

# **REQUEST FOR OFFERS**

FOR

## **ZERO-EMISSION RELIABILITY RESOURCES**

**COMPLIANT WITH CALIFORNIA PUBLIC UTILITIES COMMISSION  
MID-TERM RELIABILITY DECISION D.21-06-035**



**Redwood Coast Energy Authority**

**[www.RedwoodEnergy.org](http://www.RedwoodEnergy.org)**

**August 26, 2022**

Responses due by 5:00pm Pacific Time on

September 16, 2022 via email to

**[procurement@redwoodenergy.org](mailto:procurement@redwoodenergy.org)**

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## 2 BACKGROUND

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Redwood Coast Energy Authority (RCEA) is a local government Joint Powers Authority founded in 2003 whose members include the County of Humboldt, the Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, and Trinidad, and the Humboldt Bay Municipal Water District. RCEA develops and implements sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient and renewable resources. RCEA has been providing electric power generation service to its member jurisdictions as a community choice aggregator (CCA) since 2017, and thus is subject to the legislative and regulatory requirements imposed on load serving entities (LSE) within the state of California.

In 2020, RCEA's Board of Directors adopted a resolution to procure 100% carbon-free and renewable energy on an annual basis by 2025. Additionally, RCEA's RePower Comprehensive Action Plan for Energy<sup>1</sup> ("Strategic Plan") calls for the development of new power resources within RCEA's service area to achieve 100% local renewable energy by 2030. Pursuant to its Strategic Plan, RCEA strives to source as much of its power procurement from local projects as possible.

Through the 2020 Integrated Resource Planning (IRP) proceeding, the California Public Utilities Commission (CPUC) has identified the need for additional zero-emitting energy resources and firm capacity to replace the Diablo Canyon Nuclear Power Plant ("DCPP") slated to retire in 2024 and 2025. Subsequently, in June 2021 the CPUC issued D.21-06-035 Requiring Procurement to Address Mid-Term Reliability<sup>2</sup> ("MTR Decision"), which mandates jurisdictional LSEs to procure and/or develop a collective 2,500 MW of new zero-emission generation, generation paired with storage, or demand response capacity to be operational by summer of 2025.

## 3 OBJECTIVE

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RCEA seeks offers for new or incremental, zero-emission resources that can deliver resource adequacy (RA) to further its contributions to the reliability of the California power grid, and to fulfill its procurement obligations pursuant to the MTR Decision. Specifically, offers of zero-emission generation or generation plus storage that meet the MTR Decision criteria for replacement of DCPP are eligible for consideration under this RFO. Specific deliverability criteria associated with this requirement are described in Section 4.1.

Respondents will provide complete offers per the guidelines below. RCEA intends to execute one or more power purchase agreements with qualified offerors whose projects are selected and approved by the RCEA Board of Directors.

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<sup>1</sup> <https://redwoodenergy.org/wp-content/uploads/2020/06/RePower-2019-Update-FINAL-.pdf>

<sup>2</sup> <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603637.PDF>

## 4 ELIGIBILITY SPECIFICATIONS

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### 4.1 MANDATORY PROJECT CRITERIA

To be eligible for consideration under this RFO, offered projects must meet the following requirements:

1. Located within the California Independent System Operator (CAISO) or dynamically transferred or pseudo tied to CAISO;
2. Qualified or on track to provide at least System RA, with Local and Flex RA optional;
3. Excluded from the baseline list of resources associated with the CPUC Decision<sup>3</sup>;
4. Available to contract with RCEA for at least 10 years; and
5. Able to come online by April 15, 2025 at the latest, such that RCEA can show the online resource in its June 2025 Month Ahead RA Plan. Preference will be given to resources with earlier commercial operation dates that align with the MTR Decision's earlier compliance tranche deadlines in 2023 and 2024;
6. Be from one of the following resource technologies:
  - i. Renewable generation (PCC1 RPS-eligible, with standalone solar and wind resources ineligible due to their limited dispatchability)
  - ii. Renewable generation (PCC1 RPS-eligible) paired with energy storage (co-located or hybrid), or
  - iii. Carbon-free generation; and
7. Be able to generate from 5 pm to 10 pm on a daily basis.

