

Welcome!
The webinar will begin
shortly.

September 20, 2024





2024 Ava – SJCE Long-Term Resource RFO Respondent Webinar

September 20, 2024



Agenda

1. Introduction to Ava Community Energy & San Jose Clean Energy
2. Overview of 2024 Long-Term Resource RFO
3. RFO Timeline
4. Questions & Answers

Throughout the presentation, viewers can use the “Q&A” section of the Zoom web controls panel on the bottom of their screen to submit questions to Ava Community Energy. Ava/SJCE will attempt to answer all questions given time availability, otherwise questions will be answered in the written Q&A document to be posted on the RFO website.

Please also note that this webinar is being recorded. The slides and recording will be uploaded to the RFO webpage.



Ava Community Energy

- Ava is an independent public agency formed as a Joint Powers Authority, which is governed by its 18 participating members.
- Ava's financial standing is independent of the participating members and its revenues are not part of the county general funds.
- On December 15, 2021, Ava secured an investment grade credit rating from S&P <https://avaenergy.org/news/sp-global-ratings-issues-a-credit-rating-to-east-bay-community-energy/>
- Offers should assume no form of credit support provided by Ava.
- Respondents can find Ava's audited financials for 2018, 2019, 2020, 2021, 2022 and 2023 online <https://avaenergy.org/key-documents/>
- Ava has signed long-term agreements on over 1,200 MW of new renewable energy and 700 MW battery storage capacity in California since our formation.

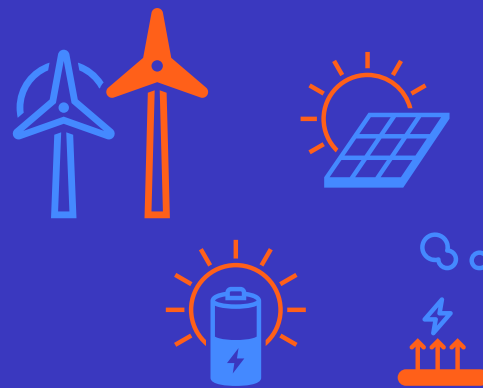


San José Clean Energy (SJCE)

- Operated by San José Energy Department and governed by San José's City Council.
- Serves 13th largest US city with nearly 1 million residents.
- 350k accounts, 4,000 GWh annual load, 1 GW peak demand.
- Long-term agreements for over 850 MW of new renewables and over 100 MW energy storage.
- SJCE designated fund rated: Moody's (A2) and S&P Global (A); separate from the City's General Fund.
- Offers should assume no credit support provided by SJCE.
- Respondents can find SJCE's audited financials at <https://sanjosecleanenergy.org/key-documents/>



Overview and Goals



1. Overview

Ava/SJCE issued solicitation to:

- Procure long-term renewable/clean energy and storage resources with Resource Adequacy (RA)
- Contribute to Renewable Portfolio Standard (RPS) & Integrated Resource Plan (IRP) obligations under SB 350 & SB 100, & CPUC's Mid-Term Reliability procurement requirements
- Allocate CAISO Interconnection Process Enhancement (IPE) points for Cluster 15 projects seeking Full Capacity Deliverability Status (FCDS).

RFO Materials: <https://avaenergy.org/solicitation/2024rfo/>

- Protocol
- Attachment A: Notice of Intent to Offer (NOI)
- Attachment B: RFO Participation Agreement
- Attachments C.1: Offer Form
- Attachment D: Offer Supplement Requirements
- Attachments E.1 – E.4: Product Term Sheets
- Attachment E: Exclusivity Agreement
- Attachments G 1&2: Forms of Letter of Credit
- Other attachments



2. RFO Goals

Ava & SJCE seek transactions that will contribute to our greenhouse gas reductions targets and our long-term position hedging. The CCAs are targeting projects that offer competitively priced megawatts under TWO “Tranches” of offers:

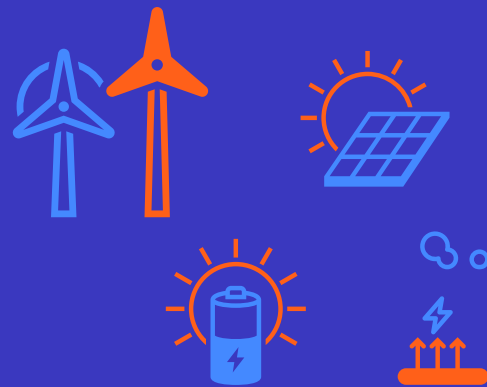
1. Projects with interconnection applications in Cluster 14 or prior, and out-of-state
2. Projects with interconnection applications in Cluster 15 or later

