



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

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**SDG&E's 2018  
REQUEST FOR OFFERS ("RFO")  
SEEKING  
RESOURCE ADEQUACY  
VIA THE  
DEMAND RESPONSE AUCTION  
MECHANISM ("2018 DRAM RFO")**

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ISSUED  
**MARCH 10, 2016**

OFFERS DUE  
**APRIL 10, 2016**

RFO WEBSITE  
<http://www.sdge.com/2018DRAMRFO>

EMAIL QUESTIONS/COMMENTS TO  
[DRAMRFO@semprautilities.com](mailto:DRAMRFO@semprautilities.com)

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**TABLE OF CONTENTS**

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TABLE OF CONTENTS .....	2
1.0 BACKGROUND .....	3
2.0 PROCUREMENT PROCESS .....	5
3.0 ELIGIBILITY REQUIREMENTS .....	7
PARTICIPATION CRITERIA .....	7
Demand Response PURchase Agreement .....	9
CREDIT TERMS AND CONDITIONS .....	9
4.0 EVALUATION CRITERIA .....	11
OFFER CONFORMANCE EVALUATION .....	11
QUALITATIVE EVALUATION .....	11
PROJECT VIABILITY .....	11
SUPPLIER DIVERSITY .....	12
PROJECT DIVERSITY .....	12
QUANTITATIVE EVALUATION .....	13
5.0 RFO SCHEDULE .....	14
6.0 RFO WEBSITE AND COMMUNICATION .....	15
7.0 RFO RESPONSE INSTRUCTIONS .....	17
8.0 REJECTION or Selection OF OFFERS .....	19
9.0 CONFIDENTIALITY .....	20
10.0 Role of the PRG and IE .....	22
Procurement Review Group .....	22
Independent Evaluator .....	22
11.0 SDG&E BACKGROUND .....	23

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## 1.0 BACKGROUND

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In accordance with [Decision \(“D.”\) 14-12-024](#) – Decision Resolving Several Phase Two Issues and Addressing the Motion for Adoption of Settlement Agreement on Phase Three Issues (“DR Phase Two and Three Decision”) approved on December 4, 2014 by the California Public Utilities Commission (CPUC or Commission), San Diego Gas & Electric Company (“SDG&E”) is issuing its 2018 DRAM RFO. The 2018 DRAM RFO is seeking local, system and flexible Resource Adequacy (“RA”) resources via a standard, non-negotiable Demand Response Auction Mechanism Purchase Agreement (“DRAM PA” or “PA”) for execution in accordance with the RFO Protocols.

Ordering Paragraph (“OP”) 5 and 6 of the DR Phase Two and Three Decision ordered the California Investor-owned utilities, including SDG&E, to file an advice letter with a standard contract (the PA) outlining the parameters of the 2016 DRAM pilot. [Advice Letter 2729-E](#) was filed on April 20, 2015 containing this information. This advice letter was approved, with certain modifications, on July 23rd, 2015 in the [Resolution E-4728](#). As ordered, a supplemental Advice Letter ([AL 2729-E-A](#)) was then filed on August 24th, 2015 with further modifications to the PA and SDG&E’s DRAM 2016 pilot program.

SDG&E submitted [Advice Letter \(“AL”\) 2796-E](#) on October 9, 2015 with the programmatic details of the 2017 DRAM pilot. [R.4754](#) approved AL 2796-E on January 28, 2016 with modifications that were required to be filed in a supplementary AL. Consistent with OP 14 of [R.4754](#) SDG&E filed [AL.2796-E-A](#) on February 8, 2016 with the final DRAM 2016 contract and qualitative factors.

[D.16-06-029](#) OP19 authorized a third auction pilot, the 2018 DRAM RFO Pilot, for which SDG&E filed [AL 2949](#) on September 1, 2016. This AL was approved by [R.4817](#) on January 19, 2017 with modifications. SDG&E filed supplemental [AL 2949-A](#) with these modifications on February 2., 2017. In accordance with R.4817 SDG&E submitted [AL 3041](#) outlining SDG&E’s registrations for the 2018-2019 DRAM.

