

2017 DRAM RFO Bidders' Conference

Frequently Asked Questions / FAQs

Request for Offer (RFO)/General

1. Will this webcast be available to watch later?

Yes, it is available on each of the IOU's DRAM RFO websites.

2. Are the deadlines on slide 31 actually pacific standard time or are they pacific daylight time (the time currently in effect through April 4th)?

The deadlines are Pacific Daylight Time. Slide 31 was incorrect.

3. How do the utilities expect to set budget for the 2017 DRAM pilot?

The maximum total cost of all contracts including capacity payments, SC costs, and administrative costs cannot exceed \$1.5 million for SDG&E and \$6 million each for PG&E and SCE. However please note that these are maximums and there is no guarantee offers will be taken up to these limits.

4. Can resources installed for DRAM be used in future years and to what extent will requirements be grandfathered into future years?

The 2017 DRAM is a one year program. All registrations and customer relationships are the property of the aggregator and could potentially be used in future years. The IOUs do not have funding or approval for the DRAM Pilot beyond 12/31/2017 at this time. That issue is best addressed by the CPUC and the Energy Division.

5. Can you publish the participants on this call, maybe we can partner up?

The participant list on this call will not be public and is considered confidential bid information. Participants may submit a joint offer or form a joint PDR, but companies cannot collude on separate bids or attempt to manipulate the market in any way as given by the resolution and the RFO documents.

6. Were the awarded capacity payments made public for the 2016 DRAM?

2016 DRAM winners and total awarded capacity are listed in the advice letters filed with the CPUC from each IOU; however, the capacity payment information is not public.

7. If multiple bids get chosen, can you (the Seller) only sign a contract for some of them? In other words, do you have to accept all or nothing?

The IOUs may select multiple offers if permitted by the Offeror (please see the RFO instructions on how to designate exclusivity/inclusivity and relationships between multiple offers).

SCE: If SCE selects two or more offers, the Offeror must sign all Offers.

SDG&E and PG&E: If SDG&E or PG&E selects two or more offers, they can stipulate that

certain offers must be accepted together and the Offeror must perform under all accepted offers. When being notified of selection, SDG&E and PG&E will let the Offeror(s) know the order that offers must be selected or rejected in, which will be based on the Offer ranking methodology for each IOU.

8. Do energy-efficiency sourced DRAM resources provide additional value?

No, they are not considered to provide additional value.

9. Please provide more detail on the monthly weighting of the valuing of capacity, how does that change across time and different categories of RA products (system vs. local RA, local RA products within each LCA)?

- I. Point of clarity for SDG&E only, in the context of valuation and offer ranking, "Benchmark" is synonymous with "Weight" and is also synonymous with "RA value". These weights are developed through proprietary IOU RA value forecast (i.e. RA forward curve). Note that the term "benchmarks" are also used to describe the comparisons to other procurement mechanisms, as required in Resolution 4758, which attempt to compare the DRAM results to other DR programs and non-DR capacity procurement (e.g., avoided cost calculator, etc.).
- II. The weightings may vary by month.
- III. SDG&E's weightings do vary by Local/System and by Flex category (SDG&E prefers Category 1 for example).
- IV. At this time, the PDR/RDRR designation is not a factor in RA capacity valuation.
- V. The weightings will not be made public. However, the cost of capital for each IOU is public and set forth in the most recent cost of capital proceeding for each IOU.
- VI. Each offer will go through the same methodology to be ranked. The valuation weighs different products such that they can be put onto equal footing and compared directly. All offers will be ranked together (system, local, flex) based on the net market cost methodology and shortlisted based on the most net benefit, or least net cost, to the IOU's ratepayers.
- VII. There is no specific requirement to select a certain amount of Local/System/Flex product or RDRR/PDR resource type set by the CPUC and therefore each IOU will procure based on their individual needs.

10. Can the IOUs post a spreadsheet to detail the exact net market cost calculation?

At this time no spreadsheet will be posted; however, the protocols/instructions/descriptions explain this process.