Eligible Products:

1. As-Available Product from RPS-eligible resources
2. As-Available RPS Product plus Energy Storage Toll
3. Firm or Shaped RPS Produce
4. Stand-alone Energy Storage Toll



Evaluation



“Tranche 1 & 2” Selection

Tranche 1:

- Standard offer evaluation;
- Shortlisting, followed by exclusivity agreement and shortlist deposit;
- Ava/ SJCE intend to conclude negotiations within 120 days of exclusivity.

Tranche 2:

- Evaluation based on developer experience, project viability and offer competitiveness;*
- Shortlisting, followed by exclusivity agreement and shortlist deposit;
- Ava/ SJCE intend to conclude negotiation and execution of an “Interconnection Process Enhancement Offtake Agreement” (IPE OA) prior to the point allocation deadline.

* Tranche 2 bid price is indicative only; for offer competitiveness, Ava/ SJCE will review project location, Seller estimate of interconnection costs, labor and workforce development.



4. Evaluation Criteria

Ava has a preference for projects within its service territory and that employ local and union labor. All preferences are stated within the proposal.

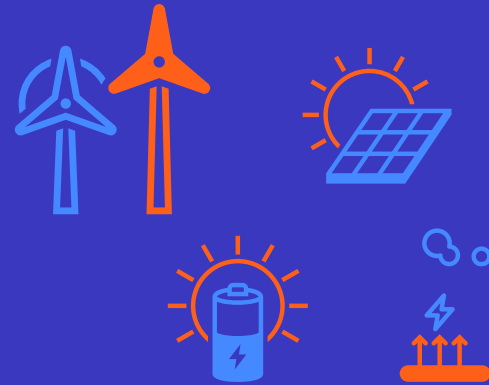
Ava

Category	Details	Tranche 1 Weight	Tranche 2 Weight
Counterparty Execution Risk	Development experience, CCA experience, and term sheet markups	20%	30%
Offer Competitive-ness	Economic valuation, project location, labor and workforce development	55%	25%
Development Status Risk	Interconnection, permitting, and environmental project-specific risks	20%	40%
Local Business Enterprise		4%	4%
Small Business Enterprise		1%	1%

SJCE

Category	Details	Tranche 1 Weight	Tranche 2 Weight
Counterparty Execution Risk	Development experience, CCA experience, and term sheet markups	23%	35%
Offer Competitive-ness	Economic valuation, project location, labor and workforce development	49%	20%
Development Status Risk	Interconnection, permitting, and environmental project-specific risks	18%	35%
Local Business Enterprise		5%	5%
Small Business Enterprise		5%	5%

Tranche 2 Details



“Tranche 2” Interconnection Process Enhancement Offtake Agreement

- All standard PPA elements except no firm price or COD and Seller posts preliminary development security of \$25/KW (rather than \$125/kW);
- Seller must offer final terms with binding price and COD, within 30 days of signing an Interconnection Agreement
- Buyer and Seller seek to agree on final terms within 90 days of Buyer accepting a Seller offer (subject to approval by governing bodies)
 - Allows Seller to seek alternative Buyer if no agreement is reached.
- Buyer Right of First Offer (ROFO) for two years from award of deliverability.



“Tranche 2” Collateral Terms Overview

- If contracted capacity (CC) not selected for study, Buyer must refund full \$25/kW.
- Otherwise through end of Phase I, if CC ceases to advance or Seller withdraws from interconnection process, Buyer may retain up to \$5/kW.
- Upon the start of Phase 2 and until CC 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 CC 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 CC 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.

