



San Francisco  
**Water  
Power  
Sewer**

Services of the San Francisco Public Utilities Commission

**SAN FRANCISCO PUBLIC UTILITIES COMMISSION  
POWER ENTERPRISE**

## **Request for Offers**

**Agreement Number: CS-1032**

### **COMMUNITY CHOICE AGGREGATION POWER SUPPLIES**

**Release Date: August 11, 2015  
Response Date: September 3, 2015**

**Contract Administration Bureau  
SAN FRANCISCO PUBLIC UTILITIES COMMISSION  
525 Golden Gate Avenue, 8th Floor  
San Francisco, California 94102**

## 1. Introduction and Background

The City and County of San Francisco (“City”), acting by and through its Public Utilities Commission, Power Enterprise (“SFPUC”), plans to launch the first phase of CleanPowerSF, the City’s Community Choice Aggregation Program (“CCA Program”) in early 2016. CleanPowerSF will offer two products:

- A default product (“Default Product”) consisting of a minimum of 33%, and up to 50%, renewable energy with a target total retail rate for the CCA customer (CleanPowerSF and Pacific Gas and Electric Co. (“PG&E”) charges combined) equal to or less than the comparable PG&E bundled retail rate; and
- A voluntary, premium product (“Premium Product”) consisting of 100% renewable energy with a target total retail rate for the CCA customer equal to or less than the comparable Green Tariff bundled retail rate that will be offered by PG&E.

Phase I of CleanPowerSF implementation will be a minimum of 30 MW (average demand) growing to approximately 50 MW six months after launch, with approximately 20,000 to 75,000 residential and commercial accounts. Enrollment notifications to customers are planned to commence in November 2015 and SFPUC anticipates that enrollment will begin in late February/March 2016. The annual energy requirement is expected to be 300 to 440 GWh with an expected peak demand of approximately 75 MW.<sup>1</sup>

The SFPUC will expand CleanPowerSF in subsequent phases over a multi-year period. Upon full implementation, the SFPUC projects that peak demand for CleanPowerSF may be as high as 600 MW with annual energy sales of approximately 3,500 GWh, and approximately 300,000 retail accounts. These projections assume that 20% of eligible customer load will elect to opt-out of the CleanPowerSF program and remain with PG&E, the default retail provider.

As described more fully below, this RFO for Power Supplies seeks bids for energy and resource adequacy supplies as follows:

- **Bid Option 1:** Shaped energy that meets CleanPowerSF Phase I energy volumes, annual GHG emissions standard, and annual renewable energy content

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<sup>1</sup> See Attachment B with detail regarding hourly, monthly and annual load projections to be used by bidders in preparing bids.

requirements with a term of three (3) to five (5) years with deliveries commencing no later than March 1, 2016.<sup>2</sup> The renewable energy resources must meet the eligibility criteria for the California Renewables Portfolio Standard (“RPS”) Portfolio Content Category 1 (“PCC 1”) (Cal.Pub.Util.Code §399.16(b)(1)).<sup>3</sup>

- **Bid Option 2:** Renewable energy produced and delivered by new or existing generating facilities with a term of one (1) to twenty-five (25) years. Bid Option 2 proposals should also include, to the extent available, the Resource Adequacy capacity for any generating facilities that have achieved or are expected to achieve full capacity deliverability status. All renewable energy deliveries must meet eligibility criteria for RPS PCC 1.
- **Resource Adequacy Capacity (“RA”):** RA capacity satisfying applicable requirements for CleanPowerSF’s Phase 1 loads for the following capacity products: System RA (NP 15), Local RA, and a sufficient quantity of Flexible RA (from qualified generating resources) located within NP 15. RA products are to be provided/scheduled over a minimum term of one (1) year commencing in the first Quarter of 2016. Local RA is to be provided/scheduled from resources located within the PG&E “Greater Bay Area” and the “Other PG&E” local capacity areas, as specified in the Bid Workbook (Attachment B-3).

Respondents may bid on one, two, or all three options and products above and may submit more than one bid for each of the three products. Each bid may include several different pricing structures and project terms as provided for in the Bid Workbook (Attachment B). For example, Bid Option 1 proposals may include varying percentages or volumes of renewable energy in accordance with the minimum requirements of this RFO and such proposals may reflect varying prices in consideration of the total proposed renewable energy content. Respondents are encouraged, but are not required, to submit offers for RA capacity in concert with a Bid Option 1 proposal. Respondents should review the instructions provided in the Bid Workbooks (Attachment B) for additional information regarding the organization and submittal of the bid variations.

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<sup>2</sup> Respondents submitting bids under Bid Option 1 must be able to commit to deliveries starting March 1, 2016 to ensure that CleanPowerSF’s launch schedule can be met. The SFPUC reserves the right to request updated bids for a later start date in the event of unforeseen changes to the program launch schedule.

<sup>3</sup> California Public Utilities Code §§ 399.11, et. seq.; See, California Energy Commission, *Renewable Portfolio Standard Eligibility Guidebook (Eighth Edition)*, adopted June 10, 2015. Publication No. CEC-300-2015-001-ED8-CMF.

The SFPUC anticipates entering into contracts with one or more winning Respondents through this RFO.

CleanPowerSF's financial obligations under the contract(s) executed as a result of this RFO will be backed by either a guaranty of an investment grade-rated entity or a letter of credit from an investment grade-rated bank.