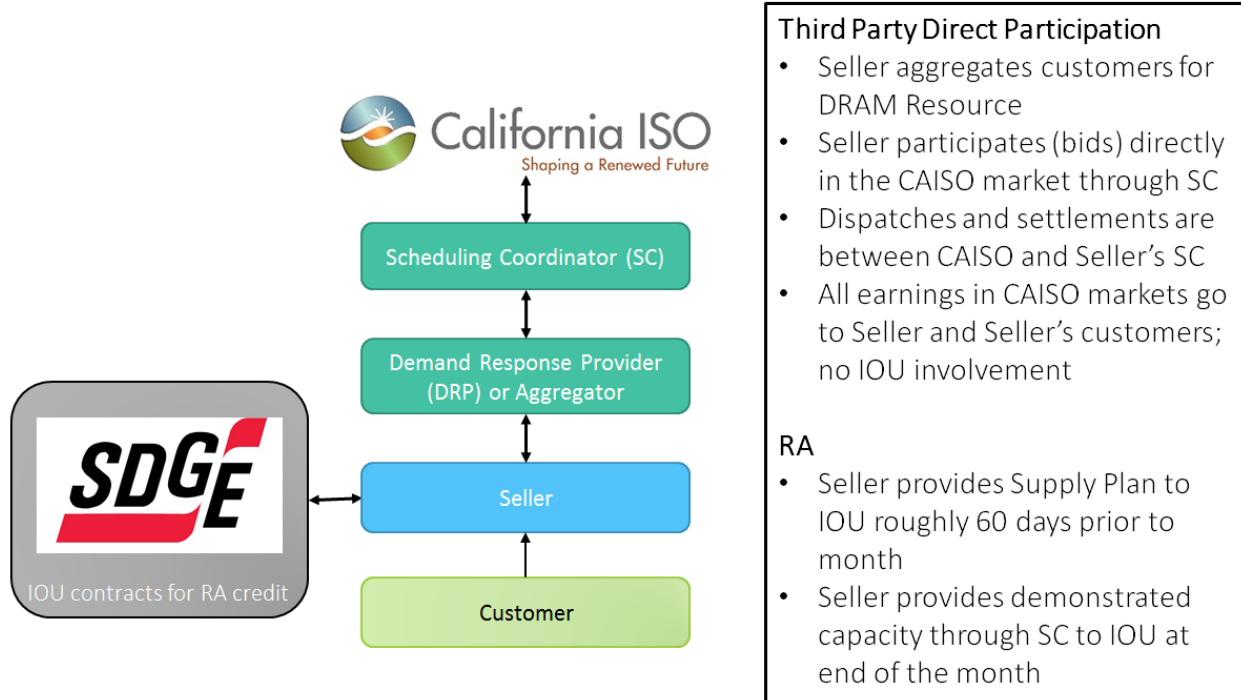
SDG&E [Electric Rule 32](#) governs how SDG&E manages third party demand response providers (“DRPs”.) The Commission, in D.15-03-042, authorized SDG&E to put in place certain processes and systems to facilitate a DRP’s ability to bid Proxy Demand Resources (“PDRs”) or Reliability Demand Response Resource (“RDRR”) into the wholesale market. D.15-03-042 also establishes process, timeframe, and volume limits which pertain to the implementation of Rule 32. The DRAM PA is subject to the provisions of Rule 32 and any limitations authorized by the Commission relative to its implementation.

The 2018 DRAM is a pay-as-bid auction of monthly local, system, and flexible RA for Offerors to bid directly in the California Independent Operator System (“CAISO”) market, with participation from customers in the SDG&E’s service territory. Offerors must bid directly into the CAISO energy market and any resulting revenues or liabilities allocated solely to the Offeror. Offeror’s DR resource shall be comprised of a PDR or Reliability Demand Response Resource (“RDRR”) RDRR or multiple PDRs and RDRRS

that aggregate customers within SDG&E's Sub-LAP. SDG&E has a single [Sub-LAP](#) (as opposed to the other California IOUs that have multiple Sub-LAPs) so, in effect, any SDG&E customer, whether receiving commodity service from SDG&E or an Energy Service Provider, is eligible.

The current Commission DR requirements to qualify for local and flexible RA mandate the DR resource to bid into the CAISO energy market under the CAISO Must-Offer Obligation (MOO) for DR as one or more PDR(s) or RDRR(s) as defined in the CAISO Tariff.

