

**San diego Gas and Electric Company**

Supply Management Department

8315 Century Park Court, CP21D

San Diego, CA 92123

**SDG&E Energy Storage System (“ESS”)**

2016

DISTRIBUTION REliability / Power Quality Program Request for Proposal (“RFp”)

Seeking

3MW/12 MWh energy storage system

version 1

**Issued**

DECEMBER 1, 2016

**Offers Due**

MARCH 31, 2017

**Email questions/comments to**

[TBown3@semprautilities.com](mailto:TBown3@semprautilities.com)

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# BACKGROUND

In accordance with Decision (“D.”) 13-10-040 – Decision Adopting Energy Storage Procurement Framework and Design Program (the “Energy Storage Decision”) approved on October 17, 2013, and D.16-09-007 – Decision Approving Storage Procurement Framework for the 2016 Biennial Procurement Period, San Diego Gas & Electric Company(“SDG&E”) is issuing this Request for Proposal (“RFP”) to solicit bids from developers/contractors/equipment suppliers for an Energy Storage System (“ESS”). Pursuant to D.16-09-007, SDG&E is soliciting bids for ESS via this competitive RFP process to a) address power quality issues on the distribution system; and b) enable some measure of distribution infrastructure deferral.

SDG&E forecasts overload on one (1) 12/69 kV transformer within SDG&E’s Jamacha substation. A conventional, traditionally low cost solution to the identified overloads is to simply add a new transformer bank inside the existing substation. However, space inside the existing substation is extremely limited, and adding a new transformer bank to resolve the forecasted overloads is not possible absent a costly redesign and expansion of the entire substation. This RFP will assess whether energy storage installed on SDG&E-owned property adjacent to and encompassing the Jamacha substation property might resolve the overload issues at a lower cost than the substation redesign and expansion.

SDG&E is seeking proposals from suppliers to negotiate and enter into an Engineer, Procure and Construct Agreement, under which the ESS supplier would install and commission the ESS on SDG&E-owned property adjacent to and encompassing the Jamacha substation. SDG&E seeks to enter into agreements to construct and commission ESS that will provide a total of 3MW/12MWh of energy storage. The Energy Storage System must conform to the requirements in Schedule A – SDG&E Energy Storage Technical Specifications and Schedule B – System Functionality and Site Conformance Requirements.

By responding to this RFP, the bidder agrees to be bound by all the terms, conditions, and other provisions of this RFP and any changes or supplements to it that may be issued by SDG&E, prior to the bidder’s response.

The Independent Evaluator (“IE”) for this solicitation is PA Consulting.

The purpose of this document is to provide an overview of the process that SDG&E will use to implement this RFP. It will serve to set forth each bidder’s obligations with respect to the RFP as well as describe the procedures that each bidder must adhere to.

For a proposal to be considered in this RFP, an offer must be uploaded to Power Advocate®, SDG&E’s RFP platform, in accordance with this RFP Protocol no later than 1:00 PM Pacific Prevailing Time (“PPT”), on March 31, 2017. Offers shall not be accepted that do not comply with the terms of this RFP.

The RFP Schedule is subject to change at SDG&E’s sole discretion at any time. All changes to the RFP Schedule will be posted to Power Advocate®. The RFP Schedule may be affected by (but not limited to) issues such as: discussions proceedings before the CPUC, and efforts to obtain regulatory approval. SDG&E intends to notify bidders of any schedule change, but will not be liable for any change in schedule or for failing to provide notice of any change. A schedule detailing SDG&E’s plans throughout the entire initial program period can be found in Section 5.0.

Once a bidder has been selected by SDG&E, further contract negotiations may commence and continue until mutual agreement has been achieved and an Agreement has been executed. Being selected does not guarantee that an Agreement will be signed with the bidder.

SDG&E will seek CPUC approval of the executed Agreement resulting from this RFP. Enforcement of the executed Agreement(s) shall be entirely contingent on obtaining CPUC approval.

