



SOUTHERN CALIFORNIA  
**EDISON**<sup>®</sup>

An EDISON INTERNATIONAL<sup>®</sup> Company

# **ALISO CANYON ENERGY STORAGE 2 REQUEST FOR OFFERS**

*(“ACES 2 RFO”)*

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*Participant Instructions*

*Version 1*

*August 31, 2018*

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### **IMPORTANT – QUALIFICATION CRITERIA:**

Offerors must adhere to the eligibility criteria as set forth in this RFO participant instructions (“RFO Instructions”) in order to be considered for selection pursuant to this RFO.

### **IMPORTANT – COMMUNICATIONS:**

The primary method for exchange of information, documents, or written communications concerning the RFO will be via the RFO email ([acesrfo@sce.com](mailto:acesrfo@sce.com)). **Respondents must copy the Independent Evaluator at [waynejoliver26@gmail.com](mailto:waynejoliver26@gmail.com) and [keith.oliver@merrimackenergy.com](mailto:keith.oliver@merrimackenergy.com) on all correspondence.**

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

## ARTICLE ONE. GENERAL INFORMATION.

### 1.01 Introduction

Southern California Edison (“SCE”) is issuing this Request for Offers (referred to herein as the “RFO”) to solicit offers (“Offers”) from developers of the products described herein (“Offerors” or “Sellers”) which include new or incremental<sup>1</sup> in-front-of-the-meter (“IFOM”) and behind-the-meter (“BTM”) energy storage resources. These products are listed below in Article Two and further explained in the “Attachments” portion of these instructions (“RFO Instructions”).

These RFO Instructions also set forth the RFO’s:

- Specific solicitation objectives
- Product list
- Eligibility criteria
- Preferences
- Procedures an Offeror must follow in order to participate in the RFO
- The manner by which Offers will be evaluated and selected, including quantitative valuation methodology and qualitative considerations

Capitalized terms used in these RFO Instructions, but not otherwise defined herein, have the meanings set forth in the respective purchase and sale agreements (“PSAs”).

The website address for this RFO (the “Website”) is: [www.sce.com/ACESRFO](http://www.sce.com/ACESRFO). All pro forma PSAs for all products will be posted on the Website.

**It is Offeror’s responsibility to thoroughly review all provisions of the respective pro forma PSAs and all requirements of this RFO process and to understand all anticipated costs that should be factored into the Offer price.**

Unless stated otherwise, any references to Articles, Sections, or Attachments are to Articles, Sections, or Attachments contained in these RFO Instructions.

All clock times specified throughout these RFO Instructions are in Pacific Prevailing Time (PPT).

### 1.02 RFO Solicitation Objectives

SCE is administering this RFO to meet the requirements of Senate Bill 801 (Stern), which requires the Commission to direct SCE to solicit 20 megawatts (MW) of cost-effective energy storage solutions to help address electrical system operational limitations resulting from reduced gas deliverability caused by the partial shutdown of the Aliso Canyon natural gas storage facility.

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<sup>1</sup> Refer to Attachment F for additional guidance on incrementality.

### 1.03 Solicitation Structure

This RFO will employ the following two-step selection process:

- Offerors will submit initial prices upon the Initial Offer Submittal Deadline as part of their Offer packages
- SCE will evaluate all submitted Offers and select its shortlist (Step 1); shortlist may contain Offers that are not ultimately selected for contract execution
- SCE will negotiate contract terms with the shortlisted Offerors
- Shortlisted Offerors who have successfully negotiated contracts will submit last, best, and final prices
- SCE will make final selection decisions from these final Offers (Step 2)

### 1.04 Contracting Guidance

The products specifically included and defined in this RFO have accompanying pro forma PSAs that are posted on the Website. Aside from the project-specific technical and commercial information that needs to be populated, these pro formas are fundamentally execution-ready contracts. Although, during this RFO's negotiation phase, SCE will allow a shortlisted Offeror to revisit certain pro forma provisions and make its case for language refinement.

In calculating Offer pricing, Offerors should carefully and thoroughly review the entire pro forma to understand all of its obligations and expected costs it would incur.

### 1.05 PSAs and Final Agreements

The objective of this RFO is to execute PSAs that are substantially the same in form and substance as SCE's pro forma PSAs that will be posted on the Website. Any Final Agreement will be made according to the terms and conditions set forth in the respective PSA's negotiated provisions acceptable to SCE and shortlisted Offerors, and subject to SCE's executive management's final approval prior to execution in this RFO process.

Any PSA executed by SCE and an Offeror as a result of this RFO is a "Final Agreement."

In submitting Offers into this RFO, Offerors' pricing, credit/collateral terms, and project specifications must conform to, or otherwise take into account, the provisions in the PSA for the respective product.

All Final Agreements will be submitted to the CPUC for approval. Final CPUC Approval, as defined in the respective pro forma PSAs, is a condition precedent for Seller to achieve initial delivery. Further, Final Agreements may be terminated if Final CPUC Approval is not obtained.

### 1.06 Offerors' Representations and Warranties

In submitting Offers into this RFO as part of Offeror's Initial Offer Submittal or its Final Offer Submittal, Offerors' submitted Offer pricing shall account for SCE's credit/collateral terms, pro forma availability requirements, and project specifications as set forth in these RFO Instructions and, as applicable, the provisions in the respective Pro Forma PSAs.

It is Offeror's responsibility to thoroughly review this entire RFO Instructions document and the provisions of the respective Pro Forma PSAs, as applicable, and all requirements of this RFO process and to otherwise understand all anticipated costs that should be factored into the Offer price.

It is Offeror's further responsibility to understand the timing and feasibility of the respective interconnection processes, as applicable to the project/product types being proposed in this RFO in meeting the RFO's required online date (06/01/2021). With respect to IFOM interconnections, Offerors also need to understand the actual or potential restrictions in being deemed as fully deliverable and restrictions around the ability to charge and discharge its projects.

#### 1.07 Document Conflicts.

In the event of any conflict between terms contained in any of the respective pro forma PSAs, these RFO Instructions, or the Website, the conflict will be resolved by the following priority of documents:

- (1) The pro forma PSAs (as posted on the Website)
- (2) These RFO Instructions
- (3) The Website

Any Final Agreement between SCE and Offeror will have precedence over the RFO materials listed above.

#### 1.08 SCE Affiliates.

SCE affiliates are permitted to participate in the RFO. Offeror must disclose whether or not it is an SCE affiliate by filling out the information on the Bidder Information Workbook available on the Website when Offeror begins the offer submittal process.

#### 1.09 Independent Evaluator

In accordance with D.08-11-00 and D.06-07-0298, SCE engaged an independent evaluator to evaluate and report on the ACES 2 RFO ("Independent Evaluator"), including the evaluation, selection, and negotiation processes for the ACES 2 RFO. The Independent Evaluator will review all Offers and will have the opportunity to review all communications between SCE and Offerors.



Merrimack Energy is the Independent Evaluator for the ACES 2 RFO. The principal contacts are Wayne Oliver and Keith Oliver, who can be reached at [waynejoliver26@gmail.com](mailto:waynejoliver26@gmail.com) and [keith.oliver@merrimackenergy.com](mailto:keith.oliver@merrimackenergy.com).

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## ARTICLE TWO. ELIGIBILITY REQUIREMENTS

### 2.01 General Project and Offer Eligibility

Below is a high-level summary of project and RFO Offer eligibility requirements. Please refer to Attachments A1 and A2 for specific project and Offer requirements.

- (a) Project Type. The solicitation is open to the following energy storage product types:
  - IFOM Energy Storage (Resource Adequacy Only)
  - IFOM Energy Storage (Resource Adequacy with Put)
  - Demand Response – BTM Energy Storage
- (b) Technology. Proven, commercially available technology that is scalable to project size (not in experimental, research, demonstration, or development stages), as determined in SCE’s sole discretion. For questions regarding whether a technology is considered proven and commercially available, please contact SCE with your proposal.
- (c) Initial Delivery Date. By 06/01/2021 (this includes achieving full operation and, as applicable, being fully deliverable and attaining their Net Qualifying Capacity for IFOM interconnections). Projects located in the Moorpark Sub Area must achieve an Initial Delivery Date of 03/01/2021 to meet the Local Capacity Requirements (LCR) need in that area and receive an associated qualitative benefit.
- (d) Incrementality. Incremental Offers must be consistent with the principles adopted by the CPUC in D.16-12-036, including ensuring that customers do not pay twice for the same service and recognizing that a resource is eligible to provide multiple incremental services. An offer will be categorized as either wholly incremental, partially incremental, or not incremental in accordance with the guidelines set forth in Attachment F.
- (e) Contract Term Length. SCE has a preference for Offers that do not exceed a ten (10) year term. For any Offer with a >10 year term, Offerors are required to also submit at least one additional, mutually exclusive offer with a  $\leq$  10 year term. For Offers greater than 20 years, please contact SCE with your proposal.

### 2.02 Location Eligibility

Projects must be located within SCE's service territory, south of Path 26, in order to help address the Los Angeles Basin’s electrical system operational limitations resulting from reduced gas deliverability from the Aliso Canyon natural gas storage facility.

### 2.03 Development Security and Performance Assurance

One-half of the Development Security (“DS”) is required to be posted within five (5) Business Days after execution of the Final Agreement, with the remainder to be posted within five (5) Business Days after CPUC Approval of the Final Agreement is obtained or waived by SCE. The Development Security is held by SCE until Commercial Operation of the project. Performance Assurance (“PA”) is required to be posted on or before the Commercial Operation through the end of the Term. To calculate both Development Security and Performance Assurance, SCE will multiply the respective \$/kW by the maximum monthly or maximum annual kW amount based on the resource type and Delivery Period in the table below. The PSA Delivery Period will be rounded up to the nearest 10, 15, or 20 years.

