

SDG&E 2014 All Source RFO

Questions & Answers / FAQs

Energy Efficiency (EE) Product Type Specific Questions

1. Are incentives from core programs allowed to be part of the proposal?

All costs associated with the proposed project must be included within the proposal. Projects associated with an RFO Project are not eligible for incentives through any other IOU program.

2. What is the NTG ratio that should be used?

Seller should use the NTG ratio appropriate for each proposed measure. NTG will be used as an input to cost effectiveness determined by the E3 Calculator but not for payment, which will be based on verified Gross Savings.

3. How are savings determined?

Seller may propose deemed savings from DEER, custom savings, or a combination of the two. Any custom savings values will need to be supported by a workpaper, which must be submitted by the Seller with their bid and approved by SDG&E and the CPUC.

4. Will an M&V plan need to be submitted?

Seller must submit an M&V Plan with their bid. The final M&V plan will be negotiated between Seller and Buyer and included in the final Agreement.

5. When does the collateral need to be posted?

The timing of collateral required under the contract is currently under review and a response will be posted shortly. Also note that shortlisted projects will owe a Shortlist Acceptance Fee, which is the greater of \$100,000 or \$2 per kW of project nameplate/aggregate program capacity and shall be required to be paid to SDG&E within ten (10) business days of notification by SDG&E that the offer has been shortlisted.

6. Does an E3 need to be completed for each project/site?

An E3 Calculator is required for each proposed Project. If a Project includes multiple projects and/or site(s), only one E3 is required. The E3 should list all included measures and the quantity of each measure. Site(s) only become relevant as they impact the selection of Climate Zone(s).

7. Can one customize when the savings are available?

The details of this topic are being developed and will be reflected in the posted Model Agreement.

8. What if none of the available load curves in the E3 Calculator fit the proposed measure(s)?

Seller must submit an E3 Calculator using the available entry options. One possible solution is to provide a workpaper that combines curves (e.g. positive HVAC and negative Lighting) and then enter measure(s) with multiple curves into E3 Calculator.

9. Are payments based on net or gross?

Payments will be based on verified Gross Savings.

10. How will savings be “counted”? M&V, Deemed?

Determination of Savings will be defined in the approved M&V Plan. Seller must submit an M&V Plan with their bid. The final M&V plan will be negotiated between Seller and Buyer and included in the final Agreement.

11. Will SDG&E post Energy Division (ED) M&V policies?

The 2013-2014 ED Evaluation Plan and CPUC Energy Efficiency Policy Manual can be found at the following CPUC link:

<http://www.cpuc.ca.gov/PUC/energy/Energy+Efficiency/EM+and+V/>

12. If there are questions about how to fill out the E3, whom do we ask?

Questions about the E3 for this RFO must be submitted via email to AllSourceRFO@semprautilities.com. There will also be additional E3 training sessions at the upcoming Pre-Bid Conference/Outreach Events in October and November.

13. Can an EE bid include 100's of aggregated projects?

Yes, as long as it is priced as one aggregated Project.

14. Do you need to have a physical location for an EE program where customers will be marketed and identified after contract signing and thus will not be known beforehand?

For EE, Seller should include whatever information they believe is needed for SDG&E to evaluate their proposed project. If the project is comprised of one or a few sites, then a specific location(s) is likely needed. If the project will have a large number of sites, then specific locations are not required but a description of target areas or segments would be helpful. Reporting of all specific site locations will be required during the project term.

15. For EE is there a value to kWh saved in addition to kWh saved?

Yes, there is value in regard to meeting the 0.9 TRC that is calculated in the E3. Further information on pricing is provided in the Model Agreement.

16. Will there be a quantitative value for EE?

See answer to #15.

17. The life of EE projects is often greater than the 6 year contract term requested; will the savings associated with the expected life be valued by SDG&E?

Savings associated with the term of the contract will be valued, not the expected life.

18. Our firm is interested in responding to your current 2014 Energy Efficiency RFO. Do you know when the Model Agreement will be released?

The RFO EE Model Agreement is posted on the website as of October 31, 2014.