### 4.2 PREFERRED PROJECT CRITERIA

#### **Location**

RCEA's descending order of locational preference is as follows:

1. Humboldt Local Capacity Area
2. Northern California
3. Southern California
4. Outside of California

In all cases, the project must be directly connected, dynamically transferred, or pseudo tied to the CAISO grid.

#### **Development Progress**

Given both the short timeline and risk of project delays and/or non-approvals, RCEA prefers projects that have already achieved the following development milestones:

1. Secured site control for the duration of the offered term;
2. Received their land use and building permits from the governmental authority having jurisdiction; and
3. Signed an interconnection agreement with the transmission and/or distribution operator.

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<sup>3</sup> [https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/d2106035\\_baseline\\_gen\\_list.xlsx](https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/d2106035_baseline_gen_list.xlsx)

### 4.3 PRODUCTS & CAPACITY

RCEA seeks to procure bundled energy, renewable energy certificates, where applicable, and RA through this solicitation. Individual offers between 1 MW and 50 MW will be considered, and offers outside of that minimum and maximum capacity range will be disregarded. For reference, RCEA’s procurement obligation for compliance with the CPUC Decision is shown in the following table. As noted previously, this RFO is focused on the CPUC’s MTR zero emission (DCPP Replacement) requirement that must be met by 2025, but offers that can also provide general RA compliant with the MTR decision’s 2023 and 2024 delivery deadlines will be considered.

RCEA Obligations in net qualifying capacity (NQC) MW by Delivery Deadline	Aug 2023	Jun 2024	Jun 2025
General RA	7	20	5
Zero Emission RA (part of general RA)	8		

## 5 SUBMISSION DETAILS

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### 5.1 RESPONSE SUBMITTAL INSTRUCTIONS

Responses to this RFO are due by September 16, 2022 and must be emailed to **procurement@redwoodenergy.org**. The subject line of the email accompanying the response should include only the phrase “RCEA 2022 RFO Submittal”. RCEA encourages respondents to be clear and concise in their offers, while still providing enough detail for the review team to adequately evaluate the offering. Offers will be deemed conforming if they are submitted by the deadline, meet the mandatory criteria listed in Sections 4.1 and 4.3, and include a complete submittal package as described in Section 5.3.

### 5.2 SOLICITATION DOCUMENTS

The documents accompanying this solicitation protocol are as follows and are posted on RCEA’s contracting opportunities webpage: <https://redwoodenergy.org/contracting/>. Respondents are responsible for familiarizing themselves with and being fully aware of the terms of this solicitation, including each appendix.

- Appendix A Statement of Qualifications (SOQ) Form & Project Details Addendum
- Appendix B Offer Form
- Appendix C Proforma Power Purchase Agreement (PPA)
- Appendix D Exclusivity Agreement

### 5.3 SUBMISSION MATERIALS

Submittal packages will be deemed complete if they include the following materials and are responsive to the instructions below.

- ✓ Single SOQ Form in PDF or Word format (Appendix A)
- ✓ Single or multiple Project Details Addenda in PDF or Word format (Appendix A-2)

- ✓ Single Offer Form in Excel format (Appendix B)
- ✓ Single or multiple Project Maps in PDF format
- ✓ Financial Statements in PDF format (following execution of RCEA's NDA)

### **SOQ Form & Project Details Addendum**

Respondents are required to submit a statement of qualifications and details about the offered project(s) substantially in the form of Appendix A. The respondent can use their own letterhead or standard template but must respond to all prompts in the order shown in RCEA's SOQ Form and Project Details Addendum. Only submit one SOQ Form even if multiple projects are being offered. Please submit a separate Project Details Addendum for each offered project. If multiple unique offers are being submitted for the same facility, only submit one Project Details Addendum for that project.