**Table 1: Required Collateral Table**

Resource Type	Delivery Period	DS per kW	PA per kW
<b>Demand Response – BTM Energy Storage</b>	10	\$45	\$35
	15		\$50
	20		\$65
<b>IFOM Energy Storage (RA Only and RA w/ Put)</b>	10	\$45	\$35
	15		\$50
	20		\$65

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## ARTICLE THREE. PREFERENCES AND GENERAL GUIDANCE

### 3.01 Preferences

The following are the RFO preferences which will be qualitatively considered as part of SCE's best-fit analysis (described in Section 7.03):

- (a) Disadvantaged Communities. SCE has a preference for projects located in Disadvantaged Communities ("DACs"). Additional DAC-related information is found in Article 4.
- (b) Preferred Locations. SCE has a preference for energy storage in locations that enhance both gas system and electrical system performance and reliability by electrically connecting at or are downstream of one of the following substations (the "Preferred Locations"):

#### Moorpark Sub Area

- Goleta 220/66 kV
- Santa Clara 220/66 kV

*Projects that are located in the Moorpark Sub Area will receive additional value because they are able to meet the LCR need identified by CAISO.<sup>2</sup> Projects located in the Moorpark Sub Area must achieve an Initial Delivery Date of 03/01/2021 to meet the LCR need in that area and receive an associated qualitative benefit.*

#### Western Los Angeles Basin Sub Area

- El Nido 220/66 kV
- La Cienega 220/66 kV
- La Fresa 220/66 kV
- Laguna Bell 220/66 kV
- Villa Park 220/66 kV

- (c) Earlier Initial Delivery Date. SCE has a preference for Offers with an Initial Delivery Date on or prior to 01/01/2021 (an "Early IDD"). Any Offeror submitting an Offer with an Early IDD must demonstrate to SCE's satisfaction (in SCE's sole discretion) the ability of the project to meet all its contractual delivery requirements by the Early IDD by including a thorough explanation in its Seller Proposal Letter of circumstances supporting the Early IDD, along with supporting documentation if available. Any Offeror submitting an Offer with an Early IDD is encouraged to also

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<sup>2</sup> See the 2023 Local Capacity Technical Analysis: Supplemental Local Capacity Assessment for the Santa Clara Sub-Area at <https://www.caiso.com/Documents/2023LocalCapacityTechnicalAnalysisfortheSantaClaraSub-Area.pdf>

submit an additional (mutually exclusive) Offer for the same project with a later Initial Delivery Date.

- (d) Contract Term Length. SCE has a preference for Offers that do not exceed a ten (10) year term.

### 3.02 General Guidance

- (a) Offers in Moorpark Sub Area. Offerors who previously submitted Offers for the 2018 Moorpark Local Capacity Requirements/Goleta Resiliency Request for Proposals (“LCR RFP”) are strongly encouraged to also submit Offers for the 2018 ACES 2 RFO. Offerors must indicate whether their Offers are mutually exclusive of each other between the two solicitations (i.e., a set of Offers from which SCE can select only one Offer; common when submitting multiple Offers from a single project). **Note:** *If Offers submitted into the two solicitations have different prices for the same project, Offerors are required to substantiate the difference in pricing.*
- (b) Transmission Interconnections. Although IFOM projects to be interconnected directly to the transmission system are eligible in this RFO, projects not already in a prior transmission interconnection queue may have challenges meeting this RFO’s required online and NQC date. SCE advises Offerors to thoroughly understand the respective interconnection processes and start communicating with the appropriate interconnection authorities. **Note:** *While this guidance is focused on transmission-interconnected projects, it is also Offerors’ responsibility to understand the distribution interconnection processes.)*
- (c) BTM Offers in Discrete Distribution Systems. SCE requires that each BTM-based Offer be comprised of aggregated electric customers located in the same sub-Load Aggregation Point, with a minimum of 100 kW per Load Serving Entity per sub-Load Aggregation Point, except for Offers located at Preferred Locations listed in 3.01(b) above and described below.

The Goleta and Santa Clara areas/distribution systems (defined by their respective substation and downstream distribution system) are Preferred Locations in this RFO. Because projects located in these areas help meet specific LCR needs, SCE requires that each BTM-based Offer is comprised of aggregated electric customers from each individual distribution system. For example, if Seller was considering offering a 3 MW Demand Response project consisting of electric customers throughout the Goleta and Santa Clara system, Offeror must split this up into two separate Offers such as a 2 MW DR Offer in Santa Clara and a 1 MW DR Offer in Goleta.

The El Nido, La Cienega, La Fresa, Laguna Bell, and Villa Park areas/distribution systems (defined by their respective substation and downstream distribution system) are also Preferred Locations in this RFO. Because projects located in these areas help meet specific transmission needs, SCE requires that each BTM-based Offer is comprised of aggregated electric customers only from those five areas/distribution systems, either individually or combined. For example, if Seller was considering

offering a 3 MW Demand Response project consisting of electric customers across the five substations, Offeror could comprise their Offer of aggregated electric customers of 1 MW from El Nido, 1 MW from La Fresa, and 1 MW from Laguna Bell.

- (d) Multiple Mutually Exclusive Offers. If Offeror is considering various configurations of a project or proposal on a given project site or for a given set of customers, SCE encourages such Offeror to submit multiple mutually exclusive proposals for SCE to evaluate.
- (e) Customer Address List. Upon Offeror's execution and delivery to SCE of a Non-Disclosure Agreement, the form of which shall be provided to Offeror upon request and is separate and distinct from the NDA referenced in Section 8.05, SCE will share with the Offerors a list of addresses serviced by the substations identified in Section 3.01(b), for use solely in connection with the preparation of Offers for this RFO. Please note that the list is a snapshot in time and is subject to change, and its accuracy is not warranted or guaranteed by SCE.

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## ARTICLE FOUR. DISADVANTAGED COMMUNITIES

### 4.01 Background

Disadvantaged Communities, or DACs, are a designation originally created to help guide investment of funds from the Greenhouse Gas Reduction fund, but the use cases have expanded and been standardized. Widespread application of the DAC designation and the [CalEnviroScreen](#) tool (a tool developed by CalEPA to identify DACs, currently in version 3.0) are now used in many forums including the CPUC, ARB, and CEC.

### 4.02 DAC Definition

For purposes of this RFO, SCE defines DACs as census tracts that either:

- (1) score at or above the 75<sup>th</sup> percentile (i.e., scoring in the top 25 percent statewide) in the California Environmental Protection Agency's ("CalEPA") [CalEnviroScreen](#) 3.0 on a statewide basis, or
- (2) are one of the 22 census tracts that score in the highest five percent of CalEnviroScreen's pollution burden, but that do not have an overall score.

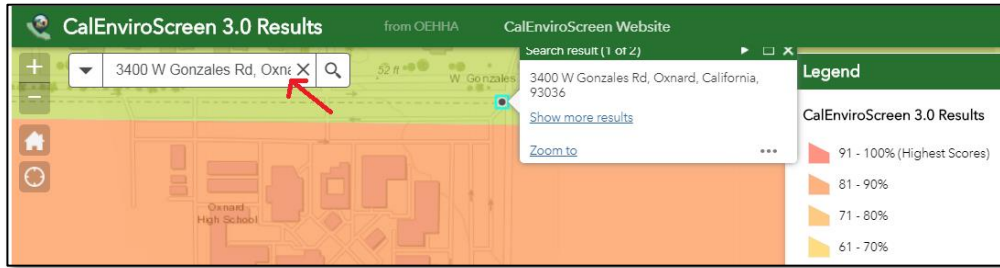
### 4.03 Screening to Identify DACs

- (a) Map of Disadvantaged Communities. The CalEPA has created an online map that displays the [CalEnviroScreen](#) results, where one can pan and zoom into various areas of California to graphically identify the general location of DACs.
- (b) Data List (Spreadsheet). In order to download a data list of areas that correspond to the preceding map, one can:
  - (1) Visit the [CalEPA DAC website](#)
  - (2) Download the [List of Disadvantaged Communities](#) Excel file

**Note:** Do not necessarily assume entire counties match exactly to an RFO's eligible area(s). Additional research is recommended, such as using the [DERiM](#) mapping tool to identify a DAC area's distribution systems and confirming any DAC searches with the Energy Division of the CPUC.

- (c) Search by Address. One can also determine DAC status of one or more specific addresses. For a single address, go back to the [CalEnviroScreen](#) map and, in the "Find address or place" field, input the address and determine the color coding alongside the map's Legend. For example (see Illustration 1 below):

### Illustration 1: CalEnviroScreen Search by Address



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## **ARTICLE FIVE. DIVERSE BUSINESS ENTERPRISES.**

SCE encourages Women-Owned, Minority-Owned, Service Disabled Veteran-Owned, Lesbian-, Gay-, Bisexual-, and/or Transgender-Owned Business Enterprises (“Diverse Business Enterprises” or “DBE”) to participate in the RFO. For Offerors interested in participating as a DBE, additional provisions will be incorporated into the PSA to ensure DBE status is maintained throughout the Term.

Information on SCE’s Supplier Diversity Program can be found on the following SCE website: [www.sce.com/sd](http://www.sce.com/sd) and [www.sce.com/energyprocurement](http://www.sce.com/energyprocurement).

