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GTSR PROGRAM – ECOCHOICE (GREEN TARIFF)

2018 ECOCHOICE (GREEN TARIFF) RFO



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

**SDG&E's 2018 REQUEST FOR OFFERS
SEEKING
ECOCHOICE (GREEN TARIFF) PROJECTS**

ISSUED

APRIL 30, 2018

OFFERS DUE

JUNE 8, 2018

RFO WEBSITE

www.sdge.com/2018GTSRRFO

EMAIL QUESTIONS/COMMENTS TO

RAMSolicitation@semprautilities.com

INDEPENDENT EVALUATOR (IE)

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1.0 BACKGROUND

In accordance with Decision (D.)16-05-006, D.15-01-051, and Resolution 4734 (together the Green Tariff Shared Renewables Decisions or GTSR Decisions) issued by the California Public Utilities Commission (CPUC or Commission), San Diego Gas & Electric Company (SDG&E) is issuing this EcoChoice (i.e. Green Tariff) Request for Offers (RFO or the solicitation) seeking contracts with facilities that produce Renewable Portfolio Standard (RPS)-eligible energy for the purpose of implementing its EcoChoice program.

The GTSR Decisions require SDG&E to implement two programs: (1) a Green Tariff (“EcoChoice”) program, allowing customers to choose a higher percentage of renewable generation; and (2) an Enhanced Community Renewables (“EcoShare”) program, allowing customers to participate in community-based projects. These programs are intended to: 1) make clean, renewable energy available to all customers, whether they own a home and/or can afford a significant capital investment or not; (2) increase the overall volume of renewable energy in the San Diego area; and (3) increase options for institutional, commercial and residential customers to meet their renewable energy goals.

This solicitation is not requesting bids for feed-in-tariff projects (e.g. Re-MAT, Bio-MAT), BioRAM, or other RPS procurement activities that currently exist or are being contemplated, but rather is seeking bids for the EcoChoice portion of GTSR.

Participation from Diverse Business Enterprises:

SDG&E encourages Diverse Business Enterprises (DBEs), as defined in G.O. 156¹, to participate in this RFO. 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 and DBEs can request additional information by contacting SDG&E at vendorrelations@semprautilities.com.

Products and Procurement Targets for the 2018 EcoChoice Solicitation:

Overall, SDG&E’s GTSR program is designed to ensure sufficient eligible capacity is available to meet customer demand of up to 59 MW, with 10 MW of the total program capacity being set aside for projects located in designated Environmental Justice areas. SDG&E will solicit EcoChoice projects that are classified as eligible renewable resources². For EcoChoice, this product must be located within the service territory of SDG&E or in the Imperial Valley and either directly

¹ See <http://www.thesupplierclearinghouse.com/eligibility/default.asp> for the definition of a DBE.

² D.16-05-006 approves procurement of any RPS-eligible renewable generation.

connected or dynamically transferred via pseudo-tie into SDG&E’s service territory by the California Independent System Operator (CAISO).

The procurement target for this RFO is listed in Table 2. As required by the GTSR Decisions, SDG&E will reserve 10 MW of its program target for projects sized between 500kW and 1 MW located in areas previously identified by the California Environmental Protection Agency as the most impacted and disadvantaged communities (Environmental Justice or EJ Reservation).³

Table 1. Summary of RFO Products being sought in this solicitation

Product	Description
Renewable Portfolio Standard-eligible renewable resource of any technology	“Eligible renewable resource” is defined by the California Energy Commission (CEC). Eligibility criteria are set forth by the CEC in its Renewable Portfolio Standard Eligibility Guidebook.

Table 2. RFO Procurement Targets

Product	Target Capacity (MW)
EcoChoice	.5 - 29
Environmental Justice (EJ)	.5 – 10 MW

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, EcoChoice 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. 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

³ D.16-05-006 at 12

Phase II interconnection study report, or for distribution level projects, a final interconnection facilities study report (or equivalent)).

Deliverability – Imperial Valley Dynamic Transfer Projects Only:

EcoChoice 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 variable, 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, and 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 respondents 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 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 PPA, which is 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. All conforming offers will be evaluated in accordance with the Evaluation Criteria listed in the RFO.

