



SAN DIEGO GAS AND ELECTRIC COMPANY
ELECTRIC AND FUEL PROCUREMENT DEPARTMENT
8315 CENTURY PARK COURT, CP21D
SAN DIEGO, CA 92123

SAN DIEGO GAS & ELECTRIC COMPANY

2017 RESOURCE ADEQUACY REQUEST FOR PROPOSALS

Seeking
BIDS & OFFERS FOR 2017
RESOURCE ADEQUACY RESOURCES

ISSUED
AUGUST 3, 2016

PROPOSALS DUE
SEPTEMBER 1, 2016

RFP WEBSITE
<http://www.sdge.com/2017rarfp>

EMAIL QUESTIONS/COMMENTS TO
RARfp@semprautilities.com
With a CC to: waynejoliver@aol.com
(Independent Evaluator)

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1.0 INTRODUCTION

San Diego Gas & Electric Company (“SDG&E”) seeks to purchase 2017 Resource Adequacy (“RA”) capacity products with load serving entities, marketers and generators (“Respondents”) to assist in optimizing its 2017 RA portfolio. It is the intention of this solicitation to minimize the procurement cost impact for ratepayers while also meeting SDG&E’s Resource Adequacy Requirement (“RAR”). Any transaction resulting from this Request for Proposals (“RFP”) will become effective only after full execution of a negotiated contract (“Confirmation”) substantially in conformance with the accompanying 2017 RA RFP *Confirmation Template* (“*Confirmation Template*” or “*Confirm*”).

SDG&E welcomes and encourages Diverse Business Enterprises (“DBE”), as defined in G.O. 156[1], to participate in this Resource Adequacy RFP. SDG&E is seeking to increase opportunities for diverse business entities to compete for SDG&E’s business, through both direct and indirect contracting. DBEs can request additional information by contacting SDG&E at vendorrelations@semprautilities.com. Additional information on SDG&E’s DBE program can be found at:

<http://www.sempra.com/about/supplier-diversity/>
<http://www.cpuc.ca.gov/puc/supplierdiversity/>

2.0 PROCUREMENT PROCESS

This solicitation sets forth the terms and conditions of SDG&E's 2017 RA RFP and the purpose of this document is to provide an overview of the process that SDG&E will use to implement this RFP. It will set forth each Respondent's obligations with respect to the RFP as well as describe the procedures to which each Respondent must adhere. If there is a conflict or inconsistency between the terms and conditions contained here and the terms and conditions contained within the Confirmation Template attached to these instructions, the terms and conditions in the Confirmation Template will prevail. Respondents to this solicitation shall comply with the requirements described in this RFP document. By responding to this RFP, the Respondent 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 without notice by SDG&E, prior to the Respondent's response.

All Proposals shall meet the minimum eligibility requirements as set forth in Section 3.0 Eligibility Requirements. All conforming Proposals will be evaluated in accordance with the Evaluation Criteria described in Section 6.0 of the RFP. Proposals that are evaluated as most attractive via the quantitative and qualitative methodology may be shortlisted. SDG&E intends for resources selected from this RFP to count towards SDG&E's local, system, and flexible RA obligations.

All purchases will be made according to the terms and conditions set forth in the confirmation templates. These RFP Instructions set forth the procedures a Respondent must follow in order to participate in the RFP. Capitalized terms used in these RFP Instructions, but not otherwise defined herein, have the meanings set forth in the Confirmation Template.

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 SDG&E's RFP website. The RFP Schedule may be affected by (but not limited to) issues such as: discussions with shortlisted Respondents, proceedings before the CPUC, and efforts to obtain regulatory approval. SDG&E intends to notify Respondents of any schedule change, but will not be liable for any change in schedule or for failing to provide notice of any change.

SDG&E's RA RFP includes only one round of Proposals and considers Proposals received as firm, therefore, Respondents should submit their best Proposal by the Proposal due date.

SDG&E reserves the right to execute agreements with individual Respondents at any time after short listing and to seek CPUC approval for individual agreements in order to expedite the approval process if necessary.

