to optimize SDG&E’s procurement decisions by minimizing costs and maximizing value.” SDG&E’s Final 2015 RPS Plan, p. 19. *See also* Appendix 9 Least-Cost Best-Fit, p. 7 of SDG&E’s 2015 RPS Plan which allows SDG&E to differentiate between offers by reviewing their rate impacts and portfolio fit.

A. NET CAPACITY BENEFITS (INCLUDING DELIVERABILITY VALUE)

Capacity benefits are calculated by comparing the capacity costs in the offer to the capacity value to SDG&E. The capacity benefits (excluding costs) can be converted into a levelized \$/MWh value which is used as the Deliverability Value in calculating contract payments, as applicable.

B. NET ENERGY AND ANCILLARY SERVICES BENEFITS

The energy benefit valuation is an optimized energy dispatch profile multiplied by the corresponding energy forward price curves. The benefits provided by resources with greater flexibility will be reflected here as they are able to be dispatched to capture the most beneficial price increments. These benefits are netted against the variable costs associated with generating the energy such as fuel costs and variable O&M to produce the Net Energy Benefit.

C. TRANSMISSION/DISTRIBUTION SYSTEM IMPACTS

Non-reimbursable interconnection costs must be incorporated in the offer pricing, and reimbursable network upgrade costs (Network Upgrade Costs) that benefit the grid broadly and are ultimately borne by ratepayers will be considered in the economic evaluation of the offer. SDG&E requires at least Phase II study (or distribution level equivalent) results as the basis for including appropriate interconnection cost estimates in its evaluation.

QUALITATIVE EVALUATION

Qualitative factors and benefits will be used to determine the projects that are the “Best Fit” for SDG&E’s portfolio. SDG&E may use these factors to determine advancement onto the short list or evaluate tie-breakers, if any. Qualitative factors may include, but are not limited to:

A. PROJECT VIABILITY

SDG&E is seeking experienced companies and development teams to develop and operate facilities utilizing known and proven technology to the degree available. Another aspect of project viability will include its ability to contribute to meeting the Local Capacity Requirement. SDG&E works with the CAISO in modeling resource and program portfolios to ensure SDG&E’s LCR is met.

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

<http://www.sempra.com/about/supplier-diversity/>

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

<http://www.cpuc.ca.gov/puc/supplierdiversity/>

SDG&E's DBE Program representatives will provide a presentation during the pre-bid conference. DBEs can request additional information by contacting SDG&E at vendorrelations@semprautilities.com.

C. ADDITIONAL FUEL FROM HIGH HAZARD ZONES

In recognition of the Emergency Proclamation, SDG&E may favor projects that have shorter term contracts (e.g. a ten-year delivery term may be favored over a fifteen-year term). SDG&E may favor earlier online dates in the bid evaluation process, in recognition of the Emergency Proclamation. SDG&E will favor bids that commit to meeting the high hazard zone fuel sourcing requirements on an accelerated basis. In recognition of the Emergency Proclamation and in order to promote the use of High Hazard Zone Fuel, SDG&E will favor facilities that are within close proximity to High Hazard Fuel Zones. Accordingly, SDG&E reserves the right to select a bid out of rank order.¹⁴

BID CONFORMANCE EVALUATION

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

1. SDG&E uncovers evidence of market manipulation in the auction process;
2. SDG&E determines the offer (or offers) is not competitive with market prices¹⁵;
3. SDG&E cannot confirm the projected deliveries;
4. The Respondent does not provide adequate evidence it meets minimum participation criteria;
5. There is a question as to whether or not the projects meet minimum resource criteria;
6. Acceptance of the offer would cause excessive reliance upon a single provider in the solicitation, or in SDG&E's overall renewable energy portfolio. (SDG&E shall provide any details of such seller concentration limit in the Tier 2 advice letter containing the executed contracts);
7. The Respondent cannot fulfill the terms and conditions of the BioRAM PPA; and/or,
8. The Respondent is unable to comply with RFO timing and other solicitation requirements.

Consistent with CPUC Decision D.04-07-029 issued on July 8, 2004, SDG&E will treat dispatchability, curtailability and repowering as quantitative attributes and will evaluate these factors using quantitative methods. SDG&E requests that Respondents elaborate in their offer on the benefits of their project with regard to these factors.

¹⁴ SDG&E's Least-Cost Best-Fit Analysis "...is intended to optimize SDG&E's procurement decisions by minimizing costs and maximizing value." SDG&E's Final 2015 RPS Plan, p. 19. *See also* Appendix 9 Least-Cost Best-Fit, p. 7 of SDG&E's 2015 RPS Plan which allows SDG&E to differentiate between offers by reviewing their rate impacts and portfolio fit.

