



**SOUTHERN CALIFORNIA EDISON COMPANY (SCE) AS  
CENTRAL PROCUREMENT ENTITY (CPE)**

**Request for Offers (RFO)**

2023-2024 Local Resource Adequacy (RA) Capacity

**RFO Instructions**

May 27, 2021

**EMAIL INQUIRIES TO**

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## Preface

### **IMPORTANT – COMMUNICATIONS/INDEPENDENT EVALUATOR:**

The primary method for exchange of information or documents concerning the 2021 CPE Local RA RFO ("RFO"), including any such exchange concerning the preparation or submission of Offers to SCE CPE, will be via PowerAdvocate® ("Power Advocate") website at:

<https://www.poweradvocate.com/pR.do?okey=115166&pubEvent=true>

(the "Website"). All participants interested in submitting Offers into the RFO will need to pre-register with Power Advocate. Participants who do not yet have an existing Power Advocate account must first register to create a username and password with Power Advocate to receive access to the RFO materials (event code 115166). Users with an existing Power Advocate account may request access using the Website.

For additional information on registering on Power Advocate, please visit:

[https://www.poweradvocate.com/WebHelp\\_Sourcing\\_Intel\\_Supplier/Content/Resources/Sourcing\\_Intel\\_Supplier\\_Guide.pdf](https://www.poweradvocate.com/WebHelp_Sourcing_Intel_Supplier/Content/Resources/Sourcing_Intel_Supplier_Guide.pdf)

SCE CPE strongly encourages participants to register with Power Advocate well before Offers are due. Power Advocate registrants should be listed under the parent company of the entity submitting the Offer, not its contractors, subcontractors, consultants, or agents.

For any registration or access issues, please contact [support@poweradvocate.com](mailto:support@poweradvocate.com)

Each Offer should be uploaded as a "Commercial and Administrative" document type in Power Advocate and should be in a separate zip file. The zip file must contain all of the project materials for the applicable Offer. Please make sure that file names for your submittals do not contain any special characters, such as \*&#, and utilize the following naming convention: OfferorName\_ProjectName\_FileName. For example:

"ABCCompany\_ProjectRose\_Generation\_profile.xlsx."

SCE CPE may, in its sole discretion, decline to respond to any email or other inquiry about the RFO without liability or responsibility.

In accordance with the requirements set forth in D.20-06-002, CPE has engaged an independent evaluator ("IE") to evaluate and report on the RFO, including the evaluation and selection process for the RFO. The IE will review all Offers and must be copied on all communications outside Power Advocate between SCE CPE and Offerors.

Sedway Consulting is the IE for the RFO and can be reached at [Alan.Taylor@sedwayconsulting.com](mailto:Alan.Taylor@sedwayconsulting.com).

**Note:** The IE requires Offerors to submit the entire complete and conforming Offer submittal package directly to Sedway Consulting separate from, and in addition to, the Offer package that is submitted to SCE CPE via the PowerAdvocate Website. **Please do not copy SCE CPE on the email submittal package to the IE.**

## 1. Background

Pursuant to D.20-06-002 and D.20-12-006 ("Decisions"), Southern California Edison ("SCE") has been ordered to serve as the Central Procurement Entity ("CPE" or "SCE CPE") for multi-year ahead local Resource Adequacy ("RA") obligations for the SCE Transmission Access Charge ("TAC") area. This requirement will begin starting in 2021 for 2023 & 2024 local RA compliance obligations.

With this solicitation, SCE CPE seeks to fulfill RA Capacity in Los Angeles Basin ("LAB") and Big Creek-Ventura ("BCV") local areas for delivery periods starting January 1, 2023 to December 31, 2026, with a focus on meeting the RA compliance obligations in 2023 and 2024. SCE CPE will consider offers of local RA from all eligible sources including (1) any existing local resource that does not have a contract, (2) any new local resource that can be brought online in time to meet solicitation requirements, and (3) any Load Serving Entities ("LSEs") or third-party with an existing local RA contract (collectively, the **"2021 CPE Local RA RFO"** or **"RFO"**).

The purpose of this document (the "RFO Instructions") is to provide respondents to the RFO ("Respondents") with information on the schedule, offer submittal, evaluation and selection process, and to set forth the terms and conditions of Respondents' participation in this RFO.

Capitalized terms not defined in these RFO Instructions have the meanings ascribed to them in the applicable Exhibits hereto or the current California Independent System Operator ("CAISO") tariff and protocol provisions, including any current CAISO-published "Operating Procedures" and "Business Practice Manuals," as amended or supplemented from time to time (the "CAISO Tariff").

SCE CPE will utilize Sedway Consulting as the IE in connection with this RFO.

*The Non-Disclosure Agreement, either as set forth in (a) Exhibit A, which must be executed by Respondents and submitted to SCE CPE no later than the Offer Submission Deadline, or (b) an evergreen Non-Disclosure Agreement in place with SCE, limit Respondents' ability to engage in communications with any other actual or potential participants in the RFO concerning this solicitation, price terms in Offers, and related matters.*

*In the event that a Respondent desires to (a) act as a marketing agent for a third party, (b) act as a credit sleeve for a third party, or (c) otherwise act as an agent or representative of a third party, in each case with respect to any Offer in the RFO, such Respondent and the third party such Respondent is proposing to represent should contact SCE CPE and seek a*

*waiver or amendment of such confidentiality provisions, which SCE CPE may or may not grant in its sole discretion.*

*Such a Respondent and the third party such Respondent proposes to represent should be prepared to provide SCE CPE with a written description of the proposed relationship between such parties and the proposed structure of their Offers. SCE CPE reserves the right, in its sole discretion, to disqualify those Respondents that have not complied with the provisions of this paragraph.*

## **2. Resource Categories**

### **Self-Shown Resources:**

CPUC jurisdictional LSEs, including investor owned utilities (“IOUs”), that (1) already have contracts for the purchase of local RA from resources located in LAB or BCV local areas or (2) own resources located in LAB or BCV local areas can commit (“Self-Show”) the local RA of those resources to SCE CPE. These Self-Shown commitments will reduce the total amount of local RA that SCE CPE will need to procure through other methods.

