

LOS ANGELES COMMUNITY CHOICE ENERGY

REQUEST FOR PROPOSALS

FOR THE

**PURCHASE OF POWER SUPPLY COMMODITY PRODUCTS AND
ANCILLARY SERVICES**

RFP RELEASE DATE: August 14, 2017
RESPONSE DEADLINE: September 5, 2017

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Overview

Los Angeles Community Choice Energy (“LACCE”) is seeking proposals for the purchase of power supply commodity products and related ancillary services to supply retail electricity requirements of customers of the LACCE Community Choice Aggregation Program (“CCA Program” or “Program”).

At full enrollment, peak demand and annual energy consumption for the LACCE Program are projected to be approximately 1000 MW and 3,470 GWh respectively. LACCE’s retail service accounts are expected to total approximately 285,000.

LACCE anticipates enrolling prospective LACCE customers in three phases. These phases are illustrated on Exhibit 1 below.

| Exhibit 1 LACCE Metrics | | | | | |
|------------------------------------|----------------------|---|--------------------------------|-------------------------|--------------------------------|
| Phase | Assumed Start | Eligibility | Total Customer Accounts | Total Load (GWh) | Annual Peak Demand (MW) |
| Phase 1 | January 2018 | County Owned Facilities | 1,700 | 170 | 40 |
| Phase 2 | June 2018 | Municipally Owned, Commercial, and Industrial | 27,000 | 1,950 | 463 |
| Phase 3 | Q4 2018 | All Customers | 285,000 | 3,470 | 1,000 |

Data for Phases 2 and 3 include accounts, load and peak from previous phases. Estimates assume a 95% and 85% participation rate for residential and non-residential customers respectively. Loads are expressed as wholesale load, including 7 percent transmission and distribution losses. Loads are presented on an annual basis assuming each phase would be run for a full year.

This Request for Proposals (“RFP”) is seeking proposals to reliably meet the electric supply commodity purchase and ancillary service requirements of the Phase 1 LACCE Program. The term of these requested products will be three years. Responsive proposals will accommodate LACCE’s anticipated service commencement date for Phase 1, which is expected to occur in January, 2018. This RFP seeks proposals for the following energy products and services necessary to support LACCE Phase 1 operation:

- Shaped or block energy
- RPS-eligible renewable energy
- Large hydroelectric generated carbon free energy
- Resource adequacy capacity

The power supply and ancillary services requirements for Phases 2 and 3 of LACCE operations will be the subject of subsequent RFPs. Respondents must submit proposals and indicative prices for the full set of requirements (all requested products and services) noted in this RFP.

This RFP will be conducted in accordance with the schedule set forth below. Final proposer selection will be contingent upon LACCE authorization to proceed with implementation of the Program.

RFP Schedule

| | |
|---------------------------------|-------------------|
| Release RFP | August 14, 2017 |
| Deadline for Question Submittal | August 21, 2017 |
| Response to Questions | August 28, 2017 |
| Proposals Due | September 5, 2017 |

Overview of LACCE Power Supply Requirements

LACCE has specified four *representative* resource portfolios for LACCE Phase 1 customers, and has evaluated the impact of the varying levels of renewable and carbon free resources in LACCE's portfolios. For each resource portfolio below, the share of energy sourced from renewable sources, and other (non-renewable) sources is specified. Renewable resources refer to resources that qualify under the State's Renewable Portfolio Standards ("RPS"). At present, SCE's power supply is roughly 35 percent renewable. LACCE is considering offering four resource portfolio options to its customers. These options follow:

- **Match SCE Renewable:** LACCE will match SCE's renewable targets (currently 35%)
- **50% Renewable:** LACCE will offer 50% renewable energy
- **Maximize Renewables up to SCE current retail rate level:** Maximize renewable energy until LACCE generation rate equals SCE generation rate
- **100% Renewables:** LACCE will offer 100% renewable energy

Per the State's RPS requirements, smaller scale renewable installations (e.g. rooftop solar) installed by LACCE customers are not counted in the renewable percentages shown in this RFP. Only power purchased and paid for by LACCE from RPS-eligible installations will count towards the renewable percentage.