11. This year financials are required in the offer package for PG&E. If not included, the "bidder will be considered as having no financials." How are financial reports or the lack of financial reports weighed in the evaluation process? They do not appear in the qualitative or quantitative evaluation.

PG&E asks for financials as an extra data point to understand the bidder's financial viability and determine the cross default amount in Subsection 9.1b(iv) in the Purchase Agreement,

should the bid be selected. However the financials will not be considered during bid selection. Neither SCE nor SDG&E are requiring them at this time.

12. For SDG&E and regarding enabling technology, will participation in the DRAM pilot preclude use of the same technology for other utility sponsored resources (e.g. Preferred Resources)

For 2017 DRAM, SDG&E is encouraging the use of enabling technologies and has included that as a qualitative factor to emphasize our commitment. SDG&E currently has a different RFO for DR that has different requirements but discussion of that is out of scope. Please contact PrefResourcesRFO@semprautilities.com for questions regarding that other RFO.

13. You mention valuation information available in the “protocols.” Please clarify, what protocols? Where can these be found?

Each IOU uses a slightly different name for the document that describes each IOU’s solicitation process: DRAM “RFO Protocols” (PG&E), “RFO Instructions” (SCE), and “RFO Description Document” (SDG&E). All of them can be found on the respective IOU’s website.

14. Can you please walk through the logic behind the maximum bid size of 10MW for PG&E and SCE and 2 MW for SDG&E? Any reason IOUs are not open to bigger bids?

The maximum bid sizes match the respective minimum targets to give the IOUs sufficient flexibility in bid selection. IOUs are not open to bigger single offers at this time, but encourage Offerors to submit multiple offers; for example 10 different 2 MW bids can be offered to a single IOU if the Seller has 20 MW of capacity.

15. In the “Type of Product” column in PG&E’s Offer Form, what do the numbers after the letters A, B, C, etc. mean?

The numbers identify different LCAs, as shown in Table 1.1(b) of the PA, and in Table 2 of PG&E’s 2017 DRAM RFO Protocol. For Flexible Capacity products, the numbers also correspond to categories 2 and 3 of Flexible Capacity.

16. Can offers for multiple product types be bundled under the same offer ID for all three IOUs?

Offer IDs mean different things between the different offer forms.

PG&E: multiple product types can be bundled under one offer number.

SCE: The Offer Form automatically generates an Offer ID for each offer, however bidders may indicate that certain offers are “inclusive”, meaning they must be selected together. Each Offer ID counts as one offer.

SDG&E: There are no offer IDs. Each offer or variation should have the details of the Offer listed.

17. Can you comment on the total spend from the 2016 procurement spend compared to the total available budget by IOU?

The IOU 2016 DRAM Pilot spend is within the CPUC approved budgets.

1. Does a bidder have to supply RA capacity for all 12 months in 2017 in the offer to the IOUs?

SDG&E requires that for a resource to meet its local RA requirement, it must offer a minimum amount of capacity in all 12 months. This is not a requirement for system RA. There is no such requirement for PG&E or SCE in either case.

2. Can you explain the Flexible RA requirements?

Please review the most recent CAISO Tariff and the [BPM for Reliability Requirements](#). Once you have thoroughly read these documents, if there are still remaining unanswered questions, please submit those well before the Q&A deadline.

Capacity Demonstration and Must Offer Obligation (MOO)

1. What are the risks for an aggregator for underperformance?

Offerors need to assess their own risks for the project; this is not a responsibility of the IOUs. Please read the PA contract, RFO documents, and CAISO Tariff thoroughly before submitting an offer. The IOUs note that under section 1.5 of the PA there is a mechanism in place that considers the possibility that the Offeror may not be able to register the amount of customers needed for their resource ahead of time, section 1.5 of the PA covers the possibility that the demonstrated capacity is less than the contract capacity, and Section 3.5 indemnifies the IOUs from Offeror's failure to perform.