## Direct Participation and Resource Adequacy Illustration



The Offeror will need to either become a scheduling coordinator ("SC") or retain a SC to participate directly in CAISO markets. SCs facilitate scheduling and bidding activity with the CAISO as well as settlement and calculation of baselines and performance. In support of DRAM 2018, which is a California state-wide effort, SDG&E, Southern California Edison ("SCE") and Pacific Gas & Electric ("PG&E") (jointly, the "IOUs") issued a Request for Information ("RFI") to identify potential SCs open to providing SC services to demand response aggregators. Information associated with this RFI is available at:

<http://www.pge.com/en/mybusiness/save/energymanagement/scrfi/index.page>

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## 2.0 PROCUREMENT PROCESS

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This solicitation sets forth the terms and conditions of SDG&E's 2018 DRAM RFO and the purpose of this document is to provide an overview of the process that SDG&E will use to implement this RFO. It will set forth each Offeror's obligations with respect to the RFO as well as describe the procedures to which each Offeror must adhere. If there is a conflict or inconsistency between the terms and conditions contained here and the terms and conditions contained within the PA attached to these instructions, the terms and conditions in the PA will prevail. Respondents to this solicitation shall comply with the requirements described in this RFO document. By responding to this RFO, the Offeror agrees to be bound by all the terms, conditions, and other provisions of this RFO and any changes or supplements to it that may be issued without notice by SDG&E, prior to the Offeror's response.

All Offers shall meet the minimum eligibility requirements as set forth in Section 3.0 Eligibility Requirements. All conforming Offers will be evaluated in accordance with the Evaluation Criteria described in Section 4.0 of the RFO. Offers that are evaluated as most attractive via the quantitative and qualitative methodology described in Section 4.0 may be shortlisted. SDG&E intends for resources selected from this RFO to count towards SDG&E's local, system, and flexible RA obligations.

SDG&E seeks to procure the most valuable resources for our customers, subject to the RFO budget constraint and price outlier provisions. Those resources can provide local or system capacity, with or without flexible attributes, with 20% of the total August capacity, at a minimum, associated with residential Offers (requirements to be considered a residential offer are defined in the PA). SDG&E is seeking resources that can also provide flexible RA, preferably category 1 "base ramping" flexible RA.

All purchases will be made per the terms and conditions set forth in the PA. These RFO Instructions set forth the procedures an Offeror must follow in order to participate in the RFO. Capitalized terms used in these RFO Instructions, but not otherwise defined herein, have the meanings set forth in the PA.

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

Once Offerors have accepted their shortlisted position with SDG&E and remitted the Collateral Requirements<sup>1</sup>, no further contract negotiations will be undertaken as the PA is non-modifiable. PAs are not binding on either party until executed by both parties.

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<sup>1</sup> See section 5.1 of the PA for further details

SDG&E will seek CPUC approval of all executed agreements resulting from this RFO. SDG&E reserves the right to execute agreements with individual Offerors at any time after short listing and to seek CPUC approval for individual agreements in order to expedite the approval process. SDG&E will provide benchmark data on the cost of capacity to the CPUC as part of its request for approval of the DRAM contracts.

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

SDG&E, SCE, and PG&E will be hosting a joint conference call for those considering making an Offer into this solicitation. Participation in the conference call is not mandatory to be shortlisted.

Please monitor the RFO Website (<http://www.sdge.com/2018DRAMRFO>) for further details (such as date and time of the pre-bid conference call, conference presentation materials, registration information, and other event details).

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### 3.0 ELIGIBILITY REQUIREMENTS

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Respondents to this solicitation shall comply with the requirements herein. SDG&E, at its sole discretion, may change the terms, requirements and schedule of the solicitation. Respondents should monitor the RFO Website (<http://www.sdge.com/2018DRAMRFO>) for announcements regarding any change.

#### PARTICIPATION CRITERIA

Terms of participation are listed below. Offerors not meeting all minimum participation criteria may be deemed ineligible / nonconforming and their Offers may not be considered.