# PROCUREMENT PROCESS

Bidders to this solicitation shall comply with the requirements described in this RFP document.

All proposals shall meet the minimum eligibility requirements as set forth in Section 3.0. All conforming offers will be evaluated in accordance with the Evaluation Criteria described in Section 4.0 of the RFP.

An Agreement may be awarded to the bidder offering the best overall value, as determined at the sole discretion of SDG&E. SDG&E reserves the right to reject any and all bids.

# ELIGIBILITY REQUIREMENTS

All incoming proposals will be assessed for conformance with minimum eligibility criteria. Respondents must conform to minimum eligibility criteria to be considered. SDG&E will utilize all the information provided in the required forms and narratives to assess proposals for eligibility. Respondents are responsible for the accuracy of all the discussions, figures and calculations. Errors discovered during the evaluation may impact a Respondent’s participation. Bidders not meeting all minimum participation criteria may be deemed ineligible / nonconforming and their offers may not be considered. ESS equipment must meet the definition included in CPUC Code 2835.[[1]](#footnote-2) And be in compliance with decision D.14-10-045.

**Minimum eligibility criteria includes**:

1. Commercial Viability:

a. General Criteria – Storage Systems.

* + 1. At least one commercial (non-demonstration) installation with grid-connected 1 MW /1 MWh (1 MW *and* 1 MWH) or greater power/energy rating;
       1. with additional contracts for 3 or more 1 MW /1 MWh (or greater) units;
       2. in continuous operation for at least one year (with the exception of unplanned outages, see below);
       3. with no more than 15 days of unplanned outages in the last year; and
       4. Which has operated through at least 25 full equivalent discharge cycles in the last year and able to meet discharge requirements set forth in this RFP (4 hours continuous at full power rating).
    2. Respondents must show experience with post commercial operation trouble shooting and warranty performance for all components of 1 MW+ scale grid-connected energy storage systems it has constructed, including communications and controls.
  1. Equipment
     1. The proposed Energy Storage Media/Battery must been have been previously utilized in at least one commercial (non-demonstration) installation with grid-connected 1 MW (or greater) power capacity.
     2. The proposed Power Conversion System (PCS) must been have been previously utilized in at least one commercial (non-demonstration) installation with grid-connected 1 MW (or greater) power capacity.
     3. The proposed Control System must been have been previously utilized in at least one commercial (non-demonstration) installation with grid-connected 1 MW (or greater) power capacity.
     4. The Respondent shall state exactly what equipment is included in the offer. For example, ESS modules, control systems, inverters (as applicable), etc.
     5. The proposed Energy Storage Media/Battery must have manufacturing capacity of at least 20 MWh annually in compliance with ISO 9001 requirements.

