

Ava Community Energy / San José Clean Energy  
2024 Long-Term Resource  
Request for Offers

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## 1. Overview

### a. Purpose

Ava Community Energy (Ava) and San Jose Clean Energy (SJCE) are soliciting competitive proposals for the sale and purchase of renewable or low carbon energy and/or energy storage consistent with the terms and provisions in this Request for Offers (RFO).

### b. Background

Ava is a Joint Powers Authority formed on December 1, 2016, pursuant to California Government Code §§ 6500 et. seq. On August 10, 2017, Ava filed its Community Choice Aggregator (CCA) Implementation Plan with the California Public Utilities Commission (CPUC). On September 7, 2017, the CPUC provided PG&E notice of the receipt of Ava’s Implementation Plan, and on November 8, 2017, the CPUC certified Ava’s Implementation Plan. Ava began serving commercial, industrial, and municipal customers in June 2018, and began serving residential customers in November 2018. Ava currently serves the County of Alameda, and each of the following cities incorporated therein: Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Oakland, Piedmont, San Leandro, and Union City. In April 2021, the cities of Newark, Pleasanton and Tracy will join Ava’s service territory. The city of Tracy is located in San Joaquin County. In 2025, the cities of Stockton and Lathrop (in San Joaquin County) will join Ava’s service territory. In 2026, unincorporated San Joaquin County will join Ava’s service territory.

Ava’s audited financial statements for 2018-2023 are available for review and can be found in the RFO Materials section of the Ava RFO webpage ([www.avaenergy.org/2024-rfo](http://www.avaenergy.org/2024-rfo)). Ava has a credit rating of (A) by S&P Global as of Dec. 2023.

SJCE is a CCA and the City of San José’s electricity supplier—charting our path to a greener future. The Energy Department of the City of San José operates SJCE and is dedicated to creating a more sustainable future for the San Jose community. The San José City Council unanimously voted to create SJCE in May 2017 and SJCE began serving residents and businesses in February 2019.

SJCE's audited financial statements since 2018 are available for review and can be found at (<https://sanjosecleanenergy.org/key-documents/>). In June 2024, SJCE received investment grade credit ratings from Moodys (A2) and S&P Global (A).

### c. Objectives

Ava and SJCE are issuing this 2024 Long-Term Resource RFO to procure long-term renewable or low carbon energy and storage resources from new facilities, existing facilities adding incremental capacity, or existing facilities, to provide long-term energy hedges and Resource Adequacy (RA), and to contribute to Ava's and SJCE's Renewable Portfolio Standard (RPS) and Integrated Resource Plan (IRP) obligations under SB 350, SB 100 and to contribute to achieving local goals and long-term grid reliability.

Ava and SJCE seek Offers for the sales of RPS-eligible or low carbon energy stand-alone or paired with storage and/or stand-alone storage for a contract term with a minimum of 10 years, with a preference for Offers with terms 20 years or less. Eligible Offers may be for: (1) As available RPS or low carbon product; (2) As available RPS or low carbon product plus energy storage; (3) Shaped low carbon/RPS energy; and/or (4) Stand-alone energy storage. Respondents may submit Offers for as many or as few products as they wish. SJCE/Ava will also consider agreements that provide an option to buy a facility after some years of operation.

Ava and SJCE seek energy and related products from both new construction resources and existing resources. This RFO will be categorized into two offer tranches:

**Tranche 1:** Projects with interconnection applications that fall under **Cluster 14 and earlier** in CAISO's Transmission Plan Deliverability (TPD) process, as well as existing projects and out of state projects that will be pseudo-tied or dynamically schedule into CAISO Balancing Authority Area (BAA). Contracts for Tranche 1 projects must begin deliveries no later than December 31, 2033.

**Tranche 2:** Projects that enter the CAISO interconnection study process seeking Full Capacity Deliverability Status (FCDS<sup>1</sup>) in Cluster 15 or later pursuant to the rules requested by CAISO in Track 2 of its Interconnection Process Enhancements (IPE) 2023 Initiative.<sup>2</sup> Contracts associated with these projects must have a reasonable expectation given current information of beginning deliveries no later than December 31, 2033. Ava has a preference for deliveries beginning by 2026 and SJCE prefers deliveries beginning by 2030. The eligible products are described in greater detail in **Section 5: Guidelines for Offer Development**.

### d. Joint Procurement Approach

Ava and SJCE are cooperating in this solicitation. However, each CCA will make its own shortlisting decisions and will contract separately with selected respondents. To the extent Ava and SJCE are both interested in contracting for generating and/or storage capacity from the same project, they will determine the allocation of capacity between themselves and intend to work together on negotiating

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<sup>1</sup> For purposes of this RFP, FCDS refers to both Full Capacity Deliverability services and Partial Deliverability Status for an equivalent amount of MW capacity. *Furthermore*, FCDS refers to both (1) an under-study project that has maintained its project in the interconnection process to be eligible for ultimate attainment FCDS (e.g., is eligible to request or secure TPD) and (2) the ultimate attainment of FCDS when project is operational and all required deliverability network upgrades are in service.

<sup>2</sup> CAISO, FERC Docket ER24-2671. Link:

<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Interconnection-process-enhancements-2023#phase2>

agreements with similar terms. Nonetheless, each CCA is a separate entity with an individual governing board and will need to meet the needs and requirements of their organization.

e. Schedule

The RFO schedule is subject to change at Ava’s and SJCE’s discretion and Ava/SJCE will attempt to notify RFO Respondents of any schedule changes via email. Any changes will also be reflected on the RFO webpage ([www.avaenergy.org/2024-rfo](http://www.avaenergy.org/2024-rfo)). Neither Ava nor SJCE bears liability or responsibility to any Respondent for any change in the schedule or for failing to provide notice of any change.

The expected schedule for this RFO is as follows; all time listed in **Pacific Prevailing Time (PPT)**:

**Table 1**

Date /Time	Event
Ongoing	Respondents may register online to receive notices regarding the RFO.
12-Sep-24	Ava/SJCE issue RFO.
17-Sep-24 no later than 2pm	Deadline to submit questions for Respondent Webinar.
20-Sep-24	Respondent Webinar for RFO at 10am Pacific Time
27-Sep-24 no later than 2pm	Final deadline to submit questions.
30-Sep-24	Ava/SJCE to post Q&A document, inclusive of <u>all</u> questions
2-Oct-24 no later than 2pm	Final deadline to submit Notice of Intent to Offer.
4-Oct-24 no later than 5pm	Offers due. Offers must be submitted via Dropbox, including all required files and related information.
18-Oct-24	Ava/SJCE identify Respondents selected for LSE Interest Point allocation evaluation
25-Oct-24	Tranche 2 Shortlisted Respondents required to sign exclusivity agreement and post shortlist deposit for Tranche 2 projects.
1-Nov-24	Ava/SJCE identify shortlisted Respondents and Offers for Tranche 1 projects.
8-Nov-24	Tranche 1 Shortlisted Respondents required to sign exclusivity agreement and post shortlist deposit for Tranche 1 projects.
2-Dec-24	Tranche 2 negotiations complete
12/20/2024	LSE Interest Point allocation notification
23-Dec-24	Comprehensive redlines of pro forma agreements due for shortlisted Respondents
Nov2024- Mar2025	Negotiations
Dec-Mar 2025	Contract approvals by Ava & SJCE Board of Directors.

Note: The CCAs may fast track particularly desirable projects and consider them on a more expedited timeline.

#### f. RFO Process

*By responding to this RFO, Respondents agree to be bound by all terms and conditions of the RFO including any changes or supplements that may be issued by Ava/SJCE.*

Webinar: Ava/SJCE will hold a Respondent Webinar to review key information in this protocol related to the solicitation and form agreement terms. Questions submitted by the question submission deadline will be answered if time allows. All interested parties may join the webinar with this link: <https://avaenergy-org.zoom.us/j/82863617740> registration in advance is not required. The information to register for the webinar will also be available on the RFO webpage. Attendance is not mandatory but is encouraged.

Notice of Intent to Offer: All Respondents who wish to submit Offers must complete and submit a Notice of Intent to Offer (NOI) via e-mail to [RFO@avaenergy.org](mailto:RFO@avaenergy.org) in order to receive a unique submission folder link on Dropbox. Ava/SJCE will provide a submission folder link within two business days of NOI being returned. NOI must be submitted no later than the deadline for NOI submission; early submission is welcomed and appreciated. NOI form and instructions can be found in Attachment A.

