



**PACIFIC GAS AND ELECTRIC
COMPANY
INDEPENDENT EVALUATOR –
June 2013**

**Request
For
Proposal**

PROTOCOL

17 June 2013

Independent Evaluator Request for Proposal

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I. Program Introduction and Solicitation

A. Introduction

Background on Pacific Gas and Electric Company

Pacific Gas and Electric Company (PG&E) is a regulated investor-owned utility that provides natural gas and electric service to approximately 5.1 million electric customers and approximately 4.3 million customers. PG&E's service territory stretches from Eureka in the north to Bakersfield in the south. Based in San Francisco, PG&E is one of the largest natural gas and electric utilities in the United States. For further information, please click on the hyperlink below:

www.pge.com

Background on Request for Proposal (RFP)

In December 2007, the California Public Utilities Commission (CPUC) issued a decision directing the California investor-owned utilities (IOUs) to use an Independent Evaluator (IE) to monitor long-term resource solicitations that may involve affiliate, utility-owned or utility-turnkey bids and for all competitive solicitations seeking products greater than two years in length regardless of whom potential IE Candidates may be. The CPUC requires the IOUs to use an IE to monitor:

- Renewable Portfolio Standard (RPS) solicitations and bilaterals,
- Competitive solicitations that seek energy products of two years or greater in duration, certain bilateral transactions, and contract amendments; and
- Competitive solicitations for power procurement involving affiliate transactions and IOU-built or IOU-turnkey bidders

In addition, PG&E may use an IE for additional procurement processes and/or electric energy and fuel related procurement products, even if not required to do so by the CPUC.

This Request for Proposal (RFP) is being issued to comply with the CPUC requirement above and is seeking qualified parties for PG&E's pool of IEs.

Being included in PG&E's IE pool is not a guarantee of specific work or projects. If and when PG&E selects an IE from its pool to monitor a specific solicitation, bilateral negotiation or contract amendment, PG&E and the IE will enter into a Master Service Agreement (MSA) at that time of official entrance into the pool. The MSA would incorporate PG&E's requirements related to terms and conditions required as a consultant for PG&E. In addition, an IE will be required to sign both PG&E's Non-Disclosure agreement (NDA) and the Declaration Regarding Conflict of Interest attached as Appendix 1 of this RFP.

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Roles and Responsibilities

Once an IE is added to PG&E's IE pool, the IE (including the IE's lead and sub-contractors) will be in the IE pool for a term not to exceed two years. Before the end of the two-year period, if an IE would like to be considered for the following two-years, the IE must submit a proposal in the subsequent Request for Proposal. The specific tasks the IE will perform will include, but shall not be limited to:

- Advise on the consistency of solicitation activities with the CPUC's procurement-related rules and procedures and PG&E's Commission-approved procurement authority.
- Assist in the development, design and review of Request for Offers. Promptly submitting any recommendations consistent with the objective of ensuring a competitive, open and transparent process, and to ensure that the overall scope of the solicitation process is not unnecessarily broad or too narrow.
- Provide recommendations concerning the precise definition of products sought and price and non-price evaluation criteria, so that all aspects of the products are clearly understood and all bidders may effectively respond to the solicitations, as applicable.
- Review the comprehensive quantitative and qualitative bid evaluation criteria and methodologies and assess whether these are applied to all bids in a fair and non-discriminatory manner. The IE will be provided access to PG&E's personnel, modeling tools, meeting documentation in order to credibly evaluate the bid valuation and selection processes.
- Report on the outcome of a solicitation using the appropriate CPUC-approved IE Report Template, as may be amended from time to time.
- Monitor the solicitation, bilateral negotiation and/or contract amendment processes and promptly submit recommendations to PG&E's management to ensure that no bidder has an information advantage and that all bidders or counterparties if applicable, receive access to relevant communications in a non-discriminatory manner. This task may include monitoring contract negotiations and/or keeping apprised of negotiation status and major issues.
- Provide presentations, as requested, to the CPUC staff or Energy Division, to PG&E's management and to its Procurement Review Group (PRG) concerning the IE's findings or status.
- Providing final written assessment and/or testimony concerning whether or not the solicitation, bilateral negotiation and contract amendment processes were open, transparent and fair and whether any bidder received material information that gave them a competitive advantage or disadvantage relative to other bidders.