19. Does the energy efficiency bidder get credit for savings achieved over the measure life or the contract term?

The EE program is credited for achieved savings over the contract term. Additionally, the full EUL of the measure(s) is used in determining the project's cost effectiveness within the E3 Calculator.

20. How might an EE program be found to be incremental?

The EE resource must be demonstrably incremental to the assumptions used in the California ISO studies (see: See D.14-03-004, ordering paragraph 6. This refers to D.13-02-015, ordering paragraph 4. Subparagraph b states "the resource must be demonstrably incremental to the assumptions used in the California ISO studies, to ensure that a given resource is not double counted."). Sellers are required to explain and/or show how their proposed EE resource is incremental. Sellers are encouraged to reference:

- 1) SDG&E's current 2012-2014 EE program portfolio
 - a. SDG&E's current EE programs (see <http://www.sdge.com/save-money/upgrade-and-save> -- gives information on SDG&E's EE rebate programs;
 - b. CPUC Decision approving SDG&E's current programs: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M034/K299/34299795.PDF> ;
 - c. Reporting on SDG&E's current EE programs at <http://eestats.cpuc.ca.gov/Views/Documents.aspx>
- 2) SDG&E's proposed 2015-2016 EE program portfolio (See <http://www.sdge.com/regulatory-filing/10501/2015-energy-efficiency-program-portfolio-changes-phase1-rulemaking-13-11-005> for information about SDG&E's proposed 2015 EE program portfolio, and
- 3) The 2013 Integrated Energy Policy Report ("IEPR") EE forecast (see "Energy Efficiency Adjustments for a Managed Forecast: Estimates of Incremental Uncommitted Energy Savings Relative to the California Energy Demand Forecast 2012-2022" of September 14, 2012 at http://www.energy.ca.gov/2012_energy_policy/documents/demand-forecast/IUEE-CED2011_results_summary.xls ;the 'mid savings elec' tab -- as discussed and directed in the Track 4 Decision

Incremental resources that are similar to existing EE resources must demonstrate, to SDG&E's satisfaction that the resource is "incremental" and provide creative products that are not part of existing or planned programs. In program description form the respondent should make a case as to how your proposed EE will be incremental (a different type of technology, measurement, a different market segment, etc...).

21. Can we get an example of an energy efficiency resource that is not incremental.

Yes. Please see the following link to SDG&E's current EE programs:

<http://www.sdge.com/save-money/upgrade-and-save> and the CPUC Decision approving SDG&E's current programs: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M034/K299/34299795.PDF> ; and reporting on SDG&E's current EE programs at <http://eestats.cpuc.ca.gov/Views/Documents.aspx>

to the degree your EE program closely resembles (or matches) these programs, it will be very difficult to explain or show how these programs are incremental.

22. How does SDG&E assess the risks and value of a 3 year agreement versus a 6 year agreement for energy efficiency?

Risk is based on exposure to the counterparties' default or non-performance associated with each agreement. The credit requirements are based on SDG&E's exposure. Upon approval of the filing or application requesting approval of the contracts associated with this RFO, the counterparties will be required to satisfy the initial collateral requirement based on the amount of SDG&E's exposure to counterparties' default or non-performance. The initial collateral requirement will be held during the lifetime of the contract (until contract expiration). In addition, there is an ongoing collateral requirement that will be due at the start of the delivery term. The ongoing collateral requirement is the amount the counterparty needs to post in order to satisfy mark-to-market exposure. The frequency of ongoing collateral requirement depends on the market changes and the counterparties' risk profiles.

Value is calculated in the evaluation as net market value. See section 8.0 of the Energy Efficiency RFO for details.

23. How will SDG&E calculate the savings for EE programs? Are they based on the new DEER savings?

Energy savings will be based on the values in DEER and/or workpapers submitted. The latest version of DEER currently available should be used to determine energy savings.

24. It's clear that our proposal must be additional to your current portfolio- yet you will be updating your portfolio between now and 2017 when this RFO process will roll out- how can we be sure we're proposing something additional to your upcoming (as of now unknown) portfolio?

Your proposal will be evaluated based on the EE portfolio at the time of your submittal.