Overview of Requested Pricing

This RFP is directed at Phase 1 LACCE loads only. Phases 2 and 3 power supply will be analyzed and acquired through a subsequent RFP process.

For Phase 1 customers, LACCE requests a three-year, firm price for the four resource portfolio options above. This firm price per portfolio option can be fixed for the three-year term or graduated annually. The proposer's initial response should be priced for the three-year period based upon market prices at the time the proposal is received by LACCE. Evaluation of proposals will be predicated on these initial prices. A preferred proposer will then be selected. The preferred proposer will be allowed to refresh these prices just before Phase 1 launch based upon any changes in wholesale market prices and/or final resource portfolio options selected by LACCE for Phase 1 customers.

Details of Requested Products and Services

For Phase 1, LACCE is requesting a turnkey "full requirements" type of contract where the proposer provides all the needed power supply commodity and ancillary service requirements to meet Phase 1 loads. For purposes of this contract, LACCE defines ancillary services according to the standard California Independent System Operator ("CAISO") definition: Regulation, Spinning Reserve, Non-Spinning Reserve, Voltage Support and Black Start together with such other interconnected operation services as the CAISO may develop in cooperation with Market Participants to support the transmission of Energy from Generation resources to Loads while maintaining reliable operation of the CAISO Controlled Grid in accordance with WECC standards and Good Utility Practice¹.

LACCE is in the process of obtaining an independent California Independent System Operator ("CAISO") schedule coordinator and power supply services expert to provide scheduling coordinator services, assist LACCE in the mechanics of optimizing its power supply costs and ancillary services purchases, evaluate power procurement RFPs and provide general power supply consulting services. This current RFP is intended to provide the actual power supply commodity products and ancillary services needed to meet the needs of LACCE retail customers. It is anticipated that the successful proposer to this RFP will work closely with LACCE's scheduling coordinator to minimize LACCE's total supply costs. It is unlikely that LACCE will select the same vendor for providing power supply/ancillary products and scheduling services but vendors should feel free to propose on both RFP's.

Full requirements turnkey pricing for the four noted resource portfolio options is requested from proposers. Definitions of terms relevant to LACCE's power supply requirements follow:

¹ http://www.caiso.com/Documents/AppendixA_Definitions_asof_Apr10_2017.pdf

1. Shaped Energy – Electric energy requirements, in specified volumes, associated with the LACCE Phase 1 customer load requirements. The selected proposer shall be responsible for electric energy delivery, as defined by the CAISO. Proposers shall bid a shaped energy profile where deliveries match the projected hourly load profiles of LACCE.
2. Renewable Energy – Energy and renewable energy certificates from qualifying renewable resources that meet the eligibility criteria established under California’s RPS program (also known as “Eligible Renewable Resources”), as published and occasionally updated by the California Energy Commission (“CEC”). Eligible Renewable Resources, as defined by the CEC, generally include electric generators utilizing one or more of the following technologies: wind, small hydroelectric (30 MW or less), geothermal, biogas including landfill gas, digester gases and gas conversion or gasification technologies, direct combustion biomass, biodiesel power producing facilities, photovoltaic, solar thermal, fuel cells using eligible renewable fuels, qualifying municipal solid waste conversion, tidal current, ocean wave, and ocean thermal technology.

LACCE seeks proposals that include renewable energy products meeting the delivery requirements established for Portfolio Content Category 1 (“PCC1”) and Portfolio Content Category 2 (“PCC2”), as defined under California’s RPS program. The specific annual volumes of PCC1 and PCC2 renewable energy will depend on which resource portfolio option is being priced. LACCE expects that all renewable energy certificates associated with the requested renewable energy product volumes will be transferred in a timely manner by the proposer to LACCE via the Western Renewable Energy Generation Information System (“WREGIS”).

LACCE will prioritize the procurement of energy from local renewable resources within Los Angeles County borders that supports the local labor force. Proposers must detail their strategy for procuring local, renewable resources, and for supporting the labor force in LA County.