1. An Offer consists of all required participation forms listed in Section 7.
2. SDG&E will only consider Offers that are submitted via PowerAdvocate® prior to the Offeror submittal deadline set forth in the 2018 DRAM RFO Schedule below.
3. At SDG&E's sole discretion, SDG&E may allow Offeror to cure any deficient Offer submittal. If such cure is allowed, the deficiency must be cured prior to the deadline SDG&E will provide to Offeror.
4. Offeror's DR resource shall be comprised of a PDR or RDRR or multiple PDRs/RDRRs that aggregate(s) customers within SDG&E's Sub-LAP<sup>2</sup>. Inclusion of customers outside SDG&E's Sub-LAP is not allowed in the 2018 DRAM. The Offeror's DR resource(s) must be a minimum 100 kW per PDR or 500 kW per RDRR per month.
5. Each Offeror, consisting of all legally-related and tax-related entities, subsidiaries, parents, shall be allowed to submit a maximum of 20 Offers or variations of Offers.
  - a. An "Offer" is a set of PDRs and/or RDRRs with a unique set of customers. SDG&E has the right to accept one or all of the Offers.
  - b. An "Offer Variation" is a set of PDRs and/or RDRRs that has a different structure with the same set of customers. SDG&E has the right to accept only one Offer Variation in a set of given Offer Variations.
6. The Delivery Period(s) shall commence no earlier than January 2018 and end no later than December 2019, with a minimum Delivery Period of one month and a minimum increment of one month up to the maximum of 24 months.
7. All bids must include deliveries in August 2018. If the bidder offers product in 2019, the deliveries must include August 2019.

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<sup>2</sup> See <http://www.caiso.com/Documents/DemandResponseUserGuide.pdf> for more information

8. The Offeror must submit its Offer, via PowerAdvocate®, with a Monthly Quantity (Capacity kW) and Contract Price (\$/kW - month) for each applicable showing month (January 2018 – December 2019).
9. All peripheral costs associated with a resource must be included in the contract price, including but not limit to scheduling coordinator costs. SDG&E will not reimburse scheduling coordinator costs, or any others, outside of the capacity price included in the Offer sheets.
10. If Offeror is a customer participating directly in one of SDG&E's current DR programs, this does NOT preclude participation in this RFO. The Offeror will be allowed to exit their current program, tariff and / or rate schedule to participate in this RFO. They will be allowed to switch back to their original program upon completion of this program pursuant to the rules and regulations governing those programs.
11. If the Offeror is an aggregator, the Offeror will be allowed to contract with individual customers that may be directly participating in current DR programs. Those customers will be allowed to exit their current program, tariff, and rate to participate in this RFO. They will be allowed to switch back to their original program upon completion of this program pursuant to the rules and regulations governing those programs.
12. SDG&E intends Local RA capacity selected from this 2018 DRAM RFO to count towards SDG&E's Local RA obligations. Respondents must meet all of the appropriate requirements to count for Local RA<sup>3</sup>. The current 20-minute requirement on resources providing Local RA by the CAISO does not have to be satisfied per OP 5 of Resolution 4754. Offers providing local RA do not have to bid all 12 months.
13. Offers may have varying amounts of capacity on a monthly basis if the minimum size constraints are met in each month.
14. If the resource is offered as a Flexible resource, it must meet the requirements to count for Flexible RA<sup>4</sup>. SDG&E prefers category 1, although Category 2 and Category 3 will also be considered.
15. The Offeror shall be responsible for all costs to facilitate RA recognition and those costs related to Rule 32.
16. SDG&E affiliates are permitted to participate in the RFO and Offeror must disclose whether it is an affiliate by filling out the respective information on the RFO Offer Sheet available on the RFO website when Offeror begins the Offer submittal process.

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<sup>3</sup> See CPUC decisions D.15-06-063 and D.14-06-050

<sup>4</sup> <https://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Reliability%20Requirements>.



17. Offers may include:

- a. Customers who use onsite renewable generation or efficient storage to provide load reductions; and
- b. Customers who have fossil fueled emergency back-up generation (BUG) on their premises; however, customers **cannot** use the BUG for DRAM load reductions. Offerors who have fossil fueled BUGs on their premises will be required to sign an affidavit attesting that no BUGs were used for load reductions during DRAM events.

### **DEMAND RESPONSE PURCHASE AGREEMENT**

Offerors may NOT modify the PA; accordingly, Offeror shall submit pricing as part of its Offer submittal that assumes the costs of Offeror's adherence to the provisions of the PA.

### **CREDIT TERMS AND CONDITIONS**

SDG&E has the right to evaluate and determine the credit worthiness of the respondent relative to this RFO. The respondent is required to complete, execute and submit the RFO credit application as part of its Offer. The application requests financial and other relevant information needed to determine security posting requirements for the Purchase Agreement. Offerors may download the credit application from the RFO Website. Winning Offerors will be required to comply with the credit and collateral requirements set forth in the PA.