Local RA that is Self-Shown to SCE CPE from certain preferred, energy storage, and hybrid resources are eligible for compensation up to an administratively pre-determined price as set by the CPUC. See section 4.3 of these RFO Instructions for additional details. Local RA from all other Self-Shown Resources will not be eligible for compensation.

### **Procured Resources:**

SCE CPE may also procure local RA from resources through the all-source competitive solicitation process. SCE CPE can use local RA from procured resources to meet its local RA procurement obligation.

## **3. CPE RFO Process**

SCE CPE intends to procure local RA from the resource categories identified above to meet its local RA procurement obligations using two distinct processes:

### **Non-Compensated Self-Show Commitment Process:**

In advance of procuring local RA resources, SCE CPE seeks commitment from LSEs to Self-Show local RA for no compensation. LSEs who Self-Show local RA can keep those same resources to fulfill its system (and flex) RA obligations. In addition, any Self-Shown

resources reduce SCE CPE's overall procurement obligation and thus lowers the cost to all customers. LSEs who submit a non-compensated Self-Shown offer to SCE CPE are prohibited from using that same resource to participate in the competitive process described below.

### **Competitive Offer Process:**

SCE CPE will conduct a competitive all-source solicitation to procure local RA. The products solicited within the RFO include:

**Compensated Self-Shown Resources:** SCE CPE seeks commitments from LSEs to Self-Show certain preferred, energy storage, and hybrid resources for compensation. LSEs who Self-Show local RA can keep those same resources to fulfill its system (and flex) RA obligations. In addition, any Self-Shown resources reduce SCE CPE's overall procurement obligation and thus lowers the cost to all customers. LSEs who submit offers for compensated Self-Shown resources cannot submit another competitive offer for the same resource

- **Option to Self-Show for No Compensation:** LSEs have the option to indicate in their offers that the local RA from compensated Self-Shown resources will be Self-Shown for no compensation if their offer is not selected as part of the competitive offer process (back up offer). Respondents can indicate this in the offer workbooks

**Compensated Offered Resources:** SCE CPE seeks offers from all market participants for bundled RA (inclusive of system and flexible RA attributes, if applicable) from local resources that are both new and existing. Market participants have the option to include energy value as part of their offer. Participants wishing to include energy value must submit an offer for a tolling product as described in section 4 below

- **Option to Self-Show for No Compensation:** LSEs have the option to indicate in their offers that the local RA from compensated offered resources will be Self-Shown for no compensation if their offer is not selected as part of the competitive offer process (back up offer). Respondents can indicate this in the offer workbooks

SCE CPE will conduct a complete and conforming process on all offers to ensure that they meet RFO requirements. SCE CPE will collectively evaluate all conforming non-compensated Self-Shown offers and competitive offers.

**Table 3.1 – Summary of 2021 CPE Local RA Solicitation Resources**

<b>Process</b>	<b>Resource Category</b>	<b>Participant Type</b>
Non-Compensated Self-Shown Commitment Process	Non-Compensated Self-Shown resources	LSEs
Competitive Offer Process	Compensated Self-Shown resources <ul style="list-style-type: none"> <li>LSEs may include back up offer as described above</li> </ul>	LSEs
	Compensated offered resources <ul style="list-style-type: none"> <li>LSEs may include back up offer as described above</li> </ul>	All market participants

**4. Products**

<b>Compensated Products</b>	<b>Description</b>
Local RA Capacity (“RA-Only”)	<ul style="list-style-type: none"> <li>Local RA Capacity with all RA attributes (local, system, and if applicable, flex) from generators with an NQC</li> </ul>
Tolling Products with Local RA Capacity	<ul style="list-style-type: none"> <li>Tolling agreement with generation which will include all attributes from the resource. SCE CPE will consider only the following resource types for tolling products:                             <ul style="list-style-type: none"> <li>Gas Fired Generation (GFG)</li> <li>In Front of the Meter Energy Storage (IFOM ES)</li> <li>Combined Heat and Power (CHP)</li> </ul> </li> </ul>
Self-Show Local RA Resource	<ul style="list-style-type: none"> <li>LSEs Self-Show local RA Capacity to the CPE from certain preferred, energy storage, and hybrid resources for a premium. LSEs retain system and flexible RA Capacity from any Self-Shown resource</li> </ul>

<b>Non-Compensated Products</b>	<b>Description</b>
Self-Show Local RA Resource	<ul style="list-style-type: none"> <li>LSEs Self-Show local RA Capacity to the CPE for no compensation. LSEs retain system and flexible RA Capacity from any Self-Shown resource</li> </ul>

The RA Capacity must be from specifically identified generating units that have a NQC assigned by the CAISO and must be able to count toward SCE CPE's local RA requirement. For new-build generation, the projected NQC will be used. Local RA from all contracting channels must be eligible for inclusion in the Multi Year-Ahead, Year-Ahead and Month-Ahead compliance filings with the CPUC and CAISO.

#### 4.1. Local RA Capacity

The following table provides a summary and description for the Local RA Capacity product solicited in this RFO.

**Table 4.1: Local RA Capacity (Jan 2023 – Dec 2026)**

<b>Product</b>	<b>Local RA Capacity</b> (including any system and flex RA)
Delivery Point	LAB or BCV
Flexible Attribute	With or Without
Eligible Resources	All existing resources with an NQC or new resources with an estimated NQC
Minimum Volume	1 MW
Delivery Period	Monthly (min 1 month, max 48 months)
Earliest Start Date	January 1, 2023 but no later than December 1, 2024
Latest End Date	December 31, 2026
Offer Limitation	Offers that include 2025 and/or 2026 delivery must include delivery for part or all of 2023 or 2024. The maximum capacity (MW) offered in 2025 or 2026 cannot exceed the maximum capacity (MW) offered in 2023 and/or 2024

#### **SCE CPE Purchase**

Respondents may Offer to sell to SCE CPE a specified quantity of qualifying and deliverable RA Capacity. This shall be a unit specific, capacity-only product and does not include energy or ancillary services associated with the unit.