¹⁵ IOUs have the discretion to not enter into contracts if there is evidence of market manipulation or if the bids are not competitive compared to other renewable procurement opportunities, D.10-12-048 at p. 3, 21, 36, FOF 10, FOF 25, COL 3, COL 23, Appendix A Summary of Adopted Program. *See also* Resolution E-4144, at p. 25.

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 BIO-RAM 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 and SDG&E Begins Accepting Bids	June 28, 2016
2.	Bidder's Conference	July 6, 2016
4.	DEADLINE TO SUBMIT QUESTIONS Question submittal cut-off date. Answers to all questions will be posted on SDG&E's website no later than July 20, 2016.	July 15, 2016
6.	DEADLINE TO SUBMIT BioRAM OFFERS/CLOSING DATE Offers must be uploaded to PowerAdvocate® by no later than 12 P.M. (i.e. NOON Pacific Prevailing Time)	July 28, 2016
7.	NOTIFICATION TO WINNING AND CONTINGENT BIDDERS	October 4, 2016
8.	WINNING BIDDERS ACCEPTANCE/WITHDRAWAL LETTER due from Winning Bidders indicating: a) Withdrawal from SDG&E's solicitation; OR b) Acceptance of standing as a winning bid; withdrawal from participating in any other solicitation and evidence of withdrawal notice to all other solicitors	October 11, 2016
11.	SDG&E issues appreciation notices to unsuccessful Respondents	November 8, 2016
12.	SDG&E and successful bidders Execute PPAs	November 8, 2016
13.	SDG&E submits Tier 2 Advice Letter with PPAs to CPUC for approval	December 13, 2016
14.	Anticipated CPUC approval (prior to any appeal and/or suspension)	January 10, 2017

BID CONFERENCE

SDG&E will host one bidder's conference on July 6, 2016 from 1:00 PM to 4:00 PM via web conference (e.g. WebEx). Participation in the pre-bid conference is NOT mandatory in order to submit an offer. Please monitor the RFO Website periodically for updates and participation instructions.

Any party interested in participating in this bidder's conference should email the following information to RAMSolicitation@semprautilities.com by July 5, 2016.

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

7.0 RFO WEBSITE AND COMMUNICATION

The RFO and all subsequent revisions and documents are available for download from the RFO Website. Potential Respondents are responsible for monitoring the RFO Website for subsequent updates, notices and postings.

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 RAMSolicitation@semprautilities.com by the DEADLINE TO SUBMIT QUESTIONS as specified in Section 6 RFO Schedule. SDG&E will not accept questions or comments in any other form.

RFO WEBSITE

<http://www.sdge.com/procurement/2016BioRAM>

EMAIL QUESTIONS/COMMENTS TO
RAMSolicitation@semprautilities.com

8.0 REJECTION OF OFFERS

SDG&E SHALL TREAT ALL RESPONDENTS FAIRLY AND EQUALLY AND SHALL EVALUATE ALL OFFERS IN GOOD FAITH. SDG&E MAKES NO GUARANTEE THAT A CONTRACT AWARD SHALL RESULT FROM THIS RFO EVEN AFTER AN OFFER HAS BEEN SELECTED AS A WINNING BID. 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.

9.0 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. 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") FOR THE PURPOSE OF EVALUATING RESPONDENT'S OFFER, BUT SUCH REPRESENTATIVES SHALL BE REQUIRED TO OBSERVE THE SAME CARE WITH RESPECT TO DISCLOSURE AS SDG&E.

NOTWITHSTANDING THE FOREGOING, EACH RAM PARTICIPANT ACKNOWLEDGES AND EXPRESSLY AUTHORIZES SDG&E TO PUBLICLY DISCLOSE THE FOLLOWING INFORMATION IN THE ADVICE LETTER SEEKING APPROVAL OF RAM PPAs, AS REQUIRED BY THE CPUC: (1) NAMES OF THE COMPANIES THAT SUBMITTED OFFERS INTO SDG&E'S RAM RFO; (2) NUMBER OF OFFERS RECEIVED BY EACH COMPANY; (3) NUMBER OF OFFERS RECEIVED AND SELECTED AS WINNING BIDS BY SDG&E; (4) PROJECT SIZE; (5) PARTICIPATING TECHNOLOGIES; (6) THE NUMBER OF PROJECTS THAT PASSED THE PROJECT VIABILITY SCREEN; (7) LOCATION OF BIDS BY COUNTY LEVEL SHOWN IN A MAP FORMAT; AND (8) THE PROGRESSION OF EACH EXECUTED CONTRACT'S PROJECT DEVELOPMENT MILESTONES. 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, THE CEC, AND/OR SDG&E'S PROCUREMENT REVIEW GROUP (PRG). SDG&E WILL REQUEST CONFIDENTIAL TREATMENT PURSUANT TO APPLICABLE LAW, OF ANY CONFIDENTIAL INFORMATION PROVIDED TO SDG&E BY RESPONDENT IN CONNECTION WITH THE RFO AND SUBMITTED BY SDG&E TO THE CPUC AND/OR CEC FOR THE PURPOSES OF OBTAINING REGULATORY APPROVAL. SDG&E WILL PROVIDE SUCH INFORMATION TO ITS PRG SUBJECT TO THE TERMS OF ITS NON-DISCLOSURE AGREEMENT WITH ITS PRG. SDG&E CANNOT, HOWEVER, ENSURE THAT THE CPUC OR CEC WILL AFFORD CONFIDENTIAL TREATMENT TO A RESPONDENT'S CONFIDENTIAL INFORMATION OR THAT MEMBERS OF ITS PRG WILL COMPLY WITH THE TERMS OF THE APPLICABLE NON-DISCLOSURE AGREEMENT.