Remittance of the Collateral Requirements governed by section 5.1 of the DRAM Agreement shall be required to be paid to SDG&E within ten (10) business days of the PA execution date per section 5.1(c) of the PA.

### **ASC 810 (FIN46(R), Consolidation of Variable Interest Entities) REQUIREMENTS**

Generally Accepted Accounting Principles and SEC rules require SDG&E to evaluate whether SDG&E must consolidate a Seller's financial information. SDG&E will require access to financial records and personnel to determine if consolidated financial reporting is required. If SDG&E determines at any time that consolidation is required, SDG&E shall require the following during every calendar quarter for the term of any resultant agreement:

- a) Unaudited financial statements with footnotes, within 15 calendar days of the end of each quarter;
- b) Audited financial statements with footnotes within 90 calendar days of the end of the year,
- c) Financial schedules underlying the financial statements, within 15 calendar days of the end of each quarter;
- d) Access to records and personnel, so that SDG&E's internal or independent auditor can conduct financial audits (in accordance with generally accepted auditing standards) and internal control audits (in accordance with Section 404 of the Sarbanes-Oxley Act of 2002)) and SDG&E can meet its SEC filing requirements. The rights and obligations under the agreement shall survive the termination of this agreement for a period of two years;
- e) Certifications by duly authorized representatives as may be reasonably requested by SDG&E; and
- f) Such other information as reasonably requested by SDG&E.

g) If consolidation is required and considered material by the buyer to buyer's financial statements or its parent company's financial statements and buyer reasonably determines seller's internal controls over financial reporting are significantly deficient or a material weakness, then seller is to remediate within 30 calendar days;

h) Seller to provide to buyer any SEC Form 8K disclosures, two calendar days after the occurrence of the SEC Form 8K event; and

i) Seller to notify buyer at any time during the term of the agreement of any consulting (non-independent) services proposed to be provided to seller by the buyer's independent auditor.

Any information provided to SDG&E shall be treated as confidential, except that it may be disclosed for financial statement purposes. Full details of SDG&E's requirements about consolidation are set forth in the Model PPA.

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## 4.0 EVALUATION CRITERIA

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SDG&E will screen Offers on a “pass-fail” basis against the Eligibility Requirements for conformance. Conforming Offers will then go through the analysis described below to rank the Offers. Offers will be shortlisted based upon the requirements of the DRAM decisions and advice letters unless Offers are rejected as price outliers or in cases where there is clear evidence of market manipulation.

SDG&E WILL NOT REIMBURSE OFFERORS FOR THEIR EXPENSES RELATED TO DEVELOPING AND SUBMITTING AN OFFER UNDER ANY CIRCUMSTANCES, REGARDLESS OF WHETHER THE RFO PROCESS PROCEEDS TO A SUCCESSFUL CONCLUSION.

### **OFFER CONFORMANCE EVALUATION**

Initially, all Offers will go through a conformance check to ensure that the project meets the eligibility requirements outlined in section 3 above. Offerors are responsible for the accuracy of all discussions, figures and calculations included in their Offer. Errors discovered during evaluation may impact a respondent’s potential short-list status.

- Any Offers with conformance issues will be discussed with the Independent Evaluator (“IE”)
- The goal is to ensure all Offerors are treated in a fair manner
- There will be a “cure” period. During this period, Offerors will be allowed to change only the fields that the IOU has identified as having conformance issues. No change will be allowed to any other field.
- Offerors will NOT, under any circumstances, be allowed to change pricing. It is the responsibility and duty of the Offeror to accept full risk for pricing and developing their project.

### **QUALITATIVE EVALUATION**

Qualitative factors based on the DRAM decision and benefits will be used to determine projects that are the “Best Fit” for SDG&E’s portfolio. SDG&E will use these factors, along with the quantitative evaluation, to determine advancement onto the short list. The qualitative scoring matrix questions are in the Offer form and must be completed. Only the qualitative criteria as prescribed in the Offer form will be used. The score from the qualitative scoring matrix will be used in the quantitative evaluation as described below.

### **PROJECT VIABILITY**

SDG&E is seeking experienced companies and development teams to develop and operate DR resources that are innovative, effective and reliable and will be able to meet or exceed the contractual obligations.