Respondents submitting Offers to sell RA Capacity to SCE CPE must either own or have a contractual right to the qualifying and deliverable RA Capacity for the delivery period specified in the applicable agreement.

For Respondents who, prior to the launch of the RFO, have an executed EEI Master Power Purchase & Sale Agreement, Cover Sheet, EEI Collateral Annex, and Paragraph 10 to the Collateral Annex (collectively, "EEI Agreement") with SCE, Offers for SCE CPE to purchase the RA Capacity from existing generation shall be transacted through the terms described in the RA Capacity Confirmation (the "CPE Pro Forma RA Confirmation"), attached hereto as Exhibit B1.

For Respondents who, prior to the launch of the RFO, do not have an executed EEI Agreement with SCE, Offers for SCE CPE to purchase RA Capacity from existing generation shall be transacted through the terms described in the RA Capacity Purchase and Sale Agreement (the "CPE Pro Forma RA Purchase and Sale Agreement"), attached hereto as Exhibit B2.

For Respondents submitting Offers from new-build generation, the CPE Technology Neutral Pro Forma ("TNPf") RA Only Term Sheet, attached hereto as Exhibit B3, shall be used as a working template for the transaction.

For in front of the meter energy storage systems connecting to SCE distribution system, any demand charges will be the responsibility of the Seller.

## **4.2. Tolling Products**

SCE CPE will consider tolling agreements with the following technology types:

- Gas Fired Generators ("GFG")
- In Front of the Meter Energy Storage ("IFOM ES")
- Combined Heat & Power facilities ("CHP")

### **Gas Fired Generators**

SCE CPE will consider GFG Tolling offers from a Respondent with a resource that has demonstrated Full Capacity Deliverability Status ("FCDS"). The applicable delivery period can be as early as January 1, 2023 and no later than December 31, 2026.

The following table provides a summary and description for the GFG Tolling product solicited in this RFO.

**Table 4.2: GFG Tolling Agreement (Jan 2023 – Dec 2026)**

<b>Product(s)</b>	<b>Dispatchable GFG Toll</b> Dispatchable capacity, energy, ancillary services, and RA Capacity
Delivery Point	LAB or BCV
Minimum Volume	5 MW
Eligible Sources	All existing GFG resources with an NQC
Delivery Period	Minimum 12 months delivery, max 48 months
Earliest Start Date	January 1, 2023 but no later than January 1, 2024
Latest End Date	December 31, 2026
Offer Limitation	Offers that include 2025 and/or 2026 delivery must include delivery for part or all of 2023 or all of 2024. The maximum capacity (MW) offered in 2025 or 2026 cannot exceed the maximum capacity (MW) offered in 2023 and/or 2024
Agreement(s)	CPE Gas-Fired Tolling Term Sheet as a working template (Exhibit B4)
<b>Toll Offer Parameters</b>	
Offer Workbook Requirement	Respondents must complete both the RA Offer Workbook and Tolling Offer Workbook

### **In Front of the Meter Energy Storage**

Respondent may submit Offers for IFOM ES. Eligible projects must use proven, commercially available technology that is scalable to the project size in the LAB or BCV local areas. These projects must also be brought online in time to meet the solicitation requirements.

**Table 4.3: IFOM ES Dispatchable Toll (Jan 2023 – Dec 2026)**

<b>Product(s)</b>	<b>IFOM ES Dispatchable Toll</b>
	Dispatchable capacity, energy, ancillary services, and RA Capacity attributes
Delivery Point	LAB or BCV
Minimum Volume	5 MW
Eligible Sources	All existing IFOM ES resources with an NQC or new resources with an estimated NQC
Delivery Period	Minimum 12 months delivery, max 48 months
Earliest Start Date	January 1, 2023 but no later than January 1, 2024
Latest End Date	December 31, 2026
Offer Limitation	Offers that include 2025 and/or 2026 delivery must include delivery for part or all of 2023 or all of 2024. The maximum capacity (MW) offered in 2025 or 2026 cannot exceed the maximum capacity (MW) offered in 2023 and/or 2024
Agreement(s)	CPE TNPf Tolling Term Sheet as a working template (Exhibit B5)
<b>Toll Offer Parameters</b>	
Offer Workbook Requirement	Respondents must complete both the RA Offer Workbook and Tolling Offer Workbook

### **Combined Heat & Power**

SCE CPE will consider Offers from dispatchable CHP Utility Pre-Scheduled Facilities (UPF) capable of delivering capacity and energy within the Delivery Period.

The following table provides a summary and description for the CHP UPF Dispatchable Toll PPA product solicited in this RFO.