**High-level Participation and System Performance Requirements**

1. The following requirements and minimum performance specifications must be met by the ESS equipment being offered:
2. The energy storage equipment must provide 3 MW, and 12 megawatt hours (“MWh”) of useable power and energy, respectively, SDG&E will require delivery no later than the second quarter of 2019.
3. The energy storage equipment must meet the technical and site-specific requirements outlined in Schedule A – SDG&E Energy Storage System Specifications and Schedule B – System Functionality and Site Conformance Requirements. Bidders may modify the Schedule A and submit such modifications in their offer package provided such modifications add value to the offer. However, SDG&E discourages extensive modifications and will consider materiality of such changes on a qualitative basis as it evaluates the offers received.
4. Capacity guarantee: SDG&E requires that bidders guarantee the rated capacity of the ESS for 10 years. Bidders shall price in a Capacity Guarantee that maintains the ESS’s power and energy for a 10 year term.
5. Bidders shall price in Operations and Maintenance (“O&M”) services for 10 years. Variable and fixed O&M cost estimates must be included in the RFP Offer Form. These costs will be paid on an annual basis. It is assumed that these costs may vary from year to year. To the extent possible, the SDG&E prefers O&M costs to show in the year in which they are likely to occur, rather than appearing as annual levelized costs.
6. Bidders shall include a minimum the (10) year warranty on the complete ESS, including all major components (storage medium, inverters, etc.) and control and management software.
7. Bidders will recover costs associated with the Capacity Guarantee (assuming an augmentation strategy), the provision of O&M services, and extended warranties on the complete ESS through a Long Term Services Agreement (“LTSA”) or similar mechanism for a 10 year term. Bidders oversizing the project to meet the Capacity Guarentee requirements shall include those costs in their install cost estimates.
8. As specified in the RFP Offer Form, bidders must state exactly what equipment (manufacturer/model number/version, etc.) is included in the offer. For example, ESS modules, control systems, inverters (as applicable), etc. Failure to specify equipment may render a bid non-conforming.
9. High level ESS performance requirements / specifications:
   * 1. SDG&E will require a minimum amount of 1,000 cycles (not to exceed 100 per year) at 80% or more depth of discharge over a 10 year asset life.
     2. SDG&E will require discharge duration at full power rating for 4 hours, as described in Schedule B -- Equipment Functionality and Site Conformance requirements.
10. Interconnection: Bidders are responsible for procuring and installing all switchgear and step-up transformers to the site-specific interconnection voltage identified by SDG&E in Schedule B. Bidders shall include these interconnection cost estimates in their bids. SDG&E is responsible for construction and costs associated with interconnecting the project from the high side of the step-up transformer to the grid. SDG&E will develop cost estimates for this interconnection activity, and will include those costs in each offer.
11. Permitting: Project permitting responsibilities will be split between the Bidder and SDG&E.
    * 1. SDG&E is responsible for obtaining discretionary and/or major-use environmental permitting, and will develop a permitting plan and cost estimates for these activities. SDG&E is responsible for any compensatory mitigation and mitigation monitoring and compliance costs associated with any environmental permit it obtains.
      2. Bidders are responsible for obtaining all other permits (building, transportation, etc.), and must include a permitting plan and cost estimates related to these activities. Bidders are responsible for all costs associated with these ministerial permits, and is responsible for compliance, mitigation measures or other conditions of approval associated with those permits.
12. Successful completion and documentation of factory acceptance tests are required prior to equipment shipments. SDG&E will take control and risk of loss of the ESS equipment only upon commissioning.
13. The bidder must disclose any affiliate relationship it has with Sempra Energy or any of its subsidiaries or affiliates, if one exists.

# EVALUATION CRITERIA

SDG&E will select the best proposal based on quantitative cost and benefits as well as qualitative aspects. SDG&E will then compare this energy storage system project proposal against other traditional or alternative solutions for this use case that SDG&E is proposing under this RFP. The following are some of the areas that SDG&E will cover as part of this evaluation protocol:

* Conduct an analysis of all the conforming offers received from qualified bidders.
* Compare the total cost of the energy storage system to the total cost of other traditional and alternative solutions.
* Calculate quantifiable benefits for the energy storage system and other traditional and alternative solutions.
* Calculate and compare Benefit-to-Cost ratios of energy storage systems to other traditional and alternative solutions.
* Identify and compare qualitative benefits for the energy storage system and other traditional and alternative solutions.

In order to evaluate these costs and benefits, an SDG&E-specific modeling approach will be used that will analyze the charging and discharging of the energy storage system to achieve an optimization of the energy storage systems to be procured. SDG&E will develop/procure modeling tools to conduct the quantitative analysis to select the best option under this RFP. SDG&E will use these modeling tools to analyze and optimize the proposed energy storage system compare with other traditional and alternative options. The Independent Evaluator will review this evaluation process.

SDG&E will use the Consistent Evaluation Protocol approved in D.14-10-045 for benchmarking purposes and general reporting purposes but such protocol will not be used as the basis for bid selection by SDG&E.