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- Perform other duties as may be further defined in subsequent relevant regulatory proceedings or required by PG&E’s senior management.

B. RFP Communication

This RFP will be conducted using the PowerAdvocate Sourcing Intelligence platform (“PowerAdvocate”). All communications including, but not limited to, RFP documents, information, announcements, and amendments will be posted in PowerAdvocate; likewise, questions or comments between PG&E and potential IE candidates will utilize PowerAdvocate’s messaging tool (“Messaging”). Requested documents and information shall be provided by potential IE candidate through PowerAdvocate.

PG&E Strategic Sourcing Department shall be the potential IE candidate’s sole point of contact during the RFP process. Potential IE candidate shall not contact other PG&E employees or consultants for information regarding the Project during the RFP period. Failure to comply with this requirement may result in disqualification.

For questions or matters of general interest raised by any potential IE candidate during the Q&A period, PG&E will issue answers during or shortly after the closing of the Q&A period. PG&E may, in its sole discretion, decline to respond to any e-mail or other inquiry outside of PowerAdvocate Messaging, and will have no liability or responsibility to any potential IE candidate for failing to do so.

II. RFP Process

A. Solicitation Schedule

The table below summarizes the estimated RFP schedule. Further detail of each event in the schedule is provided in the RFP Process Milestones, Section II.B, below. The RFP schedule is subject to change at PG&E’s sole discretion at any time. PG&E will notify potential IE candidate of any schedule change.

The expected schedule (Pacific Daylight Savings Time) for this RFP for the Projects is:

- | | |
|--------------------------|---|
| ■ 17 June 2013 | PG&E issues RFP, Question & Answer Period Opens |
| ■ 24 June 2013 @ 3:00 PM | Potential IE candidates Conference for RFP |
| ■ 27 June 2013 @ 5:00PM | PG&E answers outstanding questions from the Potential IE candidates conference call for RFP |
| ■ 11 July 2013 @ 5:00PM | Question period closes |

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- | | |
|---------------------------------|---|
| ■ 12 July 2013 @ Noon | PG&E provides final answers to questions submitted by Bidders |
| ■ 15 July 2013 @ 8:00 AM | RFP Closes |
| ■ 21 Aug. through 13 Sept. 2013 | Potential IE candidate Interviews |
| ■ 18 October 2013 | Notifications to potential IE candidates |
| ■ 15 November 2013 | Letter to CPUC's Energy Division |
| ■ 31 December 2013 | Response from CPUC's Energy Division |

B. RFP Process Milestones

The milestones below provide details of the events described in the Solicitation Schedule above.

1. PG&E issues the RFP. Potential IE candidate will have access to the bid event at the designated day and time specified in PowerAdvocate for this RFP. Instructions on how to respond to the RFP using PowerAdvocate is provided below in Section II.E, How to Respond to RFP Using PowerAdvocate, of this Protocol. A quick start primer on using PowerAdvocate is provided in Tab #1, "Download Documents". In addition, potential IE candidate may contact PowerAdvocate Support at (857) 453-5800 for questions on how to use PowerAdvocate.

However, questions related to the requirements of this RFP are to be communicated via Messaging during the Q&A period described below under Section II.B.3.

2. Potential IE candidates' conference call for RFP. PG&E will hold a conference call, on the date and time stated in the Solicitation Schedule, Section II.A, to discuss questions regarding the solicitation package.

CONFERENCE CALL-IN ACCESS (Dial-In) NUMBERS:

1 866 775 2575 (Toll-free North America)

1 205 354 0119 (International)

MEETING NUMBER: *4159734986*

3. Questions and Answers (Q&A). Potential IE candidate will have the opportunity to ask questions relating to the RFP during the Q&A period. Q&A between PG&E and potential IE Candidate will be communicated via Messaging, refer to Sub-section B "RFP Communication" above. In addition, the Q&A will be posted on http://www.pge.com/b2b/energysupply/wholesaleelectricsuppliersolicitation/IE_RFP2_013/

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Questions asked through other forms of communication will not be answered.