**Table 4.4: CHP UPF Dispatchable Toll PPA (Jan 2023 - Dec 2026)**

<b>Product(s)</b>	<b>CHP UPF Dispatchable Toll</b> Dispatchable capacity, energy, ancillary services, and RA Capacity
Delivery Point	LAB or BCV
Minimum Volume	5 MW
Eligible Sources	All existing CHP UPF with a NQC
Delivery Period	Minimum 12 months delivery, max 48 months
Earliest Start Date	January 1, 2023 but no later than January 1, 2024
Latest End Date	December 31, 2026
Offer Limitation	Offers that include 2025 and/or 2026 delivery must include delivery for part or all of 2023 or all of 2024. The maximum capacity (MW) offered in 2025 or 2026 cannot exceed the maximum capacity (MW) offered in 2023 and/or 2024
Agreement(s)	CPE CHP UPF PPA Term Sheet as a working template (Exhibit B6)
<b>CHP Offer Parameters</b>	
Offer Workbook Requirement	Respondents must complete both the RA Offer Workbook and Tolling Offer Workbook
Capacity Pricing & Other Applicable Items	See Applicable Offer Workbook

**4.3. Self-Show Local RA Resource**

The Decisions allow LSEs to Self-Show local RA resources while retaining such resources to meet their system and flexible RA obligations. Self-Shown resources will reduce the total procurement cost that SCE CPE incurs on behalf of all LSEs. LSEs are responsible for submitting the Multi Year-Ahead, Year-Ahead and Month-Ahead compliance filings for any Self-Shown resources. All Self-Show Offers shall be transacted through the terms described in the “CPE Pro Forma Showing Agreement”, attached hereto as Exhibit B7. LSEs may elect one of the following methods to Self-Show:

- Self-Show the resource to SCE CPE for no compensation. Refer to the Solicitation Schedule in section 8 for further details.

- Self-Show to SCE CPE the local RA resource for compensation via the Local Capacity Requirement Reduction Compensation Mechanism (“LCR RCM”). Only new preferred, energy storage, or hybrid resources with an original contract executed on or after June 17, 2020 shall be eligible. For utility-owned generation, any resource approved by the Commission or Advice Letter on or after June 17, 2020, shall be eligible for the LCR RCM. Refer to D.20-12-006 Ordering Paragraph 5 & 6 for full eligibility requirements. LSEs may Offer eligible resources into SCE CPE’s solicitation up to the LCR RCM value as determined by CPUC.
- Bid into SCE CPE’s competitive offer process but indicate that the resource will be available to meet local RA requirements even if it is not procured by SCE CPE. This would essentially be a back-up Offer to Self-Show the resource for no compensation. Refer to the Iterative Selection Process discussed in section 5.3 for further information.

**Table 4.5: Self-Shown Local RA Resource for no compensation (Jan 2023–Dec 2026)**

<b>Product</b>	<b>Self-Shown Local RA Resource</b>
Delivery Point	LAB or BCV
Eligible Resources	Local RA resource with an existing contract with an LSE
Minimum Volume	1 MW
Delivery Period	Monthly (min 1 month, max 48 months)
Earliest Start Date	January 1, 2023
Latest End Date	December 31, 2026
Pricing	No compensation
Agreement Type	CPE Pro Forma Showing Agreement (Exhibit 7)

**Table 4.6: Self-Shown Local RA Resource via LCR RCM (Jan 2023 – Dec 2026)**

<b>Product</b>	<b>Self-Shown Local RA Resource via LCR RCM</b>
Delivery Point	LAB or BCV
Eligible Resources	A new preferred resource or energy storage resource with a contract executed with the LSE on or after June 17, 2020; also includes: <ul style="list-style-type: none"> <li>• hybrid resources (new hybrid resource or only the new added energy storage co-located to existing preferred resource) and</li> <li>• utility-owned generation (approved by CPUC via Advice Letter on or after June 17, 2020)</li> </ul>
Minimum Volume	1 MW
Delivery Period	Monthly (min 1 month, max 48 months)
Earliest Start Date	January 1, 2023
Latest End Date	December 31, 2026
Pricing	Fixed Price (\$/kW-month) up to the LCR RCM cap as determined by the CPUC
Agreement Type	CPE Pro Forma Showing Agreement (Exhibit 7)

  

<b>Local Area</b>	<b>LCR RCM Cap</b>
LAB	\$0.03 / kW-month
BCV	\$0.00 / kW-month

#### 4.4. Other Product or Offer Considerations & Limitations

- Respondents are encouraged, but not required, to submit a proposal letter describing their Offer(s) including any mutual inclusivity / exclusivity, volumetric limitations, and any other pertinent information related to the Offer(s).
- Respondents are allowed to submit Offers for more than one product and up to six Offers for the same resource ID.
- For RA-Only and Tolling Products, any Offer that includes 2025 and 2026 delivery must also be accompanied by a separate Offer for the compliance period of 2023 and 2024 only.
- Mutually inclusive Offers across generating units but within the same product category are allowed. If making a mutually inclusive Offer across

generating units, Respondent must also submit discrete Offers for those generating units. SCE CPE will have the option to either select the mutually inclusive Offer or the discrete Offers separately.

- If Respondents have volumetric limitations, please state in the notes of each Offer in the RA Offer Workbook and the proposal letter. Except for setting volumetric limitations, Offers containing any contingencies may be considered nonconforming and ineligible for consideration.
- All product categories may be proposed in partial MW increments that are equal to or greater than the minimum volumes specified in each table with no more than two decimal places. For example, an Offer for 1.23 MW would be acceptable, whereas an Offer for 1.234 MW would not be acceptable.
- No contracts awarded in this solicitation shall be greater than 48-months in duration, subject to contract end date being no later than December 31, 2026
- Respondents are required to include in their bids, the following attributes for each resource: the CalEnviroScreen score of the resource location (if unavailable, the pollution burden of the resource location), the facility age, heat rate (if applicable), start-up time and ramp rate. This information is required in the RA Offer Workbook. CalEnviroScreen 3.0 can be found here: <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-30>

## 5. Eligibility Requirements

Respondents to this RFO must comply with the requirements in these RFO Instructions. Respondents that fail to comply with the requirements in these RFO Instructions may be deemed ineligible and their Offers may not be considered.

SCE CPE, in its sole discretion, may change the terms, requirements, and schedule of this RFO.

By participating in this RFO the Respondent specifically acknowledges the following:

1. If Respondent is deemed eligible to submit an Offer, any Offer submitted by Respondent is considered a final Offer and cannot be modified by Respondent.