This *RFP Description* document and all revisions and other RFP documents are available for download from the RFP Website <http://www.sdge.com/2017rarfp>. Potential Respondents are responsible for monitoring the RFP Website for subsequent updates, notices and postings. The RFP website contains RFP forms and documents, RFP Schedule, and a Question and Answer forum.

A. RESOURCE ADEQUACY – SYSTEM ATTRIBUTE

Based on statutory language contained in Public Utilities Code 380¹ the California Public Utilities Commission's ("Commission" or "CPUC") RA program applies to Load Serving Entities ("LSE") such as SDG&E. CPUC Decision (D.) 05-10-042 established a Year-Ahead and Month-Ahead System RAR for LSEs. System RAR is calculated based on a one-in-two year peak-load forecast plus a 15% reserve margin and is adjusted for demand response. Annually, at the end of October, LSEs must submit a Year-Ahead System RAR compliance filing which demonstrates sufficient RA capacity resource procurement to meet 90% of its assigned System RAR obligation for the five summer months of May through September during the upcoming compliance year. Additionally on a monthly basis during the RA compliance-year, an LSE must submit a Month-Ahead System RAR compliance filing demonstrating sufficient RA capacity resource procurement to meet 100% of its assigned System RAR obligation for that compliance month.

B. RESOURCE ADEQUACY – LOCAL ATTRIBUTE

Subsequently, D.06-06-064 (i) expanded the RA program to include a Year-Ahead Local RAR and (ii) determined that an annual study of Local Capacity Requirements ("LCR"), based on a one-in-ten year peak-load forecast without a reserve margin, performed by the California Independent System Operator ("CAISO") would form the basis for the Commission's annual Local RA program requirements. Each year, following the CAISO's publication of its LCR study, the CPUC issues a decision in which it adopts specific local procurement obligations for each local capacity area based on the CAISO's LCR determinations. Annually, at the end of October, LSEs must submit a Year-Ahead Local RAR compliance filing which demonstrates sufficient RA capacity resource procurement to meet 100% of its assigned Local RAR obligation for all months of the upcoming compliance year.

C. RESOURCE ADEQUACY – FLEXIBLE ATTRIBUTE²

In this RFP, SDG&E will be seeking Proposals with flexible attributes of RA capacity. Sellers must provide pricing with and without flexible attributes if the resource is dispatchable.

As intermittent renewable generation resources continue to become an increasing proportion of the CAISO grid and as once-through-cooling units are planned to be retired, the need for assuring sufficient flexible quick response generation resources available on the grid has become apparent. As a result, the 2014 Resource Adequacy Decision (D.13-06-024) introduced an expansion of RA requirements to include the flexibility attribute of RA capacity. Flexible RAR is under ongoing development and refinement by both the CPUC and CAISO. Continuing into 2015 and 2016, both D.14-06-050 and D.15-06-063 (i) establish Flexible RA requirements for each LSE to have in its Resource Adequacy portfolio, (ii) mandate a reporting requirement, enforceable by referral to the Safety & Enforcement Division, that all eligible flexible resources

¹ As amended by Stats. 2008, ch. 558, Sec. 13, effective January 1, 2009.

² See Section 10.3 of the CAISO BPM for more information:
<https://bpmcm.caiso.com/Pages/BPMDetails.aspx?BPM=Reliability%20Requirements>

in an LSE's RA portfolio be reported in the RAR compliance filings, and (iii) propose a must-offer obligation (MOO) with a good-faith effort to submit economic bids (vs. self-schedules) into the Day-Ahead and Real-Time markets for flexible resources committed to meeting an LSE's Flexible RAR in the Month-Ahead RAR compliance filings.

D. RFP PURPOSE

SDG&E is issuing this Request for Proposals to assist in optimizing its 2017 RA portfolio. Through this RFP it is anticipated that RA products will be bought, sold, and/or swapped so as to minimize the procurement cost impact for ratepayers while also meeting SDG&E's System RAR and Local RAR obligations.

3.0 ELIGIBILITY REQUIREMENTS

Respondents to this solicitation shall comply with the requirements herein, including but not limited to the RFP response instructions contained in Section 9.0–RFP Response Instructions. Respondents not meeting minimum participation criteria could be deemed ineligible and their Proposals may not be considered. SDG&E, at its sole discretion, may change the terms, requirements and schedule of this solicitation. Respondents should monitor the RFP Website³ for announcements regarding any updates or changes including posted questions & answers.