## 1.1 The SFPUC

The SFPUC is a City department that provides retail drinking water and sewer services to San Francisco, wholesale water to three (3) other Bay Area Counties, and the full suite of retail electricity services to customers in San Francisco and to San Francisco's municipal operations. The SFPUC supplies drinking water to 2.5 million customers in the four (4) Bay Area counties of Alameda, Santa Clara, San Mateo and San Francisco and GHG-free and renewable electricity to 2,300 customers in and around San Francisco. Headquartered at 525 Golden Gate Avenue in San Francisco, the SFPUC has approximately 2,300 employees with a combined annual operating budget of approximately \$700 million. The SFPUC's mission is to provide our customers with high quality, efficient and reliable water, power, and sewer services in a manner that is inclusive of environmental and community interests, and that sustains the resources entrusted to our care.

The SFPUC is comprised of three (3) separate enterprises: Water, Wastewater, and Power. The SFPUC Power Enterprise (AA-/A+ long-term bond ratings from Fitch/Standard and Poor's) is responsible for managing retail and wholesale power sales, transmission and power scheduling, energy efficiency programs, street lighting services, utilities planning for redevelopment projects, energy resource planning efforts and various other energy services.

The San Francisco Board of Supervisors adopted Ordinance 86-04 in 2004 authorizing the establishment of a CCA in San Francisco. The goals of CleanPowerSF are to provide clean, affordable and reliable electricity services to San Francisco residents and businesses and to advance the City's Greenhouse Gas Reduction ("GHG") Goals.<sup>4</sup>

The San Francisco Public Utilities Commission adopted Resolution 15-0112 in May 2015 establishing initial "not-to-exceed" rates and charges based on comparable PG&E retail electricity rates, providing for further review of CleanPowerSF costs, and requiring

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<sup>4</sup> See San Francisco Environment Code Chapter 9.

Commission authorization for the General Manager to finalize retail rates at levels not to exceed comparable PG&E rates and commence the opt-out process for CleanPowerSF. Necessary Commission approvals and authorizations are a condition precedent to any SFPUC, City, or CleanPowerSF obligations under any agreements that may result from this RFO and the SFPUC reserves the right to discontinue any and all actions on contract negotiation, execution, or approval if the San Francisco Public Utilities Commission fails to issue necessary approvals and authorizations. The SFPUC anticipates that the San Francisco Public Utilities Commission will consider the final CleanPowerSF rate schedule in October 2015.

**2. Attachments**

The following attachments are included with this RFO:

- Attachment A: Product Specifications
- Attachment B: Bid Workbooks (must be submitted with the bid)
- Attachment C: City Form Contract Provisions
- Attachment D: Shaped Power Purchase and Sale Terms
- Attachment E: Renewable Energy Power Purchase and Sale Terms

Electronic versions of Attachments B, C, D and E are available at:  
<http://www.sfwater.org/bids/bidlist.aspx?bidtype=2>

**3. RFO Timeline and Instructions to Respondents**

**3.1** The RFO timeline is as follows:

RFO Issued.....	August 11, 2015
Pre-Bid Conference Call.....	August 19, 2015
Deadline for Questions.....	August 24, 2015
Responses Due.....	September 3, 2015
Interviews (Bid Option 1).....	September 16, 2015
Notification of Shortlist.....	September 22, 2015
SFPUC Approval to Execute Contract(s).....	October 13, 2015
Best and Final Offer.....	October 14-31, 2015
Target Contract Execution Date.....	October 31, 2015

Contracts resulting from this RFO may require additional City approvals which the City anticipates will occur in the Fourth Quarter of 2015. If additional City approvals are

required, the Best and Final Offer and Target Contract Execution Date will be adjusted accordingly.

### **3.2 Pre-Bid Conference Call**

A pre-bid conference call will be held on August 19, 2015 at 3 p.m. Questions regarding the RFO will be addressed on this conference call and any new information will be provided at that time. While SFPUC staff may provide oral clarifications, explanations, or responses to any inquiries, the SFPUC is not bound by any oral representation. If any new and/or substantive information is provided in response to questions raised on the pre-bid conference call, such information will be memorialized in a written addendum to this RFO.

All requests for information concerning the RFO, whether submitted before or after the pre-bid conference call, must be directed to [RFP@sfpuc.org](mailto:RFP@sfpuc.org). All inquiries should include the number and title of the RFO. Substantive replies will be memorialized in written addenda to be made part of this RFO. No questions or requests for interpretation will be accepted after August 24, 2015.

**3.3 Bid Documents:** The submission of a bid shall be deemed a representation and certification by the Respondent that:

- Respondent has read and understands the information provided by the SFPUC in this RFO and the information is the basis for the submission of Respondent's bid;
- Respondent has the financial and technical capability to successfully undertake and complete the responsibilities and obligations described in the bid submitted by Respondent;
- The SFPUC has the right to make any inquiry of Respondent or any third party it deems appropriate to substantiate or supplement information supplied by Respondent, and Respondent hereby grants the SFPUC permission to make these inquiries, and Respondent agrees to provide any and all requested documentation or information in a timely manner.

No request for modification of any bid shall be considered by the SFPUC after the submission of a bid on the grounds that the Respondent was not fully informed of any fact or condition stated in this RFO.

### **3.4 Addenda/Clarifications**

Respondents are responsible for reviewing all portions of this RFO. Respondents are to promptly notify the SFPUC, in writing, if the Respondent discovers any ambiguity, discrepancy, omission, or other error in the RFO. Any such notification should be directed to the SFPUC promptly after discovery, but in no event later than five working days prior to the date for receipt of proposals. Modifications and clarifications will be made by addenda as provided below.

Any interpretation of, or change in, the RFO will be made by addendum and shall become a part of the RFO and of any Agreement awarded. Addenda will be posted on the Contract Administration Bureau webpage at: <http://contracts.sfwater.org>.