SDG&E plans to select up to 29 MW of capacity in this EcoChoice RFO. SDG&E will consider the highest value EcoChoice-eligible bids first.

If the volume of bid capacity exceeds the capacity offered by SDG&E in the solicitation, capacity will be awarded first to the highest value Environmental Justice projects, up to the 10 MW EJ reservation amount⁴, and then all remaining projects which will be evaluated against one another on a LCBF basis. SDG&E reserves the right to not offer a PPA if capacity targets have been met.

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 costs) should be incorporated in the offer price based on the estimates provided in the most recent completed interconnection agreement, interconnection study, or equivalent estimates provided pursuant to the Fast Track process if applicable.

Reimbursable network upgrade costs are ultimately borne by ratepayers and therefore should not be included in a Respondent's offer price. As described in the evaluation section, SDG&E will add the estimated reimbursable network upgrade costs (except for area deliverability network upgrades) resulting from the most recent completed interconnection agreement or 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, as described above. 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 FCDS in its evaluation process.

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

⁴ SDG&E's EJ reservation amount was set in D.15-01-051

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). The PPA will also require that the project must achieve FCDS by January 1, 2028. Respondents that are not confident of their ability to achieve FCDS by January 1, 2028 should bid as Energy Only.

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 an unexecuted PPA (which is available on SDG&E's RFO Website) that is redlined to reflect the relevant provisions that are applicable to the proposed project as indicated by the 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 changes.

A. PARTICIPATION/ELIGIBILITY CRITERIA

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

Resource:

1. Resources must be new facilities;
2. Resources must be an Eligible Renewable Energy Resource as defined in PUC Section 399.12.
3. Resources must be CEC-certifiable as an eligible renewable resource by the commercial operation date;
4. Resources must utilize a commercially proven technology;
5. Resources must sell its entire output and all plant attributes to SDG&E (full buy/sell) or sell all output and all plant attributes in excess of onsite load to SDG&E (excess sales);
6. The maximum project capacity for this solicitation is 20 MWs; the full output from the facility must be sold to SDG&E. That is, in this solicitation, SDG&E will not consider purchasing a portion of a project larger than 20 MW.
7. All renewable energy resources procured in this solicitation shall comply with the California Air Resources Board's (CARB) Voluntary Renewable Electricity (VRE) Program.
8. Each EcoChoice Project must meet Green-e[®] Energy eligibility criteria throughout the Delivery Term of the PPA. An EcoChoice respondent must provide to SDG&E an attestation stating that the Project meets the requirements of the Green-e[®] Energy Program to be able to produce Green-e[®] Energy eligible product in accordance with the Green-e[®] Energy National Standard in effect at the time of PPA execution. The Respondent must agree to adhere to the Green-e[®] Energy program's requirements as specified in the Green-e[®] Energy program website, the PPA and/or SDG&E's website, which includes being subject to audits to ensure compliance with the Green-e[®] Energy Program. The Respondent must agree in the PPA that it will complete, sign and return, on an annual basis or whenever required by SDG&E or the Center for Resource Solutions, the Green-e[®] Energy Attestation Form Generator Participating in a Tracking System form, or its successor form, to SDG&E. The Respondent will, throughout the Delivery Term of the PPA, be responsible for all costs incurred to obtain and maintain Green-e[®] Energy certification and compliance.
9. To qualify as an Environmental Justice project, the generating facility must be located in one of the census tracts listed on SDG&E's website

(<http://www.sdge.com/documents/list-eligible-census-tracts-environmental-justice-projects>) and meet the project capacity requirements below.

Project Capacity:

1. Project contract minimum size is 0.5 MWac nameplate capacity; and
2. Project contract maximum size is 20 MWac nameplate capacity.
3. EJ Project contract minimum size is 0.5 MWac nameplate capacity;
4. EJ Project contract maximum size is 1 MWac nameplate capacity.
5. SDG&E may, at its sole discretion, determine that the Project appears to be part of an installation larger than 20 MW in the same general location that has been or is being developed by the respondent or the respondent's Affiliates, or appears to be sharing facilities with one or more projects.