Offers Due: Offers must be submitted via the Respondent-specific Dropbox folder that will be designated and shared upon return of a completed NOI. Offers are due no later than the offer submission deadline. Offers must include all documents described in **Section 6: Required Information**. Until this RFO is closed, Ava/SJCE may, but are not required to, consider late filed proposals provided that, Ava/SJCE will proceed with shortlisting and contract negotiations for timely filed proposals without regard for any such late filed proposals. Moreover, to be considered, all proposals must provide a full bid package.

Offer Selection: Ava/SJCE will evaluate Offers as described in **Section 4: Evaluation Criteria**. Selected Respondents will be invited to enter into an Exclusivity Agreement.

Exclusivity Agreement: Shortlisted Suppliers interested in negotiating with Ava/SJCE must sign an Exclusivity Agreement and provide a Shortlist Deposit to Ava/SJCE for \$3/kw of capacity. For hybrid projects, the renewable and battery capacity is counted separately.

Ava/SJCE may retain the Shortlist Deposit in its entirety if any of the following occur:

- There are material misrepresentations of information related to the Offer;
- Prior to the end of the Exclusivity Period, Respondent fails to comply with or violates in any way the terms and conditions of the Exclusivity Agreement, or the RFO, including this RFO Protocol;
- Prior to the end of the Exclusivity Period, Respondent unilaterally withdraws the Offer.

#### Overview of Negotiations and Differences Between Tranche 1 and Tranche 2 Projects:

Tranche 1 Offer Process: Following shortlisting of Tranche 1 offers and execution of an Exclusivity Agreement, Ava/SJCE will engage in negotiations with counterparties for Tranche 1 Offer(s). Ava/SJCE will make final decisions on whether to recommend negotiated Agreements for approval by their respective governing bodies, considering reasonableness and desirability of commercial terms reached

by both parties through the negotiations process, and the impact of the Offer on Ava's and SJCE's portfolio as a whole.

Tranche 2 Offer Process: Respondents shall complete the narrative requests and Offer form as completely as possible. Respondent must state the CAISO TPD Zone in which the project is located. The Offer form must be filled out completely with the sole exception that the offer price and expected COD will be indicative only. SJCE/Ava understand that the price and COD for these projects is subject to change depending on the outcome of the interconnection process and other factors. An indicative generation profile is still required for Tranche 2 generation projects. Incomplete or lack of information will result in disqualification. Tranche 2 Projects will be evaluated and ranked based on information provided. Consistent with recommendations from CAISO's IPE, Ava/SJCE will evaluate the Tranche 2 Projects based on Counterparty Execution Risk, Offer Competitiveness, and Development Status Risk. Projects with an executed IPE Offtake Agreement (IPE OA)(described below) will be offered Ava/SJCE's IPE Commercial Interest Points.

California Community Power: Ava and SJCE are members of the California Community Power (CC Power). On August 19, 2024, CC Power issued a solicitation for long-term renewable power and storage. Ava and SJCE may award IPE Commercial Interest Points to Cluster 15 projects that submit bids into CC Power and enter into exclusivity with CC Power in accordance with the requirements of the CC Power solicitation. Ava and SJCE will determine whether to award IEP Commercial Interest Points to Cluster 15 projects bid into the CC Power solicitation using the same criteria used to evaluate Cluster 15 projects in **this solicitation**, as detailed in Section 4.

General commercial structure for Tranche 2 projects:

Following shortlisting and execution of an Exclusivity Agreement, Ava/SJCE and the Respondent will negotiate an IPE OA. The IPE OA will include all traditional terms and conditions of a Power Purchase Agreement (PPA) except that:

- The IPE OA will not have a binding price or a binding COD.
- The IPE OA will have a term of no more than nine (9) years unless it is converted to a Final PPA, and approved by the appropriate governing authority, within that time period.
- The IPE OA will provide a structure for the parties to:
  - engage during the course of the interconnection process; and
  - negotiate a final price, COD, and other terms and conditions if and when the project obtains an interconnection agreement.
- The IPE OA will give the Buyer a Right of First Offer (ROFO) to buy the output of the project pursuant to price and terms offered to any other party for two years following the project obtaining a deliverability determination from the CAISO (RA plus toll/delivery product if the project obtains deliverability, or energy-only product if the project does not obtain deliverability).

Following execution of the IPE OA, Respondent is required to post \$25/kW of contract capacity as the Preliminary Development Security.

Tranche 2 Project Interest Point Allocation: Under CAISO's IPE process, Ava/SJCE will allocate Commercial Interest Points to Cluster 15 projects subject to an IPE OA consistent with the CAISO IPE requirements. Tranche 2 Respondents will be asked to provide answers to IPE questions in the Offer Form regarding Counterparty Execution Risk, Offer Competitiveness, and Developer Status Risk.

Responses should be consistent with the information developers intend to provide to CAISO in their interconnection application.

#### Tranche 2 Negotiation and Execution of a Final PPA.

Within thirty (30) days of the earlier of signing an interconnection agreement or getting a determination on deliverability (regardless of whether it is awarded or denied), the Supplier will be required to provide Ava/SJCE at least one binding written offer to sell the product to Ava/SJCE. If the product does not receive deliverability, the offer may be for energy only. The written offer must include, as applicable, an updated price, expected construction start date and expected commercial operation date. The offer should include Seller's proposed contract language for any additional terms and conditions and be presented to Ava/SJCE in the form of a proposed contract amendment to the IPE OA, or an amended and restated version of the IPE OA .

Ava/SJCE will have thirty (30) days to either accept Seller's offer, subject to final approval by their respective governing bodies, reject the offer, or propose revised terms. If Ava/SJCE or Seller accept the other party's offer or revised terms, the parties will have ninety (90) days to negotiate a full agreement. The parties will thereafter have sixty (60) days to obtain approval by the governing bodies for the full agreement and to execute the agreement. If the parties cannot agree on terms, Ava/SJCE will have a right of first offer (ROFO) for the product for two years following the CAISO determination on deliverability.

#### Tranche 2 Collateral.

- If contracted product is not selected for study, Buyer must refund full \$25/kW.
- Otherwise through end of Phase I, if contracted product ceases to advance or Seller withdraws from interconnection process, Buyer may retain up to \$5/kW.
- Upon the start of Phase 2 and until the contracted product is awarded or denied deliverability, if CC ceases to advance or Seller withdraws from the interconnection process, Buyer may retain up to \$15/kW.
- After contracted product receives FCDS, Buyer may retain entire \$25/kW deposit if Seller:
  - withdraws the CC from interconnection process; or
  - contracts with third party for the CC without honoring the ROFO.
- If the contracted product does not receive FCDS, Buyer may retain \$15/kW if Seller:
  - withdraws the CC from interconnection process; or
  - contracts with third party for the CC without honoring the ROFO.
- Buyer keeps \$25/kW if ROFO expires before either:
  - A Final PPA with Buyer is executed, or
  - Seller concludes an agreement with a third-party without violating the ROFO.
- Buyer also keeps \$25/kW if Seller violates ROFO.
- If the Seller enters into a 3<sup>rd</sup> party agreement for the CC within 2 years of getting deliverability without violating the ROFO, Buyer must return the \$25/kW.
- If the Seller and Buyer are able to conclude an agreement for the contracted product, the Tranche 2 collateral will be converted to Development Security under the final PPA, along with the additional amount of security required under the final PPA.

Presentation to Board/Council: IPE OAs do not require approval by the respective governing bodies, but Final PPAs do. Ava will present Final PPAs it hopes to execute to its Board of Directors in advance of execution. Confidential terms, including pricing and other market sensitive terms, will be redacted for public review. SJCE will present Final PPAs it hopes to execute to the City of San José City Council in



advance of execution. Confidential market sensitive terms such as price and quantity will be redacted for public review.

Execution of Contracts: IPE OAs do not require approval by the respective governing bodies, but Final PPAs do. Ava and SJCE will seek to execute Final PPAs following Board or Council, as relevant, approval of proposed transactions. In the event that the Board/Council requires additional information related to any transaction, those transactions will be held and their execution will be delayed. Ava and SJCE maintain the right to execute some agreements along an earlier timeline if commercial terms are agreed to faster than described in the RFO schedule.

#### g. Supplier Diversity

Pursuant to California Senate Bill 255, Community Choice Aggregators (CCAs) are required to report to the California Public Utilities Commission on their diverse suppliers, as defined by CPUC General Order 156. Consistent with the California Public Utilities Code and California Public Utilities Commission policy objectives, Respondents that execute a Final PPA or IPE OA with Ava or SJCE will be required to complete a Supplier Diversity questionnaire. Neither Ava nor SJCE will consider race, sex, color, ethnicity, or national origin in procurement decisions; providing such information in an Offer will not impact the selection process or good standing of executed Final PPAs or IPE OAs. For additional information, please visit <https://avaenergy.org/supplier-diversity/>.