The SFPUC will make reasonable efforts to post in a timely manner any modifications to the RFO on the Contract Administration Bureau webpage. The Respondent shall be responsible for ensuring that its bid reflects any and all addenda posted by the SFPUC prior to the bid due date regardless of when the bid is submitted. The SFPUC will not be responsible for any other explanation or interpretation.

### **3.5 Bid Submissions**

All bids shall be submitted electronically by uploading documents to the following file share link: <https://sfpuc.sharefile.com/r-r6562c261df14dada>. Please include "CCA Power Supplies RFO, Agreement No. CS-1032" in the subject line. Bids must be submitted no later than 5:00 p.m. on Tuesday, September 3, 2015. All bids received after that time will be rejected. Respondents whose bids are selected for the RFO shortlist may be invited to submit optional supplemental materials.

Attachment B to this RFO must be completed and submitted in Excel spreadsheet format with the bid in order for the bid to be considered.

### **3.6 Amendment or Withdrawal of Bids**

A Respondent may amend or withdraw its bid at any time before the expiration of the time for the submission of bids by (1) delivering a redlined version of the bid submittal in the same manner as specified for the original bid submittal, or (2) delivery of a written request for withdrawal, signed by, or on the behalf of, the Respondent.

### **3.7 Rights of the SFPUC**

This RFO does not commit the SFPUC to enter into a contract with any Respondent nor does it obligate the SFPUC to pay for any costs incurred in preparation and submission of bids or in anticipation and execution of a contract. The SFPUC reserves the right to:

- Make the selection of bids based on its sole discretion;
- Reject any and all bids;
- Request any and all respondents to provide additional information under this RFO;
- Prior to the submission deadline for bids, modify all or any portion of the selection procedures, including deadlines for accepting responses, the specifications or requirements for any supplies to be provided under this RFO, or the requirements for contents or format of the bids;
- In its sole discretion and without notice, suspend, or terminate this RFO without liability to any Respondent;
- Issue subsequent Requests for Offers or Proposals;
- Remedy technical errors in the RFO process or documents;
- Approve or disapprove the use of particular subcontractors;
- Negotiate with any or all of the Respondents;
- Accept a bid or bids that are not the lowest price offer;
- Waive informalities and irregularities in the bids; and/or
- Enter into a contract with another Respondent in the event the originally selected Respondent(s) defaults or fails to execute a contract with the SFPUC.

This RFO does not constitute an offer to buy or create an obligation for the SFPUC, CleanPowerSF, and/or City to enter into an agreement with any entity, and the SFPUC, CleanPowerSF, and City shall not be bound by the terms of any bid until the parties have entered into a fully executed agreement.

Failure by the SFPUC to object to an error, omission, or deviation in the bid will in no way modify the RFO or excuse the Respondent from full compliance with the specifications of the RFO or any contract awarded pursuant to this RFO. No waiver by the City of any provision of this RFO shall be implied from any failure by the City to recognize or take action in response to a failure by a Respondent to observe any provision of this RFO.

No Respondent responding to this RFO shall obtain any claim or right of action against the SFPUC by reason of any aspect of the RFO, and defects or abnormalities contained herein, and defects or abnormalities in the selection process, the rejection of any bid, the acceptance of any bid, any statements, representation, acts or omissions of the SFPUC, the exercise of any SFPUC discretion set forth in or with respect to any of the foregoing, and any and all other matters arising out of all or any of the foregoing.

#### **4. Bid Requirements**

This section sets forth the guidelines for the content and format of bids. Each Respondent may submit one or more bids in response to this RFO.

##### **4.1 Bid Option 1 – Shaped Renewable and Conventional Energy.**

Bid Option 1 consists of shaped energy products consistent with the quantities, delivery periods, and renewable content quantities specified in the Bid Workbook. The selected supplier shall be responsible for delivery to the North-of-Path 15 (“NP 15”) trading hub, as defined by the California Independent System Operator (“CAISO”), and shall be responsible for scheduling energy via inter-scheduling coordinator trades with CleanPowerSF’s designated scheduling coordinator. The proposed term length for the product shall be no less than three (3) years but no greater than five (5) years in duration with deliveries commencing no later than March 1, 2016. Optional term extensions may be proposed.

Respondents must describe whether they intend that the energy supplies will be sourced from units owned by the Respondent, obtained under contract from specified sources and/or supplied from unspecified/market sources. Where possible, all specified generating sources planned to be used in fulfilling delivery of the proposed power supplies must be identified by the Respondent or be identified as “to be determined” in its bid. Following short-list selection, bidders must include such information, including the following information related to each specified generating resource: location (city and county), fuel source, and CA RPS ID# (if applicable).<sup>5</sup> In order to ensure that the energy supplies conform to the City’s policy goals for renewable energy and carbon reductions, the City will require liquidated damages for failure to comply with the renewable energy and carbon content requirements as set forth in Attachment D.

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<sup>5</sup> Respondents selected will also be required to provide this information for actual energy supplied.

**4.1.1 Mandatory Bid Criteria – Bid Option 1.** Failure to meet all of the following criteria shall be grounds for bid rejection.