### **Offer Form**

Respondents are required to submit a single Offer Form using the template provided in Appendix B, including the material commercial terms of all the unique offers they are submitting for consideration. The material commercial terms presented in the offer form are not modifiable once the offer is submitted for evaluation. Follow the instructions in the Instructions Tab of the Offer Form and ensure that all required cells are filled in. If providing multiple offers, do not submit a separate Offer Form for each individual project or unique configuration of terms that is being offered. The instructions specify how multiple unique offers are to be submitted within one Offer Form.

### **Project Map**

Respondents shall submit a map of each offered project showing the site location and key project facilities. The map should include the project boundary, street names or highway names, latitude/longitude, and gen-tie route from the project to the first point of interconnection to the electric grid. The project boundaries should reflect the most recent information available.

### **Financial Statements**

Upon notice from RCEA that the offer is both complete and conforming and no later than 5 business days after such notice, respondents will provide at least two recent years of financial statements. RCEA prefers to receive audited financials but will accept unaudited financials in lieu if the respondent does not have recent audited statements. If the proposed or prospective project is anticipated to be financed by one or more parent companies or affiliates of the respondent, please submit financial statements for all such entities in addition to those of the respondent together with an explanation of the relationship between such entities and the respondent. RCEA will provide a non-disclosure agreement to review financial information at the time it notifies a respondent that it timely submitted an otherwise complete and conforming offer.

## **5.4 SUPPLIER DIVERSITY AND LABOR PRACTICES**

Consistent with the California Public Utilities Code and California Public Utilities Commission policy objectives, RCEA collects information regarding supplier diversity and labor practices from project developers and their subcontractors regarding past, current and/or planned efforts and policies. Pursuant to Public Utilities Code §§ 8281-8286 (through which the CPUC requires RCEA and its commission-regulated subsidiaries and affiliates to submit annual detailed and

verifiable plans for increasing women-owned, minority-owned, disabled veteran-owned and LGBT-owned business enterprises' procurement in all categories), respondents that execute a contract with RCEA will be required to complete a supplier diversity questionnaire at the time of execution, and/or periodically at later dates as specified by RCEA. Respondents that are women, minority, LGBT, and disabled veteran-owned businesses are encouraged to apply for certification by the CPUC's Supplier Diversity Clearinghouse Program<sup>4</sup>. This certification is voluntary and will not be used as a criterion for evaluation. As required by law in California, RCEA as a public agency does not give preferential treatment based on race, sex, color, ethnicity, or national origin; providing such information as part of the offer package will not impact the selection process or good standing of executed contracts.

## 5.5 PUBLIC NATURE OF RESPONSES

All responses to this RFO, as well as records of pre-submittal and post-submittal communications with RCEA, will become the exclusive property of RCEA, subject to disclosure in accordance with the California Public Records Act (Cal. Government Code section 6250 et seq.). Respondents should limit submission of information or documents that they consider proprietary and that they would not want publicly disclosed and should clearly mark such information or documents as confidential. RCEA will consider limited requests for confidentiality on a case-by-case basis, provided that such requests are made at the time of offer submission. All responses will be kept confidential until either all contracts have been awarded or all offers have been rejected.

## 5.6 QUESTIONS ABOUT THIS SOLICITATION

All questions from potential respondents to this solicitation must be emailed to [procurement@redwoodenergy.org](mailto:procurement@redwoodenergy.org) by the deadline listed in the schedule in Section 6. The subject line of the email should include only the phrase "RCEA 2022 RFO Questions." Q&A responding to the questions received will be posted on the RCEA website by the deadline listed in the schedule. RCEA reserves the right to respond to no questions or only a subset of the questions received, or to provide consolidated responses to duplicative questions. RCEA will not hold a respondents' webinar so written questions are the only method of obtaining clarifications regarding the RFO. It is incumbent on the respondent to understand how to provide the required information pertinent to their specific project in advance of the submittal deadline such that their submittal package is complete and responsive.

## 6 SCHEDULE

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The following schedule is subject to change at any time during the solicitation process at the discretion of RCEA. Communications regarding schedule changes will be posted on RCEA's website. Requested submittals are due electronically by 5:00pm PT on each applicable due date.