Additionally, in January 2024 Ava's Board of Directors approved the Workforce and Environmental Justice Selection Criteria and this is reflected in Ava's selection criteria and are translated into executed offtake agreements. For additional information, please visit <https://cdn.sanity.io/files/pc49kbjr/production/068e0ea9d0a70aff1c184a8f36c1644786a42f7b.pdf>

Further, in October 2023, San Jose City Council directed SJCE staff to develop Workforce and Environmental Justice Selection Criteria for its long-term procurement and SJCE intends to present a proposal to Council before the end of 2024. In scoring projects, SJCE will consider the goals expressed by Council when it directed SJCE to develop criteria in evaluating projects and will comply with Council direction if and when the criteria are approved. For additional information, please visit <https://sanjosecleanenergy.org/supplier-diversity/>.

Ava and SJCE encourage all eligible parties to get certified with the CPUC as a woman, minority, persons with disabilities, disabled veteran and/or LGBT owned business enterprise (WMDVLGBTBE).

For overview information on the CPUC Supplier Diversity Program, please visit the program homepage (<https://www.cpuc.ca.gov/supplierdiversity/>). For information on the certification process and requirements, please visit the Certifications page (<https://www.cpuc.ca.gov/Certifications/>).

#### h. Disclaimers for Rejecting Offers and/or Terminating this RFO

This RFO does not constitute an offer to buy and creates no obligation to execute any IPE OAs/PPAs or enter into any transaction as a result of the RFO. Ava and SJCE retain the right, each at its sole discretion, to reject any Offers on the grounds that it does not conform with the terms and conditions of the RFO and reserve the right to request additional information at any time during the solicitation process.

Ava and SJCE retain the right to: (1) modify this RFO and/or its form Term Sheets and/or form IPE OAs/PPAs as they deem appropriate to implement the RFO, comply with applicable laws, or best meet

the organizations' evolving understanding of their procurement needs; or (2) reject any Offer on the basis that it is not competitive or is the result of market manipulation.

Neither Ava nor SJCE will be liable in any way by reason of such withdrawal, rejection, suspension, delay, or termination to any RFO Respondent, whether submitting an Offer or not.

Neither Ava nor SJCE will be required to enter into a power purchase agreement with any offer including offers that are shortlisted, allocated Interest Points to CAISO for interconnection study consideration, and/or subject to an IPE OA.

## 2. RFO Goals

Ava and SJCE seek transactions that will commence delivery in calendar years 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032 or 2033. Ava has a preference for projects that begin delivery earlier within this window; SJCE has a preference for projects that begin delivery on or after 2030. Offers can be for new facilities, capacity expansions to existing resources, or existing resources. All energy must be deliverable to CAISO, but projects may be within or outside the state of California.

## 3. Eligibility

### a. Project Viability Requirements

All Offers must meet the requirements detailed in each of the following sections. Some of this information will be captured in relevant fields within the Offer Form(s). Some of this information must be provided in a written narrative in an Offer Supplement detailing the project site. Instructions for the Offer Supplement are detailed in Attachment D.

Respondents attest that all eligibility requirements are met and acknowledge that Ava and SJCE retain the right to request documentation at any time to verify project details or status.

### i. Generating & Storage Resources

All Offers for Energy Products must be able to demonstrate:

1. The generating resource component of the project must either:
  - a. meet the requirements of California Public Utilities Code 399.16(b)(1)(A) or 399.16(b)(1)(B); i.e. the generating resource must meet the requirements to be defined as an RPS Portfolio Content Category 1 resource,<sup>3</sup> or
  - b. Be low carbon meaning they are either carbon-free or an Asset-Controlling Supplier certified by the California Air Resources Board.
2. All resources must **indicate** if they meet the CPUC's definition of "incremental resources" as described in the Decision Requiring Procurement to Address Mid-Term Reliability (2024-2026) (D.21-06-035) or in the Decision Requiring Supplemental Mid-Term Reliability Procurement (2026-2027).<sup>4</sup>
3. The resource's contract capacity must be 10 MW or greater.

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<sup>3</sup> California Public Utilities Code:

[https://leginfo.legislature.ca.gov/faces/codes\\_displayText.xhtml?lawCode=PUC&division=1.&title=&part=1.&chapter=2.3.&article=16](https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=PUC&division=1.&title=&part=1.&chapter=2.3.&article=16).

<sup>4</sup> CPUC D.21-06-035 <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603637.PDF> or [CPUC D.23-02-040 https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M502/K956/502956567.PDF](https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M502/K956/502956567.PDF)

4. Intermittent generating facilities must be certified as an eligible intermittent resource and comply with the requirements of the CAISO Eligible Intermittent Resource Protocol (EIRP).
5. Facilities other than low carbon resources are required to have the capability to respond to CAISO market signals from both Automated Dispatch System (ADS) and Automated Generation Control (AGC). Existing and new resources will be contractually required to demonstrate ADS and AGC response capabilities as a condition precedent to delivery under the contract. Except as expressly noted in the case of top 4 bottom 4 offers, storage tolling offers must be fully dispatchable.

#### b. SJCE-Specific Risk Counterparty Requirements

In addition, SJCE may only transact with qualifying counterparties pursuant to its Risk Management Policies. Parties are encouraged to contact SJCE at [RFO@sanjosecleanenergy.org](mailto:RFO@sanjosecleanenergy.org) as soon as possible if they intend to respond to this RFO and have not been qualified by SJCE's Finance Department. SJCE provides the following information to interested suppliers to facilitate their assessment of SJCE as a counterparty:

- San José Clean Energy is housed in the City of San José's Energy Department. The program is provided for in San José's municipal code Title 26, available at the following link: [https://library.municode.com/ca/san\\_jose/codes/code\\_of\\_ordinances?nodeId=TIT26COEN](https://library.municode.com/ca/san_jose/codes/code_of_ordinances?nodeId=TIT26COEN)
- San José Clean Energy's risk management policy was approved by San José City Council and is available at: <https://www.sanjoseca.gov/home/showpublisheddocument/12875/636669975476830000>

Finally, to do business in San José, Sellers who are not already registered will have to register with the City of San José within 90 days of commencing business within the city. Details are available at the following: <http://www.sanjoseca.gov/BusinessTax>.

#### ii. Interconnection

##### ***New Resources***

Respondents submitting Tranche 1 Offers for new resources offering RA or with an in-service date before December 31, 2033, must have at the minimum, a completed and returned Phase I Impact Study (or equivalent) at the time of Offer submittal.

Respondents submitting Offers for new generating resources must remain active in the applicable interconnection queue until the project's required network updates have been completed and an interconnection agreement is signed. Tranche 1 offers must indicate any CAISO requirements to allow the Respondent to remain in the interconnection queue (i.e. Ava/SJCE must shortlist or contract for the project by x date). Respondents must provide any status updates and details as they are received in relation to interconnection and the related studies.

Respondents submitting Tranche 2 offers for new resources going through the Cluster 15 study process must have site control and have submitted an interconnection request that remains active. Tranche 2 respondents must describe their investment in the project to date and their financing plan going forward. Tranche 2 offers must include a project schedule and have determined and describe sufficient specific project characteristics to allow Ava/SJCE to qualitatively evaluate the offer. Tranche 2 projects must have a planned commercial operation date of December 31, 2033 or earlier and the information

provided must support the feasibility of this deadline (subject to revision during the course of the interconnection process due to factors outside the control of the Respondent). Tranche 2 projects must meet all CAISO requirements to be the subject of allocation of Commercial Interest Points consistent with the CAISO's Interconnection Process Enhancements. Tranche 2 projects must state the Transmission (TPD) Zone where the project will be located and that the Seller is willing to pay for all transmission network upgrades.

### ***Existing Resources***

Capacity expansions to existing projects will need to ensure the expansion can participate in CAISO markets prior to contract start under any agreement executed with Ava or SJCE. Except as described below, for products including Resource Adequacy, no documentation is required to be submitted, though it may be requested.

Except as described below, for products including Resource Adequacy, existing resources not adding capacity are similarly not required to submit documentation associated with their interconnection, though it may later be requested.

### ***Energy-Only Products***

Respondents submitting Offers for Tranche 1, energy-only products are not required to demonstrate deliverability.