- Respondents will be responsible for transferring the specified energy quantities to CleanPowerSF at the NP 15 delivery point through the CAISO inter-scheduling coordinator trading process and for managing the Respondent's market exposure and costs for imbalances between its actual deliveries and the specified energy quantities.
- Respondents shall serve as their own scheduling coordinator ("SC") or make arrangements for a third party SC at no cost to CleanPowerSF.
  - The Respondent must be a CAISO-certified SC, or must identify a third party CAISO-certified SC that will be responsible for SC activities under the bid. At the time of bid submittal, the third party SC must submit a letter verifying the business relationship between the Respondent and the SC, and describe the scope of services to be provided under the bid.
- All renewable resources in the supply mix must be RPS eligible resources that meet PCC 1 delivery requirements and are generated in the calendar year specified as set forth in Attachment A.
  - All renewable resources used to serve Premium Product demand must meet the PCC1 delivery requirements and also be Green-e eligible, as described below (See Section 4.1.2 below for more details). For purposes of this RFO, Respondents must source 25% of the specified PCC1 renewable energy volumes from Green-e Energy eligible resources.
- The carbon content of the shaped energy product delivered to the SFPUC each year must be no more than the annual values set forth in Attachment A, using the prescribed calculation methodology. Achievement of this objective is to be fulfilled through the use of both renewable energy resources and carbon-free generating sources, such as hydroelectric resources located within California and the Pacific Northwest, to the extent that such power supplies are directly deliverable to California.
- For purposes of this RFO, neither coal-fueled generation, nor nuclear generation will be permissible supply options – inclusion in any proposed supply portfolio of specified purchases relying on such fuel sources will be grounds for rejection.
- The pricing structure must include a fixed \$/MWh price for each year of the proposed contract term and shall specify the \$/MWh premium for renewable energy supplies ("Renewable Energy Premium"). Prices bid shall be all-inclusive. Respondents may propose alternative pricing structures by providing a detailed narrative description of the pricing structure and additional pricing tables in the Bid Worksheet, Attachment B-1 (Exhibit B).
- Bids must have a contract term of three (3) to five (5) years, not including optional

- extension terms (if offered).
- Delivery must commence no later than March 1, 2016.
  - Total energy volumes (not adjusted for losses, and as further specified in Attachment B-1).
    - Approximately 300 GWh in 2016, increasing to approximately 440 GWh in 2017 and subsequent years of contract (final energy volumes will be provided by SFPUC before bidders are required to submit their best and final offer).

#### **4.1.2 Green-e Certification – Bid Option 1.**

CleanPowerSF's Premium Product will consist of 100% renewable, Green-e Energy eligible supplies and Respondents will be required to source a minimum of 25% of all specified renewable energy volumes from Green-e Energy eligible resources to accommodate customer participation in this voluntary program. Respondents should review the currently effective Green-e Energy National Standard for information regarding the eligibility criteria for such resources. A copy of the Green-e Energy National Standard as well as additional information regarding the Green-e Energy program can be accessed via the following web link: [http://www.green-e.org/getcert\\_re\\_stan.shtml#standard](http://www.green-e.org/getcert_re_stan.shtml#standard).

#### **4.2 Bid Option 2 – Renewable Energy**

Respondents may submit renewable energy bids under Bid Option 2 as follows:

- **Firmed and Shaped Renewable Energy** – Firmed and shaped renewable energy (and capacity, if applicable) supplied by the seller to the SFPUC at the delivery point. Deliveries shall be equivalent to 100% of the volumes specified by the Respondent in its Bid Workbook (Attachment B-2). Bids shall provide fixed hourly quantities delivered in the form of standard blocks of energy (e.g., 24x7, 6x16) or hourly quantities delivered in accordance with an alternative delivery shape (e.g., a prototypical solar profile) specified by Respondent. All renewable energy deliveries must meet eligibility criteria for RPS PCC 1 and may be sourced from new or existing generating facilities. The proposed hourly block sizes shall be specified in Attachment B-2. Bids may be for all or part of a facility's output, all or part of the output of multiple facilities. Both energy-only and fully deliverable products will be considered by the SFPUC with the expected value of any RA capacity accounted for in the evaluative process. Where possible, all specified generating sources planned to be used in fulfilling delivery of the proposed power supplies must be identified by the Respondent

or be identified as “to be determined” in its bid (Attachment B-1, Exhibit B). Following short-list selection, bidders must include such information, including the following information related to each specified generating resource: location (city and county), fuel source, and CA RPS ID# (if applicable).<sup>6</sup>

- **Unit Contingent, As-Available Renewable Energy** – Renewable energy (and capacity, if applicable) supplied by the seller to the SFPUC at the delivery point in hourly amounts equal to all or a specified fraction of a specific facility’s energy production with guaranteed minimum and maximum energy delivery requirements. All renewable energy deliveries must meet eligibility criteria for RPS PCC 1 and may be sourced from a new or existing renewable generating facility. Both energy-only and fully deliverable products will be considered by the SFPUC with the expected value of any RA capacity accounted for in the evaluative process. Bids may be for all or part of a facility’s output. The proposed hourly production forecast and annual volumes delivered shall be identified in the attached Bid Workbook (Attachment B-2). Respondents must identify the generating facility, including generator name, fuel source and location at the time of submittal.

Respondents may submit bids for generating facilities that have not achieved commercial operation under Bid Option 2. For such facilities, Respondents must provide requested information regarding the project development status of the facility, as further described below.

**4.2.1 Mandatory Bid Criteria – Bid Option 2.** Failure to meet all of the following criteria shall be grounds for bid rejection.

- The selected Respondent will be responsible for transferring the specified energy quantities to CleanPowerSF at either the NP 15 delivery point or the generator node through the CAISO inter-scheduling coordinator trading process and for managing the Respondent’s market exposure and costs for imbalances between its actual deliveries and the specified energy quantities.
- Respondents shall serve as their own SC or make arrangements for a third party SC at no cost to CleanPowerSF.
- For bids proposing to deliver energy in 2016, the Respondent must be a CAISO-certified SC, or must identify a third party CAISO-certified SC that will be

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<sup>6</sup> Respondents selected will also be required to provide this information for actual energy supplied.

responsible for SC activities under the bid. At the time of bid submittal, the third party SC must submit a letter verifying the business relationship between the Respondent and the SC, and describe the scope of services to be provided under the bid.