SCE CPE however reserves the right to clarify and may seek modifications to Offer(s)

2. Respondents may enter into limited negotiations to execute an agreement with SCE CPE. **Extensive modifications to the form of Agreements, Confirmations, or Term Sheets attached as Exhibits to these RFO Instructions (collectively, the "Agreements") will not be accepted. SCE CPE, in its sole discretion, will determine whether any proposed modification or alteration to these Agreements are material and reserves the right to decline to execute any agreement with a selected Respondent for any reason.**

## 6. Credit Requirements

All credit and collateral terms are specified in their respective contract forms as stated in Exhibits B1 through B6. Credit and collateral requirements are not applicable for Self-Shown contracts (Exhibit B7). A summary is provided in the table below.

RFO Instructions Section	Exhibit	Contract Form	Summary of Credit and Collateral Requirements
4.1	B1	CPE Pro Forma RA Confirmation	RA-Only Product (CPE as Buyer Only) Same requirements as SCE's RA e-Solicitation Q1-2021 SCE does not post collateral Transactions executed through EEI Agreements Collateral requirements determined per standard enabling agreements Independent Amount: 20% of the total remaining nominal payments (non-IG CPs)
	B2	CPE Pro Forma RA Purchase and Sale Agreement	Same basic requirements as CPE Pro Forma RA Confirmation except counterparty collateral thresholds and parent guarantees not allowed
	B3	CPE Technology Neutral Pro Forma ("TNPF") RA Only Term Sheet	Development Security of \$65/kW and Performance Assurance of \$25/kW for contract terms of up to 4 years. Other credit and collateral requirements will be consistent with requirements of recent SCE solicitations for IFOM projects
4.2	B4	CPE Gas-Fired Tolling Term Sheet	Development Security of \$65/kW and Performance Assurance of \$25/kW for contract terms of up to 4 years. Other credit and collateral requirements will be consistent with requirements of recent SCE solicitations for IFOM projects.
	B5	CPE TNPF Tolling Term Sheet	Development Security of \$65/kW and Performance Assurance of \$25/kW for contract terms of up to 4 years. Other credit and collateral requirements will be consistent with requirements of recent SCE solicitations for IFOM projects.
	B6	CPE CHP UPF PPA Term Sheet	Credit and collateral requirements will be consistent with requirements of the CHP Settlement and of recent SCE solicitations for CHP projects.
4.3	B7	CPE Pro Forma Showing Agreement	Not Applicable

## 7. Evaluation Criteria

SCE CPE will assess Offers using the least cost best fit methodology. All Offers will initially be assessed for conformance with the requirements set forth in these RFO

Instructions. Respondents are responsible for the accuracy of all figures, calculations, and representations within their offer workbooks. In addition to the foregoing, there will be both quantitative and qualitative considerations involved with evaluating Offers in accordance with the Decisions. Any Offer within this RFO will be considered a final Offer which cannot be modified by Respondent and shall only be subject to SCE CPE's acceptance, at SCE CPE's sole discretion.

## **7.1. Quantitative Evaluation**

The quantitative valuation of each Offer considers cash flow components for both costs and benefits. The costs and benefits which may be considered are listed below. These components are then netted and discounted to yield a Net Present Value ("NPV") for each Offer. Once each complete and conforming Offer's NPV is calculated, an NPV based metric is used to compare Offers or potential combinations of Offers to find the "Least Cost" selection set which meets SCE CPE's minimum procurement obligation. SCE CPE reserves the right to attribute any costs and/or benefits that may be required to accurately assess an Offer's quantitative value.

- Benefits
  - Resource Adequacy
  - Energy
  - Ancillary Services (if applicable)
  - Other
- Costs
  - Capacity Payments
  - Variable Operating and Maintenance Charges
  - Fuel Costs (Gas, Green House Gas, and/or energy)
  - Debt Equivalence
  - Network Upgrade Costs
  - Other

SCE CPE will then select a set of Offers with the goal of minimizing the net cost to SCE CPE's customers while meeting the defined needs, subject to a set of constraints such as, but not limited to, counterparty offer inclusivity and exclusivity considerations.

## 7.2. Qualitative Evaluation

In addition to the quantitative factors described above, there are other factors which may impact the selection of an Offer. These may include, among other factors, project viability, future needs in local and sub-local areas, local effectiveness factors, resource costs, operational characteristics of the resources, location of the facility, costs of potential alternatives, energy-use limitations, procurement of preferred resources and energy storage (to be prioritized over fossil generation). In addition, SCE CPE will consider contracting complexity as part of the qualitative evaluation. SCE CPE reserves the right to include other qualitative considerations that may arise during the RFO.

Please refer to Ordering Paragraph 14 set forth in D.20-06-002 and Ordering Paragraph 3 set forth in D.20-12-006 for other criteria used in the quantitative and qualitative evaluation.

## 7.3. Iterative Selection Process

In accordance with D.20-12-006, SCE will have an iterative least-cost-best-fit selection process. This process will accommodate Self-Show back-up Offers as described in section 3. As such, SCE CPE will implement an iterative selection process that will follow a framework that is in line with the process that is described below:

1. SCE CPE evaluates all Offers regardless of whether any Offers have a Self-Show back-up Offer. SCE CPE will select an initial portfolio based on the least-cost-best-fit selection methodology.
2. SCE CPE determines if any Offers not selected have a Self-Show back-up Offer. SCE CPE will select the previously non-selected Self-Shown Offers to reduce SCE CPE's net procurement target. SCE CPE will then perform another least-cost-best-fit selection to meet the updated requirement which may unselect Offers from the initial portfolio.
3. SCE CPE will review the newly unselected Offers from step (2) to determine if they include Self-Show back-up Offers. If the newly unselected Offers include Self-Show back-up Offers, then SCE CPE will then begin step (2) again. Steps (2) and (3) will repeat until there are no longer any Self-Show

back-up Offers in the unselected Offers, or if the procurement target is satisfied through Self-Show offers for no compensation.