### ***Products Including Resource Adequacy***

Respondents submitting product Offers that include RA are required to meet the following conditions and provide reasonable documentation:

1. (For Tranche 2 offers only) A valid interconnection request including request for sufficient FCDS commensurate with Offer, and the project is in a CAISO TPD Zone.
2. (For Tranche 1, within CAISO.)
  - a. A valid interconnection request including request for sufficient FCDS commensurate with Offer where a Phase 2 report (or equivalent) has been issued.
  - b. Evidence of allocated or retained Transmission Planning Deliverability (TP Deliverability or TPD) per the CAISO deliverability allocation process.
3. (For Tranche 1, outside CAISO.)
  - a. A valid interconnection request including request for sufficient capacity commensurate with Offer where system impact study report (or equivalent) has been issued.
  - b. Evidence of secured transmission to CAISO BAA and a statement of the specific branch group/scheduling point where Buyer will need Maximum Import Capacity (MIC) to obtain RA from the project.

### iii. Site Control

Respondents must attest they have secured site control for the entire delivery term of their Offer(s). Respondents must complete the required fields in the RPS Facility Info tab and/or Storage Toll Info tab of the Offer Form, as well as required narrative detail in the Offer Supplement. Examples of site control include: (1) ownership of the site, a leasehold interest, or a right to develop a site for the purpose of constructing a generating facility; (2) an option to purchase or acquire a leasehold site for purposes of constructing a generating facility; and (3) any other arrangement that amounts to the same right to develop the property, in Ava/SJCE's sole discretion.

#### iv. Commencement of Commercial Operation Date

Tranche 1 projects must be able to achieve commercial operation and/or begin deliveries under the contract no later than December 31, 2033. Tranche 2 projects must have a planned commercial operation date of no later than December 31, 2033.

#### c. Participation in Other Procurement

Respondents in this solicitation are not barred or limited from offering their projects or products in other solicitations provided that, upon shortlisting the Respondent will be required to execute an Exclusivity Agreement with Ava and SJCE for the generating and/or storage capacity shortlisted by each CCA. Ava/SJCE may terminate negotiations if the contract is not finalized by the end of the exclusivity period, as described in Attachment F.

Subject to the Respondent's prior written approval, Ava/SJCE may share a bid submitted in this solicitation with another Load Serving Entity (LSE) to allow such LSE to negotiate and if appropriate contract for a portion of an offered project, where Ava/SJCE will not contract for all the output offered.

#### d. Participation in Future Solicitations

Products and projects that are not selected in this RFO may be offered again into future solicitations.

## 4. Evaluation Criteria

When Respondents have met the eligibility requirements described above, Ava and SJCE will employ the evaluation criteria described in this section to select Offers for shortlisting, using quantitative and qualitative evaluation criteria.

Ava will evaluate Tranche 1 Offers within the following categories:

Counterparty Execution Risk: Development experience, CCA experience, and term sheet markups (20%)

Offer Competitiveness: Economic valuation, project location, labor and workforce development (55%)

Development Status Risk: Interconnection, transmission path and MIC requirement for outside CAISO projects, permitting, and environmental project-specific risks (20%)

Local Business Enterprise: 4%

Small Business Enterprise: 1%

Ava will evaluate Tranche 2 offers within the following categories:

Counterparty Execution Risk: Development experience, CCA experience, and term sheet markups (30%)

Development Status Risk: Interconnection investment to date, financing plan going forward, permitting, and environmental project-specific risks (40%)

Offer Competitiveness: Project location including proprietary estimates of economic value, labor and workforce development (25%)

Local Business Enterprise: 4%

Small Business Enterprise: 1%

SJCE will evaluate Tranche 1 Offers within the following categories:

Counterparty Execution Risk: Development experience, CCA experience, and term sheet markups (23%)

Offer Competitiveness: Economic valuation, project location, labor and workforce development (49%)

Development Status Risk: Interconnection, transmission path and MIC requirement for outside CAISO projects, permitting, and environmental project-specific risks (18%)

Local Business Enterprise: 5%  
Small Business Enterprise: 5%

SJCE will evaluate Tranche 2 offers within the following categories:

Counterparty Execution Risk: Development experience, CCA experience, and term sheet markups (35%)

Offer Competitiveness: Project location including proprietary estimates of economic value, labor and workforce development (20%)

Development Status Risk: Interconnection investment status, permitting, and environmental project-specific risks (35%)

Local Business Enterprise: 5%

Small Business Enterprise: 5%

### Quantitative Evaluation Criteria include:

#### a. Energy including Shaped offerings & Storage Tolling offers

Ava and SJCE will calculate the market value of energy deliveries based on the hourly generation profile of the Offer, initial energy delivery date, delivery term of the transaction, and delivery location.

Congestion cost will be calculated based on the hourly generation profile of the Offer, initial energy delivery date, delivery term of the transaction, and delivery location.

Storage tolling offers will be evaluated based on forecast arbitrage value at the delivery location.

#### b. Renewable Portfolio Standard

Ava and SJCE will determine the value of the project's Renewable Energy Credits (RECs) over the contract term based on projections for future REC pricing.

#### c. No or Low Carbon.

For projects that are not renewable, Ava and SJCE will determine the value of the project's no or low carbon attributes over the contract term based on projections of future pricing for no or low carbon attributes.

#### d. Resource Adequacy

The value of Resource Adequacy will be determined based on the projected Slice of Day qualifying capacity of the project. Resources with Full Capacity Deliverability Status from the CAISO will be attributed to the full capacity value. Energy-only Offers will be assumed to have zero qualifying capacity.

#### e. Ancillary Services

Ancillary Services (A/S) value will be assessed based on the A/S capability of the Offer. Offers that provide the ability to schedule A/S and receive market revenues will include that value stream as an incremental benefit, not double counted with the value of energy.

### Qualitative Evaluation Criteria include:

#### f. Location

Ava has a preference for projects within its service territory. Capacity close to Ava load is likely to have more value to Ava’s portfolio even when forward prices indicate energy delivered from farther away has greater market value. Further, resources sited within the service territory contribute to jobs, tax base, and other drivers of positive economic impact for Ava customers. Ava also has a preference for resources sited in locations that will contribute to CAISO grid reliability and/or the mitigation of local criteria pollutants. SJCE has a preference for reducing geographic risk and projects that do not require import capability.

#### g. Workforce

In January 2024 Ava’s Board of Directors approved the Workforce and Environmental Justice Selection Criteria (Workforce Criteria).<sup>5</sup> These criteria are reflected in Ava’s project selection, with points allocated to Projects in proportion to the workforce and environmental justice commitments made by Respondents.

Further, in October 2023 San José City Council directed SJCE staff to develop Workforce and Environmental Justice Selection Criteria for its long-term procurement and SJCE intends to present a proposal to Council before the end of 2024. In scoring projects, SJCE will consider the goals expressed by Council when it directed SJCE to develop criteria in evaluating projects and will comply with Council direction if and when the criteria are approved.

#### h. Environmental Stewardship

Ava and SJCE are committed to being environmental leaders by providing customers with energy that delivers multiple benefits for air, water, and natural ecosystems and avoids impacts to important lands, species, and waters. Ava and SJCE will prioritize projects that are considered multi-benefit renewable energy and projects located in areas zoned for renewable energy development. Ava and SJCE de-prioritize projects located in high-conflict areas.

#### i. Small and Local Businesses [Did we want to say anything about supply chain? Supply Chain Responsibility]

Ava contracts with small and local businesses to the maximum extent possible. Ava may consider status as a small business enterprise (SBE) – i.e. registered as a small business with a state or federal agency – in the Offer review and evaluation process.

For more information on SBE status, please visit the Governor’s Office of Business and Economic Development ([www.business.ca.gov](http://www.business.ca.gov)), Employment Development Department ([www.edd.ca.gov](http://www.edd.ca.gov)), or U.S. Small Business Administration ([www.sba.gov](http://www.sba.gov)).

Ava and SJCE add a premium for local businesses and a premium for small businesses during scoring. See Attachment H – SJCE Request for Local and Small Business Preference.

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<sup>5</sup> The Workforce Criteria are available online chrome-extension://efaidnbmninnibpcjpcglclefindmkaj/https://cdn.sanity.io/files/pc49kbjr/production/068e0ea9d0a70aff1c184a8f36c1644786a42f7b.pdf

j. Seller Concentration

Ava and SJCE will not limit the number of Offers submitted by a single Respondent; however, Ava or SJCE may cap the amount awarded to any Respondent in this RFO to ensure that the market remains competitive and to mitigate risks associated with over-reliance on a single supplier.