CPUC General Order (“GO”) 156 (<http://www.cpuc.ca.gov/PUC/documents/go.htm>) sets the rules governing, among other things, goals, annual reporting and annual planning in the development of programs to increase participation of DBE in procurement of contracts from utilities as required by the California Public Utilities Code.

Offerors can help SCE achieve its GO 156 goals in the following ways:

- (1) For qualified DBE Sellers (Tier 1 – direct contracting with SCE), ensure you are certified by one of the following agencies accepted by the CPUC<sup>3</sup>:
  - a. The Supplier Clearinghouse ([www.thesupplierclearinghouse.com](http://www.thesupplierclearinghouse.com))
  - b. The Department of General Services – [www.dgs.ca.gov](http://www.dgs.ca.gov)
  - c. Small Business Administration for 8(a) certificates
- (2) Require that any qualified Tier 2 DBE (subcontractors to a Tier 1 Seller or directly to the project under contract with SCE) that perform work or deliver materials related to a project that will ultimately be under contract with SCE, be certified by, or certification is accepted through the certifying agencies listed above.

Furthermore, as provided in Section 6.3 of GO 156, SCE’s Supplier Diversity efforts include encouraging its Sellers to develop plans to utilize DBE subcontractors. SCE can help with identifying DBE for subcontracting opportunities. In addition, the pro forma PSAs in this RFO include a requirement to report payments made to any DBE that has supplied goods or services as subcontractors.

A sample list of potential products and services that may be available through DBE subcontractors is provided in the table below. This table is not intended to serve as a comprehensive list of all of the subcontracting opportunities that may be available.

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<sup>3</sup> Pursuant to Public Utilities Code section 8283(e)(2), Disabled Veteran Owned Business Enterprises in California are verified/certified by the California State Department of General Services, Office of Small Business and Disabled Veterans Business Enterprise Services ([www.dgs.ca.gov/](http://www.dgs.ca.gov/)), and The Supplier Clearinghouse shall accept the verifications/certifications. Lesbian-, Gay-, Bisexual-, Transgender-Owned Business Enterprises seeking verification/certification of its DBE status may seek verification/certification through The Supplier Clearinghouse process.

<b>PRIOR TO – Project Online Date</b>		<b>UPON AND AFTER – Project Online Date</b>	
<b>Products</b>	<b>Services</b>	<b>Products</b>	<b>Services</b>
<ul style="list-style-type: none"> <li>• Environmental Impact Studies</li> <li>• MRO (Balance of Plant: wiring, conduit, steel, concrete, etc.)</li> <li>• Technology</li> </ul>	<ul style="list-style-type: none"> <li>• Construction</li> <li>• Consulting</li> <li>• Engineering (Interconnection design, roads/grading, SWPPP, Arc Flash Study, Geotechnical reports, environmental monitoring, etc.)</li> <li>• EPC Contractor</li> <li>• Installation</li> <li>• Land Acquisition</li> <li>• Legal Services</li> <li>• Permitting</li> <li>• Research and Development (R&amp;D)</li> <li>• Site Prep</li> <li>• Transportation</li> </ul>	<ul style="list-style-type: none"> <li>• IT Equipment (Hardware &amp; Software)</li> <li>• Tools &amp; Equipment</li> <li>• Cables</li> <li>• Wires</li> <li>• Chemicals</li> <li>• Oils</li> <li>• Gases</li> <li>• Equipment (i.e. transformers, switches, poles, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Engineering (Fire Protection and Telecommunication)</li> <li>• Facilities Management</li> <li>• IT Support (Hardware &amp; Software)</li> <li>• Janitorial</li> <li>• Large Equipment Rentals and Operator</li> <li>• Legal Services</li> <li>• Plant Maintenance</li> <li>• Plant Security</li> <li>• Regulatory Reporting Services</li> <li>• Specialty/Admin Staffing</li> <li>• Water Treatment &amp; Testing</li> </ul>

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**ARTICLE SIX. RFO PROCESS AND OFFER SUBMITTAL.**

**6.01 RFO Schedule**

The milestones enumerated below are described in detail throughout the remainder of this Article 6. SCE reserves the right to revise any RFO Event date listed below. **Offerors should monitor the Website for announcements regarding any updates or changes.** If a revision occurs after Offer submission, SCE will notify all Offerors via the email addresses provided during Offer submittal.

Date	RFO Event
Friday, August 31, 2018	RFO Launch
Tuesday, September 4, 2018	Bidders' Conference
Thursday, September 27, 2018 (12:00 p.m.)	Offeror's Initial Offer Submittal Deadline to SCE
Tuesday, November 13, 2018	Target Date for SCE to issue Shortlist Notification
Wednesday, November 14, 2018	PSA Negotiation Period Begins
Wednesday, November 21, 2018 (5:00 p.m.)	Offerors' Shortlist Deliverables Deadline
Tuesday, January 22, 2019 (12:00 p.m.)	Commercial Lockdown Deadline
Friday, January 25, 2019	PSA Negotiation Period Ends
Friday, February 1, 2019 (12:00 p.m.)	Offerors' Final Price Submittal Deadline
Tuesday, March 19, 2019	SCE's Target Date for Final Selection Notification
Tuesday, March 26, 2019	Deadline for Awarded Offerors to Execute PSAs
Friday, April 12, 2019	Target Date for Advice Letter Filing

**6.02 RFO Launch**

- (a) Email Notification. The RFO launch consists of a blast email to SCE's comprehensive email distribution list, including developers, community stakeholders, and the relevant CPUC service lists. The blast email also refers email recipients to the RFO Website that contains all necessary RFO materials including these RFO Instructions, the pro forma PSAs, and other pertinent RFO information.
- (b) Messaging. Registered parties can begin asking RFO-related questions by emailing

SCE at the RFO email ([acesrfo@sce.com](mailto:acesrfo@sce.com)), with the IE cc'd at [waynejoliver26@gmail.com](mailto:waynejoliver26@gmail.com) and [keith.oliver@merrimackenergy.com](mailto:keith.oliver@merrimackenergy.com).

- (c) Q&As. Should individuals have RFO-related questions, SCE recommends first reviewing the list of Questions and Answers posted on the Website to see if your question has already been addressed.

### 6.03 RFO Bidders' Conference

SCE will host a Bidders' Conference webinar to discuss the objectives and procurement targets of the RFO, the RFO process, and key Offer submittal requirements.

Specific conference details (e.g., call-in information, etc.) will be available on the RFO Website following the launch of the RFO.

### 6.04 Excel-based "Bidder Information Workbook" and "Offer Workbooks"

- (a) Bidder Information Workbook.

The Excel-based Bidder Information Workbook ("Bidder Information Workbook") is a form that will contain basic Seller information plus certain attestations that Offerors are required to make. The Bidder Information Workbook will be available on the Website.

- (b) Offer Workbooks.

The Excel-based Offer Workbooks ("Workbooks") are spreadsheets that will contain the specific operational and pricing parameters associated with the Offers/projects.

**Note:** Offerors must separately submit, as an individual Offer Workbook, each Offer permutation.

### 6.05 Offerors' Initial Offer Submittal Deadline

- (a) **A complete and conforming Offer package must consist of:**

- A completely filled-out Bidder Information Workbook (as further discussed below);
- A completely filled-out Offer Workbook(s) (as further discussed below); and
- Submitting all Required Offer Submittal Materials listed in Attachment B (as further discussed below)

**Each complete Offer package, conforming exactly to these RFO Instructions, must be submitted via email to [acesrfo@sce.com](mailto:acesrfo@sce.com), CC'ing the IE at [waynejoliver26@gmail.com](mailto:waynejoliver26@gmail.com) and [keith.oliver@merrimackenergy.com](mailto:keith.oliver@merrimackenergy.com), on or before the date and time of the Initial Offer Submittal Deadline**

SCE will consider only those submissions that, as of the Initial Offer Submittal Deadline, constitute complete and conforming Offers. This includes submittal of all documents and accurate completion of all forms.

At SCE's sole discretion, SCE may allow an Offeror to cure any non-conforming information or erroneous/unclear information, **provided** that an Offer has been 'submitted'. If cures are allowed, SCE will notify Offeror and will provide Offeror with the deadline to complete the cure(s).

(b) Tools and Aids to assist with Offer Submittal Process.

As aids to help submit complete and conforming Offers, SCE highly encourages Offerors and potential Offerors to:

- Attend the RFO Bidders' Conference
- Refer to other tutorials and help aids located on the Website (such as the interactive Distribution Energy Resource Interconnection Map ("DERiM")) which can be accessed on the Website.

(c) Offer Inclusivity and Exclusivity.

An Offeror can submit a single or multiple Offers. **An Offeror can submit up to ten (10) Offers for a single project and collectively, submit up to fifty (50) total Offers for a given Offeror.** Offers can be mutually inclusive of each other (i.e., in order to take a single Offer, SCE must accept all Offers within a mutually inclusive set).

Offers can be mutually exclusive of each other (i.e., a set of Offers from which SCE can select only one Offer; common when submitting multiple Offers from a single project).

Examples of mutually exclusive offers may be:

- One Offer with a 15 year term, and a second Offer (based on the same project) with a 10 year term
- One IFOM Energy Storage Offer capable of delivering for a four hour period (four hour duration), and a second Offer (based on the same project) capable of delivering for an eight hour period (eight hour duration)

**To designate Offers as either mutually inclusive or mutually exclusive, Offeror must indicate as such in their Seller Proposal Letter and in the Mutual Exclusivity-Inclusivity Template.**

As previously indicated, Offerors who previously submitted Offers for the 2018 LCR RFP are strongly encouraged to also submit Offers for the 2018 ACES 2 RFO. Offerors must indicate whether their Offers are mutually exclusive of each other between the two solicitations. Offers **CANNOT** be submitted mutually inclusive of each other across solicitations.