3. Carbon Free Energy – LACCE seeks proposals for additional carbon free energy volumes to supplement the aforementioned renewable energy volumes. For purposes of this RFP, carbon free energy will be limited to unit-specific hydroelectric generators located within the Western Electricity Coordinating Council and deliverable to California, and accompanied with sufficient documentation to substantiate LACCE’s inclusion of such volumes under the reporting requirements of California’s Power Source Disclosure Program, including related hydroelectricity claims, on LACCE’s annual Power Content Label. All carbon free energy shall be scheduled for delivery to the CAISO in a manner that eliminates any financial risks to LACCE while ensuring that GHG emission benefits associated with such volumes are retained by LACCE.
4. Resource Adequacy Capacity – All proposals must contain resource adequacy (“RA”) capacity satisfying applicable requirements for the following capacity products: (1) SP 15 System RA; (2) Local RA; and (3) Flexible RA.

Delivery Term

The anticipated duration of any power purchase agreement entered into under this RFP will be three years and for Phase 1 load only. The term of the agreement is expected to begin on/around January, 2018 and extend to December 31, 2020.

Evaluation Criteria

Proposals will be evaluated based on the following list of criteria:

- Financial viability of the respondent (20%)
- Qualifications and experience of the respondent successfully providing similar products and services, including the capability and experience of key personnel as well as experience with other public and/or private agencies (20%)
- Proposed approach, including a clearly demonstrated understanding of the intended scope of products and services to be provided (15%)
- Pertinent references (10%)
- Cost to LACCE for the products and services identified in this RFP; (15%)
- Proposals that support the labor force of LA County and the procurement of energy from local renewable sources. (10%)

LACCE reserves the right to consider factors other than those specified above and to request additional information from any/all respondents as part of the selection process. Through issuance of this RFP, LACCE makes no commitment to any proposer and provides no guarantee that a contract will be awarded. LACCE reserves the right to discontinue this RFP process at any time for any reason. LACCE will bear no costs associated with the preparation of any proposals.

Financial and Operational Capabilities

The proposer must provide evidence of financial, technical and operational capabilities for delivery of the requested energy products and performance of the requested services.

The proposer or any guarantor must provide the following:

- Audited financial statements from the previous two years or a web-link where such information is accessible.
- If available, a credit rating from two of the following: Standard & Poor's, Moody's, or Fitch Investor Services from the most recent rating agency report.

In order to reduce LACCE's cash working capital requirements, creative solutions from proposers

are requested where by wholesale power bill payments by LACCE may be delayed until associated retail revenues are received. Proposer should also state if any collateral requirements associated with various power purchase agreements can be met by the proposer.

Proposer should demonstrate their qualifications in providing similar energy products and services within the CAISO control area.

Proposer should provide a minimum of three (3) references for current and/or prior agreements under which the respondent provided similar energy products and services to load serving entities or retail customers, preferably within California.

Respondent Proprietary Information

Information submitted in response to this RFP will be used by LACCE or its designated representatives, including consultants, solely for the purpose of evaluating the proposals. Proprietary data should be specifically identified on every applicable page of the proposer's proposal; proposers should mark or stamp applicable pages as "Confidential" or "Proprietary." Reasonable care will be exercised so that information clearly marked as proprietary or confidential will be kept confidential, except as required by law or regulatory authority. LACCE, its employees and consultants will not be liable for the accidental disclosure of such data, even if it is marked.

Proposal Format

Proposal information should be organized into the following sections:

- Introduction and Executive Summary - Briefly describe the firm, its organization, key personnel, and operations, and provide similar information for any third parties that will be relied upon to provide the proposed services.
- Description of Proposed Services – Describe the proposed services and power supply sources. Additionally, describe approach to procuring local renewable resources and supporting the labor force within LA County.
- Financial, Technical, and Operational Qualifications – Demonstrate the firm's financial viability, qualifications, and experience in providing the proposed services. As noted above, include supporting financial statements, credit reports, references, description of sustainability practices and other relevant information.
- Master Agreement – LACCE expects to use the standard Edison Electric Institute (EEI) master contract.

