



Request for Offers for Long-term Renewable Energy + Storage

Q&A Responses
August 6, 2020

Offers Due: Friday, September 4, 2020 at 5:00 PM PPT

RFO Website: <https://www.peninsulacleanenergy.com/rfo-long-term-renewable>

1. Q&A Responses

#	Question	Response
1	Are CAISO QC12 projects which will have its Phase 2 Interconnection Study report issued on or around November 20, 2020, eligible to this RFO?	<i>The Joint CCAs expect to notify short-listed Bidders by <u>Friday, October 30, 2020</u>.</i> Within 2 weeks of short-list notification, Respondent must submit the most recent Phase 2 Interconnection Study and Generator Interconnection Agreement (GIA), if available. Given the close timelines, projects in QC12 should bid into the RFO and will be evaluated. The Interconnection status will be considered in the evaluation of project viability. If a project in QC12 is shortlisted, we would require the Phase 2 Interconnection Study before proceeding with negotiations.
2	Will you be posting a pro forma PPA template for review and comment?	We will be posting a PPA Term Sheet. A redline of this term sheet is a requirement for bid submittal.
3	When will the Attachment 3 term sheet be available?	Attachment 3 will be posted to the RFO web site by Monday, August 10 th .
4	What is the annual guaranteed energy production (e.g., 90% of expected MWh; 160% of 2 years, etc)?	Please see page 10 of the RFO Protocol. The Guaranteed Energy Production is one hundred sixty percent (160%) of proposed estimated annual energy production in each 2-year performance measurement period.
5	What is the event of default levels for energy production (e.g., <50% for two years)?	The occurrence of any of the following shall constitute an Event of Default: (1) If, beginning in the second Contract Year, the Adjusted Energy Production amount is not at least fifty percent (50%) of the Expected Energy amount in any Contract Year; and (2) If, in any two (2) consecutive Contract Years during the Delivery

		Term, the Adjusted Energy Production amount is not at least sixty-five percent (65%) of the Expected Energy amount in each Contract Year
6	What is percentage of Capacity needed to achieve PPA start (e.g., 90% of your contract capacity; Seller pays damages for deficit of 10% but get to start PPA deliveries and step into full capacity over time, etc.)?	<p>(i) Seller has installed equipment for the Generating Facility with a nameplate capacity of no less than ninety-five percent (95%) of the Guaranteed Capacity.</p> <p>(ii) Seller has installed equipment for the Storage Facility with a nameplate capacity of no less than ninety-five percent (95%) of the Storage Contract Capacity.</p> <p>If Seller has not installed 100%, Seller shall pay Capacity Damages of \$250,000 / MW</p>
7	What are the Development Term security and Delivery Term security amounts?	<p>Please refer to Section 8. Seller Credit Requirements in the RFO Protocol document.</p> <ul style="list-style-type: none"> • Following PPA execution: Development Security of \$60/kW of Guaranteed Capacity for the Generating Facility and \$90/kW for storage resources. This can be provided as cash or Letter of Credit. • Upon Commercial Operation: Performance Security equivalent to one year of expected project revenues. This can be provided as cash or Letter of Credit (PCE and SJCE), or acceptable guaranty (SJCE only).
8	Please describe the Sundown Renewable Energy Product in further detail and its purpose. In particular, is PCE requesting a product that only delivers in non-solar generating hours? In order for storage to count for RA, it will be subject to the CAISO's must offer obligation and may get dispatched during the evening peak.	We are looking for products that could help us deliver renewable energy in all hours to match customer load. As we have already procured solar projects, we need fewer MWh during solar hours. A sundown renewable energy product could also deliver in solar hours, but the appeal would be the ability to deliver energy