(d) Bidder Information Workbook.

Related to Section 6.05 above, in order to have a complete and conforming Offer, an Offeror must complete and submit the Bidder Information Workbook, available on the Website. Follow all the instructions shown on the Instructions tab in order to successfully complete the entering of Offeror information.

All information submitted via the Bidder Information Workbook must be consistent with information contained in other required Offer submittal documents.

(e) Required Offer Submittal Materials.

As described above, Offeror is required to download, fill out, and submit via email several documents—all accessible via the Website.

For your convenience, Attachment B also lists the Required Offer Submittal Materials.

(f) Additional Information.

If necessary, SCE may request additional information (not included in these RFO Instructions or on the Website) from Offerors at any time during the RFO. In the event that SCE requires any such supporting information, SCE will notify Offeror in writing.

6.06 Target Date for Shortlist Notification.

The RFO Schedule provides the date upon which SCE intends to notify each Offeror as to whether or not its Offers have made the shortlist. The Offerors associated with shortlisted Offers will be required to provide certain deliverables (explained in Section 6.08 below) and promptly enter into PSA negotiations (explained in Section 6.07 below).

6.07 PSA Negotiation Period Begins

SCE asks Offerors to prepare a written list of pro forma provisions that Offerors would like to revisit. Please note, at this time and during any time throughout the negotiation period, SCE may reject Offeror requests to revisit particular provisions and, instead, require that

shortlisted Offeror adhere to the applicable pro forma provision(s). Negotiations may take place telephonically or, subject to availability, at SCE's offices.

6.08 Offerors' Shortlist Deliverables Deadline.

Offerors have a specified date and time to supply certain deliverables to SCE. These deliverables are specific and different for each product type.

**Please refer to Attachment C for the required shortlist deliverables. Please also refer to the RFO Schedule set forth in Section 6.01 with respect to the deadlines established for this RFO.**

6.09 Commercial Lockdown Deadline

Shortlisted Offerors that are still in active negotiations at (or have successfully concluded negotiations by this time) must provide SCE with complete and final versions of the Offer Workbook, **excluding** capacity price, by the Commercial Lockdown deadline.

6.10 PSA Negotiation Period Ends

SCE has established a deadline for concluding PSA negotiations. To the extent SCE and a particular Offeror are not in agreement on one or more PSA provisions by the date/time set forth in the RFO Schedule, SCE reserves the right in its sole discretion not to consider the applicable Offers for final selection.

6.11 Final Price Submittal Deadline

Sellers that have reached agreement on all negotiated provisions will have a one-time opportunity to refresh their respective capacity price(s) prior to the Final Offer Price Submittal Deadline.

6.12 Target Date for Final Selection Notification

SCE has set a target date within the RFO Schedule upon which SCE will:

- (a) Notify each shortlisted Offeror regarding the selection status of each Offer, and
- (b) Provide executable PSAs for each selected Offeror ("Awarded Offerors") to review and sign. **Note:** Offerors are encouraged to carefully review the executable PSAs for any errors.

6.13 Deadline for Awarded Offerors to Execute PSAs

This is the last day for awarded Offerors to sign and submit the executed signature pages of the PSA(s), or to notify SCE if electing not to execute the PSA(s).

Electronic copies of the executed signature page(s) (in PDF format) must be received by SCE and the IE by this deadline.

6.14 Target Date for CPUC Advice Letter Filing

This is the target date for SCE to submit its advice letter to the CPUC seeking approval of contracts selected through the RFO. Prior to this date, SCE may seek assistance from awarded Offerors with the CPUC filing such as providing project-related information to be included in the filing.

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## **ARTICLE SEVEN. SCREENING, LEAST-COST, BEST-FIT METHODOLOGY, SELECTION**

### **7.01 Screening of Offers**

After the Initial Offer Submittal Deadline, SCE begins an initial review of all Offers received for completeness and conformity. On a high level, this review includes a thorough screening to confirm that each Offer package is in compliance with the following:

- (a) Offer package adheres to the RFO Schedule with respect to submittal deadlines
- (b) Offer/project meets the eligibility criteria set forth in these RFO Instructions
- (c) Input into the Bidder Information Workbook and Offer Workbook and the submission of complete and accurate “Required Offer Submittal Materials”

In consultation with its Independent Evaluator, SCE may allow Offerors to cure any submittal deficiencies or errors, solely at SCE’s discretion. Ultimately, SCE will screen submitted Offers on a “pass-fail” basis against the RFO eligibility criteria and requirements.

### **7.02 Least-Cost Ranking**

Offers having passed the complete and conforming screening process will be quantitatively assessed via SCE’s CPUC-approved least-cost methodology. In employing this methodology, SCE develops forecasts for electrical energy, ancillary services and resource adequacy (“RA”) capacity.

Specifically, SCE will calculate the forecasted quantity of RA capacity, electrical energy, and ancillary services that each resource will provide, and multiply these quantities by their respective price forecasts. The sum of these benefits represents the market value that the Offer is forecasted to receive.

SCE will then calculate the contract costs (such as capacity payments, energy costs, debt equivalence, and transmission upgrade cost as applicable to the resource type) required to extract the market value to determine the cost-effectiveness of the Offer. The most competitive Offers will have the lowest contract costs as compared to their forecasted market value benchmarks.

SCE employs a net present value (“NPV”) analysis when it evaluates each Offer’s net value. The value calculations entails forecasting: (1) the value of contract benefits, (2) the value of contract costs, and (3) then subtracting (2) from (1). This methodology is consistent with evaluations performed by SCE in other solicitations such as SCE’s PRP RFOs, SCE’s 2013 LCR RFO and SCE’s biannual energy storage RFOs.

Finally, Offers are ranked in merit order starting with the highest NPV Offer and ending with the lowest NPV Offer.

Please note, the contract benefit elements and contract cost elements used in the quantitative methodology in this RFO are described in depth in Attachment D; however, Table 2 immediately below summarizes the applicability of these elements to each product solicited in this RFO:

**Table 2: Least-Cost Benefit and Cost Elements**

Product	BENEFIT ELEMENTS			COST ELEMENTS		
	Resource Adequacy Capacity	Energy	Ancillary Services/ Real Time	Contract Payments	Txn/Distr Upgrade	Debt Equiv
Demand Response – BTM Energy Storage	✓	✓	maybe	✓		✓
Energy Storage (RA Only)	✓			✓	maybe	✓
Energy Storage (RA w/ Put)	✓	✓	✓	✓	maybe	✓

### 7.03 Best-Fit Analysis and Shortlist Selection

In addition to the least-cost methodology explained above, SCE also assesses certain non-quantifiable characteristics to potentially improve the portfolio of ultimately shortlisted Offers that may be more effective in meeting the RFO’s objectives. This is SCE’s “best-fit” analysis and it is conducted on the more quantitatively-competitive Offers. The non-quantifiable characteristics considered as part of this best-fit analysis may include:

(a) RFO-stated preferences

- Energy storage located in Disadvantaged Communities
- Energy storage located in Preferred Locations
- Energy storage with an earlier online date
- Offers with up to a 10 year term

(b) Permitting and interconnection

- Environmental & permitting status
- Electrical interconnection

(c) Pre-development milestones

- Project financing status
- Project development experience

(d) Development milestones

- Site control
  - Large equipment status
  - Reasonableness of commercial operation date
- (e) Transmission area
- (f) Contributions towards SCE's energy storage targets
- (g) Portfolio fit of energy, capacity, & term
- (h) Offeror concentration
- (i) Technology concentration
- (j) The effect of assessing each Offer's qualitative attributes as part of SCE's shortlist selection of Offers can be any of the following:
- Promoting a lower-NPV Offer onto the shortlist, or eliminating a higher-NPV Offer from shortlist consideration
  - Determining a tie-breaker between two Offers with equivalent or near-equivalent NPVs
  - Having no effect on the shortlist selection

As such, SCE may choose Offers for its shortlist selection that do not have the highest NPVs.

Ultimately, SCE, in consultation with its Independent Evaluator, will select its shortlist based on the above-explained quantitative and qualitative methodologies to focus only on the most competitive, best-fit Offers while having an ample quantity of Offers to take through the RFO's negotiation and final selection processes.

#### 7.04 Final Selection

All shortlisted Offers that are still in active and near-complete PSA negotiations will submit last, best, and final pricing. SCE will then re-conduct its Least-Cost Ranking and Best-Fit Analysis, exactly as described above, which will result in SCE's final selection of Offers.

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**ARTICLE EIGHT. APPLICANT’S ACKNOWLEDGEMENTS; WAIVERS AND RESERVATION OF RIGHTS; REPRESENTATIONS, WARRANTIES AND COVENANTS.**

By submitting an Offer to SCE pursuant to the RFO, the Offeror acknowledges the following:

8.01 SCE’s Rights.

SCE reserves the right to modify any dates and terms specified in these RFO Instructions and the Pro Forma PSAs, in its sole discretion and at any time without notice and without assigning any reasons and without liability of Edison International, SCE or any of their subsidiaries, affiliates or representatives. SCE also reserves the right to select zero Offers as an outcome of this RFO.