By submitting a Proposal into this Request for Proposals the Respondent specifically acknowledges the following:

- 1) Transaction resulting from this Request for Proposals will become effective only after full execution of a Confirmation.
- 2) Respondents for shortlisted Proposals will enter good faith negotiations to execute an agreement substantially in the form of the *Confirmation Template* that is a part of this RFP. Respondents may make suggested changes to the *Confirmation Template* in their Proposal; however, extensive and material modifications are discouraged. SDG&E, in its sole discretion, will determine whether any proposed modifications or alterations of the *Confirmation Template* are material and reserves the right to decline to execute any agreement with a selected Respondent for any reason.
- 3) Proposals shall remain valid and effective as proposed through October 15, 2016.
- 4) The shortest acceptable contract term is one calendar month.
- 5) The contract delivery term must start on the first day of a calendar month and cannot occur prior to January 1, 2017 nor shall the contract term end later than December 31, 2017.
- 6) Any proposed Resource Adequacy capacity must either be owned by the Respondent or the Respondent must have a contractual right to the capacity proposed.
- 7) The resource must be eligible to receive an NQC and must have obtained a valid CAISO Resource ID number at the time of bidding.
- 8) The resource must have an NQC by the contract execution date.
- 9) Neither a PPA nor a Master Agreement needs to be in place in order to enter into a contract resulting from this RA RFP. Only an executed RA Confirmation agreement or Import RA Confirmation agreement as posted on the RFP website is necessary.

³ <http://www.sdge.com/2017rarfp>

4.0 PRODUCT DESCRIPTION

All products sought by this RFP are associated with Resource Adequacy capacity. RA capacity submitted into this RFP must be from specific identified generating units located within the CAISO Balancing Authority Area or from imports. Such Resource Adequacy capacity must be eligible for inclusion in both Year-Ahead and Month-Ahead compliance filings with the CPUC and CAISO. All products are for RA compliance year 2017. Net Qualifying Capacity (“NQC”) values for RA resources are available online⁴. Bidders can Proposal a calendar year strip, quarterly product, monthly product, or some other range as long as the minimum period is one month. If any of these products are mutually exclusive, please explain in the comment section of the Proposal Form.

A. PRODUCTS SOLICITED

Table 1 – RA Products shown below designate SDG&E’s specific interests in Resource Adequacy Proposals indicating System/Import RA products are desired. These products will be considered on an annual, quarterly, and/or monthly basis.

Table 1 – RA Products

Product ID	Product
1	Local SD-IV– without Flex; with Flex Category 1, 2, or 3 SDG&E Buys Local SD-IV RA (Calendar, Quarterly Monthly)
2	System RA – without Flex; with Flex Category 1, 2, or 3 SDG&E Buys System RA (NP-15 or SP-15) (Calendar, Quarterly Monthly)
3	Import RA RA sold at select intertie Scheduling Points/Branch Groups* SDG&E Buys Import RA (Calendar, Quarterly Monthly)
4	SDG&E sells Local SD-IV– without Flex; with Flex Category 1, 2, or 3 (Monthly)
5	SDG&E sells System RA (NP-15 or SP-15) – without Flex; with Flex Category 1, 2, or 3 (Monthly)
6	SDG&E sells RA import allocations (Monthly) at the following schedule points: PACI_MSL, NOB_BG, IID-SDGE_BG, PALOVRDE_MSL
*SDG&E would consider using its intertie RA import allocations at the following Schedule Points: PACI_MSL, NOB or PVWEST. Respondents may Proposal Import RA at other intertie points if import allocations at those locations are included in the proposal	

B. SCHEDULED MAINTENANCE OUTAGES

SDG&E’s buying preference is for firm, fixed quantity RA with the only excuse for non-delivery being force majeure. However, the RFP *Confirmation Template* provides for the optional use of Appendix B to identify planned outages having to do with scheduled maintenance which when listed on Appendix B will relieve the seller from replacement responsibilities for those specific

⁴ The Resource Adequacy NQC quantities are available on CAISO’s website at:
<http://www.caiso.com/Pages/documentsbygroup.aspx?GroupID=9A94E71F-5542-49E8-BFBF-B9E00A2EC11B>.

predetermined outages (i.e. which unit, begin & end date, and outage quantity). The descriptions below give a brief overview of the differences involved with the use or non-use of Appendix B.