## **SUPPLIER DIVERSITY**

SDG&E encourages Diverse Business Enterprises (“DBEs”), “Women-Owned Businesses” or “Minority-Owned Businesses” or “Disabled Veteran Business Enterprises” as defined in the CPUC’s General Order 156 (“G.O. 156”)<sup>5</sup>, to participate in this RFO. Furthermore, SDG&E 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. Offeror shall provide a copy of certification documents received from the California Public Utilities Commission. An application can be made before submission of the Offer and referenced in the Offer. Additional information on SDG&E’s DBE program can be found at:

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

## **PROJECT DIVERSITY**

SDG&E is seeking Offerors who are advancing the field of demand response using enabling technology to enable low-cost efficient and reliable participation in CAISO markets. “Enabling Technology” is defined to be technology which 1) can be initiated to begin at a specific time, and is to last for a specific period, 2) through bi-directional communications linkages between the utility or third-party provider, and either the customer or the customer’s device, 3) that will automatically reduce electric energy end-use during the term of the DR event. The two-way communication linkage could be achieved under OpenADR protocol, and is subject to the verification of processes necessary to safeguard confidential and proprietary Utility and customer information. Such enabling technology includes, but not limited to, programmable communicating thermostats (“PCTs”), In-Home Displays (“IHDs”), AC cycling, pool pump cycling, etc.

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

## **QUANTITATIVE EVALUATION**

The following are the factors that will be considered in the quantitative evaluation:

- Residential or General Offer
- RDRR or PDR
- Local or System RA
- Flex Cat 1, 2, 3, or No Flex RA
- Capacity price (\$ per kW-month)
- Qualitative Scoring Matrix

SDG&E will evaluate all Offers on an identical basis relative to a proprietary monthly benchmark that will not be disclosed publicly. The bids will be ranked on Net Market Value (NMV). The NMV is the NPV of total Offer cost (quantity multiplied by price) multiplied by the qualitative score factor, subtracted from the benchmark cost (value multiplied by the capacity). This will be divided by NPV of the monthly capacity multiplied by 12. The NMV shows the value of one Offer relative to another where the Offer with the largest NMV would result in the highest Offer ranking. Offers will be shortlisted based on the NMV ranking with consideration of the limitations of this pilot program and the best interest of SDG&E ratepayers.

If the Residential set-aside of 20% is not achieved by the NMV ranking, SDG&E reserves the right to fulfill the mandate by preferentially selecting Residential Offers per OP 16 of R.4728.

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## 5.0 RFO SCHEDULE

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

No	Event	Date
1	Launch 2018 DRAM RFO	3/10
2	Pre-Bid Conference	3/21
3	Deadline to submit any questions	4/3
4	Answers to all Questions will be posted	4/6
5	2018 DRAM RFO Offer package due no later than <b>12 pm PPT</b> on this date	4/10
6	IOUs Notifies non-conforming Offerors (request to "cure")	4/20
7	Offeror "Cure" period concludes	4/27
8	SDG&E Notifies Offerors of selection	5/24
9	Shortlisted bidders notify IOUs of acceptance/rejection	5/26
10	All contracts are executed	6/5
11	Contract collateral due for all contracts	6/15
12	IOU files Tier 1 advice letter seeking CPUC approval of Contracts	6/30
13	Approximate CPUC Contract Approval	8/4

## 6.0 RFO WEBSITE AND COMMUNICATION

The RFO and all subsequent revisions and documents are available for download from the RFO Website (<http://www.sdge.com/2018DRAMRFO>). Potential Offerors are responsible for monitoring the RFO Website for subsequent updates, notices and postings.

Offers for the 2018 DRAM RFO must be submitted through the PowerAdvocate® website. Offerors intending to submit an Offer but who do not yet have an existing account with PowerAdvocate® 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](http://www.poweradvocate.com).

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

2. Click **Login**.

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

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

Both are case-sensitive.

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

4. Click **Login**.

First-time users must register as a **Supplier** using the instructions above 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 PowerAdvocate® account may request access to the event by searing open RFPS or by using the link below:

Public Registration Link:

<https://www.poweradvocate.com/pR.do?okey=67295&pubEvent=true>

All questions or other communications regarding this RFO must be submitted via email to [DRAMRFO@semprautilities.com](mailto:DRAMRFO@semprautilities.com) and **MUST** cc [waynejoliver@aol.com](mailto:waynejoliver@aol.com). 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 the 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.



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## 7.0 RFO RESPONSE INSTRUCTIONS

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Respondents are **required** to submit the below files / forms / documents in response to this solicitation via PowerAdvocate® prior to the offer due date. Forms are available on the RFO Website. The failure to provide the listed information, including failure to provide it in the required format, may result in the proposal being deemed non-conforming and may disqualify the proposal from further consideration.