		during sundown hours. An example would be solar + storage delivering on a 7x16 basis or a renewable energy source that delivers energy around the clock. These are merely examples – respondents are encouraged to propose innovative structures. Unlike a more traditional take or pay contract, RA value is not required but would be valued in this type of offer as relevant.
9	Please provide Operating Restrictions for Energy Storage, if available. Do the Joint CCAs have a state of charge that they want the battery to be kept at?	Please see page 10 of the RFO Protocol. Storage components of generation + storage resources will only be charged by the generation resource they are directly connected to (no grid charging) for the duration of the ITC recapture period. Storage resources may be grid-charged after the ITC recapture period. Storage resources are expected to operate at approximately 200 cycles ¹ /year for 4-hour duration batteries and 365 cycles/year for 2-hour duration batteries. Bidders may specify a cost for additional cycles beyond those identified. Storage resources must have no limit to the numbers of times per day that they may be charged or discharged. There is no specific state of charge requirement. Bidders can propose language about state of charge restrictions and costs in their redlined term sheet.
10	Should the storage be designed to provide any ancillary services or is it OK to focus on time shifting application?	The Joint CCAs intend to collect all relevant Energy, Environmental Attributes, Resource Adequacy, and Ancillary Services benefits from the Projects, as applicable.
11	Do the Joint CCAs prefer AC-coupled or DC-coupled ESS?	The CCAs will evaluate both types of offers but expect to be able charge from the grid after the ITC recapture period.
12	Do the Joint CCAs prefer RPS + ESS than RPS only project? RPS + ESS proposal	The Joint CCAs”) are soliciting competitive proposals for renewable energy or

¹ A “full cycle” is defined as the net discharge of the full battery energy capacity plus the net charge of the full battery energy capacity. For example, if a 400 MWh battery discharges 600 MWh and charges 600 MWh over some period of time, that would be considered 1.5 full cycles.

	could be evaluated also as RPS only proposal and could be contracted as RPS only project?	renewable energy plus storage contracts. The Joint CCAs will consider offers from all eligible resources, but in consideration of current economic trends, the Joint CCAs do not anticipate stand-alone solar projects to be cost competitive.
13	PCE and SJCE have slightly different evaluation criteria. In this regard, is it possible that the list of shortlisted bidders may differ between the two CCAs?	Yes, The Joint CCAs intend to shortlist and contract individually with Bidders. Each CCA will create its own shortlist based on its own evaluation criteria.
14	Is there a rough allocation ratio between the two CCAs in case of procurement from one project?	To the extent the Joint CCAs are interested in sharing volume from one project, the Joint CCAs will determine the volumes between themselves and intend to work together on negotiating a PPA, but ultimately each CCA is a separate entity with an individual governing board and will need to meet the needs and requirements of their organization.
15	Projects are required to have a guaranteed COD before the end of 2024, including all permitted extensions. Is the period of all permitted extensions unknown at the time of PPA execution? Please articulate what the permitted extensions are.	Any extension provisions would be articulated in the PPA. Please refer to the Term Sheet when posted on Monday, August 10 th for details on any COD requirements and any extension provisions.
16	In the Offer Form, COD should be before December 31, 2024. December 31, 2024 is not accepted as an eligible project COD?	Projects are required to have a guaranteed commercial operation date ("COD") before the end of 2024, including all permitted extensions. December 31, 2024 is an eligible COD, but there would be no additional extensions beyond this date in the PPA.
17	According to the RFO protocol, maximum 750,000MWh per year from any one project provided both of the Joint CCAs participate. In the Offer Form, the maximum Expected Average Annual Generation is 1,000,000MWh per year. Which one is correct?	The Joint CCAs are looking to procure 1,000,000 MWh annually across the portfolio of project PPAs executed in this RFO. Any individual project can provide no more than 750,000 MWh. The Offer Form has been corrected to reflect this.
18	Will this RFP satisfy RPS procurement needs of the Joint CCAs in the near-term, or do you anticipate additional RFP opportunities issued within the next ~12 months for similar resources?	Further RFPs within the next 12 months will depend on the outcome of this RFP, and market and regulatory developments. PCE plans to offer additional RFPs in future years.