8.02 SCE’s Acceptance of Offers.

SCE will not be deemed to have accepted any Offer, and will not be bound by any term thereof, unless and until authorized representatives of SCE and Seller execute a PSA and other required agreements.

8.03 Expenses.

Each participant will be responsible for all expenses incurred as a result of its participation in this RFO. In the event that the RFO is terminated by SCE for any reason, each participant will remain responsible for all expenses incurred by such participant as a result of its participation in the RFO.

8.04 Waived Claims.

By submitting an Offer, Offeror knowingly, voluntarily, and completely waives 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 FERC, the Superior Court of the State of California (“State Court”) or any United States District Court (“Federal Court”) concerning or related in any way to this RFO or these RFO Instructions, including all documents incorporated by reference therein and exhibits, attachments, and appendices attached thereto (“Waived Claims”).

Offeror further expressly acknowledges and consents 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 Offeror’s Offer has not already been disqualified, SCE is entitled to automatically disqualify any such Offer from further consideration in the RFO or otherwise, and further, SCE may elect to terminate the RFO.

By submitting an Offer, Offeror further agrees that the sole forum in which Offeror may assert any challenge with respect to the conduct or results of the RFO is at the CPUC. Offeror further agrees that:

- (a) The sole means of challenging the conduct or results of the RFO is a complaint filed under Article 3, Complaints and Commission Investigations, of Title 20, Public Utilities and Energy, of the California Code of Regulations;
- (b) The sole basis for any such protest shall be that SCE allegedly failed in a material respect to conduct the RFO in accordance with these RFO Instructions; and
- (c) The exclusive remedy available to Offeror in the case of such a protest shall be an order of the CPUC that SCE again conduct any portion of the RFO that the CPUC determines was not previously conducted in accordance with these RFO Instructions (including all documents incorporated by reference therein and exhibits, attachments, and appendices attached thereto).

Offeror 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 elects to do otherwise in its sole discretion, during the pendency of such a protest the RFO and any related regulatory proceedings related to the RFO will continue as if the protest had not been filed, unless the CPUC issues an order suspending the RFO or SCE has elected to terminate the RFO.

Offeror further acknowledges and agrees that if Offeror asserts any Waived Claim, SCE shall be entitled to seek immediate dismissal of Offeror's claim, complaint or other challenge, with prejudice, by filing a motion to dismiss (or similar procedural device) supported by the language in this section and that Offeror will not challenge or oppose such a request for dismissal.

Offeror further acknowledges and agrees that if it asserts any Waived Claim, and if SCE successfully has that claim dismissed or transferred to the CPUC, Offeror shall pay SCE's full costs and expenses incurred in seeking such dismissal or transfer, including reasonable attorneys' fees.

#### 8.05 Offeror's Representations, Warranties and Covenants.

- (a) By submitting an Offer, Offeror agrees to be bound by the conditions of the RFO, and makes the following representations, warranties, and covenants to SCE, which representations, warranties, and covenants shall be deemed to be incorporated in their entirety into each of Offeror's Offers:
  - (i) Offeror has read, understands and agrees to be bound by all terms, conditions and other provisions of these RFO Instructions;
  - (ii) Offeror has had the opportunity to seek independent legal and financial advice of its own choosing with respect to the RFO and these RFO Instructions, including the submittal forms and documents listed in these RFO Instructions which are posted on the Website;
  - (iii) Offeror warrants herein that the product price includes all Offeror's costs of adhering to the provisions of the applicable pro forma PSA;

- (iv) Offeror has obtained all necessary authorizations, approvals and waivers, if any, required by Offeror to submit its Offer pursuant to the terms of these RFO Instructions and to enter into a Final Agreement with SCE;
  - (v) Offeror's Offer complies with all Applicable Laws;
  - (vi) Offeror has not engaged, and covenants that it will not engage, in any communications with any other actual or potential Offeror in the RFO concerning this solicitation, price terms in Offeror's Offer, or related matters and has not engaged in collusion or other unlawful or unfair business practices in connection with the RFO;
  - (vii) Any Offer submitted by Offeror is subject only to SCE's acceptance, in SCE's sole discretion; and
  - (viii) The information submitted by Offeror to SCE in connection with the RFO and all information submitted as part of any Offer is true and accurate as of the date of Offeror's submission. Offeror also covenants that it will promptly update such information upon any material change thereto.
- (b) By submitting an Offer, Offeror acknowledges and agrees:
- (i) That SCE may rely on any or all of Offeror's representations, warranties, and covenants in the RFO (including any Offer submitted by Offeror);
  - (ii) To the non-disclosure terms and obligations in the RFO Non-Disclosure Agreement ("NDA") posted on the Website
  - (iii) That SCE may disclose information as set forth in Section 8.06 of these RFO Instructions and the NDA;
  - (iv) That in SCE's evaluation of Offers pursuant to the RFO, SCE has the right to disqualify an Offeror that is unwilling or unable to meet any other requirement of the RFO, as determined by SCE in its sole discretion.
- (c) **BY SUBMITTING AN OFFER, OFFEROR HEREBY ACKNOWLEDGES AND AGREES THAT ANY BREACH BY OFFEROR OF ANY OF THE REPRESENTATIONS, WARRANTIES AND COVENANTS IN THESE RFO INSTRUCTIONS SHALL CONSTITUTE GROUNDS FOR IMMEDIATE DISQUALIFICATION OF SUCH OFFEROR, IN ADDITION TO ANY OTHER REMEDIES THAT MAY BE AVAILABLE TO SCE UNDER APPLICABLE LAW, AND DEPENDING ON THE NATURE OF THE BREACH, MAY ALSO BE GROUNDS FOR TERMINATING THE RFO IN ITS ENTIRETY.**

8.06 Reporting and Public Disclosure of Information.

By participating in the RFO, each Offeror acknowledges and expressly authorizes SCE to publicly disclose the following information as required by the CPUC:

- (a) Names of the sponsor companies that submitted Offers into the RFO;
- (b) Number of Offers received from each sponsor company;
- (c) Number of Offers received and selected by SCE;
- (d) Project size;
- (e) Participating technologies;
- (f) The number of projects that passed the project viability screens;
- (g) Location of Offers by county level shown in a map format; and
- (h) The progression of each PSA's project development milestones.

8.07 Good Faith Dealings.

It is expected that the Parties will act in good faith in their dealings with each other with respect to this RFO.

8.08 Disclaimer.

SCE AND ITS REPRESENTATIVES (INCLUDING THE INDEPENDENT EVALUATOR) DISCLAIM ANY AND ALL LIABILITY TO AN OFFEROR FOR DAMAGES OF ANY KIND RESULTING FROM DISCLOSURE OF ANY OF OFFEROR'S INFORMATION.

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## ATTACHMENT A-1

### *Demand Response – BTM Energy Storage*

Capitalized terms in this Attachment A-1 that are not defined in these RFO Instructions are otherwise defined in the Demand Response – BTM Energy Storage pro forma PSA posted on the Website. All clock times specified below are in Pacific Prevailing Time (PPT).

#### **PRODUCT DESCRIPTION**

Demand Response is a product that, in response to SCE notification, reduces the consumption of energy from the electrical grid. This dispatchable resource can reduce the consumption of energy from the electrical grid by drawing energy from an energy storage facility installed at the site of energy consumption instead of from the grid.

*Please be aware a low Energy Rate may result in the project being dispatched frequently.*

#### **REQUIREMENTS**

- (1) Project must be new build (not existing nor repowered), or otherwise incremental to existing installations as of January 1, 2018.<sup>4</sup> Project must meet wholly incremental or partially incremental requirements as described in Attachment F<sup>5</sup>.
- (2) Project must utilize proven, commercialized energy storage technology that is scalable to the project size (i.e., not in experimental, research, demonstration, or development stages).
- (3) Ability to reduce load, up to the full Contract Capacity, within 15 minutes.
- (4) Initial Delivery Date to occur no later than 06/01/2021, and must occur on the first day of the month.
- (5) For any Offer with a >10 year term, Offerors are required to also submit at least one additional, mutually exclusive offer with a  $\leq 10$  year term. SCE encourages Offerors to propose contract term lengths that are reasonably in line with the duration of the expected life of the underlying technology. For Offers greater than 20 years, please contact SCE with your proposal.

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<sup>4</sup> Pursuant to Section 2836.7 of the California Public Utilities Code, the energy storage facility must have been developed on or after January 1, 2018.

<sup>5</sup> Please refer to Attachment F for detailed information on incrementality.



- (6) Must be able to reduce at least 1 MW of load sourced from SCE's grid (i.e., minimum Contract Capacity is at least 1 MW) up to the full Contract Capacity. SCE prefers projects with a maximum project size of 20 MW or less.
- (7) Must be able to deliver consecutive days either Monday through Friday, or Monday through Sunday
- (8) Must be able to deliver load reduction for at least 4 consecutive hours within CAISO's designated "System and Local Resource Adequacy Availability Assessment Hours" that are effective on the PSA's Effective Date (currently from 4:00pm to 9:00pm, or HE17 to HE21), and capable of reducing load at least 3 consecutive weekdays, excluding Holidays. Offers meeting these requirements will receive a Resource Adequacy Capacity (RA) benefit as part of SCE's least-cost methodology described in Article 7 and Attachment D.
- (9) Experienced project developers/Offerors with at least one member of the development team having completed at least one project of similar structure and capacity to the Offer being submitted in this RFO.
- (10) Offerors shall not, and shall ensure that all of the Participating Accounts do not, during the Delivery Period, obtain benefits under SCE's Automated Demand Response Program, or any other similar program that exists now or during the Term.