## 5. Guidelines for Offer Development

a. Price

Respondents must submit Offers with their best and final price using the respective product tabs in the Offer Forms contained in Attachments C. The price must be stated using the format applicable to the specific product being offered.

Product	Pricing Format
As-Available RPS or low carbon Product	\$ / MWh
As-Available RPS Product plus Energy Storage	\$ / MWh for RPS + \$ / kW-month (+ optional variable price) for energy storage component
Shaped low carbon/RPS Energy	\$ / MWh for “bundled” energy, RECs and any associated RA
Stand-Alone Energy Storage Toll	\$ / kW-month + \$ / MWh Variable O&M

The price submitted for a Tranche 1 Offer must include (1) all awards, subsidies, tax credits applicable to the Project; (2) any costs incurred by the Respondent including any interconnection costs; (3) the acceptance of the non-price terms and conditions of the term sheet, except to the extent that Respondent specifically rejects a non-price term or condition; (4) all other benefits the Respondent expects to apply; and (5) the federal tax plan as it relates to the production tax credit (PTC) or the investment tax credit (ITC) under the Inflation Reduction Act. Offers may provide a price using the PTC, and a different price using the ITC, and must explain in the narrative and financial plan going forward their plans for either or both of these. Tranche 2 offers must include all of the above as described for Tranche 1, but the numbers are understood to be indicative and subject to becoming final after an interconnection agreement is signed.

SJCE will not consider offers that include price escalation.

b. Compliant Submission Specifications

All Offers must meet the following specifications in order to be considered for selection. Please ensure that Offers conform to the appropriate specifications for the project submitted. Any deviations from the following list will be treated as non-compliant and could result in exclusion from consideration.

<b>Products</b>	One of the four products described in this solicitation.
<b>Location</b>	Within or outside of California, with deliverability to the CAISO grid. Include approximate latitude and longitude of the project site.
<b>Term</b>	Terms may be offered for 10-20 years as variations in addition to the required Standard Offer(s) for any product.



<b>Price</b>	<p>Tranche 1 Prices must be offered at the project Pnode for all products other than Indexed Energy plus RPS or low carbon Attributes.</p> <p>Respondents are encouraged to also submit Offers at the following settlement points:</p> <ul style="list-style-type: none"> <li>• PGE Default Load Aggregation Point (DLAP)</li> <li>• CAISO liquid trading hub (e.g. SP15, NP15, ZP26, etc.)</li> </ul>
<b>Installed Capacity (MW)</b>	<p>Nameplate capacity no less than 10 MW and no greater than 500 MW. Paired/hybrid resources may have a total nameplate capacity in excess of 500 MW provided that the combined project (renewable plus storage) may not exceed 1000MW.</p> <p>All projects with storage should include the storage for the entire contract term.</p> <p>Please note the CCAs may be interested in “splitting” projects into smaller separately metered assets that combine to the resource’s total nameplate.</p>
<b>Expected Commercial Operation Date (COD)</b>	<p>Tranche 1: On or prior to December 31, 2033. Tranche 2: Planned on or prior to December 31, 2033.</p>
<b>Scheduling Coordinator</b>	<p>The Buyer shall be the SC. Exception: for Shaped low carbon/RPS Energy offers, Seller shall be SC. In addition, on a case-by-case basis, it may be more appropriate for the Seller to be the SC.</p>
<b>Ownership</b>	<p>All projects will be owned by the Respondent, with the CCA contracting the output of the resource for the duration of the term.</p> <p>In addition: the CCAs welcome proposals for the CCAs to have an option to buy the Project during or at the conclusion of the contract term. The pro forma documents also describe option to buy provisions.</p>
<b>Number of Offers</b>	<p>An “Offer” refers to the submission of all required information and details of any additional variations for <u>one product from one site</u>. In addition to the required Standard Offer(s) outlined in <b>Section 5.c</b>, Respondents may submit alternative configurations, durations, or pricing schemes. Respondents are not limited in either the number of Offers they may submit or the number of variations they may submit for any one Offer.</p>

Tranche 2 offers should include the following additional information:

- Interconnection application status and proximity to transmission interconnection along with a developer’s engineer description of interconnection and potential interconnection and network upgrade costs.
- The CAISO TPD zone in which the project is located.

- A breakdown of the cost categories (not the actual cost itself) that will determine the price for the project.

c. Required Standard Offers and Encouraged Variations

All Offers must comply with the Standard Offer requirements outlined below. An Offer for any one product must contain all required Standard Offers for that product.

Ava and SJCE encourage the submission of variations. Specific variation components of interest are noted for each product. Variations are optional though encouraged. Variations may include any combination of non-standard components to demonstrate project configurations that the Respondent believes drive particular value.

Product 1: As-Available RPS Product		
<b>Eligible Resources:</b> Stand-alone PCC1-eligible generating resources and low/no carbon resources; this may include: solar, wind, geothermal, small hydro or ocean (thermal, wave, or current), hydro, and ACS		
Required Standard Offers	1	<u>Term:</u> 10 years <u>Pricing Structure:</u> At project Pnode, fixed price <u>Capacity:</u> 10-500 MW RPS Nameplate
	2	<u>Term:</u> 10 years <u>Pricing Structure:</u> At project Pnode, 2% annual escalation eligible for offers to Ava only <u>Capacity:</u> 10-500 MW RPS Nameplate
Encouraged Variations	*	<u>Term:</u> Minimum 10 years <u>Pricing Structure:</u> Also priced at Hub (NP15 or PG&E DLAP) <u>Capacity:</u> Varying sizes (Preference for 50-150 MW Nameplate)

Product 2: As-Available RPS plus Energy Storage		
<b>Eligible Resources:</b> PCC1-eligible or low/no carbon generating resources with co-located storage. Storage may be any commercially viable technology with 4-hr or 8-hr+ duration capabilities.		
<b>Required Products:</b> CCA to receive all project attributes including RA, energy arbitrage, A/S.		
Required Standard Offers	1	<u>Term:</u> 10 years <u>Pricing Structure:</u> At project Pnode, fixed price <u>RPS Capacity:</u> 10-500 MW RPS Nameplate <u>Storage Capacity:</u> >=45% of RPS, at least 4-hr Duration, AC-Connected <u>Storage Parameters:</u> full toll able to perform a minimum of 365 cycles per year, optional price for added cycles to 450
	2	<u>Term:</u> 10 years <u>Pricing Structure:</u> At project Pnode, 2% annual escalation eligible for offers to Ava only <u>RPS Capacity:</u> 10-500 MW RPS Nameplate <u>Storage Capacity:</u> >=45% of RPS, at least 4-hr Duration, AC-Connected <u>Storage Parameters:</u> full toll able to perform a minimum of 365 cycles per year, optional price for added cycles to 450
Encouraged Variations		<u>Term:</u> 10-20 years

		<p><u>Pricing Structure</u>: At project Pnode, fixed price, at DLAP or NP15.</p> <p><u>RPS Capacity</u>: 10-500 MW RPS Nameplate</p> <p><u>Storage Capacity</u>: &gt;=45% of RPS, at least 4-hr Duration, AC-Connected</p> <p><u>Storage Parameters</u>: Financial settlement for top 4, bottom 4 (Buyer gets credited price of the 4 highest priced hours in the day and charged the cost of charging the battery at the price of the lowest priced hours).</p>

Product 3: Firm or Shaped RPS Product		
Eligible Resources: New stand-alone PCC1-eligible or low carbon generating resources, likely paired with energy storage		
Required Standard Offers	1	<p><u>Term</u>: 10 years</p> <p><u>Pricing Structure</u>: At project Pnode, fixed price</p> <p><u>Capacity/TPD</u>: Required for renewable, desired for battery</p> <p><u>Hourly Delivery</u>: Seller to propose</p>
	2	<p><u>Term</u>: 10 years</p> <p><u>Pricing Structure</u>: At project Pnode, no escalation</p> <p><u>Capacity/TPD</u>: Required for renewable, desired for battery</p> <p><u>Hourly Delivery</u>: please refer to Buyer’s proposals in Offer form</p>
Encouraged Variations	*	<p><u>Term</u>: Minimum 10 years</p> <p><u>Pricing Structure</u>: Also priced at Hub (NP15 or PG&amp;E DLAP)</p> <p><u>Capacity/TPD</u>: Required for renewable/low carbon, desired for battery</p>

Product 4: Stand-Alone Energy Storage Toll		
Eligible Resources: Storage may be any commercially viable technology with 4-hr or 8-hr+ duration capabilities.		
Required Products: CCA will control the dispatch and receive all project attributes including RA, energy arbitrage, A/S.		
Required Standard Offers	1	<p><u>Term</u>: 10 years</p> <p><u>Pricing Structure</u>: At Pnode, fixed capacity price, full toll</p> <p><u>Capacity</u>: 10 - 200 MW Nameplate, 4 hr duration requirement, capacity degrades along pre-defined schedule (Seller to specify degradation schedule in Offer Form)</p> <p><u>Storage Parameters</u>: 365 cycles per year, optional price for additional cycles up to 450</p>
	2	<p><u>Term</u>: 10 years</p>

		<u>Pricing Structure:</u> At Pnode, low fixed capacity price with <u>high</u> variable O&M cost. (Seller should attempt to recover maximum cost through VOM.), full toll <u>Capacity:</u> 10 - 200 MW Nameplate, 4 hr duration requirement <u>Storage Parameters:</u> Seller to identify any cycle limitations
<i>Encouraged Variations</i>	*	<u>Term:</u> Minimum 10 years <u>Pricing Structure:</u> At Pnode, fixed capacity price for RA plus Financial settlement for top 4 bottom 4, (Buyer gets credited price of the 4 highest priced hours in the day and charged the cost of charging the battery at the price of the lowest priced hours). <u>Capacity:</u> 50 – 100 MW Nameplate, any duration

d. Collateral Requirements

The collateral requirements associated with each product are described below.