25. Does the EE contract have to be 6 years, or may it be shorter, say 4 years?

Terms of less than 6 years are acceptable as long as the term includes all of 2022. Although SDG&E has expressed a preference for contracts with terms of 6 year or less, SDG&E will not exclude any resource based solely on proposed contract term. However, the delivery term must include all of calendar year 2022.

26. It is impractical / impossible to submit a workpaper for a custom measure with the bid on January 5. Can we provide this work-paper at a later date?

The workpaper requirement is part of this RFO. As stated in the EE RFO (section 4.0, p. 11) you will need to provide the completed workpaper(s) as part of the offer package on January 5. While this workpaper may not yet be approved by the Energy Division, it should be complete and ready for submission.

27. If you meet 100% of capacity, but the kWh is short how you can replace it? Or if you cannot meet the 100% capacity how you can replace it?

Contractors will be expected to deliver the proposed capacity. Any program design to address capacity and/or energy shortfalls should be described in Bidder's proposal and final processes and terms will be established during negotiations and included in the final Agreement.

28. How the savings be counted/calculated?

See the answer to question 23. Energy savings (kWh) will be used primarily for determining whether the proposal meets the cost effectiveness requirement (TRC 0.9) using the E3 calculator.

29. Are controls an eligible ECM for energy efficiency bids?

Yes, you must have DEER documentation and/or workpaper to substantiate energy savings and the controls must be incremental to those commonly installed under SDG&E's existing programs.

30. It seems that the collateral requirements are in addition to the Delivery Date Security. Is this accurate? Since the Delivery Date Security has an impact on pricing the Offer it would be helpful if that \$/kW amount were established prior to the January 5 closing date.

In order to fairly evaluate bids and compare them against each other, we ask bidders not to include credit costs within their bid price. However, the seller is required to fill out a credit form which provides the added cost of collateral per \$100,000 increment to satisfy the initial collateral requirement if SDG&E decides not to extend unsecured credit. We are therefore asking for pricing without the credit cost and then with the cost of collateral per \$100,000 increment

31. The draft RFO Model Agreement states that SDG&E will work with seller to develop a definition of "Industry Standards". Is it the intention to develop this definition during negotiation?

Yes, "If no Title 24 and/or Title 20 standards exist, SDG&E will work with Seller to develop a definition of 'Industry Standards'."

32. Can we use existing SDG&E and other IOU work papers when developing the E3 to be presented in our offer? If so please provide links to SDG&E and other IOUs work papers.

Yes, you can use applicable SDG&E workpapers. In regard to using other IOU workpapers, make sure that the other IOU workpapers are applicable to SDG&E territory, if climate zone sensitive. The link to the workpapers is www.deeresources.com.

33. Will an awardee be limited to implementing only those energy efficiency measures included in the E3 submitted with the original offer?

Yes. The seller will be limited to the energy efficiency measures in the E3 in the original offer.

34. If capacity is achieved but kWh falls short will there be a penalty imposed?

Bidders will be expected to deliver both kW and kWh as proposed in their bid and confirmed by an approved E3 Calculator. Specific penalties and payments for kW and/or kWh will be determined during the contract negotiations.

35. Please provide a definition of capacity. Is it the DEER peak demand savings, or average savings during the IOU on-peak period, and/or summer only or something else?

SDG&E has not finalized the hours/dates that will be used to evaluate the peak demand savings. Bidders are encouraged to offer programs that they believe will reduce peak demand during times that are most likely to be of value to SDG&E and its customers.

36. The E3 "User entered kW savings per unit" is defined as "Summer peak period kW reduction attributable to installation one unit of the measure." Is this the maximum kW reduction occurring during the summer peak period or the average or something else. Is this different than the "Capacity" which has not yet been defined?

This is the per unit demand reduction that corresponds to the per unit kWh savings being claimed for each measure. If unknown, this value can be left blank. The User Entered kW Savings used in the E3 Calculator is not necessarily equivalent to Capacity.

37. How will the DBE commitment be measured?

The DBE commitment will be evaluated as a percentage of the total dollar value of the contract that is subcontracted to qualified DBE firms.