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\*\*\* End of ATTACHMENT A-1 \*\*\*

## ATTACHMENT A-2

### *Energy Storage*

#### *– IFOM –*

This product description applies to both the “Energy Storage – RA Only” and the “Energy Storage with Put” pro forma purchase and sale agreements (“PSAs”). Capitalized terms in this Attachment A-2 that are not defined in these RFO Instructions are otherwise defined in either or both Energy Storage PSAs posted on the Website. All clock times specified below are in Pacific Prevailing Time (PPT).

#### **ENERGY STORAGE PRODUCT DESCRIPTION**

The energy storage product shall be an in-front-of-the-meter installation (i.e., connected directly to SCE’s distribution system as further described below) and shall consist of commercially available technology that is capable of absorbing energy, storing it for a period of time, and thereafter dispatching the energy.

#### **REQUIREMENTS**

- (1) Must be new (not existing nor repowered).
- (2) Notwithstanding the requirements set forth in these RFO Instructions, must meet all the criteria set forth in Public Utilities Code Section 2835.
- (3) Must consist of commercially available mechanical, chemical or thermal storage technology (i.e., not in experimental, research, demonstration, or development stages).
- (4) Project size must be at least 1 MW<sub>AC</sub>. SCE prefers projects with a maximum capacity of no more than 20 MW<sub>AC</sub>.
- (5) Initial Delivery Date to occur no later than 06/01/2021, and must occur on the first day of the month.
- (6) By the Initial Delivery Date, projects will be required to demonstrate that Full Capacity Deliverability Status (“FCDS”) has been acquired.
- (7) For any Offer with a >10 year term, Offerors are required to also submit at least one additional, mutually exclusive offer with a ≤ 10 year term. SCE encourages Offerors to propose contract term lengths that are reasonably in line with the duration of the expected life of the underlying technology. For Offers greater than 20 years, please contact SCE with your proposal.
- (8) Project must have a discharge duration of four hours or more. For Offers located

at the Goleta and Santa Clara 220/66kV substations, SCE encourages additional Offers up to 8 hours in duration.

- (9) Ability to be dispatched up to the full Contract Capacity, within 15 minutes.
- (10) Installation of smart inverters having capabilities as outlined under Rule 21 section Hh. Additional details available at [https://www.sce.com/NR/sc3/tm2/pdf/Rule21\\_1.pdf](https://www.sce.com/NR/sc3/tm2/pdf/Rule21_1.pdf).
- (11) Offeror, as the Transmission Customer or representative of the Transmission Customer, must sign and upload the “Consent for Release of Interconnection-Related Information” document (posted on the RFO website) by the Initial Offer Submittal Deadline whereby Offeror, as the Transmission Customer or representative of the Transmission Customer, consents to and authorizes the disclosure of its confidential, Non-Public Transmission Customer Information to any SCE employee, including SCE’s Marketing Function Employees (as such term is defined pursuant to the FERC Standards of Conduct), who needs to know such information in connection with the Offer(s) being submitted in this RFO.
- (12) Site Control – By the PSA Effective Date, Offeror must have control of the project site and relevant structures.
- (13) As part of the complete and conforming Offer submittal, Offeror shall demonstrate that the project has participated in the interconnection study process. Fulfillment of this requirement can be achieved by submitting to SCE evidence which could include:
  - a. Fast Track Review report demonstrating the project has “passed” the respective Initial Review Fast Track screens (or otherwise been deemed to pass the Fast Track screens through the Supplemental Review screens and/or customer options meeting)<sup>6</sup>; or
  - b. Minimum of a completed Phase I Interconnection Study Report in the cluster study process (for projects in Queue Cluster 10 or earlier), System Impact Study Report in the independent study or detailed study process, studied for Full Capacity Deliverability Status through these study processes, a material modification analysis report for a generating facility already interconnected to SCE’s electrical system, or can demonstrate that it has entered into a request for Full Capacity Deliverability Status into one of the deliverability assessment processes

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<sup>6</sup> Note: for Fast Track projects that only offer Energy Only Deliverability Status, the Offeror shall also demonstrate that it has entered a request for Full Capacity Deliverability Status into the CAISO Annual Deliverability Assessment or into the Distributed Generation Deliverability interconnection process.

described in (a) above; or

- c. Signed interconnection agreement for Full Capacity Deliverability Status, or for Energy Only Deliverability Status with the demonstration that it has entered into a request for Full Capacity Deliverability Status into one of the deliverability assessment processes described in (a) above; or
- d. Has entered into the Queue Cluster 11 interconnection process and can provide proof of a complete and active Queue Cluster 11 interconnection request from SCE and/or CAISO. As part of a complete and conforming Offer submittal, must provide evidence that the respective application is deemed “complete” by SCE.

An interconnection request with Full Capacity Deliverability Status is a requirement of this RFO. Further, the interconnection studies or interconnection agreement must support the project’s forecasted COD in its Offer. Should Offeror’s interconnection studies or interconnection agreement indicate an interconnection date later than the project’s forecasted COD, the project will not be given further consideration.

- (14) For RA with Energy Put PSA only, Offeror must provide documentation (i.e., manufacturer warranty) supporting determination of Variable Asset Replacement Charge (VARC), as defined in the PSA.
- (15) For RA Only PSA, if the Project does not pass certain accounting screens, certain provisions within the RA Only PSA will be deleted. Such provisions will be identified during the negotiation process.
- (16) Experienced project developers/Offerors with at least one member of the development team having (a) completed at least one project of similar technology and capacity to the Offer, or (b) begun construction of at least one other project similar to the Offer being submitted in this RFO.

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\*\*\* End of ATTACHMENT A-2 \*\*\*

**ATTACHMENT B**

*Required Offer Submittal Materials*

**REQUIRED BY THE INITIAL OFFER SUBMITTAL DEADLINE**

Please use the following tables as a guide to understand the information and file types that need to be emailed to SCE at [acesrfo@sce.com](mailto:acesrfo@sce.com) by the Initial Offer Submittal Deadline, as well as other files to which Sellers may need to reference when attesting to and acknowledging certain items on the various RFO forms (e.g., the NDA). **Please pay special attention to the file naming conventions, described below.** Note that SCE may request additional or different information/uploads than what is listed below.

**REQUIRED OFFER SUBMITTAL MATERIALS FOR ALL OFFERS**

<b>DOCUMENT</b>	<b>DESCRIPTION</b>	<b>FILE LOCATION:</b>	<b>NAMING CONVENTION UPON EMAIL SUBMISSION:</b>
Bidder Information Workbook	The Bidder Information Workbook is a form that will contain basic Seller and project information plus certain attestations that Offerors are required to make.	RFO Website  <b>Filename: Bidder Information Workbook.xlsx</b>	Company Name_Bidder Information Workbook
Offer Workbooks	The workbooks contain specific quantitative pricing, operational, and other parameters of Offeror’s offer/project. There is a specific workbook for each product type, so be certain to download the correct workbook type for your specific product. Offerors are required to upload one completed Offer Workbook for each Offer.	RFO Website  <b>Filenames:</b> <b>Offer_Workbook-Demand_Response-BTM</b>  <b>Offer_Workbook-Energy_Storage-IFOM</b>	Company Name_Offer_Workbook-“Product”_”Offer #”

<p><b>Seller Proposal Letter</b></p>	<p>Using the posted guidelines, Offeror is to clearly and with sufficient detail, provide a description of the project’s attributes (location, general configuration, etc.), offer selection parameters (e.g., mutually exclusive with other offers), Offeror’s experience with development and equipment source/supply chain management, and anything else that either is not captured in the Bidder Information Workbook, Offer Workbook, and/or that Offeror deems as information SCE should possess to better help understand the project and gain confidence of its viability.</p> <p>Use the posted guideline document as a guide to the information SCE seeks.</p>	<p>RFO Website</p> <p><b>Filename: Seller Proposal Letter Guidelines.docx</b></p>	<p>Company Name_Seller Proposal Letter.pdf</p>
<p><b>NDA</b></p>	<p>If an Offeror does not have an existing NDA with SCE that is applicable to this RFO, said Offeror is required to download the pro forma NDA posted on the RFO website, fill it out, sign it and provide to SCE as part of its Offer submittal package. If Offeror wishes to revisit any provision in SCE’s pro forma NDA, SCE recommends consulting with SCE prior to the Initial Offer Submittal Deadline.</p> <p>If Offeror has an existing NDA with SCE that is applicable to this RFO, Offeror is required to submit a copy of the fully executed pre-existing NDA to SCE as part of its Offer submittal package.</p>	<p>RFO Website</p> <p><b>Filename: Non-Disclosure Agreement.docx</b></p>	<p>Company Name_Signed NDA.pdf</p>
<p><b>PSA Term Sheet</b></p>	<p>Offerors to submit a document (any format; PDF, doc, etc.) that lists all Seller-desired changes to the respective RFO Pro Forma PSA. Such list will serve as a starting point for the PSA negotiations.</p>	<p>Template does not exist. Provided by Offeror as MS Word or PDF file.</p>	<p>Offerors to begin the filename with “Company Name_PSA Term List” e.g., PSA Term List_BTM DR.docx</p>