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**MINORITY/WOMAN-OWNED/SERVICE DISABLED VETERAN BUSINESSES**

SDG&E has established a policy to promote the award of contracts in a manner that develops and strengthens qualified minority and woman-owned business concerns (“M/WBEs”). As a result, M/WBEs/Service Disabled Veterans are strongly encouraged to submit responses to this RFP as prime suppliers, joint venture partners, or as subcontractors. Non-M/WBE bidders are strongly encouraged to maximize their M/WBEs/Service Disabled Veterans content and to develop creative initiatives to help foster new business relationships with M/WBEs within the primary industries affected by this RFP.

# BID CONFORMANCE EVALUATION

In addition to the elements described above, SDG&E may also reject an offer if:

1. SDG&E uncovers evidence of market manipulation in the bid preparation and offer process;
2. the bidder does not provide adequate evidence that it meets minimum participation criteria;
3. the bidder cannot fulfill the terms and conditions of the Agreement; and/or,
4. The bidder is unable to comply with RFP timing and other solicitation requirements.

SDG&E WILL NOT REIMBURSE BIDDERS FOR THEIR EXPENSES UNDER ANY CIRCUMSTANCES, REGARDLESS OF WHETHER THE RFP PROCESS PROCEEDS TO A SUCCESSFUL CONCLUSION OR IS ABANDONED BY SDG&E IN ITS SOLE DISCRETION.

# RFP SCHEDULE

The following schedule and deadlines apply to this RFP. SDG&E reserves the right to revise this schedule at any time and in SDG&E’s sole discretion. Bidders are responsible for monitoring Power Advocate for updated schedules and possible amendments to the RFP or the solicitation process.

**Date Activity**

**December 1, 2016 Distribute RFP**

**January 17, 2017 Bidders Conference**

**February 10, 2017 Deadline for Bidder RFP questions**

**February 24, 2017 Answer to Bidder questions posted to Power Advocate**

**March 31, 2017 Proposals due by 1:00PM PPT**

**Questions**

Please direct all communications via email, including any commercial/technical questions to Tyler Brown at [TBown3@semprautilities.com](mailto:TBown3@semprautilities.com) no later than 1:00 P.M. PST February 10, 2017. All questions and correspondence that may arise from participating bidders will be shared with all bidders participating in this RFP.

All responses to this RFP (“Proposals”) will be provided via Power Advocate®. No questions are to be directed to any other SDG&E employees. Contact with other SDG&E employees regarding this bid may result in disqualification.

# BIDDER CONFERENCE

SDG&E will host a Bidders Conference via WebEx on January 17, 2017.

Please monitor SDG&E’s RFP website and Power Advocate® for further details (such as conference presentation materials). SDG&E will make efforts to notify bidders of conference details via updates to the RFP Website as well as providing this information via Power Advocate®.

# RFP WEBSITE AND RESPONSE INSTRUCTIONS

The RFP and all subsequent revisions and documents shall be available for download from SDG&E’s RFP website. Respondents are responsible for monitoring the RFP website and PowerAdvocate® for subsequent updates, notices and postings.

In addition to the instant 2016 ESS RFP Document, the 2016 ESS RFP website contains the following documents:

* Schedule A – Energy Storage System Technical Specification
* Schedule B – System Functionality and Site Conformance Requirements
* Schedule C – 2016 ESS RFP Offer Form
* Schedule D – Pro Forma Engineer, Procure and Construct Agreement
* Schedule D1 – Exhibits to Pro Forma Engineer, Procure and Construct Agreement
* Schedule E – DBE Subcontracting Goal and Reporting Requirements
* Schedule E1 – DBE Goal Form

**RFP RESPONSE INSTRUCTIONS**

On or before March 31, 2017 Bidders shall submit the following documents in tab 2, “Upload Documents” in PowerAdvocate® as part of this RFP. Bidders are required to submit the documents described below in response to this solicitation. Failure to provide the listed information may result in the proposal being deemed non-conforming and may disqualify the proposal from further consideration.