Location/Site Control:

1. Projects must be located within the service territory of SDG&E or located in the Imperial Valley and either directly connected or dynamically transferred via pseudo-tie into SDG&E's service territory at the Imperial Valley substation by the CAISO; and
2. The Respondent must have, at time of bidding, site control for the duration of the 10, 15 or 20-year power purchase agreement being bid. A copy of one of the following forms of site control must be provided:
 - a. direct ownership
 - b. a lease
 - 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 notified of contract award, Respondent's site control documents must be: 1) in the name of the same entity that will execute the PPA, or 2) shall have been assigned to such entity by the time Respondent accepts its position on the shortlist.

Interconnection:

Respondents must have completed a Phase II interconnection study (or distribution level equivalent) or executed an interconnection agreement or have passed the Wholesale Distribution Access Tariff (WDAT) or California Independent System Operator (CAISO) Fast Track screens and provide:

1. A copy of the most recent completed interconnection agreement or Phase II interconnection study with their offer, or Evidence of having passed the WDAT or CAISO Fast Track screen
2. 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.

3. Distribution level projects that do not yet have a completed interconnection agreement will be required to apply through SDG&E's WDAT process.
4. For projects located in the Imperial Valley and dynamically transferred via pseudo-tie into the CAISO at the Imperial Valley substation, 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.

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

Respondent Experience:

1. The Respondent and/or members of the project development team must provide evidence of having completed, or begun construction, of a project using a technology similar to the offered technology, that is at least 500 kW nameplate capacity; and
2. The Respondent must 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. Respondents must provide an anticipated delivery start date that is within 36 months after the expected CPUC Approval date (as indicated in the RFO schedule).

Other Incentives Not Permitted:

1. Respondents shall not have sought California Solar Initiative (CSI) incentives for the projects being offered and shall not plan to seek CSI incentives for the entire term of the PPA;
2. 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
3. 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

The PPA is non-negotiable, no changes will be accepted, other than for designated project specific options. Respondents must use the PPA as is and will accept all terms within.

C. CREDIT TERMS AND CONDITIONS

SDG&E has the unilateral right to evaluate and determine the credit-worthiness of the Respondent relative to this RFO. SDG&E's anticipated credit requirements are provided below. CPUC Approval Security is due **before or on** the signing date of the PPA. **If selected for the shortlist, Respondents must be prepared to post the CPUC Approval Security by the date the PPA is signed.** Credit support may be in the form of a Letter of Credit or cash. A pro forma Letter of Credit is contained within the PPA.

Collateral to Support PPAs	From	To	Security Amount
CPUC Approval Security	Contract Execution	CPUC Approval Date	The greater of \$100,000 or \$2.50/MWh multiplied by 2 times expected annual generation
Development Period Security	CPUC Approval Date	Date on which all Conditions Precedent are satisfied or waived	\$5.00/MWh multiplied by 2 times expected annual generation
Construction Period Security	Date on which all Conditions Precedent are satisfied or waived	COD	\$10.00/MWh multiplied by 2 times expected annual generation
Delivery Term Security	COD	End of Term	\$20.00/MWh multiplied by 2 times expected annual generation

4.0 RFO RESPONSE INSTRUCTIONS

Respondents must submit the offer electronically via PowerAdvocate®, and attach all required forms and bid materials to the offer. Offerors intending to submit an Offer but who do not yet have an existing account must first register to create a username/password 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: * Yes No, I would simply like to register.

Who referred you to this Event: *

Name of that individual's company: *

Name or description of the Event: *

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

<https://www.poweradvocate.com/pR.do?okey=78719&pubEvent=true>

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 on the RFO website.

1. **Offer Form** – There is no limit on the number of Forms that can be submitted. Therefore, respondents are encouraged, but not required, to submit additional offers for our consideration with shorter tenors or with escalators.
2. **Interconnection Agreement, Phase II Interconnection Study (or distribution level equivalent), and / or Fast Track Documentation** – Submit a copy of the interconnection agreement, most recent study results or equivalent Fast Track documentation. For Projects located in Imperial Valley and dynamically transferred via pseudo-tie into SDG&E's service territory by the CAISO, submit copies of a completed System Impact Study or Facility Study or equivalent and provide documentation certifying the existence of the dynamic transfer arrangements.
3. **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).
4. **Site Maps** – Submit copies of all project maps showing location, facilities, layout, Interconnection, etc. and the Project single line diagram.
5. **Resource Report** - please submit a verifiable fuel resource plan
6. **Full PVSyst Model (Solar Only)** – the full PVSyst file must be submitted by exporting the entire project that contains the prj, met, inv, pan, etc. files

The Offer Form must be in Excel format (not in PDF). The interconnection, maps, and site control documentation must be submitted in PDF format.