2. What are the requirements for the capacity provider with regards to duration of capacity delivery?

The requirements are defined by the MOO hours and the IOUs encourage each Offeror to read through the CAISO Tariff and business practice manuals that lay out those requirements. The FAQs from the 2016 DRAM cover this topic as well. In general, the hours are slightly different in each month although the 500 kW minimum for RDRRs and the 100 kW minimum for PDRs do not vary by month.

3. Does the aggregator line up customers before submitting the bid or after?

Having customers signed up before submitting a bid is not a requirement of the 2017 DRAM RFO, however, it is the responsibility of the aggregator to meet all RFO, program and PA requirements.

4. Can a participant offer power from a battery that was charged with overnight power or must all energy in the battery have come from a renewable source?

Behind-the-meter energy storage supporting a bidder's offer may be charged from the grid or from a renewable resource.

5. What is Seller's responsibility if the CAISO requirements for any of the products change after Seller wins bids and significantly impacts the Seller's ability to deliver?

It's the Seller's responsibility to comply with the CAISO and the CPUC requirements throughout 2017 based on the products offered. An implication of a failure to comply is set

forth in the contract, section 3.5 and the demonstrated capacity provisions.

Purchase Agreement (PA)

- 1. What requirements for collateral are specified by the 2017 RFO's for the various IOUs?**

The PA section 5.1 addresses collateral.

- 2. Collateral posting is required 10 days following the execution of the contract. For contract execution, does that mean when the contract is returned and signed by the IOU (June), or CPUC contract approval (August)?**

Execution Date is a defined term in the preamble of the PA. It is based on the execution of the contract with the IOU, not the CPUC approval.

Back-Up Generators (BUGs)

- 1. Can a participant reduce load by using BTM generation?**

Back-up energy storage and Net Energy Metering (NEM) customers are allowed. Currently, fossil fueled back-up generation ("BUG") is not allowed - however the DRAM will adopt the outcome of the currently open BUG proceeding, if and when a decision is reached.

Customer Eligibility

- 1. Can you please talk to the effect of AutoDR and its eligibility for DRAM program? There was a lot of confusion during the RFO process for DRAM 2016, especially who pays for the cost of reprogramming the DRAS clients to point towards SC or Aggregator DRAS Servers.**

AutoDR participants can participate in DRAM. See Section 6.6 of the Purchase Agreement, and the set-asides discussion on the respective IOU DRAM websites.

PG&E:

http://www.pge.com/includes/docs/pdfs/mybusiness/energysavingsrebates/demandresponse/dram/DRAM_SetAsideClean102115.pdf

SCE: https://www.sce.com/wps/wcm/connect/26b473f3-9170-443f-b6f1-3ab9e3e68f7b/DRAM_SCE_DRProgramMigration.pdf?MOD=AJPERES

SDG&E: If you have a specific question about a resource please email us.

- 2. What happens to a customer who signs up with an aggregator who does not win the bid, will they be forwarded to a winning aggregator automatically?**

No, that relationship is between the customer and the aggregator; the IOUs are not involved in that process.

3. Are there tools being provided to allow a Seller to know if a customer can fit into a "local" resource?

As a general reminder: if you want a customer to be in a local area and part of that PDR/RDRR, the customer has to be physically located in that LCA.

PG&E: Exhibit F of the PA contains PG&E LCAs and substations within those LCAs. Also on PG&E's DRAM website, there is a link to a map of the substations. Finally, [this document](#) provides substations, and corresponding LCAs, cities served, and divisions.

SCE: There are two Google Earth maps posted on SCE's DRAM website. These are live, interactive maps of the areas that can be drilled down for greater detail. There is also an existing tool on the DR event website and instructions will be posted.

SDG&E: There is only one Sub-LAP and a detailed map is posted on the SDG&E DRAM website.

CISR-DRP/Green Button

1. What are the potential requirements for CISR-DRP process? Will they be the same as in 2016? Will there be additional integration (Green Button) technical requirements?

The process for each IOU is slightly different, so we encourage everybody to go to each IOU's websites to learn about the CISR-DRP process and if there are additional questions; follow up after you've reviewed the materials. Bidders should plan to utilize the same processes as they exist today.