1. 2016 ESS RFP Offer Form – Bidders must complete all tabs and all fields in the 2016 ESS RFP Offer Form.
2. Project Description – Bidders must provide a narrative of the proposed solution, including a summary description of the procedures, timelines and equipment being proposed to meet the RFP’s requirements.
3. Exceptions to Schedule A – SDG&E Energy Storage Technical System Specification. Bidder shall submit a redlined document with any exceptions to this specification. If no exceptions are taken, bidder shall submit a signed letter on company letter head stating as such. Note: Failure to document exceptions in the RFP will waive the right to take future exceptions.
4. Exceptions to Schedule B – Energy Storage System Functionality and Site Conformance Requirements. Bidder shall submit a redlined document with any exceptions to these requirements. If no exceptions are taken, bidder shall submit a signed letter on company letter head stating as such. Note: Failure to document exceptions in the RFP will waive the right to take future exceptions.
5. Exceptions to Schedules D and D1 – Engineer, Procure and Construct Agreement. Bidder shall submit a redlined document with any exceptions to Schedule D - Engineer, Procure and Construct Agreement and associated exhibits. If no exceptions are taken, Bidder shall submit a signed letter on company letter head stating as such. Note: Failure to document exceptions in the RFP will waive the right to take future exceptions. Should bidder have existing negotiated Terms and Conditions with SDG&E, Bidder may elect to request those Terms by referencing the SDG&E agreement number.
6. Bidder shall review Schedule E - DBE Subcontracting Commitment Document, and complete Schedule E1, DBE Goal Form as referenced in Section 4.0 of this RFP.

# REJECTION OF OFFERS

SDG&E SHALL TREAT ALL BIDDERS FAIRLY AND EQUALLY AND SHALL EVALUATE ALL OFFERS IN GOOD FAITH. WHILE SDG&E IS VIGOROUSLY PURSUING THE GOALS OF THE ENERGY STORAGE DECISION, SDG&E MAKES NO GUARANTEE THAT A CONTRACT AWARD SHALL RESULT FROM THIS RFP, EVEN AFTER AN OFFER HAS BEEN SHORTLISTED. SDG&E RESERVES THE RIGHT AT ANY TIME, AT ITS SOLE DISCRETION, TO ABANDON THIS RFP 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.

# CONFIDENTIALITY

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF SDG&E, BIDDERS 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 BIDDER OR POTENTIAL BIDDER THEIR PARTICIPATION IN THIS RFP, AND BIDDERS MAY NOT DISCLOSE, COLLABORATE ON, OR DISCUSS WITH ANY OTHER BIDDER, OFFER STRATEGIES OR THE SUBSTANCE OF OFFERS, INCLUDING WITHOUT LIMITATION THE PRICE OR ANY OTHER TERMS OR CONDITIONS OF ANY INDICATIVE OR FINAL 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 BIDDER’S CONFIDENTIAL AND PROPRIETARY INFORMATION THAT IS LABELED AS “PROPRIETARY AND CONFIDENTIAL” ON THE OFFER PAGE ON WHICH THE PROPRIETARY INFORMATION APPEARS (“CONFIDENTIAL INFORMATION”). BIDDER SHALL SUMMARIZE ELEMENTS OF THE OFFER(S) IT DEEMS CONFIDENTIAL. THE SUMMARY MUST CLEARLY IDENTIFY WHETHER OR NOT 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”), 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 CONFIDENTIAL INFORMATION OF ANY BIDDER 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 BIDDER AND WITHOUT LIABILITY OR ANY RESPONSIBILITY OF SDG&E TO THE BIDDER.