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 CONFIDENTIAL INFORMATION.

10.0 RPS PROGRAM PARAMETERS

CALIFORNIA RPS PROGRAM

California's Renewable Portfolio Standard (RPS) Program was originally adopted in 2002 and is codified at Public Utility Code sec 399.11, *et seq.*¹⁶ In adopting the RPS legislation, the Legislature specifically found and declared that increasing California's reliance on renewable energy resources promotes the purpose of and may accomplish each of the following: This BioRAM Program supplements the RPS Program goals to:

- Increase the diversity, reliability, public health and environmental benefits of the energy mix
- Promote stable electricity prices
- Protect public health and improve environmental quality
- Stimulate sustainable economic development and create new employment opportunities
- Reduce reliance on imported fuels

Current law requires Investor Owned Utilities (IOUs) to serve 33% of its retail sales load with RPS-eligible renewable energy by 2020. SDG&E will comply with all CPUC decisions governing RPS procurement. These decisions are publicly available on the CPUC's website at <http://www.cpuc.ca.gov/PUC/energy/Renewables/decisions.htm>.

This RFO is being conducted in compliance with the RAM Decision and all relevant statutory and regulatory directives, including Resolution E-4770 (the Bio-RAM Resolution), and the Governor's Emergency Proclamation. Requirements set forth within the law and all directives shall be incorporated herein by reference. A full text of the law and relevant CPUC decisions can be downloaded from the CPUC website. Respondents are encouraged to review all RPS, RAM, and BioRAM CPUC issued directives available on the same Internet website, and are responsible for understanding and abiding by all RPS, RAM, and BioRAM provisions.

RPS ELIGIBILITY CRITERIA

Respondents successfully signing agreements with SDG&E must warrant that the resources being offered in response to this solicitation are certifiable as an "eligible renewable resource" by the California Energy Commission (CEC). Eligibility criteria are set forth by the CEC in its Renewable Portfolio Standard Eligibility Guidebook. The CEC guidebook can be downloaded from the following internet website: <http://www.energy.ca.gov/renewables/documents/index.html>. Respondents are encouraged to review all RPS-related, CEC issued directives available on the same Internet website and are responsible for understanding and abiding by all RPS provisions. All requirements set forth within the CEC's guidebooks and all RPS-related documents shall be incorporated herein by reference.

Respondents are encouraged, although not required, to apply for pre-certification from the CEC in advance of submitting an offer. Pre-certification forms are available from the above-entitled guidebook. An excerpt of the eligibility requirements is provided at the end of this section.

¹⁶ See, Senate Bill (SB) 1078 (Stats. 2002 Ch. 516), as amended by SB 107, (Stats. 2006, Ch. 464).

PROCUREMENT REVIEW GROUP

The Procurement Review Group (PRG), a CPUC-endorsed entity, is composed of non-market participants such as ratepayers' advocacy groups, state energy and water commissions, power authorities, utility-related labor unions and other non-commercial, energy-related special interest groups. CPUC Decision D.03-06-071 established the role of the PRG in the RPS Program. 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, IOU's brief the 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 9 (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 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 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.

11.0 SDG&E BACKGROUND

SDG&E provides electric service to approximately 1.3 million customers in San Diego County and the southern portion of Orange County. SDG&E also provides natural gas service to approximately 775,000 gas customers. The electric customer base comprises 89% residential and 11% commercial and industrial customers.

The figure below shows a simplified diagram of existing SDG&E's service area, which encompasses an area of 4,100 square-miles and spans 2 counties and 25 communities.

