AMP RFO Questions and Answers

Updated June 29, 2012

Cost Effectiveness

Q. Do we use the PG&E (default) cost effectiveness protocol or the PG&E (LOLP) model?

A. PG&E will use its default model (i.e., the CPUC DR Reporting Template) with updated inputs.

Q. Is there any Cost-effectiveness model which we can use in order to determine the TRC value of our proposed bids? Will PG&E provide the DR Reporting Template and/or Methodology?

A. PG&E will post a sample cost effectiveness template on its website. This will be the CPUC's DR Reporting Template. PG&E's administrative costs will be allocated by MW.

Q. Will there be training on how PG&E interprets and applies the model? Can PG&E provide any information on factors that will be applied?

A. A description of the model template inputs was provided during the Webinar. There will be no formal training. The template posted on the website is populated with example adjustment factors (i.e., A through E).

Q. We understand the CPUC model for cost-effectiveness does not incorporate energy price when calculating A Factor. Will PG&E take a similar approach? Or would an increase in energy price correspond to a reduction in A Factor.

A. PG&E will follow the CPUC model. Energy price does not affect the A-factor. Sellers are not expected to offer an Energy Price.

Q. There is no mention of "D-Factor" to use in the CE calculation. The T&D impact is different for system-wide vs locational.

A. PG&E is assuming a D-Factor of 0; however, locally dispatchable resources are preferred.

Evaluation

Q. PG&E notes that conformance with the non-price terms and conditions in the Agreement will be valued in the evaluation process. Does this apply to our suggesting changes that keep in place existing provisions already vetted and agreed to in existing AMP contracts?

A. Yes. PG&E is soliciting new contracts in this RFO process and these contracts are independent of any of the existing ones. Any changes to the non-price T's & C's, including any that may be in place from 2007 through 2012, are considered as non-adherence to the Agreement.

Q. Is there a cap on the capacity PG&E is looking to procure, above and beyond the 180 MW minimum?

A. There is not a hard cap. The maximum MW accepted will be a function of cost effectiveness and PG&E's portfolio fit.

Q. How many aggregators is PG&E hoping to contract with through this RFO process?

A. There is no set number of Aggregators.

Q. Section III of the RFO Protocols document indicates that PG&E will consider "bidders experience and performance in DR" when evaluating bids. In which part of the RFO response should the Participant provide an overview of experience and DR performance history?

A. A new form (Attachment G, MS Word format) is posted on the website for the Seller to use to describe their experience and performance in DR.

Q. Hypothetical: What if two offers of 180 MW at identical rating; will PG&E parse out?

A. We would consider offering an allocation between the two offers.

Q. Are there any mark ups that would eliminate an Offer?

A. There are no explicit mark-ups that would eliminate an offer, but any change in the terms of the energy reduction price (e.g., adding a strike price where the current terms indicate energy reduction payments will be based on CAISO market prices (DLAP), will not be accepted.

Q. How will PG&E compare bids that have and don't have local dispatch?

A. PG&E prefers offers with local dispatch.

Q. Although being a change to the existing draft purchase agreement, would an offer that includes more hours (up from 80), be viewed negatively or positively as PG&E conducts its evaluation?

A. Yes, it will be viewed negatively. PG&E does not expect to call the program more than 80 hours and as such, this only inflates the TRC number in the Seller's favor without the corresponding benefit.

Q. Would a cost effective offer that includes a set energy price, generally higher than the average CAISO PG&E system DLAP price, be acceptable and considered for evaluation?

A. No. While any change in the non-price terms and conditions of the Agreement will not be viewed favorably, any change to the terms of the Energy Reduction price will be considered as red flags. As such, PG&E strongly discourages changes to the Energy Reduction pricing terms.

Offer Package

Q. If the Seller, who will be providing 100% of the services, is a Certified Diversity Supplier, can the Seller just list themselves on the diversity form as the provider? Will this be accepted?

A. The Seller must complete the Supplier Diversity form (Attachment F). If Seller is providing 100% of the services or is not working with other suppliers, Seller may indicate "Not Applicable" or N/A on the form.

Q. How about all the appendix, my understanding is that they all are (including letter of credit and guarantee forms) for our reference only. We can suggest changes if any but we would need to use them in future as needed. Meaning we don't have to fill any letter of credit or guarantee in order to submit the proposal right now.