- For bids proposing to deliver energy beginning in 2017 or 2018, Respondent and SFPUC will establish a mutually agreeable schedule for providing this information.
- All renewable resources in the supply mix must be RPS eligible resources that meet PCC 1 delivery requirements and are generated in the calendar year specified as set forth in Attachment A.
- The bids shall include two pricing options:
  - A fixed \$/MWh price, for each year of the proposed contract term, for delivery to the generator node; AND
  - A fixed \$/MWh price, for each year of the proposed contract term, for delivery to the NP 15 trading hub, as defined by the CAISO.
  - The prices shall remain unchanged throughout the contract term and shall not be adjusted by period escalators or time of delivery multipliers/factors.
  - Respondents may propose alternative pricing structures by providing a detailed narrative description of the pricing structure and additional pricing tables in the Bid Worksheet, Attachment B-2.
- The term shall be no less than one (1) year but no more than twenty five (25) years (not including optional extension terms).
- A delivery commencement date no sooner than March 1, 2016 and no later than April 30, 2018.
- A minimum hourly quantity of no less than one (1) MW.
- Total annual deliveries shall be at least 5,000 MWh and no more than 100,000 MWh.
- Bids may be for all or part of a facility's output, all or part of the output of multiple facilities, or for a fixed output schedule that is met using one or multiple facilities.

#### **4.2.2 Operating Track Record and Projects Under Development – Bid**

**Option 2.** In addition to the Mandatory Bid Criteria set forth in Section 4.2.1 above, Respondents proposing to supply energy from projects that are currently operating shall provide a summary of historical generation, noting any significant issues or extended unexpected outages. Respondents shall submit historical monthly generation (in megawatt-hours) for the last two years of plant operation (if applicable) and capacity factor (expressed as a percentage, based on monthly generation in MWh and rated

capacity in MW). The information should be annotated to explain any below-average or atypical generation figures.

Respondents proposing to supply energy from projects that have not yet achieved commercial operation shall provide documentation with the bid submittal demonstrating:

- Site control for the entire proposed delivery term.
- Progress in transmission or distribution interconnection for the project that is equivalent to a completed System Impact Study, Phase I Study, or passed Wholesale Distribution Tariff/CAISO Fast Track screen.
- If the project is bid as fully/partially deliverable or energy only.
- If the project is bid as fully or partially deliverable, the Respondent shall also indicate:
  - The date by which the project will have full or partial deliverability status (“FCDS/PCDS”).
  - The project has received FCDS/PCDS or is in the Phase II process of the deliverability study; and
  - Evidence that all required Interconnection Financial Security has been posted for the project (Initial, Second, or Final) as required by the applicable Interconnection Process.
- The status of all required governmental approvals, permits and environmental reviews, including the applicable agency, the type of approval requested, and the anticipated date of approval or permit issuance.
- The financing plan for the project in sufficient detail for the SFPUC to effectively evaluate the viability of such arrangements.

**4.2.3 Locational Preference – Bid Option 2.** CleanPowerSF has a preference for renewable generating resources located within California and within the nine (9) San Francisco Bay Area Counties. California-based resources and resources located within the nine (9) San Francisco Bay Area Counties will receive higher evaluative preference when the SFPUC reviews responses to this RFO.

**4.2.4 Green-e Energy Eligible – Bid Option 2.** CleanPowerSF has a preference for renewable generating resources that are Green-e Energy eligible to meet its needs for customers that choose CleanPowerSF’s Premium Product. Please refer to the Green-e National Standard in Section 4.1.2 (Bid Option 1) above for resource eligibility requirements.

### **4.3 Resource Adequacy Capacity**

The SFPUC seeks bids for RA capacity satisfying applicable requirements for the following capacity products: System RA (NP 15), Local RA, and a sufficient quantity of Flexible RA (from qualified generating resources) located within NP 15. RA products are to be provided/scheduled over a minimum term of one (1) year commencing in the first Quarter of 2016. Local RA is to be provided/scheduled from resources located within the PG&E "Greater Bay Area" and the "Other PG&E" local capacity areas, as specified in Attachments A and B. Final RA volumes will be provided before bidders are required to submit their best and final offer.

**4.3.1 Mandatory Bid Criteria – Resource Adequacy.** Failure to meet all of the following criteria shall be grounds for bid rejection.

- Minimum RA quantity of one (1) MW and up to the RA quantities specified in Attachment B-3.
- Minimum delivery term of one (1) year and up to five (5) years with deliveries commencing no sooner than March 1, 2016.
- During each month of the proposed delivery term, RA capacity shall be priced on a fixed \$/kW-month basis, for each year of the proposed contract term, with separate pricing provided for each requested RA product (in accordance with the Bid Workbook).

### **4.4 Bid Format**

In addition to a description of the proposed energy supplies as described above, the bid must include the following sections:

- A description of the Respondent, its organization, key personnel, and operations, and provide similar information for any third parties that would be relied upon to provide the proposed services. If the Respondent is a Joint Venture ("JV"), include a description of the organization, relationships, and defined responsibilities of all Partners in the JV and any previous project-specific associations of the JV Partners.
- A description of Respondent's overall ability and qualifications to deliver the energy products described in the bid, including descriptions of projects or power purchase agreements which are generally similar to those addressed in respondent's bid.
- A description of Respondent's financial viability and credit support to be provided. The respondent or its guarantor must provide the following:

- Audited financial statements from the previous two years or a web link where such information is accessible.
- If available, the credit rating history of the Respondent (or its guarantor) for the previous two years from two of the following: Standard & Poor's, Moody's, or Fitch Investor Services.
- If the Respondent's (or its guarantor's) credit rating is below investment grade (below BBB-/Baa3), or falls below investment grade during the contract term, confirmation that the Respondent will provide equivalent credit support for the duration of the contract through cash collateral, a letter of credit, a first or second lien on the generating facilit(ies) or an alternative equivalent credit mechanism.
- For projects that have not yet reached a commercial operation date, Respondents shall provide development and performance assurance to the SFPUC to mitigate the risk of a project failing to come on-line in a timely manner or failing to fulfill its obligations for the term of the contract.
- A statement that Respondent agrees to fully comply with all applicable San Francisco, State, and Federal laws.
- The bid must be signed by a representative of the Respondent who is authorized to bind Respondent to the terms of the bid and the requirements in this RFO.