PG&E may issue answers throughout the solicitation period via Messaging. Questions asked and answers provided during the conference call will be included in the Q&A document. Interim and final Q&A documents will be available in Tab #1, Download Documents”.

4. RFP Submittal Deadline. Potential IE candidate’s proposal must be submitted through PowerAdvocate by the event close date/time and shall include, without limitation, answers to questions, and information and documents requested by the RFP. The entire proposal shall be submitted via PowerAdvocate. *Failure to follow instructions including the use of file naming convention described in the RFP may be cause for disqualification.*
5. Potential IE candidate Interviews. A team of PG&E, PG&E’s PRG, and/or CPUC Energy Division may be present at the interviews with selected candidates identified in the solicitation.
6. Notification to potential IE candidates. IE candidates will be notified if:
 - a. They were selected for consideration by CPUC’s Energy Division, or
 - b. They were not selected for consideration.
7. Notification of CPUC’s Energy Divisions Response. Potential IE candidates will be notified if:
 - a. They were selected to be approved by the CPUC’s Energy Division to be included in PG&E’s IE pool, or
 - b. They were not selected by the CPUC’s Energy Division.

C. RFP Participation

This RFP is issued to potential IE candidates who expressed interest in participating and meet minimum qualifications listed in this PowerAdvocate RFP under Tab #3 ‘Commercial Data’, subtab ‘Minimum Requirements to Bid’.

Potential IE candidates are to follow directions and submit the required information and documents as directed in this RFP within the specified solicitation schedule. The completeness and clarity of potential IE candidate’s Proposal is critical and is part of the criteria being evaluated. Potential IE candidate’s submitted information in this RFP should be an accurate reflection of the potential IE candidate’s capabilities, offerings, and services. Potential IE candidate must be able to substantiate any data provided in this RFP. If the potential IE candidate provides inaccurate information in this RFP process, PG&E may choose to disqualify the potential IE candidate. The criteria by which each

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potential IE candidate will be evaluated on are further described in Section III, Evaluation of Proposal, of this Protocol.

Potential IE candidate's Proposal must remain valid for a period of not less than ninety (90) days from the Proposal submission due date. PG&E agrees, and requires that each potential IE candidate agree, to act in good faith in its performance of obligations under this RFP, and in each case in which PG&E's or potential IE candidate's consent or agreement is required or requested hereunder, such consent or agreement shall not be unreasonably withheld or delayed.

D. How to Respond to RFP Using PowerAdvocate

Potential IE candidate must answer all questions and provide information using the PowerAdvocate Sourcing Intelligence platform as directed by PG&E. Potential IE candidates are to follow directions and submit the required documentations in PowerAdvocate as directed in this RFP. Potential IE candidate may enter and revise information; and upload, delete and re-upload requested documents, anytime during the bid event up until the RFP submittal deadline. It is recommended that potential IE candidate upload the requested document throughout the bid period and well before the deadline. Documents uploaded after the deadline will not be considered.

The RFP is organized into five web "Tabs":

1. Tab #1, "Download Documents," is the one used by PG&E to provide information such as this RFP Protocol, PowerAdvocate Quick Start Primer, RFP amendments, specification, and all other relevant documents issued for the purpose of this RFP. Attachments provided by PG&E via Messaging can also be found in this tab.
2. Tab #2, "Upload Documents," is the tab that potential IE candidate shall use to upload all relevant documentation such as one-line drawings, exceptions to the terms and conditions, certification, and other information as requested in the RFP. Potential IE candidate shall follow the instruction for each document requested by uploading each file by document type in either the commercial, technical, or pricing-related sections using the "file naming" instructions in the datasheet. A checklist of requested uploads is also provide in Tab #1, "Download Documents", for potential IE candidate's ease-of-use. Documents may not be considered if instructions are not followed.
3. Tab #3, "Commercial Data" contains datasheets that potential IE candidates must fully complete. The Commercial Data tab is further divided into sub tabs of additional datasheets. Potential IE candidate must provide answers and information for each datasheet. Certain questions will direct potential IE candidate to upload additional information. The instruction on uploading documents using PG&E's specified file naming convention must be followed. Please ensure that the requested commercial data is uploaded in the document type, Commercial and Administrative, as directed.