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 bidder's acceptance date list in the RFO, 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 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 to be considered. Each Respondent will submit an offer for the Product, described in Table 1. Every offer submitted in response to this RFO will go through a conformance check to ensure that the 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.

A bid may be rejected due to nonconformance of requirements. 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.

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 considers 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, renewable attributes and Green House Gas ("GHG") compliance, as applicable. 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.

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

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.

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 can 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.

D. CONTRACT COSTS

The contract costs are determined by multiplying the TOD-adjusted Offer Price by the expected delivered energy profile for each year.

E. RICA

D.14-11-042 requires the use of a Renewable Integration Cost Adder as part of SDG&E's LCBF for RPS procurement. Currently, the Interim RICA, set forth in the Decision is being used. The RICA currently applies only to Solar and Wind resources. This "cost" component of the NMV represents the expected increase in SDG&E's Flex RA procurement that would be required by adding the resource to SDG&E's portfolio.

QUALITATIVE EVALUATION

Qualitative factors and benefits will be used to determine the projects that are the "Best Fit" for SDG&E's portfolio. Such considerations as resource and/or project viability and developer experience will be considered, among other criteria or factors. SDG&E prefers smaller projects and projects that can come online as early as possible. SDG&E may use these factors to determine advancement onto the short list or evaluate tie-breakers, if any. Based on these factors, SDG&E reserves the right to select a bid out of rank order.

BID SELECTION PROCESS

Offers will be awarded first to the most highly ranked (LCBF) Enhanced Community Renewables-Environmental Justice projects, within the price cap, up to the 10 MW EJ reservation amount⁵, and then all remaining projects which will be evaluated against one another on an LCBF basis using the

⁵ SDG&E's EJ reservation amount was set in D.15-01-051

LCBF methodology as described above. SDG&E reserves the right to not offer a PPA if capacity targets have been met, regardless of whether those projects are within the CPUC caps.

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 cannot confirm the projected deliveries;
3. The Respondent does not provide adequate evidence it meets minimum participation criteria, or it appears that Respondent subdivided a larger project to circumvent the 20 MW project size limit. SDG&E will not enter into PPAs with multiple projects that utilize the same interconnection queue number. In other words, SDG&E will not execute more than one PPA if any of the other capacity utilizing the same interconnection study or queue position is already under contract through RAM or another program;
4. There is a question as to whether the projects meet minimum resource criteria;
5. 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);
6. The Respondent cannot fulfill the terms and conditions of the PPA and; and/or,
7. The Respondent is unable to comply with RFO timing and other solicitation requirements.

6.0 ECOCHOICE 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	April 30, 2018
2.	Bidder's Conference; 1:00 PM to 4:00 PM, PDT	May 4, 2018
3.	DEADLINE TO SUBMIT QUESTIONS	May 24, 2018
4.	Answers to all questions will be posted on SDG&E's website	June 1, 2018
5.	DEADLINE TO SUBMIT OFFERS/CLOSING DATE Offers must be uploaded to PowerAdvocate® by no later than 12 P.M. (i.e. NOON) Pacific Daylight Time	June 8, 2018
6.	NOTIFICATION TO WINNING AND CONTINGENT BIDDERS	July 25, 2018
7.	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	August 1, 2018
8.	SDG&E issues appreciation notices to unsuccessful Respondents	August 13, 2018
9.	Execute PPAs	August 13, 2018
10.	SDG&E submits Tier 2 Advice Letter with PPAs to CPUC for approval	September 10, 2018
11.	Anticipated CPUC approval (prior to any appeal and/or suspension)	October 16, 2018

CONTINGENT BIDDERS

At the time of notification to winning bidders, SDG&E may also notify certain contingent bidders of their status. Such contingent bidders may be offered PPAs if selected winning bidders decline their winning position with SDG&E. Should a contingent bidder be selected and offered a PPA, the contingent bidder will have the same amount of time for each of the following steps as if it was notified originally.

