

# California Choice Energy Authority 2020 Joint Request for Proposals (“RFP”) for Long-Term California RPS-defined Renewable Energy

## Introduction

California Choice Energy Authority (“CalChoice”), 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 2021. 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	580	200	May 2015	Los Angeles
Apple Valley Choice Energy	250	90	April 2017	San Bernardino
Pico Rivera Innovative Municipal Energy	220	50	September 2017	Los Angeles
San Jacinto Power	160	55	April 2018	Riverside
Rancho Mirage Energy Authority	275	95	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, CalChoice was established in order help launch and provide operational support functions to other city specific CCA’s. CalChoice 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, CalChoice 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 CalChoice members (these include AVCE, LCE, PRIME, RMEA, and SJP). Therefore, CalChoice 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, CalChoice will still accept and evaluate offers for Portfolio Content Category 2 (“PCC2” or “Bucket 2”) renewable energy, but not 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.

**California Choice Energy Authority  
2020 Joint Request for Proposals (“RFP”) for Long-Term  
California RPS-defined Renewable Energy**

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

SoCal CCA	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
AVCE	17	22	26	31	31	31	31	31	31	31
LCE	28	40	52	63	63	63	63	63	63	63
PRIME	22	26	31	35	35	35	35	35	35	35
RMEA	20	26	32	38	38	38	38	38	38	38
SJP	17	20	23	26	26	26	26	26	26	26
<b>Total</b>	105	134	163	192	192	192	192	192	192	192

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 CalChoice website (<https://californiacheoiceenergyauthority.com/>) 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 CalChoice 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 California Independent System Operator (“CAISO”) or directly connected to and delivering into CAISO. The SoCal CCAs have a strong preference for physical interconnection 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 renewable energy

**California Choice Energy Authority  
2020 Joint Request for Proposals (“RFP”) for Long-Term  
California RPS-defined Renewable Energy**

offers. The SoCal CCAs will accept offers for both new and existing renewable generation resources.

**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 ten (10) 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	100,000
2022	50,000	130,000
2023	50,000	160,000
2024	50,000	190,000
2025	50,000	190,000
2026	50,000	190,000
2027	50,000	190,000
2028	50,000	190,000
2029	50,000	190,000
2030	50,000	190,000

**vi. Initial Date of Delivery:** No sooner than January 1, 2021 and no later than July 1, 2022.

**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]. 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 requirements have been satisfied (i.e., index-plus pricing structure in which the “plus” for***

**California Choice Energy Authority**  
**2020 Joint Request for Proposals (“RFP”) for Long-Term**  
**California RPS-defined Renewable Energy**

*the Renewable Energy Credit is flat and fixed through the contract term). In fact, the SoCal CCA’s have a strong preference for the index-plus pricing structure.*

**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 to the SP 15 Trading Hub.

**x. Scheduling Coordinator (“SC”) Responsibilities:** The SoCal CCAs do not have a strong preference regarding SC responsibilities and will evaluate proposals in which the Buyer or Seller provide the SC function.

**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.

**California Choice Energy Authority  
2020 Joint Request for Proposals (“RFP”) for Long-Term  
California RPS-defined Renewable Energy**

**RFP Schedule\***

This RFP will be administered in consideration of the following 2020 schedule:

<b>RFP Activity</b>	<b>Anticipated Date of Completion</b>
RFP Issuance	March 12 <sup>th</sup>
Deadline for Electronic Question Submittal	March 20 <sup>th</sup> no later than 5:00 P.M. PPT
RFP Response Deadline	March 27 <sup>th</sup> no later than 5:00 P.M. PPT
Follow-up with RFP Respondents, as necessary	To occur between March 27 <sup>th</sup> and April 3 <sup>rd</sup>
Supplier Notifications (Short-List Selection)	April 8 <sup>th</sup>
Contract Negotiations	April 13 <sup>th</sup> through July 31 <sup>st</sup>
City Council Approval to Award Contract	August – to occur at a duly noticed Council Meeting for each of the SoCal CCAs
Contract Execution	August – 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 March 20, 2020. All questions and final proposals should be submitted electronically to [CCEA.procurement@pacificea.com](mailto:CCEA.procurement@pacificea.com) and must include the following subject line: “Question for SoCal CCAs 2018 RFP for Long-Term California RPS-defined Renewable Energy”. The SoCal CCAs will post responses to all questions on the CalChoice website after responses have been prepared – the SoCal CCAs anticipate posting such responses by March 23, 2020.

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 Friday, March 27, 2020. All responses should be submitted to [CCEA.procurement@pacificea.com](mailto:CCEA.procurement@pacificea.com) and must include the following subject line: “Response to SoCal CCAs 2020 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
- c. Project location & local benefits

**California Choice Energy Authority**  
**2020 Joint Request for Proposals (“RFP”) for Long-Term**  
**California RPS-defined Renewable Energy**

- 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
- m. Experience developing renewable energy projects in California
- n. Experience selling to CCAs
- o. Experience with CCA lockbox structures

**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

**California Choice Energy Authority**  
**2020 Joint Request for Proposals (“RFP”) for Long-Term**  
**California RPS-defined Renewable Energy**

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”.

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.

**Exclusivity Agreement and Bid Deposit**

As part of the short-listing process, CalChoice will require all short-listed bidders to execute a term sheet, enter into an exclusivity agreement, and post a bid deposit in the amount of \$3,000/MW times the project’s guaranteed capacity. CalChoice will accept bid deposits in the form of cash or an agreed upon form of a Letter of Credit. Letter of Credit means an irrevocable standby letter of credit, in a form reasonably acceptable to CalChoice, issued either by (i) a U.S. commercial bank, or (ii) a U.S. branch of a foreign commercial bank that meets the following conditions: (A) it has sufficient assets in the U.S. as determined by CalChoice, and (B) it is acceptable to CalChoice in its sole discretion. The issuing bank must have a credit rating of at least A- from S&P or A3 from Moody’s, with a stable outlook designation. All costs of the Letter of Credit shall be borne by Offeror.