A. Yes, the Letter of Credit or Form of Guaranty do not need to be executed at the time the offer is submitted. However, these may need to be executed when an Agreement has been executed. Even though changes to the letter of credit or guarantee form is discouraged, please submit your suggested changes at the time of submitting an offer.

Q. Is it necessary to submit the Letter of Credit at this point when we are submitting multiple offers and don't know the potential MW amounts that the Letter of Credit is supposed to support? Can the letter be provided when our offer is accepted for negotiations in the second round, and will this have any impact on the decision?

A. It is not necessary to submit the Letter of Credit at the time the offer is submitted, but it is required when the Agreement has been executed if the Seller is posting Performance Assurance in the form of a Letter of Credit.

Q. Is Appendix IV of the Purchase Agreement illustrative for purposes of submitting the offer, or should it be submitted as part of the package?

A. The Commitment Level should be specified in the Offer Form (Attachment A) as part of the Offer package. This is the MW commitment for the entire Seller's Portfolio for each year. Appendix IV of the Purchase Agreement (Attachment D) is to be submitted by February 1st of each contract year. This includes the Commitment Level by LCA, all of which sums up to the total Commitment Level provided in the Offer Form, for those Products with Local Dispatch capability (e.g, Day-Of with Local Dispatch and Day-Ahead with Local Dispatch).

Q. How do we submit the purchase agreement as part of our offer? Do we need to fill in the purchase agreement e.g. table 3.1. table 3.2.1, section 4.2 and notice information on pages 32-33, and signature block OR they will be filled once the bids are accepted and actual signing of the agreement?

A. The Purchase Agreement (Attachment D) should be submitted with Table 3.1 and Article 13 (Notices) completed. For multiple offers, Table 3.2.1 (Commitment Level for each Product Type) and Section 4.2 (Annual Capacity Price) may be left blank. Such information should be complete in the Offer Form (Attachment A). The signatures may be left blank and will be completed upon execution of the Agreement, if such offer was accepted.

Q. For multiple offers, you mentioned we need to submit attachment A for each offer. Do we need to submit separate purchase agreements for each offer too?

A. Multiple offers do not require separate Purchase Agreements (Attachment D), unless Participant intends to submit different variations of changes to the Agreement. Note that Adherence to Agreement is one of the qualitative criteria for which an offer will be evaluated.

Q. Attachment D has a number of Appendices which are forms for the actual operation of the program. Which of these need to be completed for the evaluation?

A. The Appendices in Attachment D (DR Purchase Agreement) are included for illustrative purposes only. They do not need to completed as part of the Offer Package.

Q. Section IC2 says only shortlisted Participants are "required to execute an RFO Confidentiality Agreement", however, Section VB says it must be signed in RFO process. Does the latter control?

A. Section V. B. of the AMP RFO Protocol is correct. The Confidentiality Agreement (Attachment C) must be submitted as part of the offer package. The Protocol Document will be updated with the clarification.

Q. How many offers will PG&E accept from each aggregator?

A. No limit, but we may not choose any or all of them.

Q. PG&E specifies that Participants provide one Offer Form for each Product Type – can these Offer Forms be mutually exclusive? Can Participants provide multiple Offer Forms for a single Product Type?

A. PG&E prefers that one Offer Form is submitted per Product Type. If multiple offers are received from one aggregator, such aggregator must specify if the MW are mutually exclusive. The Offer Form (Attachment A) has been updated to provide room for description.

Q. Please clarify: multiple products require multiple response packets?

A. One offer form (Attachment A) is required for each product type; however, other attachments may be submitted just once as long as they are applicable to all offers.

Q. With regard to submission of bids as presented in RFO Protocol Section II.A.: Is Seller permitted to submit a second offer for a product type if that offer would reflect a Proposed change to the agreement?

A. Seller may submit an Offer that reflects a change to the Agreement, however, "Adherence to Agreement" is one of the Evaluation Criteria. Thus, such offer will be evaluated accordingly.

Q. How would PG&E like Bidders to communicate flexible characteristics outside of Product Types for purposes of Portfolio-Adjusted Value?

