

# San Diego Community Power 2023 Request for Proposals (“RFP”) for Long-Term California RPS-Eligible Renewable Energy

## Introduction

San Diego Community Power (“SDCP”) is a Community Choice Aggregation program (“CCA”) that commenced service in March 2021. Its membership is comprised of the following municipalities: the cities of Chula Vista, Encinitas, Imperial Beach, La Mesa, National City and San Diego as well as the County of San Diego (the “Member Agencies”). Through this RFP, SDCP is requesting proposals for long-term, Portfolio Content Category 1 (“PCC1”) renewable energy products with initial deliveries commencing prior to December 31, 2028.

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. SDCP reserves the right to reject any offer that does not comply with the requirements described herein. Furthermore, SDCP 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 SDCP to enter into an agreement with any party, and SDCP shall not be bound by the terms of any offer until SDCP has entered into a duly authorized and fully executed contract.

## RFP Instructions

*Standardized Response Template:* All respondents must use the standardized offer workbook template provided by SDCP. SDCP has posted the Excel template on its website (<https://www.sdcommunitypower.org/resources/solicitations>) and will require respondents to independently access and download the template for response preparation. An unmodified version of the template must be completed in its entirety based on instructions provided in the template. SDCP may update the RFP template from time to time, so respondents are encouraged to periodically visit the SDCP website to determine if any changes have been posted.

*Project Eligibility:* Each respondent may propose one or more project offers conforming to the following eligibility requirements. Failure to meet all of the following project eligibility criteria may 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 connected to and delivering into CAISO via firm transmission rights and pseudo-tied/dynamic scheduling. SDCP has 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 directly within or within close proximity to SDCP’s Member Agencies.

**ii. Product:** Offers should include electric energy, Green Attributes/Renewable Energy Credits and Capacity Attributes, including Resource Adequacy (RA). SDCP will consider offers without an RA commitment; however, for projects within CAISO, preference will be given to projects that already have Full Capacity Deliverability Status (FCDS) or commit to having FCDS by the proposed Commercial Operation Date (COD). ***For projects utilizing a photovoltaic solar generating technology, SDCP prefers integrated energy storage infrastructure as part of the project configuration.***

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**iii. CEC Eligibility:** All proposed generating resources must be certified by the California Energy Commission (“CEC”) 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:** The annual energy deliveries reflected in any proposal shall be no less than 50,000 MWh.

**vi. Initial Date of Delivery and Commercial Operation:** No sooner than January 1, 2024 and no later than December 31, 2028. The Guaranteed COD shall be no later than December 31, 2028. SDCP encourages offers that include bridge PCC1 and/or RA products prior to the Guaranteed COD.

**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:**

1) For the renewable resource component, each respondent must propose two distinct pricing options.

First, respondents must include 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 Capacity Attributes, including full RA value, as applicable.

Second, respondents must also include an index-plus pricing option for the renewable generating facility in which the “plus” component reflects the price to be paid for the Renewable Energy Credit, expressed a flat/fixed price throughout the contract term.

2) For offers with a storage component, SDCP requires a separate capacity price (\$/KW-mo), also presuming full RA value unless otherwise noted. SDCP encourages respondents to provide pricing options that reflect charging by the generating facility only, grid charging only, or both, as applicable.

All pricing options shall remain unchanged throughout the entire contract term and shall not be adjusted by periodic escalators or time of delivery multipliers/factors.

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*Alternative pricing options may be proposed so long as the aforementioned pricing requirements have been satisfied. SDCP will also consider pricing and proposals for direct ownership of the proposed resource.*

**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:** SDCP does not have a strong preference regarding the assignment of SC responsibilities and will evaluate proposals in which the Buyer or Seller provide such services.

**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: 1) evidence of site control or of an option contract to obtain 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. For generating resources that have FCDS, documentation confirming such status should also be included. Such documentation must be provided to SDCP 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 SDCP to effectively evaluate the financial viability of the project. 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. Respondents should also indicate whether the project will utilize ITC or PTC incentives. 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 SDCP via the Western Renewable Energy Generation Information System (“WREGIS”), or its successor, without any additional costs or conditions to SDCP. 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:

<b>RFP Activity</b>	<b>Anticipated Date of Completion</b>
RFP Issuance	January 26, 2023
Deadline for Electronic Question Submittal	February 6, 2023, 5:00 P.M. PDT
RFP Response Deadline	March 3, 2023, 5:00 P.M. PDT
Follow-up with RFP respondents, as necessary	March 3 through 10, 2023
Supplier Notifications (Short-List Selection)	May 3, 2023
Contract Negotiations	May 4 through June 30, 2023
SDCP Board to Award Contract(s)	July/August 2023 – to occur at duly noticed SDCP Board Meeting(s)
Execution of Contract(s)	August 2023 – to occur after SDCP’s Board approves the final contract(s)

\*SDCP reserves the right to change the schedule of these events at any time for any reason.

Respondents may submit questions to SDCP regarding this RFP process and associated materials no later than 5:00 P.M. PDT on February 6, 2023. All questions and final proposals should be submitted electronically to [sdcp.procurement@pacificea.com](mailto:sdcp.procurement@pacificea.com) and must include the following subject line: “Questions for SDCP’s 2023 RFP for Long-Term California RPS-Eligible Renewable Energy”. SDCP will post responses to all questions on its website after responses have been prepared – SDCP anticipates posting such responses by February 10, 2023. Responses to similar questions may be consolidated within SDCP’s list of posted responses.

SDCP 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. SDCP shall have the right, at its sole discretion, to request information without notifying other respondents. SDCP 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 SDCP no later than 5:00 P.M. PST on Friday, March 3, 2023. All responses should be submitted to [sdcp.procurement@pacificea.com](mailto:sdcp.procurement@pacificea.com) and must include the following subject line: “Response to SDCP 2023 Renewable RFP”.