## 8. Solicitation Schedule

TIMELINE	EVENT
May 26, 2021	<b>RFO Launch</b>
June 9, 2021	<b>RFO Bidder's Conference Webinar</b> To provide further details on the product tables and RFO process
June 23, 2021 12:00 p.m. Noon PPT	<b>SCE Offer Submission Deadline</b> Including compensated / non-compensated Self-Shown resources and compensated offered resources
June 28, 2021 12:00 p.m. Noon PPT	<b>All Other Offer Submission Deadline</b> Including compensated / non-compensated Self-Shown resources and compensated offered resources. Respondents must submit their Offers in a completed Offer Workbook and <u>if not previously executed</u> with SCE, Respondents must submit a partially executed Non-Disclosure Agreement, redlined applicable agreement, confirmation or term sheet collectively ("Transaction Documents")
June 28, 2021 – Mid-August 2021	<b>Selection Notification Period</b> Time window by which Respondents will have received communications regarding Respondent's Offer. <u>Selection notice</u> will be provided for accepted offers with exact product, pricing, quantity and parameters on a specific resource.  SCE CPE's selection of an Offer is subject to successful completion and execution the Transaction Documents.
No Later than September 16, 2021	<b>Execution Deadline</b> Deadline for Respondent and SCE CPE, as applicable, to execute final Transaction Documents

Unless stated otherwise in the above table, deadlines will be set at close of business (5:00 p.m. PPT). SCE CPE reserves the right to revise this schedule at any time and in SCE CPE's sole discretion.

## 9. Offer Submittal Instructions

Respondent must submit each of the applicable RFO Documents on the date described in the RFO Instructions and in all cases in accordance with the terms of these RFO Instructions. **Respondents must submit RFO Documents via PowerAdvocate and**

**email a copy of all RFO Documents to the IE ([Alan.Taylor@sedwayconsulting.com](mailto:Alan.Taylor@sedwayconsulting.com)). Please do not copy SCE CPE on the email submittal package to the IE. Offers from SCE must also be submitted to the CAM PRG membership as outlined in D.20-06-002 by the SCE bid development team.**

All documents will be made available through the initial RFO launch communication. All forms submitted for consideration 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 Offer being deemed non-responsive and may disqualify the Offer from further consideration. All emails to SCE must be less than 10 megabytes (MB) (inclusive of all attachments).

### **9.1. Submission of Offers**

In order to have a complete and conforming Offer submittal package, a Respondent must provide the following documents on the date described in the RFO Instructions:

1. A fully completed Offer Workbook or Workbooks;
2. A partially executed Non-Disclosure Agreement, unless Respondent already has in place an evergreen Non-Disclosure Agreement with SCE (please note this on offer submittal);
3. A completed pro forma confirmation, agreement or term sheet with all the relevant data fields filled in. Extensive modifications to SCE CPE's Agreements will not be accepted;
4. Respondents can submit multiple Offers with varying delivery periods and contract options. These varying Offers could include different volume options/product types with various delivery terms. Respondents will be limited to six Offers for each resource ID.
5. If Respondent is a government entity, an unexecuted draft Certificate of Authority including all applicable exhibits.
6. The CalEnvironScreen score of the resource location (if unavailable, the pollution burden of the resource location), the facility age, heat rate (if applicable), start-up time and ramp rate

SCE CPE will not accept Offers received after the deadlines as specified above. SCE CPE will only consider submissions that, as of the submittal deadline, constitute complete and conforming Offers. By responding to this RFO, each Respondent

agrees to be bound by all terms, conditions and other provisions of this RFO (including these RFO Instructions) and any changes or supplements to it that may be issued by SCE CPE.

## **9.2. Binding Award Notification**

By the end of the Selection Notification Period, SCE CPE will notify Respondents if their Offers have been contingently selected. Upon such contingent selection, such Offer will become binding on Respondent and Respondent may not modify, alter, withdraw or otherwise revise such Offer. SCE CPE selection is contingent upon successful negotiation of the Agreements and execution.

## **10. Contact Information**

### **10.1. Independent Evaluator and SCE CPE**

Questions relating to this RFO should be addressed to SCE CPE via e-mail at [CPE@sce.com](mailto:CPE@sce.com), [Wen.Liao@sce.com](mailto:Wen.Liao@sce.com), and [Justin.Dillon@sce.com](mailto:Justin.Dillon@sce.com) (with the IE carbon copied at [Alan.Taylor@sedwayconsulting.com](mailto:Alan.Taylor@sedwayconsulting.com)).

### **10.2. Independent Evaluator**

Questions regarding the integrity of the evaluation process or the role of the IE may be referred to Alan Taylor of Sedway Consulting at the following e-mail address: [Alan.Taylor@sedwayconsulting.com](mailto:Alan.Taylor@sedwayconsulting.com)

## **11. Confidentiality**

With respect to SCE CPE and the IE, information provided by Respondent to SCE CPE and the IE for purposes of this RFO will be subject to (i) a fully executed NDA and (ii) all applicable CPUC disclosure requirements including, CPUC D.06-06-066.

## **12. General Information & Reservation of Rights**

- a) Any transaction resulting from this RFO will be documented in one or more executed Agreements between SCE CPE and Respondent, as applicable.