A. Please include in the Cover Letter, however there is no guarantee that these will be included in the offer's evaluation.

Q. Attachment B- if bidder has no parent company can we ignore question 2?

A. Attachment B is the Offer Agreement. We believe this question refers to Attachment E - Credit and Finance Information. Yes, question #2 may be skipped if there is no parent and the seller is a standalone company. However, if it is a partnership; joint venture; limited liability corporation; or group or a member of a group acting in concert for purposes of the solicitation please provide the requested information.

Pricing

Q. Section B Pricing of the RFO Protocol document specifies that PG&E is seeking an Annual Capacity Price – in our initial review we did not see a reference to energy price. Is PG&E expecting Participants to also provide an energy price?

A. Seller is not expected to offer a price for energy reduction. The energy reduction price will follow CAISO market prices for the DR Event.

Q. DLAP price: Is there a minimum dollar amount? Is it averaged for peak hours of the day?

A. PG&E will use the hourly DLAP prices for compensation, with zero being the minimum. The DLAP prices are published by CAISO.

Q. How will DLAP be determined (zip code, PG&E's service area)?

A. It is the PG&E's DLAP defined by the CAISO.

Product

Q. Can PG&E provide data on the zip codes that make up each LCA? If not zip code, is there other information PG&E can provide or point us to that specifies LCA boundaries?

A. PG&E will provide a mapping of zip codes to the LCAs in PG&E's territory to the Participants with shortlisted offers.

Q. The first paragraph of 11.3 references "encryption of Customer Data as specified in subsection 11.3.4", however "encryption" is not mentioned in subsection 11.3.4. If PG&E is expecting data encryption, can you please expand on the specific encryption requirements?

A. All customer-specific data being exchanged with our third party vendors will be required to meet the security controls outlined under CPUC Decision 11-07-056. All customer personally identifiable information will need to be encrypted at rest and in transit using government approved and recommended encryption standards.

Q. In the Q&A responses, PG&E stipulates that if Seller chooses to have their portfolio dispatched locally, Seller would need to have capacity designated for each LCA by February of the participation year. It appears SCE will allow capacity allocations by zone on a monthly basis. Is there any flexibility with PG&E's timing? ***(Updated as of 6/29/12)***

A. PG&E requires the Seller to provide the allocation of the System-wide Commitment Level by LCA for the locally-dispatchable Products by February 1, 2013. Upon further review, PG&E will allow Seller to revise the allocation of the System-wide Commitment Level by LCA monthly. It shall be valid for the Delivery Month provided Seller Notices PG&E no less than fifteen (15) days prior to the Delivery Month. The System-wide Commitment Level shall remain the same and the sum of the Commitment Levels by LCA shall be equal to the System-wide Commitment Level. The Notice to Buyer shall include the revised Commitment Level Form (Appendix IV).

Q. Appendix X Monthly Delivery Forecast includes capacity forecasts for each hour. Does PG&E expect that our forecast will be shaped hour by hour (with varying capacity amounts) while our actual capacity commitments (Appendix IV) are not shaped hour by hour?

A. The hourly forecast that Seller provides each month typically mirrors the Commitment Level. However, if there is an event or situation that the Seller knows beforehand that would impact their Commitment Level (e.g., a large Customer has scheduled a maintenance shutdown that would hinder them from providing the load reduction), PG&E would be able to prepare operationally. Capacity commitments are not shaped hour by hour.

Q. With regard to DR Purchase Agreement Article 3. Will PG&E consider annual resources or only seasonal resources (i.e., are you looking for annual or summer only programs) as described in the Purchase Aggrement?

A. The CPUC's cost effectiveness methodology does not assign any value to capacity outside of May through October. An annual offer will be valued the same as a seasonal offer.