With Appendix B: Seller provides buyer with RA in the quantities proposed (the “Contract Quantity”) and indicates a proposed schedule of the planned maintenance outages for each unit in Appendix B of the *Confirmation Template* (Contract Quantity minus the planned outage forming the adjusted “Seller’s Firm Quantity” applicable during such outages). The outages listed in Appendix B and the timing of those outages would be negotiable prior to contract execution to optimize their timing with particular regard to SDG&E’s overall RA portfolio. For any time period of the contract term when there are no planned maintenance outages listed in Appendix B, the Seller’s Firm Quantity equals the Contract Quantity. If the Seller’s Firm Quantity is not available for any reason, including planned outages not identified on Appendix B, seller must provide buyer with replacement RA capacity, but only up to the Seller’s Firm Quantity. Seller is paid for the Seller’s Firm Quantity provided it is shown on the applicable Supply Plan.

Without Appendix B: Seller provides buyer with the Contract Quantity. During the entire contract term the Seller’s Firm Quantity equals the Contract Quantity. If the Contract Quantity is not available for any reason, including planned outages, seller must provide buyer with replacement RA capacity. Seller is paid for the Contract Quantity provided it is shown on the applicable Supply Plan.

Respondents are advised to take due diligence in reviewing the *Confirmation Template* so as to be sure to understand the significance of the use of Appendix B. Any Respondent intending to utilize an Appendix B should complete and submit an Appendix B with their Proposal.

C. OTHER PRODUCT CONSIDERATIONS

- Respondents are allowed and encouraged to submit Proposals for more than one product and multiple Proposals for the same product.
- For generating units located in a Local Capacity Area, both the Local and System RA attributes will become part of and included in any transaction resulting from this RFP which involves MWs from such units.
- Product quantities may be proposed in any whole MW increment. SDG&E reserves the right to request a modification of the proposed quantities of a Respondent’s Proposal as is necessary in order to fulfill SDG&E’s remaining RA need after considering better-priced Proposals.
- Any Proposals involving Once-Through Cooling (“OTC”) units must be contracted in a manner consistent with the State of California’s OTC Policy.

5.0 CREDIT TERMS & CONDITIONS

SDG&E has the right to evaluate and determine the creditworthiness of the Respondent relative to this RFP including completion of a credit application and submittal of audited financial statements. Collateral requirements will be negotiated based on the counterparty's creditworthiness as assessed by SDG&E. When required, collateral may be posted as cash or letter of credit.

As a California utility SDG&E does not generally post collateral. Proposals requiring SDG&E to post collateral will likely not be selected. Payments are made in arrears following the respective RA compliance month.

For questions regarding credit terms, please contact Ms. Judy Delgadillo at (213) 244-4343.

6.0 EVALUATION CRITERIA

All incoming proposals will be initially assessed for conformance with the basic submittal requirements set out in this RFP description. Respondents should conform to such participation criteria in order to be considered. Beyond that there will be both quantitative and qualitative considerations involved with evaluating Proposals for placement on the shortlist.

A. QUANTITATIVE EVALUATION

SDG&E will rank the Proposals based on per unit pricing. SDG&E will accept well-priced Proposals based on the best-value to ratepayers in meeting SDG&E's Resource Adequacy obligations relative to the products being sought. By submittal of a Proposal, Respondent agrees that SDG&E may evaluate Proposals in the manner indicated, and that SDG&E may accept or reject any portion of or the Respondent's entire Proposal.

B. QUALITATIVE EVALUATION

Aside from the quantitative evaluation methods described above, there are several qualitative factors which could come into play in evaluating Proposals. These may include, among others, mark-ups to the *Confirmation Template*, Resource Category (i.e., MCC bucket), flexible RA category, use of Appendix B and its related outage timing, counterparty concentration and creditworthiness, SDG&E's RA portfolio balance, import allocation availability, and OTC considerations.

