

California Choice Energy Authority

2023 Request for Proposals (“RFP”) for Long-Term RPS-Eligible Renewable Energy & Mid-Term Reliability Capacity

Introduction

California Choice Energy Authority (“CalChoice”), which provides administrative and operational support to the following eight (8) Community Choice Aggregation (“CCA”) programs, including Apple Valley Choice Energy (“AVCE”), Lancaster Choice Energy (“LCE”), Energy for Palmdale’s Independent Choice (“EPIC”), Pico Rivera Innovative Municipal Energy (“PRIME”), Pomona Choice Energy (“PCE”), Rancho Mirage Energy Authority (“RMEA”), San Jacinto Power (“SJP”) and Santa Barbara Clean Energy (“SBCE”), is requesting proposals for long-term, California Renewables Portfolio Standard-eligible (RPS) renewable energy supply and/or Supplemental Mid-Term Reliability capacity (as well as other incremental capacity resources).¹ The eight CCA’s (referred to as the “SoCal CCAs” throughout this RFP) have a collective annual energy requirement of nearly 3,000 GWh and a peak demand approximating 930 MW.

In May 2015, LCE became the first CCA to successfully launch within Southern California Edison’s (“SCE”) service territory. Thereafter, AVCE launched in April 2017, and around the same time, CalChoice was formed to assist other cities with the implementation and operation of similar CCA enterprises. CalChoice provides CCA support services, which include portfolio management, power procurement, settlement and invoice validation, regulatory compliance, regulatory advocacy, finance and accounting and rate-setting as well as program development and administration to the SoCal CCAs. Consistent with this scope of services, CalChoice has been tasked with the administration of this RFP, including the evaluation of related responses.

In consideration of applicable long-term renewable energy contracting requirements and mid-term reliability procurement mandates, the SoCal CCAs have certain future open positions for California Renewables Portfolio Standard (“RPS”) eligible energy products and resource adequacy capacity (“RA”). With regard to renewable energy, this RFP is primarily intended to support the SoCal CCA’s future Portfolio Content Category 1 (“PCC1” or “Bucket 1”) energy requirements through long-term power purchase agreements with one or more qualified suppliers. In addition to PCC1 product offers, CalChoice will also 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. With regard to RA capacity, CalChoice will consider offers for eligible system RA with online dates occurring no later than June 1, 2024, June 1, 2025, June 1, 2026 or June 1, 2027. The SoCal CCAs have an approximate aggregate capacity need ranging from 60-80 megawatts.

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 their 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 one or more of the SoCal CCAs have entered into a duly authorized and fully executed agreement.

¹ Consistent with California Public Utilities Commission Decision 23-02-040, load-serving entities were collectively obligated to procure 4,000 additional megawatts of capacity with initial deliveries/availability occurring in 2026 and 2027. Each of CalChoice’s members were assigned capacity obligations thereunder. When considered in aggregate, the assigned capacity obligations for CalChoice’s membership totaled 60 MW.

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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 ([Requests for Proposals - California Choice Energy Authority](#)) 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, reflecting all applicable details of the proposed project, 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 with the following eligibility requirements. Failure to meet the project eligibility criteria defined below shall be grounds for proposal rejection.

For Long-Term RPS-Eligible Renewable Energy Projects:

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(s) located within close proximity to the communities served by the SoCal CCAs.

ii. Product: Offers for bundled PCC1 renewable energy should include electric energy, Green Attributes/Renewable Energy Credits and Capacity Attributes, if such capacity attributes are available. *To the extent any Net Qualifying Capacity (“NQC”) provided by the proposed project will be eligible to support the SoCal CCAs’ mid-term reliability requirements, the respondent should indicate this in its response.* Even though the primary focus of this RFP is PCC1 renewable energy supply, the SoCal CCAs will also accept long-term PCC2 renewable energy offers. The SoCal CCAs will accept offers for both new and existing renewable generating 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 RPS Eligibility Guidebook, the California Public Utilities Code (“Code”) or other applicable documentation, all of 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.

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v. Annual Delivery Specifications: Annually delivered energy volumes reflected in any proposal shall be no less than 50,000 MWh but no greater than 400,000 MWh.

vi. Initial Date of Delivery: No sooner than January 1, 2024 and no later than December 31, 2027.

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, and (if applicable) Capacity Attributes. All pricing shall remain unchanged throughout the delivery term and shall not be adjusted by periodic escalators or time of delivery 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 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

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discussion shall be provided by each respondent, consistent with the informational requirements specified in the RFP response template.

xiii. Senate Bill 1383: For any proposed project capable of assisting the SoCal CCAs in meeting SB 1383 requirements, please describe the biomass feedstock and projected annual tons of organics diverted from a source that complies with SB 1383 regulations, excluding forestry and agricultural sources. Alternatively, provide feedstock and projected tons of organics diverted from a source that produces renewable gas (RNG) used to generate electricity, including a permitted in-vessel digestion facility and excluding landfill gas, gas generated from wastewater, natural gas, dairy methane, and renewable diesel.