BIDDER'S CONFERENCE

SDG&E will host one bidder's conference as listed on the RFO schedule and RFP website via web conference (e.g. WebEx). Participation is NOT mandatory to submit an offer. Please monitor the RFO Website periodically for updates and participation instructions.

7.0 RFO WEBSITE AND COMMUNICATION

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

All questions or other communications regarding this RFO must be submitted via email to email address listed below and MUST CC the IE. SDG&E will not accept questions or comments in any other form. SDG&E will not accept questions or comments in any other form, except at the bidder's Conference. Question submitted after the deadline as specified in RFO Schedule will only be answered at the sole discretion of SDG&E or the IE. All questions and their answers will be posted publicly on this website anonymously soon after receipt. We cannot respond directly to or confidentially to any questions.

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 SEMPR ENERGY, SDG&E, OR ANY OF THEIR SUBSIDIARIES, AFFILIATES, OR REPRESENTATIVES TO ANY RESPONDENT. SDG&E SHALL HAVE NO OBLIGATION TO CONSIDER ANY OFFER.

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, SEMBRA 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.*⁶ 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 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
- Ameliorate air quality problems
- Improve public health by reducing the burning of fossil 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 D.14-11-042 and all relevant statutory and regulatory directives, including D.15-01-051 and D.16-06-006 (the GTSR Decisions). 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 GTSR-related CPUC issued directives available on the same Internet website, and are responsible for understanding and abiding by all RPS, RAM, and GTSR 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.

⁶ See, Senate Bill (SB) 1078 (Stats. 2002 Ch. 516), as amended by SB 107, (Stats. 2006, Ch. 464).

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.

PROCUREMENT REVIEW GROUP

The Procurement Review Group (PRG), a CPUC-endorsed entity, is composed of non-market bidders 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. Each IOU has its own PRG. The PRG is charged with overseeing the IOU's procurement process, reviewing procedural fairness, examining overall procurement prudence and providing feedback during all stages. From RFO language development to Offer evaluation to contract negotiation, each IOU briefs its PRG on a periodic basis during the entire process.

Respondents are hereby notified that revealing confidential Offer information to the PRG is required during PRG briefings in accordance with Section 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 Independent Evaluator ("IE") to evaluate and report on the IOU's entire solicitation, evaluation, and selection process. The IE will review SDG&E's implementation of the RFO process and final selections. The IE also makes periodic presentations regarding its findings to the IOU and the IOU's PRG, including the CPUC Energy Division staff. The intent of these IE presentations is to preserve the independence of the IE by ensuring free and unfettered communication between the IE and the CPUC, as well as an open, fair, and transparent process that the IE can affirm.

SDG&E is committed to ensuring an open and transparent solicitation, and to providing a fair, reasonable and competitive process. All correspondences regarding this RFO MUST cc the IE.

The IE will review and validate methods of processing the Offer information and evaluating Offers to ensure that the evaluation is done fairly with no preferential treatment to any Offeror, monitoring IOU solicitation and discussion processes, valuation methodologies, selection processes, reviewing Offers to assure competitive process and no market collusion or market manipulation by some Offerors, and reporting to the Commission on the auction process. The IE is privy to viewing all Offers, invited to participate in all discussions, reviews all Offers, reviews Offer scoring and selection, and must be copied on all correspondence between each IOU and their Offerors.

Affiliate Offers will be closely examined to ensure the Offer is evaluated in the same manner as the other Offers. If an Affiliate Offer were to make the short-list, then all communications and negotiations will be closely monitored and assessed by the IE to ensure no preferential terms and conditions are included in the Offer. An Affiliate Offer is one where the Offeror is an affiliate or if the Scheduling Coordinator of the Offeror is an affiliate.

11.0 SDG&E BACKGROUND

[SDG&E](#) is a regulated public utility that provides safe and reliable energy service to 3.6 million consumers through 1.4 million electric meters and 873,000 natural gas meters in San Diego and southern Orange counties. The utility's area spans 4,100 square miles. SDG&E is committed to creating ways to help customers save energy and money every day. SDG&E is a subsidiary of [Sempra Energy](#) (NYSE: SRE), a Fortune 500 energy services holding company based in San Diego. Connect with SDG&E's Customer Contact Center at 800-411-7343, on [Twitter](#) (@SDGE) and [Facebook](#).