IT IS EXPRESSLY CONTEMPLATED THAT MATERIALS SUBMITTED BY A BIDDER IN CONNECTION WITH THIS RFP WILL BE PROVIDED TO THE CPUC, ITS STAFF, THE CEC, ITS STAFF, SDG&E'S INDEPENDENT EVALUATOR, SDG&E'S 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 AND GENERAL ORDER 66-C OF THE CPUC, WITH RESPECT TO ANY BIDDER CONFIDENTIAL INFORMATION SUBMITTED BY SDG&E TO THE CPUC. SDG&E WILL ALSO SEEK CONFIDENTIALITY PROTECTION FROM THE CALIFORNIA ENERGY COMMISSION (“CEC”) FOR BIDDER’S CONFIDENTIAL INFORMATION AND WILL SEEK CONFIDENTIALITY AND/OR NON-DISCLOSURE AGREEMENTS WITH THE PROCUREMENT REVIEW GROUP (“PRG"). SDG&E CANNOT, HOWEVER, ENSURE THAT THE CPUC OR CEC WILL AFFORD CONFIDENTIAL TREATMENT TO A BIDDER’S CONFIDENTIAL INFORMATION OR THAT CONFIDENTIALITY AGREEMENTS OR ORDERS WILL BE OBTAINED FROM AND/OR HONORED BY THE PRG, CEC, OR CPUC.

SDG&E, ON BEHALF OF ITS CURRENT AND FUTURE PARENT COMPANY, SUBSIDIARIES, AFFILIATES, STOCKHOLDERS, DIRECTORS, EMPLOYEES, OFFICERS, REPRESENTATIVES, SUCCESSORS AND ASSIGNS DISCLAIM ANY AND ALL LIABILITY ARISING OUT OF THE DISCLOSURE OF ANY BIDDER’S CONFIDENTIAL INFORMATION.

# ess PROGRAM PARAMETERS

## This RFP’s Role in the STATE OF California’S

## ENERGY STORAGE Program

In early 2010, AB 2514 (titled “Energy Storage Systems”) was introduced in the state legislature and subsequently signed into law by the Governor. This resulted in the addition of Public Utilities Code sections 2835, 2836 and associated sections and the passage of the Energy Storage Decision. The Energy Storage Decision sets a goal for SDG&E to procure 165 MW of energy storage to be installed no later than year-end, 2024. This RFP is part of the first of four biennial solicitations that SDG&E will issue in pursuit of this goal.

## 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 RFP 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.

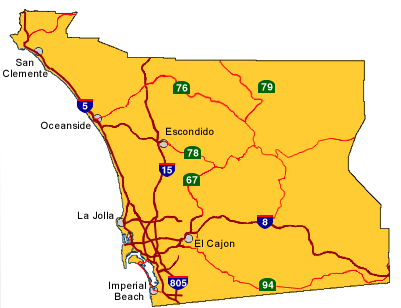
SDG&E is committed to ensuring an open and transparent solicitation, and to providing a fair, reasonable and competitive process.

# SDG&E BACKGROUND

SDG&E provides electric service to approximately 1.4 million customers in San Diego County and the southern portion of Orange County. SDG&E also provides natural gas service to approximately 775,000 gas customers. The electric customer base comprises 89% residential and 11% commercial and industrial customers.

SDG&E’s electric transmission network is comprised of 130 substations with 884 miles of 69-kV, 265 miles of 138-kV, 349 miles of 230-kV, and 215 miles of 500-kV transmission lines. Local (“on system”) generating resources include the Encina plant (connected into SDG&E’s grid at 138 kV and 230 kV), the Palomar Energy Center (connected at 230kV) and a number of combustion turbine facilities located around the service area (connected at 69 kV). Imported resources are received via the Miguel Substation as the delivery point for power flow on the Southwest Power Link, which is SDG&E’s 500-kV transmission line that runs from Arizona to San Diego along the U.S./Mexico border as well as the Sunrise Power Link – a second 500kV transmission line that runs from the Imperial Valley substation and ending in San Diego’s north county.

The figure below shows a simplified diagram of existing SDG&E’s service area, which encompasses an area of 4,100 square-miles and spans 2 counties and 25 communities.



For a map California IOU service territories please visit:

<http://www.energy.ca.gov/maps/serviceareas/electric_service_areas.html>

1. See: <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=puc&group=02001-03000&file=2835-2839> ; of note, the definition specifically requires, among other things, that the technology be “commercially available.” [↑](#footnote-ref-2)