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<sup>4</sup> <http://www.thesupplierclearinghouse.com/>

Milestone	Date
Issuance of RFO	August 26, 2022
Questions due	September 2, 2022
Q&A and addenda posted on RCEA website	By September 8, 2022
Responses due	September 16, 2022
Interviews	By October 21, 2022
RCEA Board ad hoc committee approval of shortlist	By October 31, 2022
Respondents are notified of shortlist status	By November 4, 2022
Execute exclusivity agreements & collect shortlist deposits	By November 11, 2022
Contract negotiations and RCEA Board approval of final agreements	November 2022 through Q1 2023

RCEA will post Q&A and any addenda on its website: <https://redwoodenergy.org/contracting/>

## 7 EVALUATION AND SELECTION PROCESS

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An evaluation committee made up of RCEA staff and consultants will review responses to this solicitation. In accordance with the following process, each offer will be screened for completeness and scored on a weighted criteria basis, and then some respondents may be offered an interview.

### 7.1 CONFORMITY REVIEW

Responses will initially be screened for timely submission, and for conformity with the mandatory project criteria stated in Section 4 and the submittal requirements in Section 5. This screening will be on a pass/fail basis. Each offer that is deemed conforming will then be scored using a weighted scoring criteria process. Non-conforming offers may be rejected at RCEA’s discretion.

### 7.2 OFFER SCORING

Criteria for selection will include, but not be limited to, the items listed below. The evaluation committee will score each response on a weighted criteria basis to determine the highest scoring offers. One or more of the highest scoring offers may proceed to the interview phase of the process. The offer will be scored on a scale of zero to five in each criterion with a five being the best score. The offer’s total points will be calculated according to each criterion’s weight below and the average score assigned by evaluation committee, out of a maximum of 100 points.



## **Weighted Scoring Criteria**

- 30 – Overall price, customer value and compliance value  
RCEA will evaluate compliance value for this RFO using Energy Division’s annual probability of exceedance standard<sup>5</sup>, which states that on an annual basis, there is at least a 50% probability that the resource will be able to generate at least 1,825 MWh (5 x 365) during the 5-hour period from 5 pm to 10 pm Pacific Time for every MW of incremental net qualifying capacity claimed by RCEA for its procurement requirement.
- 20 – Respondent experience, qualifications, creditworthiness
- 30 – Development risk including site control, interconnection and permitting
- 10 – Site-specific environmental impact
- 10 – Location (see section 4.2) and community benefit

## **7.3 INTERVIEWS**

Following initial ranking of offers according to the scoring process above, one or more respondents may be offered an opportunity to be interviewed by the evaluation committee. The interviews are generally intended to clarify information presented in the offer documentation, to help the evaluation committee members assess the offeror’s compatibility with RCEA as a potential business partner, and to confirm the current development status of individual projects. The interviews are not intended to reveal additional or revised information about an offer that would improve the offer’s placement in the initial ranking that resulted from the scoring process. If such information is revealed, it will be disregarded and not considered as part of the offer evaluation. A list of specific guidelines will be circulated upon initiation of an interview, to be adhered to by both the respondent representatives and the RCEA evaluation committee. Interview outcomes may or may not be used as a factor in determining which offers are shortlisted.

## **7.4 SHORTLISTING**

Shortlisted offers will be presented to an RCEA Board of Directors ad hoc offer review committee for approval at a meeting prior to the parties commencing contract negotiations. All respondent(s) will be notified whether or not their offer has been shortlisted by this committee per the above schedule. At that time, respondents with shortlisted offers will be required to sign RCEA’s standard Exclusivity Agreement, which is provided as Appendix D, and submit a shortlist deposit within five business days of notification.

The shortlist deposit is intended to secure the offer made by a shortlisted respondent through the contract negotiation period. The shortlist deposit must be in the form of a cash deposit. The respondent is solely responsible for the cost of providing the shortlist deposit. Instructions for submitting the deposit will be provided upon notification of placement on the proposed shortlist. The shortlist deposit will be in the amount specified below.

