

California Choice Energy Authority 2018 Joint Request for Proposals (“RFP”) for Long-Term California RPS-defined Renewable Energy

Introduction

California Choice Energy Authority (“CCEA”), which includes the Community Choice Aggregation (“CCA”) programs of Lancaster Choice Energy (“LCE”) Pico Rivera Innovative Municipal Energy (“PRIME”), San Jacinto Power (“SJP”), Rancho Mirage Energy Authority (“RMEA”), and Apple Valley Choice Energy (“AVCE”), are requesting proposals for long-term renewable energy projects commencing deliveries in 2020. The five CCA’s (referred to as the “SoCal CCAs” throughout this RFP overview document) have a collective annual energy requirement of about 1,500 GWh and a peak demand of over 500 MW. The following table provides high-level information on each of the SoCal CCAs:

Table 1: Statistics on SoCal CCAs

Community Choice Aggregator	Annual Load (GWh)	Peak Demand (MW)	First Month of Service	CA County
Lancaster Choice Energy	600	200	May 2015	Los Angeles
Apple Valley Choice Energy	275	100	April 2017	San Bernardino
Pico Rivera Innovative Municipal Energy	210	50	September 2017	Los Angeles
San Jacinto Power	180	75	April 2018	Riverside
Rancho Mirage Energy Authority	275	100	May 2018	Riverside

LCE was the first CCA to launch within Southern California Edison’s (“SCE”) service territory back in May 2015. Since then, AVCE launched in April 2017, and around the same time, CCEA was established in order help launch and provide operational support functions to other city-specific CCA’s. CCEA provides CCA support services, which include portfolio management, power procurement, settlements and invoice validations, regulatory compliance, regulatory advocacy, financial and accounting, and rate-setting support functions. Furthermore, CCEA provides a turn-key CCA offering to other city-specific CCA programs; by competitively soliciting and procuring power supply products that ensure the lowest possible cost for its CCEA members (these include AVCE, LCE, PRIME, RMEA, and SJP). Therefore, CCEA has been tasked with administering this RFP on behalf of the SoCal CCAs.

In consideration of existing supply agreements combined with upcoming long-term renewable energy contracting requirements per the implementation of SB 350, the SoCal CCAs have certain future open positions for California Renewables Portfolio Standard (“RPS”) eligible energy products. In particular, this RFP is intended to primarily support the SoCal CCAs future Portfolio Content Category 1 (“PCC1” or “Bucket 1”) energy requirements through long-term power purchase agreements with one or more qualified counterparties. With that said, CCEA will still accept and evaluate offers for Portfolio Content Category 2 (“PCC2” or “Bucket 2”) and Portfolio Content Category 3 (“PCC3” or “Bucket 3”) renewable energy. Based on the SoCal CCAs most recent analysis, future PCC1 requirements have been quantified in the below table.

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Table 2: Annual PCC1 Deliveries through Long-Term Contracts (MWh)

SoCal CCA	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
AVCE	65,000	68,000	72,000	75,000	79,000	82,000	86,000	90,000	94,000	97,000
PRIME	56,000	59,000	62,000	65,000	68,000	71,000	74,000	78,000	81,000	84,000
LCE	120,000	128,000	136,000	144,000	153,000	161,000	170,000	178,000	187,000	196,000
SJP	43,000	45,000	48,000	50,000	52,000	55,000	57,000	60,000	62,000	65,000
RMEA	75,000	79,000	84,000	88,000	92,000	96,000	100,000	105,000	109,000	113,000
Total	359,000	379,000	402,000	422,000	444,000	465,000	487,000	511,000	533,000	555,000

By participating in this RFP, each respondent acknowledges that it has read, understands, and agrees to the terms and conditions set forth in these instructions. The SoCal CCAs reserve the right to reject any offer that does not comply with these requirements. Furthermore, the SoCal CCAs may, in its sole discretion and without notice, modify, extend, suspend, or terminate this RFP without further obligation or liability to any respondent. This RFP does not constitute an offer to buy or create an obligation for the SoCal CCAs to enter into an agreement with any party, and the SoCal CCAs shall not be bound by the terms of any offer until the SoCal CCAs have entered into a duly authorized and fully executed agreement.

RFP Instructions

Standardized Response Template: All respondents must use the standardized response template provided by the SoCal CCAs. The SoCal CCAs have posted the template on the CCEA website (<https://californiainchoicenergyauthority.com/our-services/>) and will require respondents to independently access and download the template prior to response preparation. An unmodified version of the template must be completed in its entirety based on instructions provided in the template. The SoCal CCAs may update the RFP template from time to time, so respondents are encouraged to periodically visit the CCEA website to determine if any changes have been posted. Only submissions of the currently applicable template will be reviewed.