Provide projected annual tons of organics diverted using the following calculation(s), as provided by CalRecycle:

Biomass calculation 1 ton of organics = 650kWh of electricity; and
RNG 1 ton of organics = 242kWh of electricity.

Also provide any associated, incremental costs that should be considered by CalChoice when evaluating this attribute of the proposed project, including but not limited to costs associated with providing annual reports of actual tonnages allocated to each jurisdiction for the purposes of including such data in the jurisdiction’s annual report to CalRecycle. Any information describing SB 1383 compliance benefits should be provided in sufficient detail to allow CalChoice to complete a formed comparative analysis amongst available project options.

For Supplemental Mid-Term Reliability & Other Incremental Capacity Projects:

Through this RFP, the SoCal CCAs are also requesting proposals to meet the requirements of California Public Utilities Commission Decision 23-02-040, which ordered supplemental mid-term reliability procurement in 2026 and 2027, as well as other incremental procurement directives applicable in prior years, including Diablo Canyon replacement and Long Lead-Time resource procurement categories.

For a resource to be eligible for participation under this element of the RFP, it must:

- Achieve commercial operation by 6/1/2024, 6/1/2025, 6/1/2026 or 6/1/2027 – note that online status must include achieving full operation, receiving NQC, and retaining eligibility for inclusion on an NQC supply plan;
- Provide incremental RA, exclusive of the Baseline List of Resources;
- Remain available for a contract term of at least 10 years; and
- Utilize a non-fossil fuel source.

In addition, the SoCal CCAs will consider resources eligible to meet the Minimum Zero-Emitting Capacity (Diablo Canyon replacement) category. For such projects, an eligible resource must:

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- Utilize a zero-emitting fuel source, a generation resource paired with storage, or a demand response resource – standalone storage resources may not participate;
- Remain minimally available every day from 5 pm to 10 pm (the beginning of hour ending 18 through hour ending 23), Pacific Time;
- Be capable of delivering at least 5 megawatt-hours of energy during each of the aforementioned daily periods for every megawatt of incremental capacity claimed (e.g., must be a resource capable of delivering for 5 consecutive hours)

Long Lead-time resources are broken down into two sub-categories: Firm zero-emitting resources and Long-duration storage resources.

Firm zero-emitting resources must meet the following additional attributes:

- Have at least an 80 percent capacity factor;
- May not be use limited or weather dependent; and
- Cannot be a storage project.

Long-duration storage resources must be capable of discharge at maximum capacity for 8 continuous hours from a single storage resource.

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 schedule:

RFP Activity	Anticipated Date of Completion
RFP Issuance	March 27, 2023
Deadline for Electronic Question Submittal	April 5, <u>2023</u> no later than 5:00 P.M. PPT
RFP Response Deadline	April 25, <u>2023</u> no later than 5:00 P.M. PPT
Follow-up with RFP Respondents, as necessary	To occur between May 1, <u>2023</u> and May 5, 2023
Supplier Notifications (Short-List Selection)	May 12, 2023
Contract Negotiations	May 15 – June 30, 2023
Member City Councils Issue Approval to Award Contract(s)	July/August 2023
Contract Execution	July/August 2023 – to occur after Member City/Town Councils approve final contract(s)

*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 April 5, 2023. All questions and final proposals should be submitted electronically to CCEA.procurement@pacificea.com and must include the following subject line: “Question for SoCal CCAs 2023 RFP for Long-Term RPS and Incremental Capacity”. 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 April 7, 2023.

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 Tuesday, April 25, 2023. All responses should be submitted to CCEA.procurement@pacificea.com and must include the following subject line: “Response to SoCal CCAs 2023 RFP for Long-Term RPS and Incremental Capacity”.

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Evaluation of Responses

The SoCal CCAs will evaluate responses against a common set of criteria that will include various factors. A non-exhaustive 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.

- Overall quality of response, inclusive of completeness, timeliness, and conformity;
- Price and relative value within the SoCal CCAs’ supply portfolio;
- Project location and local benefits;
- Project development status, including but not limited to progress toward interconnection, deliverability, siting, zoning, permitting, and financing requirements/plan;
- Qualifications, experience, financial stability, and structure of the prospective project team (including its ownership);
- Environmental impacts and related mitigation requirements, including impacts to air pollution within communities that have been disproportionately impacted by the existing generating fleet;
- Potential impacts to grid reliability;
- Potential economic benefits created within communities with high levels of poverty and unemployment;
- Acceptance of the SoCal CCAs’ contract terms;
- Workforce benefits, including projected hires (number and type of jobs), duration of work (during construction and operation phases); and
- To the extent that the proposed generating facility is expected to replace/supplant an existing generating facility, the respondent should quantify the associated emission impacts of this transition.

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 may 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 (potentially) enter into as many as eight (8) different contracts, one with each of the participating 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.

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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 CCAs 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”.

If required by any law, statute, ordinance, a court, governmental authority or agency having jurisdiction over the SoCal CCAs, including the California Public Records Act, the SoCal CCAs 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 CCAs 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 CCAs 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 \$5,000/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.