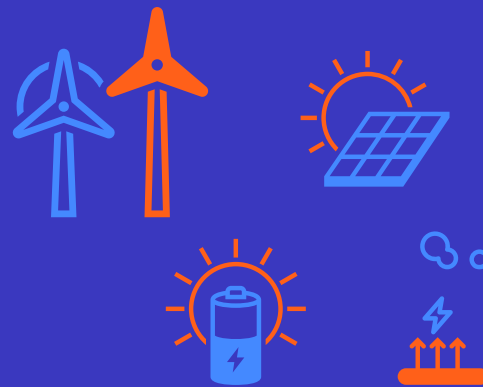


“Tranche 2” Final PPA

- Seller to provide at least one binding written offer within 30 days of earlier of:
 1. Signing an Interconnection Agreement; or
 2. Being allocated or denied FCDS.
- Buyer has 30 days to respond.
- Final PPA must be negotiated within 90 days of Buyer’s acceptance of an offer, subject to approval by respective governing boards.
- While ROFO is in place:
 1. If Buyer and Seller conclude a Final PPA, \$25/kW is credited to the Development Security
 2. If Seller concludes an agreement with a 3rd party without violating ROFO, the \$25/kW is refunded
 3. If Seller concludes an agreement with a 3rd party in violation of the ROFO, Buyer keeps the \$25/kW
- After ROFO expires, Buyer keeps \$25/kW if has not concluded a Final PPA with either Buyer or 3rd Party
- IPE OA term expires after the ROFO but cannot be longer than 9 years.
- ROFO expires 2 years after deliverability determination



Offer requirements



3. Eligibility

Facilities:

- Location: Projects may be within or outside of California. All energy must be deliverable to CAISO with projects requiring Maximum Import Capacity (MIC) specified as such.
- Construction Status: Energy and related products may come from new or existing resources.

Capacity:

- Minimum Contract Capacity: 10 MW
- Maximum Contract Capacity: 500 MW*
 - *For *As-Available RPS Product Plus Energy Storage* applies to generating asset *per CCA* not inclusive of storage capacity
 - *Note: 10500MW is the acceptable capacity range for an offered variation of any product. Acceptable capacity range for required Standard Offers are detailed in Section 5c.*

Initial Delivery Date for Tranches 1&2:

- Energy and RPS attribute and RA delivery must commence within calendar years 2026-33.



3a. Project Viability Requirements

Clean Power:

- All Offers for Products 1, 2, and 3 for “Tranche 1&2” must meet the requirements for either 1) RPS PCC1 or 2) low/zero carbon emitting resources.

Site Control:

- All Offers must demonstrate Site Control.

Interconnection:

- Tranche 1: New Resources: Must have a completed Phase 2 Study at the time of Offer.
- Existing Resources: Existing interconnection required, documentation may be requested.
- Energy-Only: Not required to demonstrate deliverability
- With RA: Must have obtained FCDS, PCDS, or be in process of obtaining deliverability



Interconnection: Projects with RA

Tranche 1 Offers for projects within CAISO that include RA must provide:

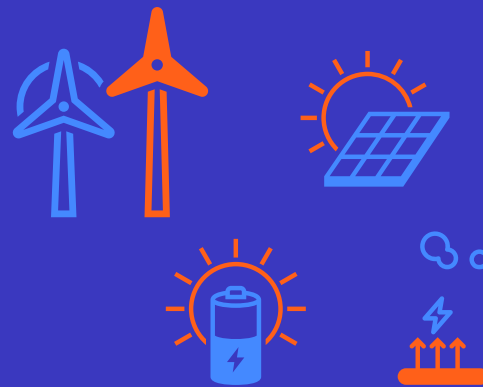
- a. A valid interconnection request including request for sufficient FCDS commensurate with Offer where a Phase 2 report (or equivalent) has been issued.
- b. Evidence of allocated or retained Transmission Planning Deliverability (TP Deliverability or TPD) per the CAISO deliverability allocation process.

Tranche 1 Offers for projects outside CAISO that include RA must provide:

- 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.



Offer development



5. Guidelines for Offer Development

An “Offer” is the submission of all required information for a Standard Offer and any optional additional variations for one product from one site.

Both Tranche 1 and Tranche 2 Offers must contain at least the required Standard Offer detailed for the product.

Required information must be provided in the formats requested:

- Enter all requested data into the relevant Offer Form;
- Enter all requested information as written narrative in the Offer Supplement.

Instructions to input data for each product is covered on Offer Form instructions tabs.

- Products 1-4 → Offer Form 1 (Attachment C.1)



5a. Price

Respondents must submit Offers using the respective product tabs in the Offer Forms contained in Attachments C.1 and C.2.

The price must be stated using the format applicable to the product being offered.

Product	Pricing Format
1. As-Available Product from RPS-eligible resources	\$ / MWh
2. As-Available RPS Product plus Energy Storage	\$ / MWh for RPS + \$ / kW-month (optional VOM) for energy storage
3. Firm or Shaped RPS Product	\$ / MWh for “bundled” energy, RECs, and any associated RA
4. Stand-alone Energy Storage Toll	\$ / kW-month + optional \$ / MWh VOM



5b. Compliant Submission Specifications

All Offers must meet the following specifications in order to be considered for selection.