Project Eligibility: Each respondent may propose one or more project offers conforming to the following eligibility requirements. Failure to meet all of the project eligibility criteria defined below shall be grounds for proposal rejection.

i. Resource Location: The point of physical interconnection for any eligible generator must be within the area generally termed SP15, as defined by the CAISO. Evaluative preference will be given to any resource located within close proximity to the SoCal CCAs service territories.

ii. Product: Offers for bundled PCC1 renewable energy should include electric energy, Green Attributes/Renewable Energy Credits and Capacity Attributes. However, bundled offers could just include the Green Attribute/Renewable Energy Credit (i.e., index plus structure for PCC1 renewable energy). Even though this RFP is predominantly targeting PCC1 renewable energy supply, the SoCal CCAs will also accept long-term PCC2 and/or PCC3 renewable energy offers.

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iii. Resource Eligibility: All proposed generating resources must be certified by the California Energy Commission (“CEC” or “Commission”) as Eligible Renewable Energy Resources (or must receive CEC certification prior to the commencement of any energy deliveries proposed in the response template), as set forth in applicable sections of the California Public Utilities Code (“Code”), which may be amended or supplemented from time to time. Each respondent shall be responsible for certification of the proposed resource through the certification process administered by the CEC and shall be responsible for maintaining such certification throughout the contract term.

iv. Generating Capacity: Minimum twenty (20) megawatts (“MW”) AC.

v. Annual Delivery Specifications: Delivered energy volumes reflected in any proposal shall be capped at the following annual volumes:

Year	Min Deliveries (MWh)	Max Deliveries (MWh)
2021	50,000	250,000
2022	50,000	250,000
2023	50,000	250,000
2024	75,000	300,000
2025	75,000	300,000
2026	75,000	300,000
2027	100,000	350,000
2028	100,000	350,000
2029	100,000	350,000
2030	100,000	350,000

vi. Initial Date of Delivery: No sooner than January 1, 2020 and no later than January 1, 2021.

vii. Term of Agreement: Not less than ten (10) years, commencing on the Initial Date of Delivery; not more than twenty (20) years, commencing on the Initial Date of Delivery.

viii. Proposed Pricing: For bundled PCC1 renewable energy, each response must propose a single, flat price for each MWh of electric energy delivered from the proposed resource, priced at the generator node and/or at the SP 15 Trading Hub, as defined by the CAISO [TH_SP15_GEN-APND]¹. This energy price shall include the energy commodity, all Green Attributes/Renewable Energy Credits related thereto, and (if applicable) Capacity Attributes. All pricing options shall remain unchanged throughout the entire contract term and shall not be adjusted by periodic escalators or time of deliver multipliers/factors. ***Alternative pricing options may be proposed so long as the aforementioned pricing***

¹ Pricing at the SP 15 Trading Hub would require the Seller to act as Scheduling Coordinator for the renewable generator and also entail the scheduling of hourly day-ahead Inter-SC Trades (“IST”) between the Seller and the SoCal CCAs

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requirements have been satisfied (i.e., index plus pricing structure in which the “plus” for the Renewable Energy Credit is flat and fixed through the contract term).

ix. Point of Delivery: Per the requirements of the Proposed Pricing section, respondents must provide a proposal for the delivery of all electric energy at the generator node; however, respondents are also strongly encouraged to provide a proposal that includes pricing based on delivery of all electric energy at the SP 15 Trading Hub.

x. Scheduling Coordinator (“SC”) Responsibilities: If delivery occurs at the generator node, then the SoCal CCAs will be responsible for performing all SC functions (or contracting out to a third-party to perform the SC functions) related to the proposed renewable generation project. If delivery occurs at a location other than the CAISO PNode, respondent will be responsible for performing SC functions.

xi. Minimum Development Progress: To the extent that a proposed generating resource is not yet commercially operational, documentation substantiating achievement of the following development milestones must be provided by the respondent for each eligible generator, including: 1) evidence of site control; and 2) evidence that respondent has submitted a generator interconnection application to the appropriate jurisdictional entity; provided, however, that if respondent has completed interconnection studies or executed an interconnection agreement, as applicable, respondent should provide copies of such materials, including applicable appendices. Such documentation must be provided to the SoCal CCAs at the time of response submittal.

xii. Project Financing Plan: Respondent shall describe its intended financing plan for each proposed project in sufficient detail for the SoCal CCAs to effectively evaluate the viability of such arrangements. To the extent that a respondent anticipates a joint project ownership structure, this structure shall be clearly articulated along with applicable ownership percentages attributable to each partner. Supporting documentation and discussion shall be provided by each respondent, consistent with the informational requirements specified in the RFP response template.

Transfer of Environmental Attributes/Renewable Energy Certificates

As part of the proposed transaction associated with any renewable energy product, all Environmental Attributes/Renewable Energy Certificates must be created by, and transferred to the SoCal CCAs via, the Western Renewable Energy Generation Information System (“WREGIS”), or its successor, without any additional costs or conditions to the SoCal CCAs. Each respondent shall be independently responsible for registering its generating project(s) with WREGIS and for maintaining an active WREGIS account throughout the proposed term of agreement.