Developer Experience Attestation	In order to be eligible to participate in this RFO, Offerors must meet the terms of the pro forma Developer Experience Attestation that is posted on the RFO Website. To demonstrate that Offeror meets these terms, Offeror shall download the Developer Experience Attestation from the RFO website, fill it out, sign it and provide to SCE as part of its Offer submittal package.	RFO Website  <b>Filename: Developer Experience Attestation.docx</b>	Company Name_ Developer Experience Attestation.pdf
MUA Questionnaire	This is a regulatory requirement pursuant to section Rule 9 of the CPUC Decision on Multiple Use Application (MUA) Issues for Energy Storage  <a href="http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M204/K478/204478235.pdf">http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M204/K478/204478235.pdf</a>	RFO Website  <b>Filename: MUA Svcs Questionnaire.xlsx</b>	Company Name_MUA Svcs Questionnaire.xlsx
Mutual Exclusivity-Inclusivity Template	The Mutual Exclusivity-Inclusivity Template is an Excel-based form that will assist SCE and Offerors identify the mutual inclusivity and exclusivity across Offers.	RFO Website  <b>Filename: ME_MI Template.xlsx</b>	Company Name_ME_MI Template.xlsx

**ADDITIONAL REQUIRED OFFER SUBMITTAL DOCUMENTS FOR IFOM PROJECTS**

DOCUMENT	DESCRIPTION	FILE LOCATION:	
Consent for Release of Interconnection Related Information	This consent authorizes the Transmission Customer to disclose certain confidential, Non-Public Transmission Customer Information to SCE's Marketing Function Employees as per the terms specified under this consent document. Offeror is to fill out, sign and upload this document (as a PDF file) for each project.	RFO Website  <b>Filename: Consent for Release of Interconnection-Related Information.docx</b>	Company Name_ Consent for Release of Interconnection-Related Information.pdf

<p>Deemed Complete Interconnection Application</p> <p>-or-</p> <p>Latest Interconnection Study</p>	<p>Must demonstrate that Offeror has requested Full Capacity Deliverability Status or, if going through a Fast Track process, Offerors must demonstrate to SCE’s satisfaction how Offeror is to acquire full deliverability.</p> <p>Evidence of a “Deemed Complete” Interconnection Application may be attached to the PDF’d copy of the completed Interconnection Application</p> <p>If Offeror has a Fast Track Review report or a completed interconnection study, Offeror shall include the latest version in its Offer submittal package.</p>	<p>PDF provided by Offeror</p>	<p>Company Name_”Interconnection Application” or _”Interconnection Study”.pdf</p>
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\*\*\* *End of ATTACHMENT B* \*\*\*



## ATTACHMENT C

### *Required Shortlist Documents*

With respect to the applicable shortlisted Offers, please use the following tables as a guide to understand the information that needs to be emailed to SCE at [acesrfo@sce.com](mailto:acesrfo@sce.com) by the deadlines set forth in the RFO Schedule (see Section 6.01). Please note that SCE may request additional or different information/uploads than what is listed below.

#### **REQUIRED EXHIBITS FOR SHORTLISTED OFFERS**

- For maps, single line diagrams, and any other drawing, please submit as **PDF**
- For all other information, please submit as **DOCX**

<b>SHORTLISTED PRODUCT/PSA TYPE</b>	<b>SHORTLISTED OFFERORS MUST SUBMIT THE <u>EXACT</u> INFORMATION SPECIFIED IN THE FOLLOWING EXHIBITS TO THE RESPECTIVE PSAs</b>
Demand Response – BTM Energy Storage	<ul style="list-style-type: none"> <li>• TBD</li> </ul>
Energy Storage RA Only – IFOM	<ul style="list-style-type: none"> <li>• Exhibit B – Project Description (includes Description of Storage Unit table and addition description, Legal Site Description, Site Plan Drawing, Site Map, Electrical Single Line Diagram)</li> <li>• Exhibit C – Milestone Schedule</li> <li>• Exhibit E – Supply Plan Information (if available)</li> <li>• Exhibit G – Notice table</li> </ul>
Energy Storage RA w/ Put – IFOM	<ul style="list-style-type: none"> <li>• Exhibit B – Project Description (includes Description of Storage Unit table and addition description, Legal Site Description, Site Plan Drawing, Site Map, Electrical Single Line Diagram)</li> <li>• Exhibit D – Capacity and Ancillary Services Operating Restrictions</li> <li>• Exhibit G – Variable O&amp;M Charge and Variable Asset Replacement Charge (if final)</li> <li>• Exhibit H – Milestone Schedule</li> <li>• Exhibit K – Communications Protocols (Contacts and Authorized Representatives for Seller)</li> <li>• Exhibit L – Supply Plan Information (if available)</li> <li>• Exhibit Q – Notice table</li> </ul>

**REQUIRED INTERCONNECTION AND SITE CONTROL DOCUMENTS FOR SHORTLISTED IFOM OFFERS**

- Please submit all of the following files as **PDFs**

<b>SHORTLISTED <u>IFOM</u> PRODUCT/ PSA TYPE</b>	<b>DELIVERABLE</b>
<p>Energy Storage RA Only Energy Storage RA w/ Put</p>	<ul style="list-style-type: none"> <li>• A copy of the most recent of:               <ul style="list-style-type: none"> <li>➤ SCE-approved Interconnection Application</li> <li>➤ Published Fast Track Review report</li> <li>➤ Published Generating Facility interconnection study</li> <li>➤ Tendered interconnection agreement (not yet executed)</li> <li>➤ Fully executed interconnection agreement</li> </ul> </li> <li>• A scanned fully executed copy of the following form letters that can be downloaded from the Website.               <ul style="list-style-type: none"> <li>➤ Site Control Acknowledgement Letter</li> <li>➤ Site Owner’s Acknowledgement Letter</li> </ul> </li> </ul>

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\*\*\* End of ATTACHMENT C \*\*\*

## ATTACHMENT D

### *Least-Cost Elements*

#### VARIABLES USED IN THE QUANTITATIVE EVALUATION OF OFFERS

CONTRACT BENEFITS
<p><b>Energy and Ancillary Service Benefits</b> – For dispatchable resources, SCE utilizes a production-cost model (SCE’s proprietary models), along with a stochastic price process via a Monte Carlo simulation, to value the energy and ancillary service benefits of a generating unit.</p> <p>Inputs to the dispatch model may include unit characteristics such as capacity, ramp rate, round trip efficiency, charge rate, discharge rate, variable operation and maintenance (“VOM”) cost, variable asset replacement cost (“VARC”), demand response delivery periods/duration, congestion and losses, among others, as applicable. SCE uses the economic dispatch principle, wherein a unit is dispatched if its forecasted benefits exceed its costs (<i>i.e.</i>, if it is “in the money”). SCE’s proprietary models compare the forecasted cost of running a unit against energy and ancillary services price forecasts to determine whether a unit is in the money. SCE determines both the intrinsic and extrinsic (optionality) value of the resource.</p>
<p><b>Resource Adequacy Capacity Benefits</b> – RA capacity benefits are derived by first developing a forecast of expected forward RA prices and then applying this forecast to the total RA capacity provided by the contract. The RA quantity is determined by using the net qualifying capacity (“NQC”) counting rules of the CPUC for supply side resources.</p> <p>SCE will establish the amount of RA capacity (including system, local and potentially flexible) attributed to each resource under the guidance of the current NQC counting rules of the CPUC’s Qualifying Capacity Methodology Manual (Manual). If a resource’s operational capabilities generally fall under a category described in the Manual, the rules will be applied directly.</p> <p>SCE will estimate NQC values for those resource types not directly described in the Manual by using a similar, existing category. For instance, SCE can estimate the NQC of a directly connected dispatchable ES resource using dispatchable resources rules. SCE can estimate the NQC of a behind the meter dispatchable ES resource using DR rules. However, estimating the NQC using the DR rules assumes that the resource satisfactorily completes some form of certification, registration, or actual testing of its performance characteristics, and is available for the minimum established number of hours and days.</p> <p>When no reasonable estimate can be made using the existing Manual categories, SCE will consider the resource’s contribution to meeting or reducing peak demand requirements in ascribing and proposing a counting convention.</p> <p>Current RA counting practice yields separate LA Basin and system only RA quantities that account for savings in transmission and distribution losses.</p>

<p><b>Distribution Deferral Value</b> – If the offers are determined to provide distribution system benefits that reduce, eliminate or defer the need of distribution capital upgrades, SCE will estimate and ascribe the resulting avoided cost as a benefit to the offers. The capital expenditure estimates of traditional distribution upgrades are converted into deferral value (\$) using a real economic carrying charge method. This methodology is also called an economic deferral method and is consistent with the method used by SCE for converting capital investments into annual costs for General Rate Case (“GRC”) purposes. Similarly, transmission deferral value is calculated, if applicable.</p>
<p><b>CONTRACT COSTS</b></p>
<p><b>Dispatch and Energy Costs</b> – For dispatchable resources, dispatch costs may include variable O&amp;M costs (“VOM”) and variable asset replacement costs (“VARC”). VOM and VARC costs are costs which are directly proportional to the output of the unit, measured in dollars per Megawatt-hour (“\$/MWh”). These cost components are accounted for in the Plexos production cost modeling or SCE’s proprietary models and are used to make the economic dispatch decisions</p>
<p><b>Contract Payments</b>– Capacity payments represent the total fixed contract payments SCE is expected to make under the contract for delivery of the energy, capacity and other applicable attributes.</p>
<p><b>Debt Equivalence</b> – Debt equivalence is the term used by credit rating agencies to describe the fixed financial obligation resulting from long-term power purchase agreements (“PPA”). Pursuant to D.04-12-048, the Commission permitted the utilities to recognize costs associated with the effect debt equivalence has on the utilities’ credit quality and cost of borrowing in their valuation process. D.08-11-008 was issued in November 2008, and authorized the IOUs to continue recognizing the balance sheet impact of debt equivalence when valuing PPAs. Given the confirmation of the use of debt equivalence for valuation purposes, SCE considers debt equivalence in its valuation process.</p>
<p><b>Transmission Cost</b> – For projects that do not have an existing interconnection to the electric system, or have an existing interconnection but not for a proposed expansion of an existing facility, system transmission upgrade costs are based on a Phase 1 Interconnection Study (as defined in the CAISO Tariff) (or equivalent study), or later study for generator interconnection procedures applications. For projects with no interconnection study, but with an offer providing SCE the right to terminate if system transmission upgrade costs exceed a specified amount called transmission cap, system transmission upgrade costs are based on the specified transmission upgrade amount.</p>
<p><b>Credit/Collateral Adders</b> – Counterparties may seek to negotiate credit and collateral requirements that are different from SCE’s Pro Forma requirements. In doing so, there is no longer a “level playing field” in terms of default exposure amounts across the offers. In these cases, SCE will calculate a cost to the offer based on the incremental exposure created by the negotiated terms.</p>
<p><b>Gross-up Factors</b> – If a resource will connect to the distribution system, then distribution loss factors will be applied to the expected generation, affecting the amount of energy benefits, and possibly costs, accrued to the offer, to normalize the offer relative to offers which deliver to the transmission system.</p>