Failure to provide the required information may result in the rejection of the bid.

## 5. Contract Form

The SFPUC intends to negotiate and execute power purchase agreements with one or more selected respondents after the San Francisco Public Utilities Commission authorizes the SFPUC General Manager to enter into agreements with the selected Respondents. The SFPUC intends to use the most recent version of the Edison Electric Institute Master Power Purchase and Sale Agreement or the WSPP Agreement as the base agreement ("Form PPAs").<sup>7</sup> Attachment C to this RFO contains the City's standard contracting provisions as set forth in the San Francisco Municipal Code and Charter, and Attachments D and E contain terms and conditions for Option 1 Product and Option 2 Product, respectively.

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<sup>7</sup> The Form PPAs are available at:

<http://www.eei.org/resourcesandmedia/mastercontract/Pages/default.aspx> and

<http://www.wspp.org/documents.php>

The SFPUC recognizes that certain terms and conditions in Attachments C, D or E may require modification, or additional terms and conditions may be required, to reflect the type of resource proposed, the term of the proposed delivery, the viability of the project, and other bid specific elements. If the Respondent proposes to take exception to the provisions in Attachments C through E, or proposes additional provisions, Respondent shall provide a description of the requested changes. In order for a bid to be compliant with this RFO, Respondent shall:

- provide the relevant section number and a description of the exception or describe the additional issue to be addressed;
- suggest an alternative proposal or proposals to address the issue;
- provide related draft agreement language; and,
- describe the rationale for the exception or addition and the proposed resolution.

In addition, Respondents selected for the RFO shortlist shall also provide a redlined version of the Attachments showing Respondent's proposed changes.

If a Respondent fails to provide exceptions to the Attachments C, D, or E in its bid submittal, it will be assumed the Respondent will accept all terms and conditions identified in the Attachments, without modification. The amount, type and specificity of exceptions, related counter-proposals and rationales will be considered in evaluating the bids. Bids that take substantial exceptions to the Attachments may be determined by the City, in its sole discretion, to be unacceptable and no longer considered for award. Bids that take fewer exceptions and/or that are more specific may be given preference.

## **6. Evaluation Process**

The evaluation process will consist of two phases: (1) Written Bid and (2) Panel Interview. The Selection Panel will be comprised of individuals who are knowledgeable on the subject matter, and may include staff from the SFPUC, other City agencies, and/or other utilities or organizations.

## **7. Selection Criteria**

Bids that do not meet the mandatory bid criteria and information requirements in Section 4 of this RFO will be rejected. The SFPUC will evaluate the bids provided in response to this RFO to establish a balanced, viable portfolio of supply for the CleanPowerSF program. Development of the portfolio will consider the following criteria:

- **Qualifications and Experience of the Respondent.** The experience and track record of the Respondent and key personnel; financial strength and viability of Respondent and if applicable, its partners; years of experience; and volume of energy supplied in the most recent calendar year (e.g., 2014).
- **Total Cost of Bid and Value to CleanPowerSF.** The impact of the proposed pricing in relation to the target CleanPowerSF rates (i.e., providing lowest total costs); contribution to CleanPowerSF long-term price stability and competitiveness; the value of the energy and non-energy attributes including capacity, time of delivery value associated with variable output resources, and environmental attributes; and the impact of the bid on CleanPowerSF's start-up costs, residual market exposure, financial risk and collateral requirements for SFPUC and the City.
- **Project Viability.** The SFPUC's evaluation shall consider the likelihood and reasonableness of a project's ability to deliver energy to the City by the proposed start date and within the proposed pricing terms. For projects that have not achieved a commercial operation date, documented development progress and the schedule for completing the balance of project development will be assessed, including construction and interconnection activities required to achieve commercial operation.<sup>8</sup>
- **Generating Resource Location and Compatibility with CleanPowerSF's Portfolio Needs.** The SFPUC's evaluation will consider the location of proposed resources; the proposed monthly energy output and capacity fit with CleanPowerSF's needs; and the proposal's contribution to the development of a diversified portfolio of renewable and other resources for CleanPowerSF (technologies, fuel types, resource locations, operating profiles). California-based renewable resources and renewable resources located within the nine (9) San Francisco Bay Area Counties are preferred.

The SFPUC reserves the right to consider other factors than those specified above and to request additional information from Respondents as needed to assist in selecting the proposal(s) for further consideration.

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<sup>8</sup> Where resources not yet operating are relied upon, support for stronger reliability and viability will be based on stage of development, degree of financial support, and includes documented development progress and the schedule for completing the balance of project development, construction and interconnection activities required to achieve commercial operation.

## **7. Oral Interviews**

The SFPUC has decided to hold oral interviews for Bid Option 1. Only the top five (5) ranked Respondents for Bid Option 1 will be short listed as eligible for an interview. A panel composed of members of the selection committee will conduct the oral interview. Oral interviews for Bid Option 1 will be held on September 16, 2015. If the SFPUC experiences difficulty on the part of any Respondent in scheduling a time for the oral interview, it may result in disqualification from further consideration.