<p>19</p>	<p>Required Information in Section 5 of the RFO document mentions a 3.a. RE+Storage Hourly tab in the Offer Form but it is not shown in the current version on the website. Is this information PCE-SJCE are expecting bidders to provide or will PCE-SJCE be creating their own RE+Storage hourly generation profiles from the Renewable hourly generation profile and the storage parameters input into the Offer Form?</p>	<p>The Joint CCAs will be creating their own RE+Storage hourly generation profiles from the Renewable hourly generation profile and the storage parameters input into the Offer Form. The RFO Protocol have been updated to reflect this and a new clean and redlined version have been posted to the RFO web page.</p>
<p>20</p>	<p>Curtailment Cap – the RFO instructions state that this should be 50 hours; typically this is 50 hours multiplied by contract capacity. Could you please confirm if this should be 50 hours multiplied by <u>PV capacity</u> or <u>Project Capacity (PV+S)</u>?</p>	<p>The Curtailment Cap is 50 hours multiplied by the generating facility capacity.</p>
<p>21</p>	<p>Storage size – does PCE or SJCE have a preferred size of battery capacity (as a percentage of PV capacity)?</p>	<p>No. The Joint CCAs will evaluate overall project value and how the project fits within the context of each of their portfolios according to the evaluation criteria described in the RFO.</p>
<p>22</p>	<p>Does PCE/SJCE desire to have the Sundown offer include zero energy during the solar generation hours?</p>	<p>The Joint CCAs have not prejudged alternatives for Sundown offers and encourages bidders to submit innovative offers. ‘Sundown’ refers to a requirement to provide sundown energy rather than a prohibition to providing sunup energy.</p>
<p>23</p>	<p>Could PCE/SJCE desire to put a weighted value on energy in a 12 month x 24 hour format</p> <ol style="list-style-type: none"> 1. Could this be 1x multiplier during solar hours and 5x multiplier during non-solar hours? 2. If PCE/SJCE has no weighting preference, could bidders use a normalized value from 2019 year, 12x24 hourly average prices with the value of 1 at the highest value hour and fractions of 1 for the lower hourly averages? 	<p>The Joint CCAs have not prejudged alternatives for Sundown offers and encourages bidders to submit innovative offers.</p>
<p>24</p>	<p>For the Sundown option, would PCE/SJCE want bidders to help optimize the design</p>	<p>The Joint CCAs have not prejudged alternatives for Sundown offers and</p>

	but PCE/SJCE retain the Scheduling Coordinator rights, or would PCE/SJCE prefer that bidders optimize the offer in a Time Of Day (TOD) weighted format for when energy is delivered and the bidder retains scheduling coordinator responsibilities?	encourages bidders to submit innovative offers.
25	Can someone please tell me how to easily find the interconnection node in the pull down menu on the offer spreadsheet? I see the pull down menu but when I pull down, there are so many listed that I it is all but impossible to find our node, especially with the box so small. It would be easier if there were a search function, an ability to manually type the node in, or if all nodes were at least in alphabetical order.	The node can be manually typed or pasted directly into the cell. As long as the node is in the list, the entry will be accepted.
26	We would like to offer an alternative proposal that includes shaping the generation profile. Thank you for including each CCA's expected hourly load. Can you please provide what the expected hourly generation is from the existing contracts or the difference between the customer load and the existing generation? This would help to shape the product to each CCA's actual needs based on what they've already procured.	We will not be providing additional information about the profile of our existing contracts. Please submit the best possible offer considering the information you have available. Both CCAs have made public announcements about the long-term PPAs they have executed. Please describe any enhancements that might be available or other changes that might be required if the offered shape is not optimal.
27	Are you planning to define "non-solar generating hours"?	Non-solar generating hours are early morning, evening and overnight when solar plants are not generating.
28	In aggregating projects less than 10 MW, can they represent two separate locations and two separate PNodes?	We prefer projects be at one location and require on PNode for settlement.
29	Is there benefits added by having the bidder be located in city of San Jose?	There are evaluation scoring benefits for bidders who qualify for the Local and Small Business guidelines described in Attachment 5. The City of San Jose has adopted these procurement policies in its municipal code to encourage and assist these types of businesses.
30	Does SJCE have a credit rating? If not, when will they have one?	SJCE does not yet have a credit rating since it has not been serving load for two