C. OTHER CONSIDERATIONS

Respondents are responsible for the accuracy of all discussions, figures and calculations. In addition to the elements described above, SDG&E may reject a proposal if: (i) SDG&E uncovers evidence of market manipulation in the proposal preparation and Proposal process; (ii) the Respondent does not provide adequate evidence that it meets minimum participation criteria; (iii) the Respondent cannot fulfill the terms and conditions of the *Confirmation Template*; and/or, (iv) the Respondent is unable to comply with RFP timing and other solicitation requirements.

BID CONFORMANCE EVALUATION

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

1. SDG&E uncovers evidence of market manipulation in the bid preparation and Proposal process;
2. the Respondent does not provide adequate evidence that it meets minimum participation criteria;
3. the Respondent cannot fulfill the terms and conditions of the *Confirmation Template*; and/or,

4. the Respondent is unable to comply with RFP timing and other solicitation requirements.

SDG&E WILL NOT REIMBURSE RESPONDENTS 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.

7.0 NON-BINDING RFP SCHEDULE

There are four key non-binding RFP deadlines as listed in Table 2 below.

LATE PROPOSALS WILL NOT BE ACCEPTED!

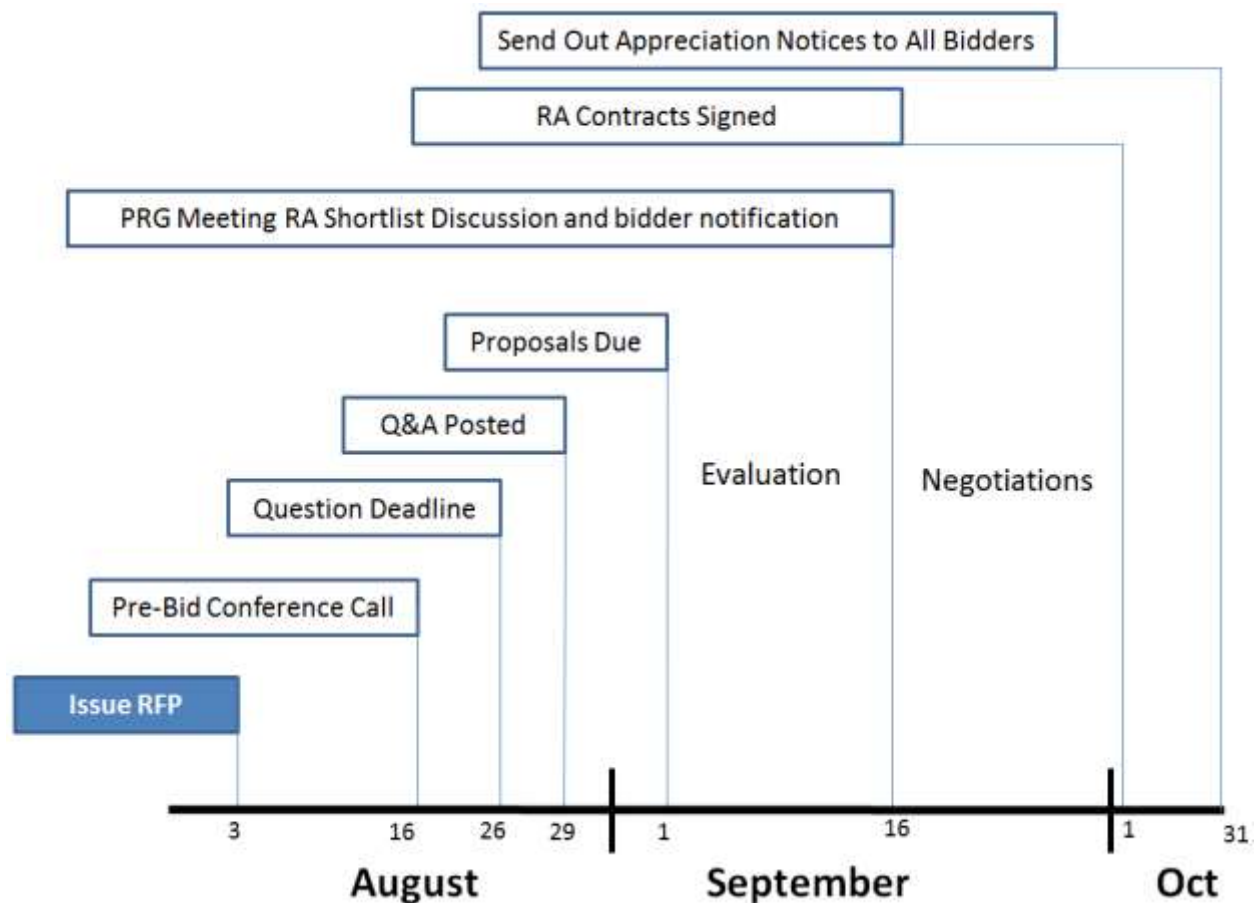
Table 2 – RFP Key Deadlines

Deadline Item	Deadline Date
Pre-Bid Conference Call*	August 16, 2016 1 pm PPT
RFP Question Submittal	August 26, 2016
Proposals Due	September 1, 2016 12 pm PPT
PRG Meeting and Shortlist Notification	September 16, 2016

Final shortlisted Respondents are anticipated to be notified by late-September. Figure 1 presents a timeline with all the RFP dates brought together.

*** Check RFP website for details.**

Figure 1 – Non-binding 2017 RA RFP Timeline



SDG&E reserves the right to revise this schedule at any time and in SDG&E's sole discretion. Respondents are responsible for monitoring the RFP Website for updates and possible amendments to the RFP or the solicitation process.

PRE-BID CONFERENCE / BIDDER OUTREACH EVENTS

SDG&E will host a bidder outreach event for all respondents on August 16, 2016. This event will NOT be an in-person event. Please monitor the website for the dial-in / webinar information to attend. Participation in this event is NOT mandatory in order to submit a Proposal.

Please monitor the RFP Website for further details such as conference presentation materials, dates, times and location, and final arrangements for the events.