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<sup>5</sup> See MTR FAQ 1.4.13 <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/d2106035faqv3120220605.pdf>

## **Shortlist Deposit Amounts**

- Standalone generation: \$3.00/kW-AC of offered nameplate capacity
- Hybrid or co-located generation plus storage: \$4.50/kW-AC of offered nameplate capacity of whichever is the larger of the generation and storage resources

Please refer to the RCEA Exclusivity Agreement (Appendix D) for additional details regarding the Exclusivity Deadline (as defined in the Exclusivity Agreement) and return of the shortlist deposit.

In the event that shortlisted respondents are not able to fulfill their offered capacity and price, RCEA may contact respondents who were not initially shortlisted to provide an updated offer. Any offers selected via this process will be subject to re-verification of eligibility and a request for updated pricing, re-approval by the RCEA Board of Directors ad hoc offer review committee, and commitment of the shortlist deposit and project exclusivity.

## **7.5 CONTRACT NEGOTIATIONS**

RCEA has issued its Proforma PPA as Appendix C for use under this RFO. Respondents shall not submit redlines to the Proforma PPA as part of their RFO submittal package. Upon approval of the shortlist by the RCEA Board of Directors ad hoc offer review committee, shortlisted respondents will be notified and expected to submit proposed redlines to the Proforma PPA within a specified time period, indicating what provisions they wish to negotiate. While RCEA will consider limited requests for adjustments and edits to its form agreements, adherence to RCEA's standard contract terms is an important factor in RCEA's evaluative process. Offers that accept RCEA's standard contract terms will be given preference. Respondents should be aware that material changes to RCEA's standard contract terms may result in disqualification of the offer and, if applicable, forfeiture of the shortlist deposit provided under the Exclusivity Agreement. RCEA reserves the right to negotiate modifications to purchase agreements with shortlisted parties to include additional power products not originally offered.

Upon approval of the shortlist by the RCEA Board of Directors ad hoc offer review committee, RCEA will notify all respondents of their status and a regular meeting schedule will be established between RCEA and the shortlisted counterparties. RCEA intends to complete negotiations on an expedited schedule in order to ensure timely project delivery for MTR Decision compliance purposes. Upon completion of negotiations, final agreements will be presented to the RCEA Board of Directors for approval.

## **7.6 RESPONDENT COMMUNICATIONS**

Questions, comments or feedback associated with this RFO must be sent electronically to [procurement@redwoodenergy.org](mailto:procurement@redwoodenergy.org). RCEA will not respond by other means to questions from respondents or prospective respondents on or before the submission due date.

## 7.7 DISCLAIMER FOR ACCEPTANCE OR REJECTION OF OFFERS AND RFO TERMINATION

By participating in RCEA's RFO process, a respondent acknowledges that it has read, understands, and agrees to the terms and conditions set forth in the RFO instructions contained herein. RCEA reserves the right to reject any offer that does not comply with the requirements identified herein, or to waive irregularities, if any in deciding to shortlist a non-conforming offer. RCEA further reserves the right to communicate with individual respondents to ask clarifying questions about their offers prior to determining whether to shortlist an offer. Placement of an offer on the shortlist, does not constitute or indicate acceptance by RCEA of any offer, any term thereof, or any related contract term. RCEA (i) has no obligation, and makes no commitment to enter into a transaction with any respondent, including a respondent with a shortlisted offer, or (ii) to be bound by any term proposed by the respondent. Furthermore, RCEA may, at its sole discretion and without notice, modify, suspend, or terminate the RFO without liability to any organization or individual. Such modification or termination shall be made in the form of addenda to this solicitation. This RFO does not constitute an offer to buy or create an obligation for RCEA to enter into an agreement with any party, and RCEA shall not be bound by the terms of any offer until it has entered into a fully executed agreement. RCEA shall not be responsible for any of the respondent's costs incurred to prepare, submit, negotiate, or to enter into an agreement, or for any other activity related to meeting the requirements established in this solicitation. All submittals shall become the property of RCEA and will not be returned.

The results of this RFO and the information provided therein may be shared with other Community Choice Aggregators, but only with prior written approval from respondents whose offers RCEA wishes to share.