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4. Tab #4, “Technical Data” contains datasheets resembling the Commercial Data tab, but asking different questions. The requirements for completing the commercial datasheets described above apply to the technical datasheets. Potential IE candidate must fully complete the requirements of the Technical Data tab. Certain questions will direct potential IE candidate to upload additional information. Please ensure that the requested technical data are uploaded using the specified file naming convention as directed and in the document type, Technical Information.
5. Tab #5, “Pricing Data,” contains datasheets resembling the Commercial Data and Technical Data tabs, but asking different questions. The requirements for completing the commercial and technical datasheets described above apply to the pricing datasheets. Potential IE candidate must complete the requirements of the Pricing Data tab. For each potential Project, potential IE candidate shall complete the corresponding Project datasheet with the requested project-specific information. Certain questions will direct potential IE candidate to upload additional information. Please ensure that the requested pricing data is uploaded using PG&E’s specified file naming convention as directed and in the document type, Pricing, as directed.

Potential IE candidate responses can be provided and updated up until the RFP deadline. Thereafter, the RFP will be closed, and potential IE candidate will be unable to make further revisions to datasheets. Those data uploaded after the RFP deadline in Tab #2, Upload Documents, are tagged by PowerAdvocate and will not be considered during the evaluation of the proposals. PG&E will not accept any other form of response to the RFP except those submitted through PowerAdvocate.

E. Information Submitted by potential IE candidate

1. Proprietary Data. Documents and data submitted for this RFP become the property of PG&E upon submission, and will be retained by PG&E in the document record for this RFP. Potential IE candidate is cautioned to clearly label all proprietary data as such. PG&E agrees to exercise reasonable efforts to protect all information received, provided it is expressly understood and by submitting such information thus agreed to by potential IE candidate, that PG&E shall not be liable in the event that such information is disclosed.
2. Supplemental and Additional Information. PG&E may request that potential IE candidate furnish additional information, after the RFP due date, as is necessary in the opinion of PG&E, PG&E PRG, and/or CPUC Energy Division to clarify the potential IE candidate’s information or to assure that the potential IE candidate’s technical competence and business organization qualifies to participate in the RFP.
3. Proposal Preparation Cost. Notwithstanding the outcome of this RFP, PG&E shall not be liable for any preparation costs incurred by potential IE candidate in responding to this RFP.

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III. Evaluation of Proposal

RFP Evaluation Process

The goal of the Independent Evaluator RFP is to select qualified parties for inclusion in the PG&E IE pool. Such an inclusion in the IE pool is not a guarantee of specific work or projects.

PG&E will use an initial pre-screening process in the RFP. For parties submitting bids that pass the pre-screening process, PG&E will assess a party's bid by judging relevant experience and background of key personnel and the competitiveness of offered pricing. PG&E also considers potential IE candidates plan to support PG&E's program goal's (i.e. supplier diversity, green supply chain, etc.), conformance to PG&E's stated terms and conditions and potential IE candidate's financial stability,

PG&E and PG&E's PRG will also conduct interviews with selected potential IE candidates and any final recommendation, for inclusion of a party in the IE pool, will be reviewed and approved by the CPUC's Energy Division.

Additionally, potential IE candidate's submittals will be evaluated to determine their completeness, clarity, and conformance to RFP instructions. If it is difficult or overly time-consuming to evaluate potential IE candidate's submittals, then potential IE candidate may be disadvantaged in the evaluation process and may be disqualified.

To evaluate the bids, PG&E will consider the following elements of the proposed documents and data (in no particular order):

- A. **Company Financials** –relates to the potential IE candidate's viability in terms of credit, risks, and financial stress. PG&E will consider bankruptcies and pending lawsuits.
- B. **Company Programs** – Strength of potential IE candidate's Company Programs and its integration into the potential IE candidate's day to day work are factors considered in the selection process. PG&E expects our commitment to environmental stewardship and quality programs to be reflected in our IE pool. As such, potential IE candidate shall demonstrate the following in their response to this RFP:
 - Environmental performance (i.e., waste reduction, recycling, outreach programs, and environmental compliance).
 - Continuous development and application of innovative and sustainable products, services and operations in its supply chain to reduce its carbon footprint.
 - Commitment to quality assurance and control program as integral part of management, production, distribution and services.