### **Limit on Number of Offers**

A MAXIMUM OF TWENTY (20) OFFERS OR OFFER VARIATIONS PER OFFEROR WILL BE ACCEPTED.

SDG&E may accept one or all Offers that are submitted as separate unique Offers based on:

- Different sets of potential customers to be used in the DR Resource include differences in number of registrations, and
- whether enabling technology will be used

SDG&E may accept ONLY ONE Offer variation that is submitted as a variation of an Offer based on (i.e. variations are different variation of an Offer):

- Term
- Pricing
- Capacity
- Operational Constraints

If the respondent has questions or concerns regarding Offer limits, please contact SDG&E at: [DRAMRFO@semprautilities.com](mailto:DRAMRFO@semprautilities.com) and **MUST** cc [waynejoliver@aol.com](mailto:waynejoliver@aol.com)

### **Required Participation Forms:**

- 1) **Demand Response Offer Form** – Offerors must include in their Offer form proposed pricing and supplemental qualitative information and must be in Excel format fully completed. The file name should not be modified except to append the file name with the Offer’s legal entity name. For example, the downloaded form name “2018 DRAM RFO Offer Form.xlsm” should be saved as “2018 DRAM RFO Offer Form – Bob Inc.xlsm”.
- 2) **Credit Application**– A credit application will be required to evaluate the Offeror’s credit status under the PA.
- 3) **Company/Personnel Information** - Offeror shall include a chart detailing their company’s internal structure, affiliate/parent relationship and bios for key personnel.
- 4) **Qualitative Criteria Supporting Documentation** - Offeror shall include all supplemental information needed to justify the highlighted qualitative questions in your offer form.

**Submissions containing unsolicited materials or submissions of individual Offer documents in file formats other than the formats of the original Offer forms may be rejected. This RFO is an electronic only Solicitation; Respondents need not submit paper documents nor e-binders.**

All Offer materials submitted in accordance with the above Response Instructions shall be subject to the confidentiality provisions of Section 9 Confidentiality of this RFO.

SDG&E will not review and will not utilize 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. SDG&E also reserves the unilateral right to waive any technical or format requirements contained in the RFO.

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## 8.0 REJECTION OR SELECTION OF OFFERS

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SDG&E SHALL TREAT ALL RESPONDENTS FAIRLY AND EQUALLY AND SHALL EVALUATE ALL OFFERS IN GOOD FAITH. WHILE SDG&E IS MINDFUL OF THE BENEFITS OF DEMAND RESPONSE AND IS VIGOROUSLY PURSUING THE GOALS OF THE DRAM DECISION, IT MAKES NO GUARANTEE THAT A CONTRACT AWARD SHALL RESULT FROM THIS RFO. 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.

### Notification.

SDG&E, no later than close of business on the date specified in this RFO, will notify each Offeror regarding the selection status of each Offer.

DRAM winners or "Offerors" providing RA to SDG&E will need to register their proxy demand resources (PDR) at the CAISO and get a resource ID. An initial step of this process is to input customer information into the CAISO registration system. SDG&E requires that the Offeror obtain customer authority to access historical and ongoing customer specific information, which is needed for this CAISO registration process and for energy settlements.