## **Evaluation of Responses**

SDCP will evaluate responses against a common set of criteria that will include various factors, which include:

1. Price and relative value within SDCP’s supply portfolio;
2. Project location and benefits to the local economy and workforce;

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3. Potential economic benefits created within communities with high levels of poverty and unemployment;
4. Project development status, including but not limited to progress toward interconnection, deliverability, siting, zoning, site control, permitting, and financing requirements;
5. Community outreach and any community benefits (which could include, but is not limited to, additional societal, health, economic, water-saving, or environmental benefits beyond the climate and GHG reduction benefits of renewable energy);
6. Qualifications, experience developing projects in California and/or with CCAs, financial stability, and structure of the prospective project team (including its ownership);
7. Environmental impacts and related mitigation requirements, including impacts to air pollution within communities that have been disproportionately impacted by the existing generating fleet;
8. Potential impacts to grid reliability;
9. Interconnection status, including queue position, full deliverability of Resource Adequacy capacity, and related study completion, if applicable
10. Acceptance of SDCP’s standard contract terms; and
11. Development milestone schedule, if applicable.

SDCP has also adopted an Inclusive and Sustainable Workforce Policy, which considers impacts to the local economy and workforce. Consistent with this policy, SDCP will specifically consider “the employment growth associated with the construction and operation of eligible renewable energy resources.”<sup>1</sup> More specifically, SDCP will complete a qualitative assessment of the extent to which proposed project development activities will support this goal. Such determinations will be based on information provided by the prospective supplier and SDCP’s independent assessment of such information. With this in mind, each respondent should provide sufficient information/data to facilitate SDCP’s assessment of this important consideration. Examples of pertinent information/data include the expected number of hires, duration of hire, and an indication of whether the respondent has entered into Project Labor Agreement or Maintenance Labor Agreement in California for the proposed project.

Pursuant to Public Utilities Code section 399.13(a)(8)(A), SDCP will also exhibit preference for “renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases.”<sup>2</sup> To assist SDCP in assessing such benefits, each respondent

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<sup>1</sup> See *Inclusive and Sustainable Workforce Policy*, adopted January 28, 2021, available at [https://sdcommunitypower.org/wp-content/uploads/2020/12/Board-Packet\\_1.28.21\\_v3.pdf](https://sdcommunitypower.org/wp-content/uploads/2020/12/Board-Packet_1.28.21_v3.pdf)

<sup>2</sup> Cal. Pub. Util. Code § 399.13(a)(8)(A) (“In soliciting and procuring eligible renewable energy resources for California-based projects, each electrical corporation shall give preference to renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases.”).

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should address the following questions in its proposal: is the proposed facility located (or will it be located) in a community afflicted with poverty or high unemployment or one that suffers from high emission levels? If so, describe how the facility can provide the following benefits to adjacent communities:

- Projected hires from adjacent community (number and type of jobs);
- Duration of work (during construction and operation phases);
- Projected direct and indirect economic benefits to the local economy (i.e., payroll, taxes, services);
- Emissions reduction – identify existing generation sources by fuel source within 6 miles of proposed facility and indicate whether the proposed facility will replace/supplant the identified generation sources;
- To the extent that the proposed generating facility is expected to replace/supplant an existing generating facility, the prospective supplier will be asked to quantify the associated emission impacts of this transition;
- Demonstration of community outreach; and
- Additional co-benefits not listed above, if any.

### **Contracting**

SDCP plans to negotiate a single form of Power Purchase Agreement (“PPA”) with each of the short-listed suppliers. As part of the short-list notification process, SDCP will provide each of the short-listed suppliers with a draft PPA. Contract negotiations will proceed thereafter. A pro-forma term sheet has been posted along with this RFP announcement so that respondents can review prior to completing the response form.

### **Confidentiality**

All correspondence with SDCP, including responses to this RFP, will become the exclusive property of SDCP and will become public record under the California Public Records Act (Cal. Government Code section 6250, et seq.). All documents sent by respondents to SDCP may be subject to disclosure, unless exempt under the California Public Records Act.

To designate information as confidential, the respondent must clearly stamp and identify any designated portion(s) of the response material with the word “Confidential” and provide a citation to the California Public Records Act supporting confidential treatment of such information. Respondents should be judicious in designating material as confidential. Over-designation would include stamping/designating entire pages, series of pages and/or entire sections as confidential when such material does not require confidential treatment.

Therefore, any proposal which contains language purporting to render all or significant portions of the proposal as “Confidential”, “Trade Secret”, “Proprietary”, or which fails to provide the noted exemption citation (related to the California Public Records Act) may be considered a public record in its entirety subject to the procedures described below. As such, 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 SDCP, including the California Public Records Act, SDCP may release confidential information, or a portion thereof, as required by applicable law, statute, ordinance, decision, order or regulation. In the event SDCP is required to release confidential information, it 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 become part of the public domain.

SDCP does not intend to disclose any part of any proposal before it announces a recommendation for award, based on the understanding that there is a substantial public interest in not disclosing proposals during the evaluation or negotiation process.

**Exclusivity Agreement and Offer Deposit**

As part of the short-listing process, SDCP will require all short-listed offerors to execute the pro-forma term sheet posted with this RFP announcement, enter into an exclusivity agreement (of no less than 90 days in duration), and post an offer deposit in the amount of \$3,000/MW multiplied by the project’s guaranteed capacity. SDCP expects that such activities will be completed within ten (10) business days of short-listing. Posting of the required offer deposit is due seven (7) business days from execution of the exclusivity agreement. SDCP will accept offer 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 SDCP, 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 SDCP, and (B) it is acceptable to SDCP 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 the short-listed respondent.