

SDG&E's 2016 CHP RFO Q&A

1. **Q:** So a project's Phase 1 cluster study needed to be a part of cluster 8. Cluster 8 Phase 1 studies have already been complete. Is this correct? Can SDG&E provide a little background on the reasoning of this requirement?

A: Correct. A project would have had to apply for cluster 8 for the Phase 1 study to be completed in time to meet the interconnection requirement for this RFO. The reason for this requirement is that a phase 1 study indicates to SDG&E that the project has progressed in its development process, and would be considered more viable due to the development progression.

2. **Q:** Why are we being given the Cluster 9 information when we need to be in Cluster 8?

A: The Cluster 9 information, along with all of the interconnection process details are provided to respondents to ensure they understand the complexity and lead-times required for this aspect of the CAISO project development process. In providing this information, SDG&E hopes that this will assist potential respondents in preparing for future SDG&E RFO's.

3. **Q:** Would SDG&E consider a project that anticipates filing a Phase I interconnection request with CAISO on April 30, 2016 (Cluster 9) that had a prior interconnection agreement(LGIA) in PG&E's territory that expired which did not have significant interconnection impacts or upgrade requirements based on the prior interconnect.

A: This would not meet the interconnection progress requirement for this RFO. It is possible that changes to the transmission system (unrelated to the project in question) that have occurred since the LGIA was terminated, could now require significant network upgrades to reconnect the facility.

4. **Q:** Would SDG&E consider a hybrid GHG Compliance Cost provision where Seller covers GHG costs, but adds a GHG charge that is indexed to the CARB GHG quarterly auction price?

A: Yes, we would consider it. However, there is still a requirement that a bidder submit one offer in which the Seller pays the GHG compliance costs (e.g., embeds such cost in an offer's capacity price or other non-varying charge) and the example indexed offer would not meet that requirement.

5. **Q:** Can a bidder offer a portion of generation as firm capacity and excess capacity offered as "As-Available" capacity?

A: Yes. However, please ensure that the offer form is fully populated with detailed capacities and prices for both the firm and as-available portions of the offer.

6. **Q:** On the "UPF Info" tab, is Pmin the same as minimum load?

A: Yes.

7. **Q:** There is separate mention of bid dates, short list withdrawal and PPA negotiations in the schedule. So, are the April 21st bids required to be firm?

A: Correct. The bids cannot be modified after the April 21st deadline.

8. **Q:** What are the requirements for an existing peaking plant's CT to qualify? Does it fall under the "Repowered CHP Facility" definition if equipment and a host are added that qualify it as a QF, or must that be in addition to a refurbishment?

A: As long as the existing facility does not currently have a thermal host, it would qualify as a "New" facility if it were able to obtain a thermal host and meet the qualifications of cogeneration based on:

- The CHP Facility must meet the federal definition of a qualifying cogeneration facility under 18 CFR §292.205 implementing Public Utility Regulatory Policies Act of 1978 ("PURPA") (16 U.S.C. §824a-3)); and
- The CHP Facility must meet the definition of cogeneration under California Public Utilities Code §216.6 and the Emissions Performance Standard established by Public Utilities Code §8341 (Senate Bill 1368)

A "Repowered" facility is considered for existing CHP facilities that are refurbishing equipment as follows:

- Repowered – If the CHP facility contains combustion turbines, then each combustion turbine must be replaced with:
 - A new combustion turbine that has been certified as new by the original manufacturer of the equipment provided, however, that the CHP Facility has replaced its combustion turbines with a substantially identical engine (e.g., as is common during major overhauls of aeroderivative combustion turbines or as part of a spare engine program), does not qualify as a Repowered CHP Facility; or
 - A refurbished combustion turbine, so long as such refurbished combustion turbine has been certified by the entity that refurbished such combustion turbine (which may be the manufacturer) to achieve Heat Rate and total power output performance guarantees comparable to a new combustion turbine, prior to operational degradation.

9. **Q:** The CHP Program Settlement stipulates a maximum term of 12 years for new facilities, but the host requires more certainty on the heat to justify the capital costs associated with their operation (equipment not related to power generation). Would a 20 or 25-year term be considered non-conforming?

A: No. Please see Table 2 on page 5 of the 2016 CHP RFO document. As indicated, the maximum term is up to 7 years for existing, repowered and existing CHP-to-UPF conversions, and up to 12 years for new and expanded CHP facilities meeting credit requirements.

10. **Q:** The 2016 offer form Tab 6.b is asking for 2013/2014 CEC data. Should we assume you will actually want to see the 2014/2015 data?

A: Yes. Please use the most recent 2-year full calendar period for the historical data.

New Questions Added 4/15

11. Q: Are projects under 20MW, connected to a distribution line and selling all output to SDG&E, qualified to interconnect under the Rule 21 Fast Track process?

A: Projects must be 1.5MW or less to qualify for the Rule 21 Fast Track process. CHP projects must be 5MW or greater to conform to this CHP RFO, so the Rule 21 Fast Track process could not be used for interconnection.

12. Q: Can a project < 20MW, interconnecting at the distribution level and selling all net output to SDG&E, process interconnection via Rule 21?

A: Yes, however, as part of Rule 21, it must undergo the Distribution Group Study Process (Cluster Study) to achieve FCDS and qualify for RA.

13. Q: Are there any circumstances in which SDG&E would waive the Phase 1 or WDAT interconnection requirement for conformance? For example, if the offeror agreed to share in the transmission upgrade costs.

A: No, this requirement cannot be waived.

14. Q: In the Offer Form Tab 11 "UPF Facility Information"

1. Row 31-33 - Is the definition of minimum load the same as in row 15? I assume row 15 is considered PMin?

2. Row 37 – Would the startup energy required just be the sum of rows 35 & 36?

3. Row 41 – I assume that should read "Startup MMBtu Required". And I assume again that is a sum of rows 39 & 40?

A: 1. Yes to both questions.
2. Yes.
3. Yes.

15. Q: In the case of projects that are otherwise equal with regards to Qualitative value, is the lowest net cost per ton of GHG reduction credits the primary consideration or goal for SDG&E for successful projects?

A: The quantitative evaluation will result in two metrics: NMV per MW, and NMV per ton of GHG reduction credits. Both quantitative metrics will be considered in shortlist selection, along with the qualitative evaluation.