Any party interested in attending these events should email the following information to RARFP@sempraulilities.com

- Company name, and
- Attendees' names, titles and contact information

8.0 RFP WEBSITE AND COMMUNICATION

The RFP website contains RFP forms and documents, the RFP Schedule, and a Question and Answer forum.

ALL questions or other communications regarding this RFP should be submitted via email to RArfp@semprautilities.com with a CC to waynejoliver@aol.com (Independent Evaluator). Only questions submitted by the RFP QUESTION SUBMITTAL deadline as specified in Table 2 (see Section 6—RFP Schedule) through this email address will be assured a response on the RFP Website. Questions received after this deadline may not receive a response. SDG&E will not accept questions or comments in any other form, except during scheduled bidders' conferences.

9.0 RFP RESPONSE INSTRUCTIONS

Respondents are required to submit their Proposals with firm pricing via the PowerAdvocate® website. The submitted *Proposal Form* and *Confirmation Template* must be in their original format, i.e., not converted to a Portable Document Format (PDF). Failure to provide the listed information may result in the Proposal being deemed non-responsive and may disqualify the Proposal from further consideration. Hard copies of Proposals are not necessary.

Respondents intending to bid but who do not yet have an existing account with PowerAdvocate® must first register to create a username/password in order to receive access to the event. First-time users must register as a Supplier using the Referral information below to access the RFP event:

Referral Information

Are you registering for a specific Event: *

☒ Yes
☐ No, I would simply like to register.

Who referred you to this Event: *

Name of that individual's company: *

Name or description of the Event: *

* Required Field

Users with an existing PowerAdvocate® account may request access to the event using the link below:

<https://www.poweradvocate.com/pR.do?okey=61200&pubEvent=true>

Required Participation Documents:

- 1) ***Proposal Form*** – Each Respondent may submit one or more Proposal forms. If one *Proposal Form* (i.e., spreadsheet) is submitted to cover all products being proposed, it must clearly indicate which products, if any, are mutually exclusive (don't hesitate to use the comments sections). Otherwise, separate *Proposal Forms* will be treated as mutually exclusive from all other *Proposal Forms* submitted by a Respondent.