Term	Terms may be offered for 10-20 years as variations in addition to the required Standard Offer(s).
Price	Prices must be offered at the project Pnode (except Indexed Energy plus RPS Attributes). Respondents are encouraged to also submit Offers at the following settlement points: <ul style="list-style-type: none">• PG&E Default Load Aggregation Point (DLAP)• CAISO liquid trading hub (e.g. SP15, NP15, ZP26, etc.)
Scheduling Coordinator	<u>CCA to be SC:</u> As-Available RPS, As-Available RPS plus Storage, Stand-alone Energy Storage <u>Respondent to be SC:</u> Indexed Energy plus RPS Attributes, Shaped RPS, Shaped Clean Energy Hedge Ava & SJCE are open to alternative proposals on who bears the SC role; please state assumptions where prompted in the Offer Supplement.
Ownership	All projects will be owned by the Respondent.



5c. Required Standard Offer & Variations

- All Offers must comply with the Standard Offer requirements outlined in the protocol.
- Variations from Standard Offer welcomed; must be described in the Offer Supplement.
- All Offer variations must comply with parameters outlined in Section 5b. of the protocol.
- Specific variation components of interest are noted for each product.
- Variations may include any combination of non-standard components.



Product 1: ~~Available~~ RPS Product

Eligible Resources Stand-alone PCC1-eligible generating resources; this may include: solar, wind, geothermal, small hydro or ocean (thermal, wave, or current)

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 Ava offers 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 50-150MW size)



Product 2: Available RPS + Energy Storage

Eligible Resources: PCC1-eligible generating resources with co-located energy storage. Storage may be any commercially viable technology with 2-hr, 4-hr, or 4-hr+ duration capabilities.

Required Products: CCA to 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 project Pnode, fixed price</p> <p><u>RPS Capacity:</u> 10-500 MW RPS Nameplate</p> <p><u>Storage Capacity:</u> $\geq 40\%$ of RPS, at least 4-hr Duration, AC-Connected</p> <p><u>Storage Parameters:</u> able to perform a minimum of 365 cycles per year</p>
	2	<p><u>Term:</u> 10 years</p> <p><u>Pricing Structure:</u> At project Pnode, 2% annual escalation eligible for Ava offers only</p> <p><u>RPS Capacity:</u> 10-500 MW RPS Nameplate</p> <p><u>Storage Capacity:</u> $\geq 40\%$ of RPS, at least 4-hr Duration, AC-Connected</p> <p><u>Storage Parameters:</u> able to perform a minimum of 365 cycles per year</p>



Product 3: Firm or Shaped RPS Product

Eligible Resources PCC1-eligible energy generated by one or more RPS-eligible resources, likely paired with energy storage.

Required Standard Offers	1	<u>Term</u> : 10 years <u>Pricing Structure</u> : At project Pnode, fixed price <u>Capacity</u> : n/a <u>Hourly Delivery</u> : Seller to propose
	2	<u>Term</u> : 10 years <u>Pricing Structure</u> : At project Pnode, fixed price <u>Capacity</u> : n/a <u>Hourly Delivery</u> : please refer to Buyer's proposals in offer form
Encouraged Variations	*	<u>Term</u> : 10 years <u>Pricing Structure</u> : Also priced at Hub (NP15 or PG&E DLAP) <u>Capacity</u> : n/a

Please note different shapes embedded in offer form



Product 4: Standalone Energy Storage Toll

Eligible Resources: Storage may be any commercially viable technology with 2-hr, 4-hr, or 4-hr+ duration capabilities.
Required Products: Ava/SJCE to control dispatch and receive all project attributes including RA, energy arbitrage, A/S.

Required Standard Offers	1	<p><u>Term:</u> 10 years <u>Pricing Structure:</u> At Pnode, fixed capacity price with optional variable O&M cost <u>Capacity:</u> 10 - 200 MW, 4-hr duration. R <u>Degradation:</u> required offer variant includes capacity degradation along a pre-defined schedule (Seller to specify schedule) <u>Storage Parameters:</u> 365 cycles per year</p>
	2	<p><u>Term:</u> 10 years <u>Pricing Structure:</u> At Pnode, low fixed capacity price with <u>high</u> variable O&M cost <u>Capacity:</u> 10 – 200 MW, 4-hr duration <u>Storage Parameters:</u> Seller to identify any cycle limitations</p>
Encouraged Variations	*	<p><u>Term:</u> Minimum 10 years <u>Pricing Structure:</u> At Pnode, fixed capacity price with optional variable O&M cost <u>Capacity:</u> 50 – 100 MW Nameplate, any duration</p>



Preview: Offer Form 1

To be completed for Products 1-4.