The interview evaluation process may include (and be scored based on) either or both a presentation and interview questions from the Selection Panel. Respondents may also be scored on follow up questions if clarification of Respondent's responses is necessary. The same set of interview questions will be used for all Respondents. The Selection Panel will evaluate each Respondent based on each Respondent's presentation and responses.

## **8. Protest Procedures**

### **8.1 Protest of Non-Responsiveness Determination**

After receipt of proposals, the SFPUC will conduct an Initial Screening of submitted proposals as set forth in Section 4 of this RFO. If staff determines that a proposal should be rejected because it is either non-responsive to RFO requirements or is otherwise unacceptable (i.e., fails to meet the minimum qualification requirements set forth in the RFO), then the City will issue a Preliminary Notice of Proposal Rejection to the applicable Respondent(s).

If a Respondent believes that the City has unfairly determined that its proposal should be rejected, Respondent may submit a written notice of protest within five (5) working days of the SFPUC's issuance of a Preliminary Notice of Proposal Rejection. Such notice of protest must be received by the SFPUC on or before the fifth (5th) working day following the SFPUC's issuance of the Preliminary Notice of Proposal Rejection. The notice of protest must include a written statement specifying in detail each and every one of the grounds asserted for the protest. The protest must be signed by an individual authorized to represent the Respondent, and must cite the law, rule, local ordinance, procedure or RFO provision on which the protest is based. In addition, the Respondent must specify facts and evidence sufficient for the SFPUC to determine the validity of the protest.

The City, at its discretion, may make a determination regarding a protest without requesting further documents or information from the Respondent who submitted the protest. Accordingly, the initial protest must include all grounds of protest and all supporting documentation or evidence reasonably available to the prospective Respondent at the time the protest is submitted. If the Respondent later raises new grounds or evidence that were not included in the initial protest, but which could have been raised at that time, then the City may not consider such new grounds or new evidence.

Upon receipt of a timely and proper protest, the City will review the protest and conduct an investigation as it deems appropriate. As part of its investigation, the City may consider information provided by sources other than Respondent. The City may also consider supplemental correspondence or other information relating to the original ground(s) of Protest submitted by a protesting Respondent to the extent the City determines that such information will assist it in resolving the Protest. At the completion of its investigation, the City will provide a written determination to the Respondent who submitted the protest.

Protests not received within the time and manner specified will not be considered.

If a Respondent does not protest a Preliminary Notice of Proposal Rejection within the time and in the manner specified, above, then the City's determination set forth in the Preliminary Notice will become final. A Respondent's failure to protest as specified above on or before the time specified above shall constitute a complete and irrevocable waiver of the ground(s) of protest and forfeit the Respondent's right to raise such ground(s) of protest later in the procurement process, in a Government Code Claim, or in other legal proceedings.

## **8.2 Protest of Agreement Award**

As soon as the Respondent rankings are finalized, the Department will post final rankings on the SFPUC website ([www.sfwater.org/contracts](http://www.sfwater.org/contracts)).

Within five (5) working days of the Department's posting of the Respondents ranking on the SFPUC website, any Respondent that has submitted a responsive proposal and believes that the City has unfairly selected another Respondent for award may submit a written notice of protest.

The notice of protest must include a written statement specifying in detail each and every one of the grounds asserted for the protest. The protest must be signed by an

individual authorized to represent the Respondent, and must cite the law, rule, local ordinance, procedure or RFO provision on which the protest is based. In addition, the Respondent must specify facts and evidence sufficient for the City to determine the validity of the protest. All protests must be received by the Department on or before the fifth (5th) working day following the Department's posting of the Respondent's ranking.

### **8.3 Delivery of Protests**

If a protest is mailed, the protestor bears the risk of non-delivery within the deadlines specified herein. Protests should be transmitted by a means that will objectively establish the date the City received the protest. Protests or notice of protests made orally (e.g., by telephone) will not be considered. Protests must be delivered to:

San Francisco Public Utilities Commission  
Contract Administration Bureau  
Attn: Grace Tang  
RE: Community Choice Aggregation Power Supplies (CS-1032)  
525 Golden Gate Avenue, 8th Floor  
San Francisco, CA 94102

## **9. Additional SFPUC Requirements**

### **9.1 Respondent Proprietary Information**

In accordance with San Francisco Administrative Code Section 67.24(e), bids, responses to RFOs and all other records of communications between the City and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or entity's net worth or other proprietary financial data submitted for qualification for a contract or other benefits until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

Proprietary data should be specifically identified on every applicable page of the Respondent's proposal; Respondents should mark or stamp applicable pages as "Confidential" or "Proprietary". The City does not acknowledge, warrant, represent, or guarantee that any information so designated will be treated as confidential or proprietary information if disclosure is required under any applicable state, federal, or City law or regulation.

## 9.2 The Campaign Reform Ordinance

Respondents must comply with Section 1.126 of the San Francisco Campaign and Governmental Code, which states:

No person who contracts with the City and County of San Francisco for the rendition of personal services, for the furnishing of any material, supplies or equipment to the City, or for selling any land or building to the City, whenever such transaction would require approval by a City elective officer, or the board on which that City elective officer serves, shall make any contribution to such an officer, or candidates for such an office, or committee controlled by such officer or candidate at any time between commencement of negotiations for such contract until (1) the termination of negotiations for such contract; or (2) three months have elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves.

If a Proposer is negotiating for a contract that must be approved by an elected local officer or the board on which that officer serves, during the negotiation period the Proposer is prohibited from making contributions to:

- The officer's re-election campaign;
- A candidate for that officer's office; and
- A committee controlled by the officer or candidate.