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## 9.0 CONFIDENTIALITY

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

SDG&E WILL USE THE HIGHER OF THE SAME STANDARD OF CARE IT USES WITH RESPECT TO ITS OWN PROPRIETARY OR CONFIDENTIAL INFORMATION OR A REASONABLE STANDARD OF CARE TO PREVENT DISCLOSURE OR UNAUTHORIZED USE OF RESPONDENT'S CONFIDENTIAL AND PROPRIETARY INFORMATION THAT IS LABELED AS "PROPRIETARY AND CONFIDENTIAL" ON THE OFFER PAGE ON WHICH THE PROPRIETARY INFORMATION APPEARS ("CONFIDENTIAL INFORMATION"). RESPONDENT SHALL SUMMARIZE ELEMENTS OF THE OFFER(S) IT DEEMS CONFIDENTIAL. THE SUMMARY MUST CLEARLY IDENTIFY WHETHER PRICE, PROJECT NAME, LOCATION, SIZE, TERM OF DELIVERY AND TECHNOLOGY TYPE (EITHER COLLECTIVELY OR INDIVIDUALLY) ARE TO BE CONSIDERED CONFIDENTIAL INFORMATION. CONFIDENTIAL INFORMATION MAY BE MADE AVAILABLE ON A "NEED TO KNOW" BASIS TO SDG&E'S DIRECTORS, OFFICERS, EMPLOYEES, CONTRACTORS, CONSULTANTS, THE INDEPENDENT EVALUATOR, AGENTS AND ADVISORS ("REPRESENTATIVES") 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, SDG&E MAY DISCLOSE ANY OF THE CONFIDENTIAL INFORMATION TO COMPLY WITH ANY LAW, RULE, OR REGULATION OR ANY ORDER, DECREE, SUBPOENA OR RULING OR OTHER SIMILAR PROCESS OF ANY COURT, SECURITIES EXCHANGE, CONTROL AREA OPERATOR, GOVERNMENTAL AGENCY OR GOVERNMENTAL OR REGULATORY AUTHORITY AT ANY TIME EVEN IN THE ABSENCE OF A PROTECTIVE ORDER, CONFIDENTIALITY AGREEMENT OR NON-DISCLOSURE AGREEMENT, AS THE CASE MAY BE, WITHOUT NOTIFICATION TO THE RESPONDENT AND WITHOUT LIABILITY OR ANY RESPONSIBILITY OF SDG&E TO THE RESPONDENT.

IT IS EXPRESSLY CONTEMPLATED THAT MATERIALS SUBMITTED BY A RESPONDENT IN CONNECTION WITH THIS RFO WILL BE PROVIDED TO THE CPUC, ITS STAFF, THE CEC, ITS STAFF, SDG&E'S INDEPENDENT EVALUATOR, SDG&E'S PROCUREMENT REVIEW GROUP ("PRG"), AND THE COST ALLOCATION METHODOLOGY ("CAM") GROUP. ADDITIONALLY, SDG&E MAY PROVIDE LIMITED INFORMATION SUCH AS (BUT NOT LIMITED TO) ON-LINE DATE, INTERCONNECTION POINT, TECHNOLOGY AND OTHER OPERATIONAL

CHARACTERISTICS TO THE CAISO FOR MODELING PURPOSES. SDG&E WILL SEEK CONFIDENTIAL TREATMENT PURSUANT TO PUBLIC UTILITIES CODE SECTION 583, GENERAL ORDER 66-C AND ANY OTHER APPLICABLE CONFIDENTIALITY RULES OF THE CPUC, WITH RESPECT TO ANY RESPONDENT CONFIDENTIAL INFORMATION SUBMITTED BY SDG&E TO THE CPUC FOR THE PURPOSES OF OBTAINING REGULATORY APPROVAL. SDG&E WILL ALSO SEEK CONFIDENTIALITY PROTECTION FROM THE CALIFORNIA ENERGY COMMISSION (“CEC”) FOR RESPONDENT’S CONFIDENTIAL INFORMATION AND WILL SEEK CONFIDENTIALITY AND/OR NON-DISCLOSURE AGREEMENTS WITH THE PRG. SDG&E CANNOT, HOWEVER, ENSURE THAT THE CPUC OR CEC WILL AFFORD CONFIDENTIAL TREATMENT TO A RESPONDENT’S CONFIDENTIAL INFORMATION OR THAT CONFIDENTIALITY AGREEMENTS OR ORDERS WILL BE OBTAINED FROM AND/OR HONORED BY THE PRG, CEC, OR CPUC.

SDG&E, ITS REPRESENTATIVES, SEMPRA ENERGY, AND ANY OF THEIR SUBSIDIARIES DISCLAIM ANY AND ALL LIABILITY TO A RESPONDENT FOR DAMAGES OF ANY KIND RESULTING FROM DISCLOSURE OF ANY OF RESPONDENT’S INFORMATION.

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## 10.0 ROLE OF THE PRG AND IE

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### 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.

The Independent Evaluator ("IE") for this solicitation is Wayne Oliver from Merrimack Energy Group Consulting, for all three IOUs. All correspondences regarding this RFO must cc [wayneoliver@aol.com](mailto:wayneoliver@aol.com).

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.

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## 11.0 SDG&E BACKGROUND

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[SDG&E](#) is a regulated public utility that provides safe and reliable energy service to 3.4 million consumers through 1.4 million electric meters and 868,000 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](#).