If submitting for *multiple products* from the *same facility location*, complete ONE Offer Form, filling out tabs required for all products being offered.

If submitting for *multiple facility locations*, a separate Offer Form file is required for each unique facility.

General Instructions for Completing Offer Form

Offer Form consists of the following tabs, each of which need to be completed in full as listed relative to the product(s) being

--->>> IF submitting for "As-Available Product" complete the following tabs:

1. Respondent Information
2. Facility Info
3. Offer Terms
4. As-Available Generation
or
4. 12x24 Generation

--->>> IF submitting for "As-Available Product Plus Energy Storage Product" complete the following tabs:

1. Respondent Information
2. Facility Info
3. Offer Terms
4. Storage Offer Terms
5. Plus Storage Details
6. Plus Storage Power Schedule

--->>> IF submitting for "Shaped RPS Energy Product" complete the following tabs:

1. Respondent Information
2. Enter number of desired Shaped RPS Product variations and run the provided macro
3. Fill out Shaped RPS Product #

--->>> IF submitting for "Stand-Alone Energy Storage Toll" complete the following tabs:

1. Respondent Information
2. Storage Toll Info
3. Storage Offer Terms
4. Storage Toll Details
5. Storage Toll Power Schedule

--->>> IF submitting for multiple products for the SAME FACILITY LOCATION:

1. Fill out tabs required for all products being offered, as listed above.

--->>> IF submitting for MULTIPLE FACILITY LOCATIONS:

1. A separate Offer Form file is required for each unique facility location.

Submission Overview

- | | |
|--|---|
| | Boxes labeled with this color are titles and information |
| | Boxes labeled with this color are provided examples and required offer submissions |
| | Boxes labeled with this color are required or optional Respondent inputs |
| | Boxes labeled with this color are optional outside of standard conforming offers and may be submitted if Respondent desires |

File Naming Instructions

1. Offer Form files must be saved as "2023_RFO_Offer_Form_RespondentCompanyName_SiteName.xlsx"

Do not include special characters in name

Disclaimer

Copyright 2024 AvA Community Energy Authority. Developed by Chris Ehleman. All Rights Reserved.

East Bay Community Energy Authority does not make any representations or warranties, express or implied, with respect to the information contained herein, including without limitation any representation or warranty that the information contained herein is accurate, complete or timely.



Offer Supplement

Respondent must submit an Offer Supplement detailing requested information on the Respondent party, and project details for all facilities associated with the Offer(s).

The final PDF should include the following sections:

- **Developer Background** *[Complete only once irrespective of how many projects submitted and include as first section in Offer Supplement] PDF*
- **Project Details** *[Complete responses in order– for each project offered; Standard Offers and any variations on the product should be detailed appropriately. Repeat process in a following section for each additional project].*

Instructions and requirements are found in Attachment D: Offer Supplement Requirements.



6. Required Information

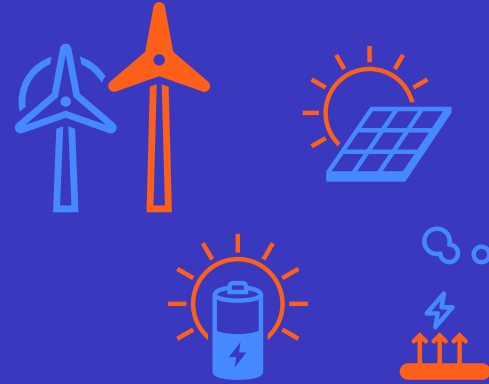
- Offers of different products have unique form submittal requirements. The required documents are detailed in Section 6b of the protocol and outlined in the matrix below, by product:

Requirement	1. AsAvail. RPS Energy	2. AsAvail. RPS+Storage	3. Shaped RPS Energy	4. Standalone Storage
Participation Agreement	✓	✓	✓	✓
Completed Offer Form *(refers to respective Attachment)	✓ (C.1)	✓ (C.1)	✓ (C.1)	✓ (C.1)
Offer Supplement	✓	✓	✓	✓
Redlined Term Sheet *(refers to respective Attachment)	✓ (E.1)	✓ (E.2)	✓ (E.3)	✓ (E.4)
Interconnection Studies	✓	✓	✓	✓
Site Map	✓	✓	✓	✓

**Given that products 1-4 all utilize Offer Form 1, Respondents making Offers for various products from the same facility need not submit more than one Offer Form 1 per facility.*



Offer submission and communications



Notice of Intent to Offer

All Respondents who wish to submit Offers must complete and submit a Notice of Intent to Offer (“NOI”) via email to RFO@avaenergy.org in order to receive a unique submission folder link on Dropbox.