The negotiation period begins with the first point of contact, either by telephone, in person, or in writing, when a Proposer approaches any city officer or employee about a particular contract, or a city officer or employee initiates communication with a potential Proposer about a contract. The negotiation period ends when a contract is awarded or not awarded to the Proposer. Examples of initial contacts include: (i) a vendor contacts a city officer or employee to promote himself or herself as a candidate for a contract; and (ii) a city officer or employee contacts a Proposer to propose that the Proposer apply for a contract. Inquiries for information about a particular contract, requests for documents relating to a RFP, and requests to be placed on a mailing list do not constitute negotiations.

Violation of Section 1.126 may result in the following criminal, civil, or administrative penalties:

1. Criminal: Any person who knowingly or willfully violates Section 1.126 is subject to a fine of up to \$5,000 and a jail term of not more than six months, or both.
2. Civil: Any person who intentionally or negligently violates Section 1.126 may be held liable in a civil action brought by the civil prosecutor for an amount up to \$5,000.
3. Administrative: Any person who intentionally or negligently violates section 1.126 may be held liable in an administrative proceeding before the Ethics Commission held pursuant to the Charter for an amount up to \$5,000 for each violation.

## **Definitions.**

“Applicable Law” means any statute, law, treaty, rule, tariff, regulation, ordinance, code, permit, enactment, injunction, order, writ, decision, authorization, judgment, decree or other legal or regulatory determination or restriction by a court or Governmental Authority of competent jurisdiction, or any binding interpretation of the foregoing, as any of them is amended or supplemented from time to time, that apply to either or both of the Parties or the terms of the Agreement.

“CAISO” means the California Independent System Operator Corporation or the successor organization to the functions thereof.

“CAISO Tariff” means the California Independent System Operator Corporation, Fifth Replacement Federal ERC Electric Tariff as it may be amended, supplemented or replaced (in whole or in part) from time to time.

“CEC” means the California Energy Commission.

“CPUC” means the California Public Utilities Commission.

“City Facilities” means any electric generation facilities owned, operated, or under contract to the City.

“CleanPowerSF” means the community choice aggregation program operated by City.

“ERR” shall mean an Eligible Renewable Energy Resource as such term is defined in Public Utilities Code Section 399.12 or Section 399.16.

“Green Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from a Project, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere; (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser’s discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy. Green Attributes do not include (i) any energy, capacity, reliability or other power

attributes from a project, (ii) production tax credits associated with the construction or operation of a project and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income taxation obligation, (iii) fuel-related subsidies or “tipping fees” that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by a project for compliance with local, state, or federal operating and/or air quality permits. If a Project is a biomass or biogas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Project.

“Interconnection Financial Security” has the meaning set forth in the CAISO Tariff.

“MW” means megawatt.

“MWh” means megawatt-hour.

“Portfolio Content Category 1” means Renewable Energy that satisfies the requirements of Section 399.16(b)(1) of the California Public Utilities Code.

“Renewable Energy” means Energy and Green Attributes generated from an ERR that: (1) meets the requirements of Portfolio Content Category 1 as set forth in the California Public Utilities Code Section 399.16(b)(1), and (2) is generated in the same calendar year that it is delivered to City.

“Renewable Energy Certificates” or “RECs” has the meaning set forth in California Public Utilities Code Section 399.12(f) and CPUC decision 08-08-028 as may be amended from time to time or as further defined or supplemented by Applicable Law.

“RPS” or “Renewables Portfolio Standard” means the California renewables portfolio standard, as set forth in California Public Utilities Code §§ 399.11 et seq. and California Public Resources Code §§ 25740-25751, and as administered by the CEC as set forth in the CEC RPS Eligibility Guidebook (7th Ed.), as may be subsequently modified by the CEC, and the California Public Utilities Commission (“CPUC”) and as may be modified by subsequent decision of the CPUC or by subsequent legislation, and regulations promulgated with respect thereto.

“Renewable Energy Premium” means the additional price for Renewable Energy as compared to non-renewable resources under the contract.

“Resource Adequacy” or “RA” means the local and system resource adequacy capacity requirements established for load serving entities by the CPUC pursuant to the CPUC Decisions, the flexible capacity standards under the CAISO Tariff or by any other Governmental Authority having jurisdiction.

“Replacement Price” means the price at which City, acting in a commercially reasonable manner, purchases at the Delivery Point a replacement for any Product specified in a Transaction but not delivered by Seller, plus (i) costs reasonably incurred by City in purchasing such substitute Product and (ii) additional transmission charges, if any, reasonably incurred by City to the Delivery Point, or at City’s option, the market price at the Delivery Point for such Product not delivered as determined by City in a commercially reasonable manner; provided, however, in no event shall such price include any penalties, ratcheted demand or similar charges, nor shall City be required to utilize or change its utilization of its owned or controlled assets or market positions to minimize Seller’s liability. For the purposes of this definition, City shall be considered to have purchased replacement Product to the extent City shall have entered into one or more arrangements in a commercially reasonable manner whereby City repurchases its obligation to sell and deliver the Product to another party at the Delivery Point.

“Scheduling Coordinator” or “SC” means an entity certified by the CAISO as qualifying as a Scheduling Coordinator pursuant to the CAISO Tariff for the purposes of undertaking the functions specified in “Responsibilities of a Scheduling Coordinator” as set forth in the CAISO Tariff.

“System Impact Study” has the meaning set forth in the CAISO Tariff.

“WREGIS” means the Western Renewable Energy Generation Information System or any successor renewable energy tracking program.