- b) SCE CPE may, in its sole discretion, enter into transactions with one or more Respondents submitting Offers.
- c) SCE CPE may, in its sole discretion, request a Respondent to modify their price, Contract Quantity, and/or RA attributes Offered, or otherwise issue a counteroffer during the negotiation phase in this RFO.
- d) SCE CPE may execute Agreements with selected Respondents at any time during the negotiation phase or may choose to execute none at all.
- e) SCE CPE retains the right, in its sole discretion, to: (a) reject any Offer in the event the Offer does not provide adequate benefit to SCE CPE's TAC area; (b) formulate and implement appropriate criteria for the evaluation and selection of Offers; and (c) negotiate with any Respondent in order to maximize the value for SCE CPE's TAC area.
- f) In addition to the limitations on Offers set forth in these RFO Instructions, SCE CPE reserves the right, in its sole discretion, to limit the number of Offers that can be submitted by any Respondent.
- g) Respondents are required to meet all the terms and conditions of the RFO to be eligible to compete in the solicitation process. Respondents are required to submit all requested information and follow all instructions contained in these RFO Instructions, including, but not limited to, submitting conforming Offers and RFO Documents in compliance with the RFO Schedule.
- h) By participating in this RFO, including, without limitation, by submitting an Offer, Respondent agrees to all terms, conditions, representations, warranties, and covenants in these RFO Instructions. Other than the representations, warranties and covenants made by Respondent in these RFO Instructions and the executed Confidentiality Agreement between SCE CPE and Respondent, submittal of any document pertaining to this RFO, including, without limitation, one or more Offers, or receipt of any contingent selection, is not intended to, and does not, constitute a binding agreement of, or establish any obligation of SCE CPE.
- i) SCE CPE reserves the right, at any time and during this RFO in its sole discretion, to abandon the RFO, to change any dates specified in this RFO, to change the basis for the evaluation of Offers, to terminate further participation in this process by any party, to accept any Offer, to enter into any agreement, to evaluate the qualifications of any Respondent or the terms

and conditions of any Offer, to reject any or all Offers, to prohibit or limit mutually exclusive and mutually inclusive Offers, to change any form or document used in this RFO, waive any irregularities, and otherwise modify the RFO in any way, without notice and without assigning any reasons and without liability of Edison International, SCE, or any of their respective subsidiaries, affiliates, employees, officers, directors, other agents, and representatives.

SCE CPE shall have no obligation to consider any Offer submitted by a Respondent. SCE CPE will not reimburse any Respondent for any of its expenses related to this RFO under any circumstances, regardless of whether the RFO proceeds to execution of any transactions or is abandoned, and regardless of whether or not SCE CPE enters into a transaction with the Respondent. With respect to Respondents who have applicable Enabling Agreements executed and effective prior to the time when such Respondent submits an Offer, SCE CPE shall not be deemed to have accepted any such Offer, and shall not be bound by any term thereof, unless and until an authorized representative of SCE CPE executes an Agreement with respect to such Offer. The establishment, update, or modification of any regulatory requirement which potentially impacts SCE CPE's decision regarding selection of Offers may result in SCE CPE revising any portion of any document related to this RFO, including, without limitation, the elimination of one or more products sought hereunder and/or revising the schedule set forth herein.

- j) SCE CPE encourages Women-Owned, Minority-Owned, and Disabled Veteran-Owned Business Enterprises and Lesbian, Gay, Bisexual and/or Transgender Business Enterprises ("Diverse Business Enterprise(s)") to participate in the RFO. To be considered as a Diverse Business Enterprise, Respondent must provide a copy of a valid certificate that verifies Respondent's Diverse Business Enterprise status. Information on SCE's diversity supplier program can be found at: <https://www.sce.com/wps/portal/home/partners/buying-selling/supplier-diversity/>.

Further, as provided in Section 6.3 of CPUC General Order 156, SCE's Supplier Diversity efforts include encouraging its Respondent's to develop plans to utilize Diverse Business Enterprises subcontractors. SCE can help Respondent's with identifying Diverse Business Enterprises for subcontracting opportunities.

### 13. Respondent's Waiver of Claims & Limitation of Remedies

By participating in this RFO, including, without limitation, by submitting an Offer:

Respondent acknowledges and agrees that it is knowingly, voluntarily, and completely waiving any rights under statute, regulation, state or federal constitution, or common law to assert any claim, complaint, or other challenge in any regulatory, judicial, or other forum, including, without limitation, the CPUC (except as expressly provided below), the Federal Energy Regulatory Commission ("FERC"), the Superior Court of the State of California ("State Court") or any U.S. District Court ("Federal Court") concerning or related in any way to this RFO or any unexecuted documents related to this RFO, including, without limitation, all exhibits, attachments, and appendices thereto ("Waived Claims").

- a) Respondent acknowledges and agrees that if it asserts any Waived Claim at the CPUC, FERC, State Court, or Federal Court, or otherwise in any forum, to the extent that Respondent's Offer has not already been disqualified, SCE CPE is entitled to automatically disqualify such Offer from further consideration in the RFO or otherwise.
- b) Respondent acknowledges and agrees that the sole forum in which Respondent may assert any challenge with respect to the conduct or results of the RFO is at the CPUC and that: (1) the sole means of challenging the conduct or results of the RFO is a complaint filed under Article 4, Complaints and Investigations, of Division 2, Chapter 2 of Title 20, Public Utilities and Energy, of the California Code of Regulations, (2) the sole basis for any such complaint shall be that SCE CPE allegedly failed in a material respect to conduct the solicitation in accordance with these RFO Instructions; and (3) the exclusive remedy available to Respondent in the case of such a complaint shall be an order of the CPUC that SCE CPE again conduct any portion of the solicitation that the CPUC determines was not previously conducted in accordance with these RFO Instructions or any documents related to this RFO (including exhibits, attachments, and appendices).
- c) Respondent expressly waives any and all other remedies, including, without limitation, compensatory and/or exemplary damages, restitution, injunctive relief, interest, costs and/or attorneys' fees. Unless SCE CPE elects to do otherwise in its sole discretion, during the pendency of such a complaint, the RFO and any related regulatory proceedings related to the RFO will continue

as if the complaint had not been filed, unless the CPUC issues an order suspending the RFO.