Product	Project Development Security or Pre-Delivery Term Security	Delivery Term Performance Security
All Tranche 1 Products	\$125/kW of Contract Capacity	\$105/kW of Contract Capacity

Tranche 2 Products will be required to post \$25/kW of Contract Capacity as a form of Preliminary Development Security upon execution of an IPE OA with Ava/SJCE; this can be transitioned to Project Development Capacity if a Final PPA follows. Section 1.f. above contains a detailed discussion of this Preliminary Development Capacity.

6. Required Information

a. Submission Overview

All information submittals related to this RFO must be made via the Respondent’s unique Dropbox submission folder; in order to receive a Dropbox folder, Respondents must submit an NOI (Attachment A).

b. Required Documents for Offers

The following documents must be completed and submitted to constitute a complete Offer to this solicitation. Offers of different products have unique form submittal requirements; please refer to the information below to determine which documents are required to be submitted with each Offer. The relevant documents are included as Attachments to this solicitation and noted below.

1. Participation Agreement (Attachment B)

- Respondent must have a duly authorized officer of the Respondent entity to execute the agreement. **Only one Participation Agreement is required per Respondent.**
  - *Note: The Participation Agreement covers all requested information, including Respondent attestation to the truthfulness of project details. Submitting a falsified Participation Agreement will result in forfeiture of shortlist deposit or other collateral and elimination from the RFO.*
- File Format: PDF
- File Name: RFO Participation Agreement\_RespondentCompanyName

2. **Completed Offer Form** (Attachment C).
  - The Offer Form should contain the information needed for Ava/SJCE to evaluate:
    - Offer Competitiveness: economic valuation, project location
  - Please provide all applicable information requested in the Offer Form tabs for the product(s) offered at each unique site. In the event that multiple sites are offered, a unique Offer Form must be completed for each site.
  - Products 1-4 require Offer Form 1.
  - File Format: Microsoft Excel
  - File Name: Offer Form #\_ *RespondentCompanyName\_SiteName*
  
3. **Offer Supplement** (Attachment D).
  - The Offer Supplement should contain the information needed for Ava/SJCE to evaluate:
    - Counterparty Execution Risk: Development experience, CCA experience. (Additional inputs to evaluate this factor are term sheet markups.)
    - Offer Competitiveness: labor and workforce development (Additional inputs to evaluate this factor are the economic valuation, project location.)
    - Development Status Risk: interconnection, transmission and MIC requirement for outside the CAISO projects, permitting, and environmental project-specific risks
  - Please provide all applicable information requested in the Offer Supplement template found in Attachment D. The Offer Supplement includes questions about development experience, CCA experience, project location, labor and workforce development, permitting, environmental project-specific risks, the development firm, the project, and project financing.
    - ***Only one Offer Supplement PDF is required per Respondent. However, if Respondent is offering multiple projects, the project-specific supplement questions should be answered for each project.***
    - File Format: PDF
  - File Name: Offer Supplement\_ *RespondentCompanyName*
  
4. **Redlined Term Sheet** (Attachments E.1 - E.4)
  - The Redlined Term Sheet should contain the information needed for Ava/SJCE to evaluate:
    - Counterparty Execution Risk: term sheet markups (Additional inputs to evaluate this factor are from the Offer Supplement.)
  - Please include a redline of the Term Sheet(s) relevant to your Offer(s) in “tracked changes” format. Please note: the CCAs have provided a copy of the full proforma for reference only. Redlines are only required on the Term Sheet.
  - Redlines should reflect all necessary changes that Respondent requires in connection with the pricing set forth in the Offer. Requested changes must be identified with sufficient detail. Comments such as “to be discussed” or “for discussion” or similar are not sufficiently detailed and will not be considered a necessary change for Respondent. Ava and SJCE will prioritize negotiations with Respondent that adapt their Offer to existing contract terms and conditions and limit requested changes to the pro forma contracts. Only upon shortlisting will Respondents be requested to mark-up pro forma agreements.
  - File Format: Word
  - File Name: *TermSheetName\_RespondentCopmanyName\_Redlines*

## 5. Interconnection Information

- The Interconnection information should contain information needed for Ava/SJCE to evaluate:
  - Counterparty Execution Risk: Development experience
  - Development Status Risk: Interconnection, Transmission and MIC

### A. Tranche 1 projects physically interconnected within the CAISO BAA

Most recent interconnection study report (Phase II or Facilities Study) including appendices.

- *Note: If a project receives an updated interconnection study report (due to reassessment or addendum) during the RFO evaluation process, Respondent must update Ava/SJCE and provide report.*
- Documentation that the project has maintained FCDS at a level commensurate with Project's offered Resource Adequacy (RA) capacity. Evidence should include:
  - For projects without an award of TP Deliverability sufficient to support offered RA capacity, documentation that projects are eligible to receive an award in the future, evidence of available TP Deliverability and the project's location, and expected year of award.
  - For projects with an award of TP Deliverability sufficient to support offered RA capacity,
    - Documentation of award from CAISO.
    - Evidence of retention of award for projects that have held a TP award for more than 1 year.
  - Expected period, in any, of interim deliverability and description of why Respondent believes project will be awarded Interim deliverability
- Generator Interconnection Agreement. Either executed copy or latest available draft.
  - *Note: If a project submits a draft agreement but executes the agreement during the RFO evaluation process, Respondent must provide to Ava/SJCE.*
- All pending or approved requests to CAISO or PTO to modify the project's generating facility or milestone dates to the extent not reflected in the GIA.
- File Format: Word or PDF
- File Name: *DocumentName\_RespondentCompanyName\_SiteName*

### B. Tranche 1 projects physically interconnected outside the CAISO BAA

- *Note: Per Objectives (Section 1c, above), qualifying projects outside the CAISO BAA should demonstrate capability to be pseudo tied or dynamically scheduled to the CAISO.*
- Most recent interconnection system study report and (if available) facilities study report including appendices
  - *Note: If a project receives an updated interconnection study report (due to reassessment or addendum) during the RFO evaluation process, Respondent must update Ava/SJCE and provide report.*
- A description and supporting documentation for the transmission service secured to deliver the power to the CAISO including transmission service contracts or pending requests.
- A description and supporting documentation for the Maximum Import Capability (MIC) branch group that will apply for the project. Indicate if a MIC expansion request is

anticipated to be required along with any other documentation that indicates sufficient MIC capacity is available.