38. In the Model Agreement Title 24 is defined as the "2013 Building Energy Efficiency Standards...". Does this mean that the 2013 Standards will apply through the entire term of the Agreement and that future editions, when released by the CEC, will not impact energy efficiency measures implemented under the endorsed Energy Efficiency Purchase Agreement? Specifically, will a project with an Expected Project Completion Date in 2017 or 2018 be subject to the 2016 Standards for the determination of savings?

The standards that will be used will be the standards at the time of installation.

39. Similarly for Industry Standards: Will Industry Standards identified after endorsing the Energy Efficiency Purchase Agreement impact claimed savings?

The standards that will be used will be the standards at the time of installation.

40. Will measures with an EUL less than the term of the Agreement be acceptable?

Yes; however, the claimed savings from such measures will only be counted during the EUL. Thus, after the EUL, the Contractor must either replace the measures or reduce the delivered Capacity.

41. The RFO states "Submit a fully functional Excel Workbook (no pdfs or other screen shots) with all formulae unlocked, all worksheets included (not just the Output sheet), and no password protection." Does this mean that we must submit the full workbook and that the processed file will not be accepted?

Yes, you must submit the fully functional E3 workbook.

42. What is an "EE appliance", as mentioned on page 12 of the RFO?

That reference is simply an example. It was meant to show that we an EE unit in a particular example installation might be an appliance like a refrigerator. A more general term would be "measure".

43. With a minimum acceptable EE program size limit of 500 kW the \$100,000 Shortlist Acceptance Fee seems excessive. Please consider a \$/kW figure perhaps in the range of \$20/kW.

As stated, the shortlist acceptance fee is the greater of \$100,000 or \$2 per kW of project nameplate / program aggregate capacity.

44. During one of the webinars in regard to incremental: New technologies were described as incremental. However, the RFO on page 20 states that "SDG&E is seeking ... known and proven technology..." Aren't these two statements in conflict?

Incremental means that the offer / program is distinguishable from SDG&E's existing and proposed programs and also from the EE assumptions utilized in the 2013 IEPR EE forecast. New technologies that are not included in existing SDG&E EE programs may be determined to be incremental; however, the viability of the project is dependent upon the degree to which the underlying technology is understood and proven to be effective in reducing energy use. SDG&E is not seeking an R&D project or a proof of concept; rather it is seeking EE that is reasonably priced and based on known and proven technologies.

45. Please provide a definition and the minimum requirements of Capacity as it referenced in the EE RFO, DR RFO, and model contract language

Please refer to the answer to Question 35. Additional information can be found in the Energy Efficiency Policy Manual: <http://www.cpuc.ca.gov/NR/rdonlyres/E17D21C5-6A8B-4101-83B3-9AE4EC117D84/0/EEPPolicyManualV5forPDF.pdf>

46. Please provide the methodology and values used to determine Resource Adequacy as it effects the ongoing collateral obligation

The collateral obligation associated with the contracts SDG&E will execute associated with its 2014 All Source RFO is based on SDG&E's exposure. Upon approval of the filing or application requesting approval of the contracts associated with this RFO, the counterparties will be required to satisfy the initial collateral requirement based on the amount of SDG&E's exposure to counterparties' default or non-performance. The initial collateral requirement will be held during the lifetime of the contract (until contract expiration). In addition, there is an ongoing collateral requirement that will be due at the start of the delivery term. The ongoing collateral requirement is the amount the counterparty needs to post in order to satisfy mark-to-market exposure. The frequency of ongoing collateral requirement depends on the market changes and the counterparties' risk profiles.

SDG&E's exposure will be related to all of the aspects of the product being purchased – RA (or capacity), energy, renewable attributes, etc... The specifics will depend on the details of each agreement.

47. Under "Required Forms and Documents," Item 6 Workpapers states that "These workpapers are not standardized or provided by SDG&E and they may reference DEER-Database of Energy Efficiency Resources." However, the file RFO_EE_Program_Description Form does include an embedded file on page 12 titled "SDG&E Workpaper Template.dot." Is this latter file a suggested format, or is the vendor required to complete this template as is?

The embedded file is a suggested format, but the specific content and organization of the workpaper is dependent upon the measure(s) being described. Each workpaper should be sure to address all topics in the template. Reference to one or more DEER measures is an acceptable methodology as applicable.