Other Quantitative Considerations

Other considerations can alter the benefits and/or costs of an Offer. For example, congestion costs, which affect a project's energy benefits, may be ascribed to energy-only Offers, or Offers located in

areas where nodal price differentiation is forecasted to occur. If a material difference in Offers' locations is identified, congestion costs may be used.

If SCE can reasonably calculate estimates of other costs and/or benefits that are directly attributable to an Offer, such as transmission or renewable energy credit value these estimates will be included in the quantitative valuation and ultimately in the Offer's NPV.

### Constraints and Selection

SCE will perform a least-cost, best-fit selection by parsing net benefits into valuation and selection constraint elements. SCE will then select the set of contracts that satisfies the constraints while providing the most favorable valuation.

The constraints may be fixed or moving. An example of a fixed constraint is setting a minimum procurement target at a pre-specified MW level. A single selection set would then satisfy the minimum. An example of a moving constraint would be to establish a series of selection sets by incrementally increasing the minimum target. SCE would then choose from among the series of selections using informed management discretion. The use of moving constraints allows SCE to consider the value (quantitate and qualitative) propositions of different procurement targets.


In setting constraints, SCE will consider regulatory mandates as well as internal forecasts of need.

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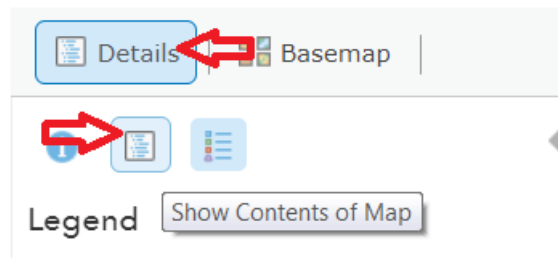
\*\*\* *End of ATTACHMENT D* \*\*\*


## ATTACHMENT E

### *DERiM Search/Filter Instructions*

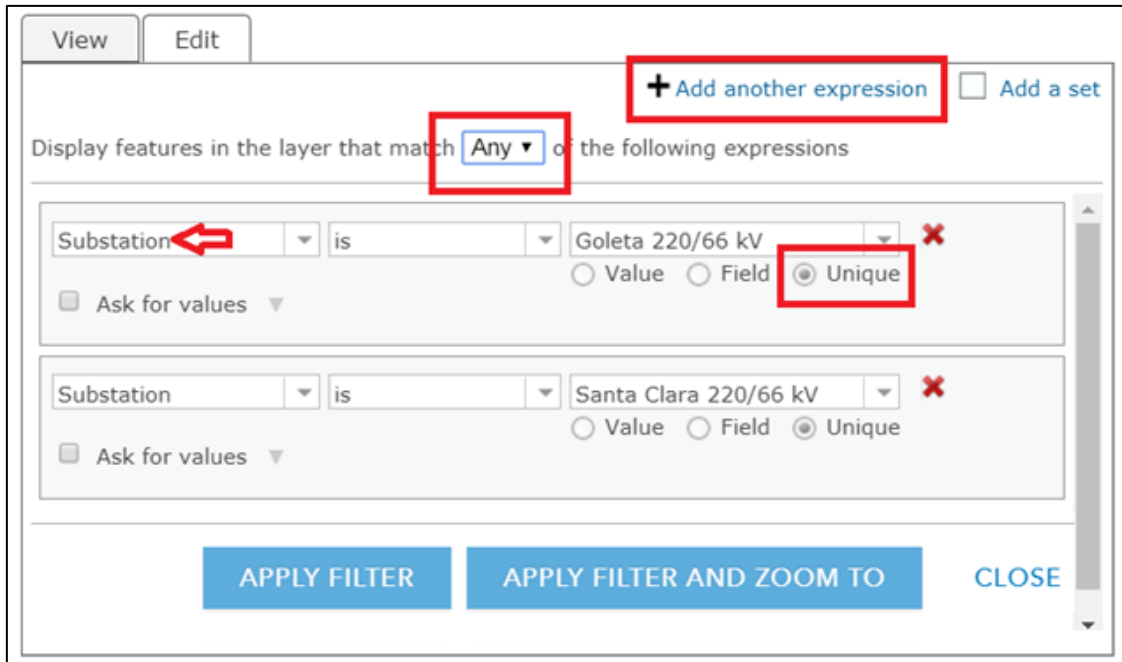
- (1) Visit the DERiM web-based map at <http://on.sce.com/derim>
- (2) Ensure “Details” is selected, and then click the Contents  icon

ArcGIS ▾ DERiM Web Map

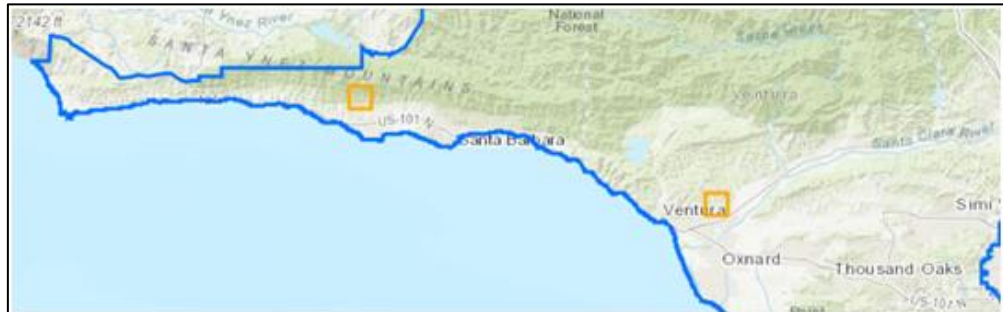


- (3) Ensure “Substations” and “SCE Service Territory” are check-marked; and for now, uncheck “RAM – Circuits”
- (4) Hover your mouse over “Substation” so that the funnel  icon appears, and then select the funnel icon

- (5) Once the “Filter: Substations” window pops up, make the following selections, ensuring the “Unique” radial button is selected. Also, click “Add another expression” to add another field, and select “Any” from the respective pull-down field:



- (6) Click the “Apply Filter and Zoom To” button. If the map does not automatically zoom to the respective area, manually navigate to, and zoom in on, the following area:



Additional DERiM-related website links, such as a DERiM tutorial, are accessible via the RFO Website by clicking “Useful Links”.

\*\*\* End of ATTACHMENT E \*\*\*

## ATTACHMENT F

### *Incrementality Guidance for BTM Demand Response*

Guidelines for Incrementality Classification for Demand Response – BTM Energy Storage:

**Note:** When reviewing the Incrementality Methodology matrix below, please read the “Description” column prior to reading the “Parameters” column to better understand the incrementality classifications.

<b>Category</b>	<b>Description</b>	<b>Parameters</b>
<b>Wholly Incremental</b>	Offers which provide technologies and services not (1) already being sourced or (2) reasonably expected to be sourced through another utility procurement, program, or tariff, and that meet specific solicitation needs. These offers will be assessed full incremental value.	<ul style="list-style-type: none"> <li>• Offers utilizing new or existing equipment that has not and will not receive any incentives (e.g., SGIP<sup>7</sup>).</li> </ul>
<b>Partially Incremental</b>	Offers in which some portion of the technology or service is already incentivized through another authorized utility procurement, program, or tariff, and that meet specific solicitation needs. Only the portion of the offer that provides material enhancements to the existing project will be considered incremental. Bidders must provide feasible method of measuring and quantifying the incremental value to justify additional compensation.	<ul style="list-style-type: none"> <li>• Offers utilizing equipment that have received or will receive incentives (e.g., SGIP).</li> </ul>
<b>Not Incremental</b>	Offers which provide technologies or services already sourced under another authorized utility procurement, program, or tariff, that meet the identified solicitation needs, and that provide no clearly discernable incremental value beyond current offerings. These offers are not incremental and will not be included in the valuation and selection process.	<ul style="list-style-type: none"> <li>• Offers that meet the RFO Demand Response requirements will be considered either Partially Incremental or Wholly Incremental.</li> </ul>

\*\*\* End of ATTACHMENT F \*\*\*

\*\*\*\*\* End of RFO INSTRUCTIONS\*\*\*\*\*

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<sup>7</sup> Self-Generation Incentive Program: [www.sce.com/SGIP](http://www.sce.com/SGIP)