- Ava will provide a submission folder link within two (2) business days of NOI being returned, following this webinar.
- Final deadline to submit NOI is no later than 2 pm PT on October 2, 2024.
- Final deadline to submit offers is no later than 5 pm PT on October 4, 2024.
- Early submission is welcomed and appreciated.
- NOI form and instructions can be found in [Attachment A](#).



7. Communications

- RFO Webpage: <https://avaenergy.org/solicitation/2024rfo/>
- All RFO materials, information, announcements, and Q&A will be posted here.

Submitting Questions: To promote efficiency and accuracy in communications, all Respondents must to submit any inquiries via email to RFO@avaenergy.org. Ava/ SJCE will not respond to any material questions submitted after the final question deadline of September 27, 2024 at 2pm PT.

Ava & SJCE reserve the right to combine, rephrase, or not respond to some questions.



Negotiations



8. Approach to Negotiations

Preference for standardized agreements

Terms will be reviewed across counterparties; one-off edits must be justified

Negotiations for “Tranche 1” resources with earlier CODs may be expedited

Negotiation for “Tranche 2” resources should be completed by mid-December, 2024

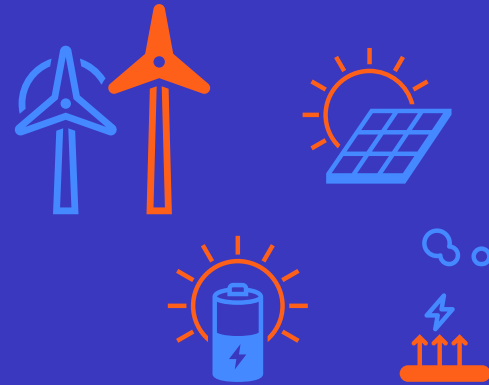
Final agreements will be executed between developer and Ava, or between developer and SJCE. No tripartite agreements.

IPE OA agreements do not require approval by Ava/ SJCE governing bodies.

Final PPAs for both Tranche 1 and Tranche 2 Offers require approval by Ava/ SJCE governing bodies.



Supplier Diversity



CPUC Supplier Diversity Program

Overview of General Order 156 (GO 156):

History: compliance requirement, first adopted April 1988; extended to CCAs in 2019 via SB255

Purpose: increasing procurements *by* utilities, *from* diverse suppliers in all categories

Diverse Suppliers: woman, minority, persons with disabilities, disabled veteran, and/or LGBT-owned business entities that are certified in the Supplier Clearinghouse

Requirement:

- Backward-looking annual report regarding procurement from Diverse Suppliers
- Forward-looking annual plan to achieve program purpose

Certification:

Getting Certified: If your company classifies as a Diverse Supplier, you can pursue a *free* certification with the State's Supplier Clearinghouse.

Benefits of Certification: With certification comes increased visibility which may lead to increased opportunities with private sector companies and utilities seeking to do business with WMDVLGBTBEs.



Ava Supplier Diversity Program

Questionnaire

- In order to collect data required to report to the CPUC, Ava will issue an annual data request/questionnaire in January to all businesses to whom contract payments were made in the prior year. The questions are quite standard across the utilities and CCAs and pertain to GO 156 certification status, subcontracting, and the vendor's own supplier diversity practices.

Technical Assistance

- Ava proudly offers Technical Assistance to companies wishing to pursue certification and/or looking to source potential subs from the Supplier Clearinghouse. Simply email supplier-diversity@avaenergy.org to make a request.

Program & Certification Resources

- Ava has also created and compiled useful resources on our website (www.avaenergy.org/supplier-diversity), which includes a downloadable PDF detailing the processes and benefits around certification.