For any product that can Proposal Flexible RA, we would prefer two separate Proposals: one for the RA Product and one for the RA Product plus Flexible RA Product. Also for any product that can Proposal Flexible RA the Respondent must also list the Flexible Category type (1, 2, or 3).

The NQC and EFC should be listed monthly on the Proposal form. If you are providing an annual Proposal, it should be included in the Calendar Year section of the Proposal form.

Put all pricing in \$/kW-**MONTH**. Upon being selected, SDG&E will divide the pricing by the appropriate days in a given month and use that value for the Confirm.

- 2) ***Confirmation Template*** – SDG&E requires appendix B (Outage Schedule) to be filled out and submitted by the due date if outages will impact the contract quantity proposed during the delivery period. If a Respondent has no suggested changes, then an unmodified *Confirmation Template* should be returned with the Proposal. Otherwise, submit a redlined *Confirmation Template* with the Proposal. As noted in Section 3–Eligibility Requirements and Section 6.0 – Evaluation Criteria, excessive mark-ups to the *Confirmation Template* are discouraged and could result in a Proposal being rejected.

The *Confirmation Template* provided as part of this RFP is intended for System where SDG&E is the buyer. SDG&E will provide a separate Confirmation to any shortlisted participant for Import-RA or Import-Allocations.

SDG&E will not accept a confirmation from the respondent nor any other contract form except those on the RA RFP website

All Proposal emails must be time-stamped no later than **12 pm**, Pacific Prevailing Time (PPT), on the PROPOSAL DUE deadline date as specified in Table 2 (see Section 6–RFP Schedule). However, early submittals are permitted and encouraged. Proposal materials submitted shall be subject to the confidentiality provisions of Section 10.0–Confidentiality and Disclaimers. SDG&E may or may not review and utilize information, if any, submitted by a Respondent that is not specifically requested as a part of any required RFP documentation. During all stages of the RFP process, SDG&E reserves the right to request additional information and clarification from individual Respondents or to request any Respondent to submit supplemental materials in fulfillment of the content requirements of this RFP or to meet additional information needs. SDG&E also reserves the unilateral right to waive any technical or format requirements contained in the RFP.

10.0 CONFIDENTIALITY AND DISCLAIMERS

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF SDG&E, RESPONDENTS MAY NOT DISCLOSE TO ANY OTHER RESPONDENT OR POTENTIAL RESPONDENT THEIR PARTICIPATION IN THIS RFP, AND RESPONDENTS MAY NOT DISCLOSE, COLLABORATE ON, OR DISCUSS WITH ANY OTHER RESPONDENT, PROPOSAL STRATEGIES OR THE SUBSTANCE OF PROPOSALS, INCLUDING WITHOUT LIMITATION THE PRICE OR ANY OTHER TERMS OR CONDITIONS OF ANY INDICATIVE OR FINAL PROPOSAL.

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 RESPONDENT'S CONFIDENTIAL AND PROPRIETARY INFORMATION THAT IS LABELED AS "PROPRIETARY AND CONFIDENTIAL" ON THE PROPOSAL PAGE ON WHICH THE PROPRIETARY INFORMATION APPEARS ("CONFIDENTIAL INFORMATION"). RESPONDENT SHALL SUMMARIZE ELEMENTS OF THE PROPOSAL(S) IT DEEMS CONFIDENTIAL. 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") FOR THE PURPOSE OF EVALUATING RESPONDENT'S PROPOSAL, 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 OF THE CONFIDENTIAL INFORMATION 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 RESPONDENT AND WITHOUT LIABILITY OR ANY RESPONSIBILITY OF SDG&E TO THE RESPONDENT.