		years, which is a prerequisite of seeking such a rating. It intends to seek a credit rating when the time comes but cannot commit to a specific timeline. No bid submission should be contingent on SJCE getting a credit rating. SJCE does have an \$80M credit facility from Barclays Bank to support operations.
31	If submitting an Alternative Bid with Hub settlement, does the settlement Hub need to be NP-15 or will SP-15 Hub settlement be considered?	Please include NP-15 Settlement in your offer form. If you'd like to also propose an SP-15 settlement, please include this in the Narrative document.
32	If submitting an Alternative Bid that differs materially from the commercial terms outlined in the soon to be provided Term Sheet, how should the commercial terms be submitted and how will they factor into the evaluation of bids during shortlisting process?	Please include proposed commercial terms for an Alternative Bid in the Narrative document. We will evaluate the value and terms of Alternative Bids in the evaluation process according to the criteria identified in the RFO Protocol.
33	Given the requirement to have a Phase 2 interconnection study or an executed interconnection agreement, are projects in CAISO Queue Cluster 13 ineligible even if we can present a credible development plan to interconnect, permit, and build the project in time for a COD prior to the end of 2023 (well in advance of the end of 2024 COD deadline)?	CAISO QC13 projects are not eligible under this RFO since they will not have a Phase 2 interconnection study until November 2021.
34	In the RFP document under Curtailment Cap, it says it's uncompensated buyer curtailment, but I presume this means that for the 50 hrs of curtailment Buyer will not pay Seller for those lost 50 hrs?	Correct, another way to describe this is seller-born curtailment. If this provision causes your price to be higher, you may discuss this in the narrative by itemizing the cost impact. See question 20 for additional information on the curtailment cap.
35	Can a bidder offer both a 4-hr, 200 cycle and a 2-hr, 365 cycle co-located battery, or would that be considered "two" offers on a project? Same question if a bidder considers offering more battery cycles under the Generation Facility Pricing section.	You may only input one or the other in Attachment 2 but you may discuss the other options in the narrative. Same would apply to the additional cycles question; various options may be discussed in the narrative. The single offer submitted via Attachment 2 will be evaluated for apples to apples comparisons but the narrative

		discussion will factor in to the scoring as appropriate.
36	If a Phase 2 has yet to be issued on a project, but is anticipated prior to PPA signing, how will the Buyers consider those offers?	See Question 1 and 33 responses.
37	Does PCE and SJCE expect to use the same scheduling coordinator (i.e., NCPA)?	Unclear at this time. PCE recently released an RFO for scheduling services. While SJCE currently uses NCPA, this may adjust over the course of the PPA.
38	Does PCE and SJCE expect to use the battery for different use cases?	Unclear at this time but for traditional offers, we'd want maximum flexibility to use as we see fit and our preferences may change over the life of the PPA. See response to questions 9 & 10 for more discussion on this.
39	Does PCE and SJCE expect to contract for the same size from the battery (i.e., 50% of storage capacity contracted with PCE and 50% of the storage capacity contracted with SJCE)?	See question 13. While each CCA will create its own shortlist, there may be a scenario in which we jointly negotiate for a share of a larger project. In that event, the split would be determined later in the RFO proceedings. There are too many variables to be more specific at this time.
40	Please confirm that alternative bids will only need to submit a custom term sheet and will not need to provide a markup to the 2 term sheets provided.	Confirmed, if you are only offering an alternative type bid you do NOT need to mark up the term sheets since many of those terms may not apply. Please build your custom term sheet or offer details into the narrative you submit. Traditional offers must mark up the appropriate term sheet.

2. About the Joint CCAs

San José Clean Energy, or SJCE, is the City of San José's new electricity supplier—charting our path to a greener future. We are the Community Energy Department of the City of San José, dedicated to creating a more sustainable future for our customers and our community. The San José City Council unanimously voted to create SJCE in May 2017 and we began serving residents and businesses in February 2019.

Peninsula Clean Energy is San Mateo County's not-for-profit, locally controlled electricity provider. Peninsula Clean Energy was launched collaboratively in 2016 by the County of San Mateo and all twenty of its municipalities. We are a joint powers authority that provides all electric customers in San Mateo County with cleaner electricity at lower rates than those charged by Pacific Gas & Electric Company. The organization is governed by a Board of Directors comprised of elected officials representing all cities, towns and the Board of Supervisors in San Mateo County, and is supported by a staff of expert professionals.