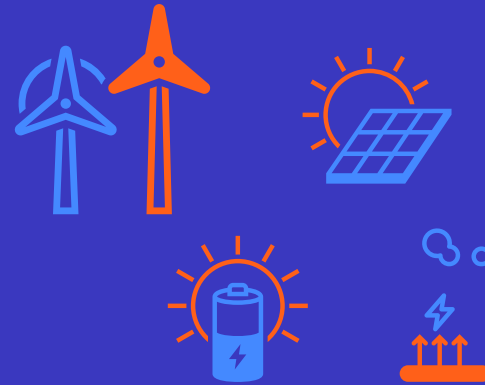


Prop 209 Disclaimer

As a California local government entity bound by California Prop 209, Ava & SJCE are prohibited from considering race, sex, color, ethnicity, or national origin in its contracting and procurement decisions; providing information on certification status and/or use of certified subcontractors will not impact the selection process or good standing of prospective or contracted vendors. Accordingly, in contrast to California's electrical corporations, Ava & SJCE also do not set Supplier Diversity targets or goals.



RFO Timeline and Next Steps



Schedule

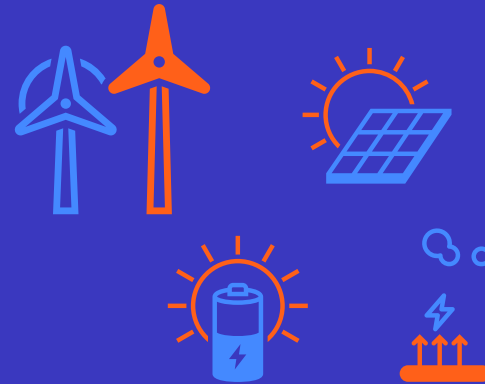
Date / Time	Event
Ongoing	Respondents may register online to receive notices regarding the RFO.
12-Sep24	Ava/ SJCE issue RFO.
17-Sep24: no later than 2pm	Deadline to submit questions for Respondent Webinar.
20-Sep24	Respondent Webinar for RFO at 10am Pacific Time
27-Sep24: no later than 2pm	Final deadline to submit questions.
30-Sep24	Ava/ SJCE to post Q&A document, inclusive of <u>all</u> questions
2-Oct24: no later than 2pm	Final deadline to submit Notice of Intent to Offer.
4-Oct24: no later than 5pm	Offers due. Offers must be submitted via Dropbox, including all required files and related information.
18-Oct24	Ava/ SJCE identify Respondents selected for LSE Interest Point allocation evaluation
25-Oct24	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-Dec24	Tranche 2 negotiations complete
20-Dec24	LSE Interest Point allocation notification
23-Dec24	Comprehensive redlines of pro forma agreements due for shortlisted Respondents
Nov2024Mar2025	Negotiations
DecMar 2025	Contract approvals by Ava & SJCE Board of Directors.

Next Steps

1. Submit Notice of Intent to Offer (Attachment A) to rfo@avaenergy.org
 - Submit NOI to receive Dropbox folder link
 - Final Deadline: October 2, 2024, at 2PM PT
2. Submit final questions to rfo@avaenergy.org by 2PM PT September 27, 2024
3. Ava/ SJCE will post responses to questions by 2pm PT on September 30, 2024
4. Submit Offers via Dropbox by:
 - Final Deadline: October 4, 2024, at 5PM PT



Questions & Answers



Submitted Questions

1. Can an extension beyond Oct 4 be possible?

- ANS: All Tranche 2 offers MUST be submitted on or before the October 4 deadline. Tranche 2 offers are the most time sensitive because of the CAISO's December 23 deadline for load serving entities (LSEs) to allocate their IPE points to projects. While Ava and SJCE prefer for Tranche 1 offers to come in by October 4; the CCAs will evaluate late submissions. Please note that the CCAs have the right to determine a later date is the cut off for offer submissions; should such a date be established, the CCAs will post a revision to the Solicitation Protocol stating the final deadline.

2. How will Ava and SJCE evaluate Site Control? The RFO mentions that respondents "must attest have secured site control for the entire delivery term of their offers," but we would like to better understand how this is defined.

- ANS: During preliminary review, Ava and SJCE will accept developer's representation that Site Control is secured as factual. During later review the CCAs may request additional documentation including a redacted land lease or other evidence as confirmation.



Submitted Questions

3. Could you please clarify the points allocation methodology used in evaluating projects?

ANS: We believe this was addressed in slide 11.

4. In October, when Tranche 2 shortlisted respondents are required to sign the exclusivity agreement, will Ava/SJCE inform respondents of the number of points allocated to their projects at that stage?