- Generator Interconnection Agreement. Either executed copy or latest available draft.
  - Note: If a project submits a draft agreement but executes the agreement during the RFO evaluation process, Respondent must provide to Ava/SJCE.
- All pending or approved requests to modify the project's generating facility or milestone dates to the extent not reflected in the GIA.
- File Format: Word or PDF
- File Name: *DocumentName\_RespondentCompanyName\_SiteName*

### **C. Tranche 2 Projects**

- Project interconnection request application for the project including a request for FCDS commensurate with Project's offered Resource Adequacy (RA) capacity.
  - Note: If a project has not been fully validated (deemed complete) or modifies its request during the Cluster Application Window, please provide updated interconnection request when available to Ava/SJCE.
- Respondent non-binding estimate of interconnection costs.
- A description and supporting documentation that project will maintain FCDS through the interconnection process at project's requested POI.
  - Specify TPD Zone and indicate available TPD at project's requested POI as shown in CAISO's latest Transmission Capability Estimate report.<sup>6</sup> If the project's requested POI is not listed in CAISO's report, identify a POI in the report that provides the best proxy for Project's requested POI.
  - If the project is in a merchant zone, provide documentation of estimated network upgrade costs required to attain the required level of FCDS.
- A brief overview of project risks related to project interconnection and deliverability.
- Background information about project's expected CAISO scoring with respect to project viability and system need.
- Any additional information that Ava/SJCE should consider.
- *Note*: Per Objectives (Section 1.c., above), Respondent is expected to pay for assigned all network upgrades.
- File Format: Word or PDF
- File Name: *DocumentName\_RespondentCompanyName\_SiteName*

### **6. Site Map (if applicable)**

- Respondents must provide a high-resolution map showing the site location and key project facilities. The map should show the project boundary and generation-tie route from the project to the first point of interconnection with the electric grid. More detailed site plans or site designs are accepted but not required.
- File Format: Option between (1) PDF, (2) Google kml/kmz, (3) ESRI geodatabase (mdb or gdb), (4) shapefile with a file extension .shp plus at least the three supporting files (.shx, .dbf, .sbn).
- File Name: *Site Map\_RespondentCompanyName\_SiteName*

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<sup>6</sup> Transmission Capability Estimates for use in the CPUC's Resource Planning Process, Attach B1. Link: <https://www.caiso.com/library/transmission-capability-estimate-inputs-for-cpuc-integrated-resource-plan-aug-29-2024>

**7. Local/small business preference**

- Qualified Respondents wishing to claim local/small business status should complete Attachment H – SJCE Request for Local and Small Business Preference; Ava will perform this evaluation using information collected through Attachment H as well as the Offer Form. Please review requirements and do not submit this form unless your company qualifies.

Product	Required Documents
All Products	<ul style="list-style-type: none"> <li><input type="checkbox"/> Participation Agreement</li> <li><input type="checkbox"/> Completed Offer Form</li> <li><input type="checkbox"/> Offer Supplement</li> <li><input type="checkbox"/> Redlined Term Sheet</li> <li><input type="checkbox"/> Interconnection Studies (Tranche 1) or Interconnection Information (Tranche 2)</li> <li><input type="checkbox"/> Site Map</li> </ul>

**c. Required Documents at Shortlisting**

The following items will be required within 10 business days of the shortlist announcement

- a. Exclusivity Agreement and Shortlist Deposit**
- b. Confirmation that Seller has reviewed the applicable offtake agreement**
- c. Credit Rating and Financial Documents**

Counterparties must submit the most recent quarterly financial statement, as well as audited financial statements for the most recent two fiscal years, or the period of existence of the counterparty, if shorter. If audited financial statements are not available, financial documents, as described below, should be submitted, signed and attested to by an officer of the counterparty as a fair representation of the financial condition in accordance with generally accepted accounting principles. The information should include, but is not limited to, the following:

**If publicly traded:**

- Annual and quarterly reports on Form 10-K and Form 10-Q, respectively
- Form 6-K and 8-K, if filed during the last period

**If privately held or governmentally owned:**

- Management’s Discussion & Analysis (if available)
- Report of Independent Accountants (if available)
- Financial Statements, including:
  - Balance Sheet
  - Income Statement
- Statement of Cash Flows
  - Statement of Stockholder’s Equity (privately held only)
- Notes to Financial Statements

**7. Communications**

The CCAs are using a solicitation website developed by Ava where Respondents may register for notifications, register for the Respondent Webinar, and where all RFO documents, information, announcements, and Q&A will be posted and made available to the market.



To promote efficiency and accuracy in communications, all Respondents must submit any inquiries via email to [RFO@avaenergy.org](mailto:RFO@avaenergy.org). Ava and SJCE will not respond to any material questions submitted after the final question deadline of September 27, 2024. All answers will be compiled into a document and posted to the RFO website by September 30, 2024. Ava and SJCE reserve the right to combine, rephrase, or not respond to some questions.

## 8. Respondent Representations

By submitting an Offer, Respondent agrees to be bound by the conditions of the RFO Protocol, and makes the following representations, warranties, and covenants to Ava and SJCE, which representations, warranties, and covenants will be deemed to be incorporated in their entirety into each of Respondent's submittals and are deemed to be material to Ava and SJCE's consideration of the proposals:

1. Respondent agrees that Ava and SJCE are not liable to any Respondent or party in law or equity for any reason whatsoever for any acts or omissions arising out of or in conjunction with this request for submittals and that Respondent has no legal recourse against Ava or SJCE, its members, directors, officers, employees, and agents for rejection of their submittal(s).
2. Respondent acknowledges that it has had the opportunity to seek independent legal and financial advice of its own choosing with respect to this RFO and agrees to be bound by the terms and specifications of this RFO and any addenda subsequently issued prior to the due date of the submittal.
3. Respondent has obtained all necessary authorizations, approvals, and waivers, if any, required by Respondent to submit its offer pursuant to the terms of this RFO.
4. Respondent acknowledges that Ava and SJCE reserve the right to enter into transactions with more than one Respondent, can choose to terminate this RFO, not to proceed with any Respondent with respect to one or more Offer, and can choose to suspend this RFO or issue a new RFO that would supersede and replace this RFO.
5. Respondent warrants that it has no employees in its employ who in any capacity have a position at Ava or SJCE that enable them to influence the selection of a Respondent or any competing RFO, nor does Respondent have in its employ any Ava or SJCE Director, including any Regular or Alternating Directors (collectively "CCA Director") or Ava or SJCE employee who is the spouse or economic dependent of such an Ava or SJCE employee. A list of current Ava Directors can be found on the Ava's website (<https://avaenergy.org/who-we-are/>). The list of current SJCE Councilmembers can be found at <https://www.sanjoseca.gov/your-government/departments-offices/mayor-and-city-council>. This list may be updated from time to time.
6. Respondent's submission complies with all applicable laws.
7. Respondent warrants that all information submitted by Respondent in connection with this RFO is true and accurate as of the date of the Respondent's submission. Respondent also covenants that it will properly update any submitted information immediately upon any material change thereto.
8. Respondent acknowledges and accepts that neither Ava nor SJCE intends to provide collateral or performance security in connection with any IPE OA/PPA.

## 9. Termination of RFO-Related Matters

Ava and SJCE reserve the right at any time, in their sole discretion, to terminate the RFO without prior notification to Respondents and without liability of any kind. Grounds for termination may include, without limitation, that no Offers are deemed cost competitive or as a result of an inability to reach final commercial agreement between parties.

In the event of termination of the RFO for any reason, neither Ava nor SJCE will reimburse Respondents for any expenses incurred in relation to the RFO.

## 10. Attachments

The following Attachments are hosted on the RFO webpage and hereby made part of this RFO.

- Ava-SJCE 2024 Long-Term Resource RFO Protocol
- Attachment A: Notice of Intent to Offer
- Attachment B: RFO Participation Agreement
- Attachment C: Offer Form 1 (Tranche 1&2)
- Attachment D: Offer Supplement Requirements (Tranche 1&2)
- Attachment E.1<sup>7</sup>: Term Sheet RPS (Product 1, 3)
- Attachment E.2: Term Sheet RPS+Energy Storage (Product 2)
- Attachment E.3: Term Sheet Stand-Alone Storage (Product 4)
- Attachment E.4<sup>8</sup>: Term Sheet for Tranche 2
- Attachment F: Exclusivity Agreement
- Attachment G.1: Ava Form of Letter of Credit
- Attachment G.2: SJCE Form of Letter of Credit
- Attachment H: SJCE Request for Local and Small Business Preference
- Additional attachments include pro-forma IPE OA/PPAs

## 11. Protest

If an unsuccessful Respondent wants to dispute an award or award recommendation, a protest must be submitted in writing for SJCE to the Energy Department Interim Director, Zach Struyk no later than ten (10) calendar days after notice that the proposer was unsuccessful, detailing the grounds, factual basis and providing all supporting information. Protests will not be considered for disputes on the grounds that a material provision in this RFO is ambiguous. Failure to submit a timely written protest to the contact listed below will bar consideration of the protest. Ava will not entertain protests related to this RFO.

The addresses for submitting protests are:

Attention: Director  
City of San José, Department of Community Energy  
4 N. 2nd St, Ste. 700  
San José, CA 95113

Please submit electronic versions of any protest to Zach Struyk at [protestSJCE@sanjosecleanenergy.org](mailto:protestSJCE@sanjosecleanenergy.org).

