

## SDG&E 2015 Independent Evaluator RFP

### Questions & Answers

1. Regarding the \$1 million threshold in the Independent Evaluator Questionnaire (Appendix 3 to the RFP), Section 21(a)(iii)(1), is the threshold an annual threshold or does it refer to the amount of the contract even if it covers more than one year?

A – In the Independent Evaluator’s Questionnaire (App 3 to the IE RFP), question 21, part (a)(iii)(1), the \$1 million referred to is in aggregate; that is, in total over whatever period that encompasses the existing contractual relationship.

2. a. If the question in Section 21(a)(iii)(1) is answered in the affirmative, will the additional inquiry that is triggered require us to disclose the name of the market participant(s) and the subject matter of the contractual relationship (even if the subject matter is confidential) in order for us to be considered for the IE role?

A – The purpose of question 21 in the IE Questionnaire is to provide information as to potential conflict of interest situations that might exist in future RFOs that SDG&E will conduct. In order to determine this, it would be helpful to know the name of the market participant. This would allow us to determine if they are a frequent participant in SDG&E’s RFOs. Additionally, understanding the subject matter of the contractual relationship will also help in making that determination. So, if you are unable to disclose the name of the market participant, SDG&E would need to know the general nature of the work being done and -- if not the name of the market participant -- whatever information can be provided about that participant would be appreciated (ie “large renewable developer selling output from projects located in the State of California”). Additionally, SDG&E would ask whether you believe this contractual relationship might result in a conflict in future RFOs SDG&E will run.

- b. If we are contractually precluded from disclosing that information, we will be disqualified from consideration as an IE?

A – Depending on the answers to the above questions, SDG&E may feel that the likelihood of future conflicts is too great and therefore that disqualification is warranted.

3. For how long might we be included in the pool before being awarded a SSA, and will we be required to hold our billing rates firm for that entire period or can we note our current billing rates and note as well that they are subject to adjustment after one year?

A – You will be included in the pool once the contract (Standard Services Agreement or SSA) is fully executed – both by SDG&E and the IE. Until that point, you are not in the IE pool. Once the SSA is in place and you are included in the pool, the billing rates for each year will be fixed and included in the ‘Hourly Rates’ table within the SSA, and the overall NTE amount (\$750K for the three year term) will not change at that point.

4. Regarding paragraph 6 of the IE's Declaration Regarding Conflict of Interest, what demonstration will we be required to make (that is, what documents will be required) to evidence that the persons noted have no financial interest in any of the potential bidders in any future RFO etc?

A – No documents are required to be provided to demonstrate no conflict or financial interest exists. If, however, at any time (and especially once offers are received by SDG&E in response to a future RFO) you become aware of a potential conflict or of a situation where a financial interest in a respondent to an RFO exists, you must promptly notify SDG&E and the PRG of such potential conflict in accordance with section 49 of the general terms and conditions (Schedule A to the SSA).

5. Regarding paragraph 10 of the IE's Declaration Regarding Conflict of Interest, is there a clear definition of what constitutes a 'potential of a conflict'?

A – SDG&E believes you are referring to paragraph 9 of the IE's Declaration Regarding Conflict of Interest. SDG&E has not provided a detailed definition of what constitutes the 'potential of a conflict.' However if, through discussions with market participants or through other consulting work, you learn that a market participant with whom you have a contractual relationship or financial interest, is CONSIDERING responding to an SDG&E RFO, that would constitute a potential conflict.

6. What is the maximum number of bids you expect to receive and to be assessed during the three year period?

A – SDG&E generally conducts 3-6 solicitations per year (see: <http://www.sdge.com/request-proposals> for information regarding the majority of the solicitations SDG&E's Electric & Fuel Procurement department has run over the past few years). The number of offers received in response to these solicitations can vary widely, but to provide a sense of scale, SDG&E has received from a dozen or so at the low end to more than 300 at the top end.

7. What individuals and/or firms are currently in the IE pool for SDG&E?

A – Not relevant.

8. Of the individuals and/or firms are currently in the IE pool for SDG&E, which have been selected to perform IE services (currently or in the past) and for which solicitation?

A – Not relevant.

9. Where can we obtain a copy of the most recent IE Report that is of similar scope to the services contemplated by the RFP?

A – Please see: <https://www.sdge.com/sites/default/files/regulatory/SDGE-Carlsbad-PPTA-Testimony-DBaerman-PUBLIC.pdf> This link is to SDG&E testimony in support of the Carlsbad Energy

Center Power Purchase Agreement. The public version of the IE report related to this contract is included as Appendix D.

10. What was the cost and duration of the most recent IE services that are of similar scope to the services contemplated by the RFP?

A – The current group of IE agreements were for two years, ending 12/31/2014. Prior to year-end, 2014, they were extended for a year and therefore end on 12/31/2015. The rates and not-to-exceed amounts included in those agreements are confidential.

11. What individuals and/or firms are members of the Procurement Review Group that will be reviewing proposals in response to the RFP?

A – The PRG is a dynamic group that changes over time, but you can see the current member organizations (and individuals who participate) by looking at the PRG meeting summaries posted on SDG&E's website. Please see: <http://www.sdge.com/procurement/electric-fuel-and-procurement-calendar>

12. What criteria will be used by SDG&E, the PRG and the Energy Division to establish a potential for a conflict of interest? RFP Section 4.0 states that "All Respondents will be pre-screened to assess the potential for a conflict of interest as contemplated in the attached Declaration Regarding Conflict of Interest document. Respondents whom SDG&E, its PRG or the Energy Division considers having a potential for a conflict of interest shall not be selected to join SDG&E's IE pool." Will only the Declaration Regarding Conflict of Interest (Appendix 1) be used, or will other criteria be used, and if so what are they?

A – Please see the answer to question 5, above. Yes, only the Declaration Regarding Conflict of Interest (Appendix 1) will be used in assessing this potential.

13. What is the likely time frame for performance of the IE services? In other words, if we are accepted into the pool in late December (per the RFP schedule), will SDG&E immediately thereafter select an IE from the pool to begin work on an existing or upcoming solicitation? For which upcoming solicitation might we be selected?

A – The time frame for performance of IE services included in this RFP is a three year period – January 1, 2016 – December 31, 2018. Solicitations that will occur in 2016 include (but are not limited to): the initial Combined Heat and Power (CHP) solicitation of the second CHP program period (to be released no later than February 24, 2016); the second energy storage solicitation (to be issued prior to year-end, 2016); potentially a Renewable Auction Mechanism (RAM) solicitation (perhaps in Q2 or Q3 2016); a Resource Adequacy (RA) RFO (in August or September, 2016). For information regarding past RFOs SDG&E has conducted, please see: <http://www.sdge.com/request-proposals>

14. What is the process/procedure among those participants in the pool to be selected to evaluate RFP/RFP responses. Does past history suggest that there is equal distribution among the pool of participants?

A – SDG&E consults with the CPUC Energy Division staff on the selection of IEs for particular solicitations. The process for this consultation generally consists of gauging IE interest, availability and suitability (background and expertise) – usually via email or phone conversation; communications between the SDG&E and Energy Division (ED) - generally an SDG&E recommendation among alternatives, and ED feedback prior to an assignment being made. In the end, SDG&E informs the IE chosen that they will support a particular solicitation. Past IE assignments were dependent on a variety of factors.