ANS: Ava and SJCE will inform contracted resources how many IPE points are allocated to contracted projects. The CCAs intend to allocate 1 point to every 1 MW of nameplate capacity contracted but note that the IPE point allocations each CCA received are odd numbers and may result in a 1:1 nameplate to point ratio or a smaller ratio, like 100:98.

5. How many total Points will be allocated for C15? Specifically for energy projects?

ANS: Ava and SJCE hope and intend to allocate all of the LSE IPE points they were awarded. CCAs will prioritize projects that are seeking deliverability.



Submitted Questions

6. Will there be a distinction for Point allocation for Hybrid vs Stand Alone Storage project ? If Yes, many MW's of Standalone storage will be shortlisted via this RFP.

ANS: Ava and SJCE do not have prescriptive targets for IPE point allocation toward individual resource types.

7. Will QC15 projects be scored on COD viability? If yes, how may respondents demonstrate this?

ANS: Possible COD and project price are requested but are not required. If a developers is unable to provide a meaningful COD estimate or price that is informed by a view of market conditions, you may offer the project absent these details.

8. How can Developers show proof of experience in CAISO, will a short description of respondent's experience without disclosing name of projects suffice?

ANS: A list of publicly announced projects or executed contracts would be appreciated. Developers may also include resumes or biographies of their key staff and overview of staff's work on CAISO projects during their careers prior to their current employer.

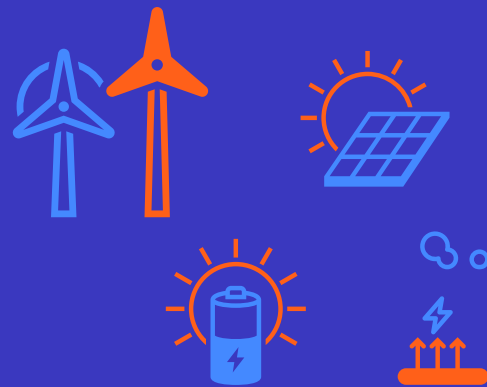


Thank You!

Questions? Contact the RFO
Admin team via email:
RFO@avaenergy.org



Ava's Energy Prepay Transaction



Prepay Overview

Overview of Energy Prepayment Transactions:

- An energy prepayment is a long-term non-recourse financial transaction between a tax-exempt Load Serving Entity (LSE) and a taxable financial counterparty (bank, called “Prepay Supplier”) utilizing the municipal bond market.
 - Typically 30-year term, LSE committing ~\$350-850MM of energy supply contracts (combined contract notional values)
 - LSE utilizes in order to lower customer energy costs
- Prepay Supplier is assigned an existing energy supply contract, pays the contract price to PPA Seller and immediately transfers all electricity and attributes to LSE. LSE pays the Prepay Supplier.
- Municipal utilities (and tax-exempt entities such as CCAs) in the US can prepay for a supply of electricity or natural gas from a taxable entity and fund that prepayment with tax-exempt municipal bonds. The LSE must sell the commodity to their retail end-users residing within their traditional service area.
 - This structure is well known and regularly used for gas and is not being applied towards renewables PPAs
 - Codified in US Tax Law. Since first prepayments of natural gas were done in the early 1990’s, the IRS issued rules allowing tax-exempt prepayments and Congress enacted legislation specifically allowing the transactions (National Energy Policy Act of 2005; Section 1327)



Key Elements of a Prepay Transaction

Power Contract Assignment:

- Existing renewable PPAs are assigned to the taxable Prepay Supplier. The LSE continues to take and pay for energy and attributes delivered through the contract.
- All other terms of the PPA are unchanged.
- If the prepay program terminates early, prepaid supplier fails to perform, or LSE fails to perform, the LSE forgoes the future savings and the assigned PPA contract is put back to the original LSE.
- Active Suppliers: Goldman Sachs, Morgan Stanley, Royal Bank of Canada, Citi, Bank of America are all investment grade rated financial institutions.

Debt:

- Non-Recourse: Prepays utilize non-recourse municipal bonds and are *not* secured or guaranteed by the referenced entity (i.e. the CCA). Rather the debt is recourse to the Prepay Supplier (i.e. the bank receiving the prepayment). This significantly protects the CCA and mitigates risk related to the payment of power contracts novated through the prepay.
- Off Balance sheet for LSE: Bonds are issued by a municipal bond conduit and arranged by the Prepay Supplier.



Prepay Structure