IT IS EXPRESSLY CONTEMPLATED THAT MATERIALS SUBMITTED BY A RESPONDENT IN CONNECTION WITH THIS RFP WILL BE PROVIDED TO THE CPUC, ITS STAFF, THE CEC, ITS STAFF, AND SDG&E'S PRG. SDG&E WILL ALSO SEEK CONFIDENTIALITY PROTECTION FROM THE CALIFORNIA ENERGY COMMISSION ("CEC") FOR RESPONDENT'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 RESPONDENT'S CONFIDENTIAL INFORMATION OR THAT CONFIDENTIALITY AGREEMENTS OR ORDERS WILL BE OBTAINED FROM AND/OR HONORED BY THE PRG, CEC, OR CPUC.

SDG&E, ITS REPRESENTATIVES, SEMPRA ENERGY, AND ANY OF THEIR SUBSIDIARIES DISCLAIM ANY AND ALL LIABILITY TO A RESPONDENT FOR DAMAGES OF ANY KIND RESULTING FROM DISCLOSURE OF ANY OF RESPONDENT'S INFORMATION.

SDG&E MAKES NO GUARANTEE THAT A CONTRACT AWARD SHALL RESULT FROM THIS RFP EVEN AFTER A PROPOSAL 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 PROPOSALS, TO TERMINATE FURTHER PARTICIPATION IN THIS PROCESS BY ANY PARTY, TO ACCEPT ANY PROPOSAL OR TO ENTER INTO ANY DEFINITIVE AGREEMENT, TO EVALUATE THE QUALIFICATIONS OF ANY RESPONDENT OR THE TERMS AND CONDITIONS OF ANY PROPOSAL, OR TO REJECT ANY OR ALL PROPOSALS, 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 PROPOSAL.

SDG&E WILL NOT REIMBURSE RESPONDENTS 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.

11.0 ROLE OF THE PRG AND IE

PROCUREMENT REVIEW GROUP

The Procurement Review Group (PRG), a CPUC-endorsed entity, is composed of non-market bidders such as ratepayers' advocacy groups, state energy and water commissions, power authorities, utility-related labor unions and other non-commercial, energy-related special interest groups. Each IOU has its own PRG. The PRG is charged with overseeing the IOU's procurement process, reviewing procedural fairness, examining overall procurement prudence and providing feedback during all stages. From RFP language development to Proposal evaluation to contract negotiation, each IOU briefs its PRG on a periodic basis during the entire process.

Respondents are hereby notified that revealing confidential Proposal information to the PRG is required during PRG briefings in accordance with Section 10.0 ("Confidentiality and Disclaimers"). Each Respondent must clearly identify, as part of its Proposal, what type of information it considers to be confidential.

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.

The Independent Evaluator ("IE") for this solicitation is Wayne Oliver from Merrimack Energy Group, Inc., for all three IOUs. All correspondences regarding this RFP must cc waynejoliver@aol.com.

The IE will review and validate methods of processing the Proposal information and evaluating Proposals to ensure that the evaluation is done fairly with no preferential treatment to any Respondent, monitoring IOU solicitation and discussion processes, valuation methodologies, selection processes, reviewing Proposals to assure competitive process and no market collusion or market manipulation by some Respondents, and reporting to the Commission on the auction process. The IE is privy to viewing all Proposals, invited to participate in all discussions, reviews all Proposals, reviews Proposal scoring and selection, and must be copied on all correspondence between each IOU and their Respondents.

Affiliate Proposals will be closely examined to ensure the Proposal is evaluated in the same manner as the other Proposals. If an Affiliate Proposal were to make the short-list, then all communications and negotiations will be closely monitored and assessed by the IE to ensure no preferential terms and conditions are included in the Proposal. An Affiliate Proposal is one where the Respondent is an affiliate or if the Scheduling Coordinator of the Respondent is an affiliate.

12.0 SDG&E BACKGROUND

[SDG&E](#) is a regulated public utility that provides safe and reliable energy service to 3.4 million consumers through 1.4 million electric meters and 868,000 natural gas meters in San Diego and southern Orange counties. The utility's area spans 4,100 square miles. SDG&E is committed to creating ways to help customers save energy and money every day. SDG&E is a subsidiary of [Sempra Energy](#) (NYSE: SRE), a Fortune 500 energy services holding company based in San Diego. Connect with SDG&E's Customer Contact Center at 800-411-7343, on [Twitter](#) (@SDGE) and [Facebook](#).