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<sup>7</sup> Low and no Carbon products should revise RPS attribute to be a low or no carbon attribute for E.1, E.2, and E.4. Product 3 (Firm or Shaped RPS Product) should use E.1.

<sup>8</sup> For Tranche 2 offers, bidders should use E.4 and adjust consistent with the appropriate product

## 12. Objections

Any objections as to the structure, content, or distribution of this Request for Offers must be submitted through as a formal Question per Section 7. Objections must be as specific as possible and must identify the RFO section number and title, as well as a description and rationale for the objection.

All objections, questions, and inquiries pertaining to this RFO must be received by the deadline to submit questions per Table 1.

## 13. Interpretation

The Ava/SJCE shall not be responsible for nor be bound by any oral instructions, interpretations or explanations issued by Ava/SJCE or its representatives.

Should there be a need to clarify this RFO or any of its attachments, including but not limited to the Term Sheet, requests for clarification may be sent via e-mail at [RFO@avaenergy.org](mailto:RFO@avaenergy.org), to the attention of the procurement contacts designated in Section 7: Communications. Requests for clarification received after the deadline provided in Section 1.e: Schedule will not be considered.

If there are any discrepancies between the RFO and the Term Sheets (Attachments E.1-E.4), the Term Sheet would apply.

## 14. Grounds for Disqualification (for SJCE only)

All Respondents are expected to have read and understand the "Procurement and Contract Process Integrity and Conflict of Interest", Section 7 of the Consolidated Open Government and Ethics Provisions adopted on August 26, 2014 ("Section 7"). A complete copy of the Resolution 77135:

<https://www.sanjoseca.gov/home/showdocument?id=29663>.

Any Respondents who violate Section 7 will be subject to disqualification. Generally, the grounds for disqualification include:

1. Contact regarding this procurement with any City official or employee or Evaluation team other than the RFO procurement contact designated in this solicitation from the time of issuance of this solicitation until the end of the protest period.
2. Evidence of collusion, directly or indirectly, among Respondents regarding the amount, terms, pricing, or conditions of this proposal.
3. Influencing any City staff member or evaluation team member throughout the solicitation process, including the development of specifications.
4. Evidence of submitting incorrect information in the response to a solicitation or misrepresent or fail to disclose material facts during the evaluation process.

In addition to violations of the Section 7 of the Consolidated Open Government and Ethics Provisions, the following conduct may also result in disqualification:

1. Offering gifts or souvenirs, even of minimal value, to City/SJCE officers or employees.
2. Existence of any lawsuit, unresolved contractual claim or dispute between Respondents and the City.
3. Evidence of Respondent's inability to successfully complete the responsibilities and obligations of the proposal.
4. Respondent's default under any City/SJCE agreement, resulting in termination of such Agreement.

## 15. Code Adherence and Policies

RFO Bidder shall agree to abide by all laws, rules and regulations of the United States, State of California, Santa Clara County, Alameda County, unincorporated Alameda County, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Lathrop Livermore, Newark, Oakland, Piedmont, Pleasanton, unincorporated San Joaquin County, San José, San Leandro, Stockton Tracy, and Union City.

For SJCE only, Respondents must comply with City of San José Policies, which include but are not limited to the following:

- Environmentally Preferable Purchasing:  
<https://www.sanjoseca.gov/home/showdocument?id=12833>
- Prohibition of City Funding for Purchase of Single Serving Bottled Water:  
<https://www.sanjoseca.gov/home/showdocument?id=12885>
- Business Tax and Registration:  
<http://www.sanjoseca.gov/BusinessTax>

## 16. Terms and Conditions of Agreement

All agreements entered into by SJCE pursuant to this solicitation are subject to the Appropriation of Funds, Designated Fund, and Limited Obligations provisions set forth in the Term Sheets. These provisions are non-negotiable. SJCE's municipal advisor letter can be found at the following location:  
<https://www.sanjoseca.gov/home/showdocument?id=32199>

Respondents shall enter into a contract with SJCE or Ava in substantial conformity with the selected proposal, as mutually modified during negotiations with each CCA. Each CCA reserves the right to negotiate project deliverables and associated costs.

All agreements will require the Respondent to adhere to the terms of their proposal and to act in accordance with all applicable laws and regulations. An agreement shall not be binding or valid unless and until the following has occurred:

- For SJCE, it is executed by authorized representatives of the City and, for agreements with a term more than ten years, approved by the City of San José's City Council. The City Council has authorized the Energy Department Director or her designee, or the City Manager or her designee, to negotiate and execute power supply contracts under ten years.
- For Ava, it is approved by the Ava Board of Directors and executed by an authorized representative of Ava.

## 17. Insurance Requirements

The selected Respondent, at Respondent's sole cost and expense and for the full term of the Agreement or any extension thereof, shall obtain and maintain insurance as required by each CCA.

All policies, endorsements, certificates, and/or binders shall be subject to approval by the applicable CCA as to form and content. Insurance requirements are subject to amendment or waiver if so approved in writing by the applicable CCA. The selected Respondent agrees to provide the applicable CCA with a copy of said policies, certificates, and/or endorsements.

## 18. Public Nature of Proposal Material

All correspondence with Ava/SJCE including responses to this solicitation will become the exclusive property of the CCAs and will become public records under the California Public Records Act (Cal. Government Code section 6250 et seq.) All documents that you send to the CCAs will be subject to disclosure if requested by a member of the public. There are a very limited number of narrow exceptions to this disclosure requirement.

The CCAs acknowledge that a party may submit information that the other party considers confidential, proprietary, or trade secret information pursuant the Uniform Trade Secrets Act (Cal. Civ. Code section 3426 et seq.), or otherwise protected from disclosure pursuant to an exemption to the California Public Records Act (Government Code sections 6254 and 6255) (Confidential Information).

Therefore, any proposal which contains language purporting to render all or significant portions of their proposal “Confidential”, “Trade Secret” or “Proprietary”, or fails to provide the exemption information required as described below will be considered a public record in its entirety subject to the procedures described below. Do not mark your entire proposal as “confidential”.

The CCAs will not disclose any part of any proposal before it announces a recommendation for award, on the ground that there is a substantial public interest in not disclosing proposals during the evaluation process. After the announcement of a recommended award, all proposals received in response to this RFO will be subject to public disclosure.

In order to designate information as confidential, the Respondent must clearly stamp and identify the specific portion of the material designated with the word “Confidential” and provide a citation to the California Public Records Act that supports keeping the information confidential. Respondent should not over-designate material as confidential. Over-designation would include stamping entire pages or series of pages as confidential that clearly contain information that is not confidential. Upon request or demand of any third person or entity not a party to this Agreement (“Requestor”) for production, inspection and/or copying of information designated by Respondent as confidential information (such designated information, the “Confidential Information”), the CCAs will notify the Respondent as soon as practical that such request has been made. The Respondent shall be solely responsible for taking whatever legal steps are necessary to protect information deemed by it to be Confidential Information and to prevent release of information to the Requestor by the CCAs. If the Respondent takes no such action after receiving the foregoing notice from the CCAs, the CCAs shall be permitted to comply with the Requestor’s demand and are not required to defend against it.

If required by any law, statute, ordinance, a court, Governmental Authority or agency having jurisdiction over the CCAs, including the California Public Records Act, the CCAs may release Confidential Information, or a portion thereof, as required by the Applicable Law, statute, ordinance, decision, order or regulation. In the event the CCAs are required to release Confidential Information, they shall notify the Respondent of the required disclosure, such that the Respondent may attempt (if it so chooses), at its sole cost, to cause the recipient of the Confidential Information to treat such information in a confidential manner, and to prevent such information from being disclosed or otherwise becoming part of the public domain.

## 19. Disclaimer

Ava/SJCE reserve the sole and discretionary right to (i) reject any offers received in response to this RFO for any reason, and (ii) accept any offers received after the deadline for submittals as indicated herein. Additionally, the CCAs reserve the right, at their sole discretion, to not enter into any transaction at the conclusion of this RFO. The CCAs shall not be obligated to respond to any offer or proposal submitted, nor be legally bound in any manner by submission of the proposal. The CCAs reserve the right to modify the terms and conditions of this RFO at any time based on changing needs and market feedback. The CCAs also reserve the right to rescind or terminate this RFO at any time prior to the CCAs' execution of a binding agreement. Notwithstanding anything to the contrary, no proposal, bid, offer, or proposed transaction (however described) shall be binding upon the CCAs except pursuant to a written agreement signed by the authorized representative of each CCA and the Respondent. The CCAs will not be liable at any time for any costs the prospective supplier may incur in preparing or submitting its response to this RFO.