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RFP Schedule*

This RFP will be administered in consideration of the following 2018/2019 schedule:

RFP Activity	Anticipated Date of Completion
RFP Issuance	December 10 th
Deadline for Electronic Question Submittal	December 19 th no later than 5:00 P.M. PPT
RFP Response Deadline	January 9 th no later than 5:00 P.M. PPT
Follow-up with RFP Respondents, as necessary	To occur between January 16 th and January 23 rd
Supplier Notifications (Short-List Selection)	January 25 th
Contract Negotiations	January 28 th through April 30 th
City Council Approval to Award Contract	April – to occur at a duly noticed Council Meeting for each of the SoCal CCAs
Contract Execution	April – to occur after City Council approves final contracts

*The SoCal CCAs reserve the right to change the schedule of these events at any time for any reason

Respondents may submit questions to the SoCal CCAs regarding this RFP process and associated materials no later than 5:00 P.M. PPT on December 19, 2018. All questions and final proposals should be submitted electronically to ceea.procurement@pacificea.com and must include the following subject line: “Response to SoCal CCAs 2018 RFP for Long-Term California RPS-defined Renewable Energy”. The SoCal CCAs will post responses to all questions on the CCEA website after responses have been prepared – the SoCal CCAs anticipate posting such responses by December 21, 2018.

The SoCal CCAs may submit clarifying questions to certain respondents or conduct interviews, as necessary, based on information provided in the response template and/or supporting materials included with each response. The SoCal CCAs shall have the right, at its sole discretion, to request information without notifying other respondents. The SoCal CCAs shall establish due dates for responses at the time of each informational request and will directly notify individual respondents in the event that follow-up and/or interviews are necessary during this process.

Note: only electronic submittals will be accepted; such submittals must be received by the SoCal CCAs no later than 5:00 P.M. PPT on Wednesday, January 9, 2019. All responses should be submitted to ceea.procurement@pacificea.com and must include the following subject line: “Response to SoCal CCAs 2018 RFP for Long-Term California RPS-defined Renewable Energy”.

Evaluation of Responses

The SoCal CCAs will evaluate responses against a common set of criteria that will include various factors. A partial list of factors to be considered during the SoCal CCAs evaluative process is included below. This list may be revised at the SoCal CCAs sole discretion.

- a. Price
- b. Overall quality of response, including general completeness and conformance with RFP instructions

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- c. Project location & local benefits
- d. Interconnection status, including queue position, full deliverability of Resource Adequacy capacity, and related study completion, if applicable
- e. Siting, zoning, permitting status, if applicable
- f. Qualifications of project team
- g. Proposed financing plan and ownership structure
- h. Environmental impacts and related mitigation requirements
- i. Financing plan & financial stability of project owner/developer
- j. Proposed security obligations
- k. Development milestone schedule, if applicable
- l. Supplier diversity

Contracting and Credit

The SoCal CCAs plan to negotiate a single form of a Power Purchase Agreement (“PPA”) with each of the short-listed suppliers. As part of the short-list notification process, the SoCal CCAs will provide each of the short-listed suppliers with a draft PPA. After finalizing the PPA agreements, each of SoCal CCAs will have a single contract with each of the short-listed suppliers. For example, Supplier One negotiates a single form of PPA with the SoCal CCAs; however, Supplier One will enter into five different contracts, one with each of the SoCal CCAs.

With respect to credit, each of the SoCal CCAs have established “lockbox structures” that allow for the collateralization of power supply contracts through the deposit account in which customer revenue is deposited by SCE. The SoCal CCAs prefer to utilize the lockbox structure for purposes of collateralizing PPA’s related to this RFP; this credit structure will be contemplated in the draft PPA. The short-listed suppliers will also receive the lockbox structure agreements for review as part of the short-listing process.

Confidentiality

All correspondence with the SoCal CCAs, including responses to this RFP, will become the exclusive property of the SoCal CCA’s and will become public records under the California Public Records Act (Cal. Government Code section 6250 et seq.) All documents sent by respondents to the SoCal CCA’s may be subject to disclosure, unless exempt due to one of the narrow exceptions to the disclosure requirements.

In order to designate information as confidential, the respondents must clearly stamp and identify the specific portion of the material designated with the word “Confidential” and provide a citation to the California Public Records Act that supports keeping the information confidential. Respondents should not over-designate material as confidential. Over-designation would include stamping entire pages or series of pages as confidential that clearly contain information that is not confidential.

Therefore, any proposal which contains language purporting to render all or significant portions of their proposal “Confidential”, “Trade Secret” or “Proprietary”, or which fails to provide the exemption information required as described below may be considered a public record in its entirety subject to the procedures described below. Do not mark your entire proposal as “Confidential”.

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If required by any law, statute, ordinance, a court, governmental authority or agency having jurisdiction over the SoCal CCA’s, including the California Public Records Act, the SoCal CCA’s may release confidential information, or a portion thereof, as required by the applicable law, statute, ordinance, decision, order or regulation. In the event the SoCal CCA’s are required to release confidential information, they shall notify the respondent of the required disclosure, such that the respondent may attempt (if it so chooses), at its sole cost, to cause the recipient of the confidential information to treat such information in a confidential manner, and to prevent such information from being disclosed or otherwise becoming part of the public domain.

The SoCal CCA’s do not intend to disclose any part of any proposal before they announce a recommendation for award, on the ground that there is a substantial public interest in not disclosing proposals during the evaluation process.