Q. Locally dispatchable correlates to LCAs?

A. Yes.

Q. Will PG&E be providing a map of the different LCAs?

A. Yes, there is a link provided in Section 1.46 of the Agreement.

Q. Can you describe how capacity payments will be made for a month where only a small portion of the portfolio is dispatched locally? For example, if PG&E dispatches locally in only one zone and Seller delivers 90% of demand, how are the remainder of the zones' capacity payment calculated? (Assume no events in other LCAs) ***(Updated as of 6/29/12)***

A. If Seller chooses a Product with Local Dispatch, Seller must provide their Commitment Level by LCA by February 1st of each contract year. Seller's monthly capacity payment (see Appendix XII in Attachment D) is based on their performance relative to their commitment level by LCA and summed for all LCAs. In this example, the capacity payment for this LCA where less than the Commitment Level was performed will be adjusted, while the payments for the other LCAs where no event was called will remain the same. Appendix XII ("Example Calculation of Monthly Capacity Payment") has been updated to illustrate similar scenario.

Q. Can PG&E provide some clarification, if possible, on how many events to expect relative to historical AMP and CBP dispatches?

A. We anticipate that it will be more than the historical AMP contracts, and the triggers will be similar to those in the current CBP program. Participant can make their own forecast based on this.

Q. The AMP Purchase Agreement Document suggests that all events will be a minimum of 4 hours and up to a maximum of 6, is this correct or will some events be dispatched for as little as two hours if needed?

A. Events will be a minimum of 4 hours and up to a maximum of 6.

Q. It looks like you are going to an aggregated baseline for this RFP. That is different than the CPUC order to use individual baselines for CBP. Please confirm.

A. Yes, we will be using the aggregated energy baseline.

Q. It did not look like programs that are eligible for dual participation have thir event days excluded from baselines. IF a customer is in PDP and AMP, will PDP event days be excluded from AMP baseline days?

A. No. The aggregated energy baseline (AEB) does not adjust for other programs' event days that could fall in the AMP baseline.

Q. At one point the RFP calls for 30 minute dispatch yet you are letting respondents bid some capacity in day ahead. Is there flexibility on the day of dispatch lead time or do you want all "day of" offers at 30 minutes?

A. No. All Day-Of offers will have a Notification Period of "No less than 30 minutes in advance of first hour Buyer has Noticed as a DR Event."

Q. Is the desire for 30 minute dispatch for reliability reasons? If the program is dispatched for heat rate is it possible you will know much earlier than 30 minutes?

A. The 30 minutes dispatch is more valuable for reliability purposes. We normaly give as much notice as possible for an event and will continue that practice.

Q. How will event hour limits- 80 hours- be applied across multiple products?

A. Each Product Type will have its own 80-hour limit.

Q. Could you provide (or confirm) the 250 hours (months, days of the week, hours of the day) of required availability to be eligible for RA?

A. The AMP agreement requires an aggregator be available for dispatch up to 80 hours anytime within the period May through October, Monday through Friday, 12 p.m. to 7 p.m., excluding NERC holidays. There is no separate 250 hour requirement.

Q. Will the 15% +/- provision be able to be applied at the zonal level (ie will each zone be able to be adjusted individually)? ***(Updated as of 6/29/12))***

A. The +/-15% flexibility is for the System-wide Commitment Level to be adjusted prior to the start of the Delivery Season. Seller does have the flexibility to re-allocate the System-wide Commitment Level across LCAs each month.

Q. In a worst case scenario where an Aggregator was unable to deliver any of its contracted MWs for the first 3 months of the delivery year and therefore was subject to early termination of the contract, what would be the highest financial exposure for the Aggregator?

A. If an event of default leads to termination, PG&E will calculate the termination amount (based on the contract definition) and offset any collateral held with the termination amount. If the termination amount is more than the collateral held, the counterparty will be required to pay PG&E the difference. If the termination amount is less than the collateral held, PG&E will refund the difference to the defaulting counterparty.

Q. Is PG&E planning on integrating AMP into the CAISO market?

A. No, PG&E will not integrate AMP as PDR in the 2013 through 2014 timeframe.

Q. Will this be a 2 year program?

A. Yes.

RFO Process

Q. Can we submit/ask questions even after this webinar? If yes, until when?

A. Yes, please submit to the AMP RFO mailbox. We will accept until 5PM PPT on Wednesday, June 20th.

Q. Will you post materials online?

A. Yes. Updates to the Q&A and other materials will be sent to the distribution list and posted on the website.

Q. What activities occur between June 22nd between July 20th?

A. PG&E will be evaluating offers at this time and may follow up with questions to the Participants.

Q. When do you anticipate aggregators being selected?

A. August 1, 2012