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- C. **Supplier Diversity** – Potential IE candidate’s demonstrated commitment to seek maximum practicable opportunities to use diverse suppliers (Woman, Minority or (California) Disabled Veteran Business Enterprises) in the performance of work. Potential IE candidate will be evaluated on the thoroughness of its program to carry out PG&E’s policy and its diversity to meet PG&E’s enterprise goal. Hence, potential IE candidate is asked to examine and provide direct subcontracting spend with diverse firms and to investigate diverse spend at all levels of its supply chain to the fullest extent possible and consistent with the efficient performance of the contract.
- D. **Conflict of Interest** – Potential IE candidate’s stated conflicts of interest with respect to previous or current involvement with PG&E.
- E. **Equal Employment Opportunity Commission (EEOC)** – Potential IE candidate’s stated record of EEOC complaints from December 1, 2007 through May 31, 2013.
- F. **Technical Experience** – The technical criteria for final selection will be based on demonstrated skill and knowledge in:
- Electric and natural gas energy products and processes
 - Turnkey projects
 - Developing protocols, monitoring negotiation processes
 - Written and presentation ability
 - Energy products (e.g. renewable, conventional, combined heat and power, qualifying facilities, energy storage, resource adequacy, greenhouse gas compliance and products, and natural gas, conventional)
 - Differences of technologies (e.g. turbines, and renewable technologies)
 - Power and gas market derivatives (e. g. futures, swaps, contracts, options)
 - Standards and industry practices of energy products, processes, and power purchase agreements
 - Qualitative and quantitative modeling analysis
 - Tax equity type projects
- G. **Conformance to PG&E’s stated Terms and Conditions** – Degree to which the potential IE candidate accepts PG&E’s Agreement’s terms and conditions including but not limited to warranties, remedies, and performance guarantees.
- H. **Pricing** – Means the competitiveness of offered hourly and unit pricing.

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- I. **Submission of Required Documents for Proposal** – A proposal will be deemed complete when the potential IE candidate has completed and submitted the following documents:
 1. Master Service Agreement – with any exceptions to the terms and conditions must be specifically objected to by “redlining” each article and providing the alternative language in the response. Failure to address said exceptions in the Proposal will be deemed a waiver of right to take exceptions and as an acceptance of all said Terms and Conditions at time of award.
 - a. Long Form (Contract)
 - b. General Conditions for Consulting Services II (Sensitive Information)
 - c. Attachment No. I Specific Conditions (Specification for Independent Evaluator Services)
 2. Certificate of Insurance to reflect adherence to PG&E’s Insurance Requirements, as stated in Article VII of PG&E’s General Conditions Consulting Services II.
 3. Declaration Regarding Conflict of Interest for Independent Evaluator (in Compliance with Decision 07-12-052)
 4. Independent Evaluator Questionnaire through PowerAdvocate platform, which includes the following components:
 - a. Commercial Requirements, such as Company specific information, minimum requirements, contract terms and conditions, bankruptcies and pending lawsuits.
 - b. Technical Requirements, such as questions related to technical experience as an IE, green supply chain initiatives, project and key employee resumes. .
 - c. Pricing – Hourly rates of IE team, subcontractors, and alternative pricing scenarios

IV. Potential IE Candidate Communication with PG&E

Respondents shall submit Proposal electronically via PowerAdvocate platform by Monday, July 15, 2013 at 8:00 a.m. (Pacific Time). PG&E will only consider Proposals submitted through PowerAdvocate. Potential IE candidates will receive an email from Leo Hill, from PG&E’s Strategic Sourcing Department, to register on the PowerAdvocate website.

If you have additional questions or have not received an invitation to register on the PowerAdvocate website, please email PG&E Independent Evaluator at:

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PGEIndependentEvalua@pge.com

PG&E will be holding a conference call for potential IE candidates on Monday, June 24, 2013 at 3:00 pm (Pacific Time) to answer additional questions. The dial in number is 1-866-775-2575 (Toll-free North America) or 1-205-354-0119 (International). The Meeting Number is *4159734986*, which must be preceded and followed by the * key.