- d) Respondent acknowledges and agrees that if Respondent asserts any Waived Claim, SCE CPE shall be entitled to seek immediate dismissal of Respondent's claim, complaint, or other challenge, with prejudice, by filing a motion to dismiss (or similar procedural device) supported by the language in these RFO Instructions and that Respondent will not challenge or oppose such a motion to dismiss (or similar procedural device).
- e) Respondent acknowledges and agrees that if it asserts any Waived Claim, and if SCE CPE successfully has that claim dismissed or transferred to the CPUC, Respondent shall pay SCE CPE's full costs and expenses incurred in seeking such dismissal or transfer, including, without limitation, reasonable attorneys' fees and expenses.
- f) Respondent agrees to indemnify and hold SCE CPE harmless from any and all claims by any other party asserted in response to the assertion of any Waived Claim by Respondent and for reasonable costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by SCE CPE or as a result of a Respondent's complaint filing at the CPUC resulting from the RFO.
- g) Except as expressly provided in the documents related to this RFO, nothing herein, including, without limitation, Respondent's waiver of any Waived Claims as set forth above, shall in any way limit or otherwise affect the rights and remedies of SCE CPE.
- h) In the event Respondent is deemed eligible by SCE CPE to submit an Offer, Respondent submits an Offer, SCE CPE notifies Respondent that SCE CPE accepts such Offer and there is a dispute related to the terms of any such Offer, such dispute shall be resolved in accordance with the terms of the dispute resolution provisions set forth in the RFO Documents which were part of such Offer.

#### **14. Respondent's Representations, Warranties & Covenants**

By participating in this RFO, including, without limitation, by submitting an Offer, Respondent (A) agrees to be bound by the conditions of the RFO, including the terms of these RFO Instructions; and (B) makes the following representations, warranties, and

covenants to SCE CPE, which representations, warranties, and covenants shall be deemed to be incorporated in their entirety into each of Respondent's Offers:

- a) Respondent has read, understands and agrees to be bound by all terms, conditions and other provisions of the RFO Documents.
- b) Respondent has had the opportunity to seek independent legal and financial advice of its own choosing with respect to the RFO, the RFO Documents, and these RFO Instructions, including any exhibits, attachments, and appendices to such documents.
- c) Respondent has obtained all necessary authorizations, approvals and waivers, if any, required by Respondent to submit its Offer and required to enter into and execute any Agreements negotiated with SCE CPE in accordance with the term sheets attached to these RFO Instructions or in the forms attached to these RFO Instructions..
- d) Respondent's Offer complies with all applicable laws and regulations.
- e) Respondent (a) has not engaged, and covenants that it will not engage, in any communications with any other actual or potential participant in the RFO concerning this solicitation, price terms in Respondent's Offer, or related matters, without disclosure to SCE CPE and a waiver by SCE CPE of any applicable confidentiality provisions, including, but not limited to those set forth in the Confidentiality Agreement and these RFO Instructions, and (b) has not engaged in collusion or other unlawful or unfair business practices in connection with this RFO.
- f) Each Offer submitted by Respondent (a) is a Offer subject only to SCE CPE's contingent selection, in SCE CPE's sole discretion, and (b) in the event there is any dispute related to the terms of any such Offer, such dispute shall be resolved in accordance with the terms of the dispute resolution provisions set forth in the RFO Documents which were part of such Offer.
- g) The information and documents submitted by Respondent to SCE CPE in connection with this RFO are true and accurate as of the date of Respondent's Offer submittal. Respondent covenants that it will promptly update such information upon any material change thereto.

## 15. Respondent's Offer & Acknowledgement

By participating in this RFO, including, without limitation, by submitting an Offer, Respondent acknowledges and agrees that:

- a) SCE CPE may rely upon all of Respondent's representations, warranties, and covenants in this RFO (including, without limitation, in these RFO Instructions, in the RFO Documents and in any Offer submitted by Respondent);
- b) SCE CPE may disclose information as set forth in the Confidentiality Agreement and as described in these RFO Instructions; and
- c) In SCE CPE's evaluation of Offers pursuant to this RFO, SCE CPE has the right to disqualify a Respondent that is unwilling or unable to meet SCE CPE's credit requirements, or any other requirements of this RFO, as determined by SCE CPE in its sole discretion.

BY PARTICIPATING IN THIS RFO, INCLUDING, WITHOUT LIMITATION, BY SUBMITTING AN OFFER, RESPONDENT ACKNOWLEDGES AND AGREES THAT ANY BREACH BY RESPONDENT OF ANY OF THE REPRESENTATIONS, WARRANTIES AND COVENANTS IN THESE RFO INSTRUCTIONS AND ALL OTHER RFO DOCUMENTS SHALL CONSTITUTE GROUNDS FOR IMMEDIATE DISQUALIFICATION OF SUCH RESPONDENT, IN ADDITION TO ANY OTHER REMEDIES THAT MAY BE AVAILABLE TO SCE CPE UNDER APPLICABLE LAW, AND DEPENDING ON THE NATURE OF THE BREACH, MAY ALSO BE GROUNDS FOR TERMINATING THE RFO IN ITS ENTIRETY, OR FOR PROHIBITING RESPONDENT FROM PARTICIPATING IN FUTURE SOLICITATIONS OR PLACING ADDITIONAL REQUIREMENTS ON RESPONDENT IN FUTURE SOLICITATIONS.

## **16. Exhibits**

Exhibit A – CPE Non-Disclosure Agreement

Exhibit B1 – CPE Pro Forma RA Confirmation

Exhibit B2 – CPE Pro Forma RA Purchase and Sale Agreement

Exhibit B3 – CPE TNPf RA Only Term Sheet

Exhibit B4 – CPE Gas-Fired Tolling Term Sheet

Exhibit B5 – CPE TNPf Tolling Term Sheet

Exhibit B6 – CPE CHP UPF PPA Term Sheet

Exhibit B7 – CPE Pro Forma Showing Agreement

Exhibit C – Offers Workbooks