- Pricing – Provide indicative pricing for the four power products noted above. These products are for full requirements supply for a three-year term for Phase 1 loads. These products are:
 - Match SCE renewable levels – The product should mirror the SCE percentage of renewable energy for the three-year term. SCE’s forecast percentage of renewable energy contained in its standard rates can be referenced at http://www.cpuc.ca.gov/RPS_Homepage/.
 - 50% renewable – This product should contain 50% renewable energy consistent with the defined resources contained in the California RPS regulations.
 - Maximize renewables up to where the resultant LACCE generation rate is equal to SCE’s generation rate. This product should maximize the percentage of renewable resources up to the point where the resultant generation rate equals SCE’s generation rate.
 - 100% renewables – This product should contain 100% renewable energy for the three-year period.

Reservation of Rights

LACCE reserves the right to change the requirements, due dates, and other CCA Program requirements as may be necessary for the development of the overall CCA Program.

Proposal Delivery

Proposals must be received by 5:00 P.M. Pacific Prevailing Time on September 5, 2017 through electronic submission and shall be directed to the following point of contact:

Los Angeles Community Choice Energy
Phone: 213-893-0286

Attention: Matt Skolnik
Email: mskolnik@ceo.lacounty.gov

Inquiries regarding this RFP may be directed to Matt Skolnik at the above contact information no later than August 21, 2017.

Thank you for your interest in doing business with LACCE.

Sincerely,

LACCE Staff

Attachments:

- Attachment A – Prospective Contractor References
- Attachment B – Prospective Contractor List of Contracts
- Attachment C – Prospective Contractor List of Terminated Contracts
- Attachment D – LACCE Phase 1 Monthly Load

ATTACHMENT C

PROSPECTIVE CONTRACTOR REFERENCES

Contractor's Name: _____

List five (5) references where the same or similar scope of services were provided in order to meet the Minimum Requirements stated in this solicitation.

| | | | | |
|------------------------|-------------------------------|-----------------------|-----------------------------|-----------------------|
| 1. Name of Firm | Address of Firm | Contact Person | Telephone # () | Fax # () |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |
| 2. Name of Firm | Address of Firm | Contact Person | Telephone # () | Fax # () |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |
| 3. Name of Firm | Address of Firm | Contact Person | Telephone # () | Fax # () |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |
| | | | | |

ATTACHMENT D

PROSPECTIVE CONTRACTOR LIST OF CONTRACTS

Contractor's Name: _____

List of all public entities for which the Contractor has provided service within the last three (3) years. Use additional sheets if necessary.

| | | | | |
|------------------------|-------------------------------|-----------------------|-----------------------------|-----------------------|
| 1. Name of Firm | Address of Firm | Contact Person | Telephone # () | Fax # () |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |
| 2. Name of Firm | Address of Firm | Contact Person | Telephone # () | Fax # () |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |
| 3. Name of Firm | Address of Firm | Contact Person | Telephone # () | Fax # () |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |
| 4. Name of Firm | Address of Firm | Contact Person | Telephone # () | Fax # () |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |
| 5. Name of Firm | Address of Firm | Contact Person | Telephone # () | Fax # () |
| Name or Contract No. | # of Years / Term of Contract | | Type of Service | Dollar Amt. |

ATTACHMENT E

PROSPECTIVE CONTRACTOR LIST OF TERMINATED CONTRACTS

Contractor's Name: _____

List of all contracts that have been terminated within the past three (3) years.

| | | | | |
|------------------------|------------------------|-------------------------|-----------------------------|-----------------------|
| 1. Name of Firm | Address of Firm | Contact Person | Telephone # () | Fax # () |
| Name or Contract No. | | Reason for Termination: | | |
| 2. Name of Firm | Address of Firm | Contact Person | Telephone # () | Fax # () |
| Name or Contract No. | | Reason for Termination: | | |
| 3. Name of Firm | Address of Firm | Contact Person | Telephone # () | Fax # () |
| Name or Contract No. | | Reason for Termination: | | |
| 4. Name of Firm | Address of Firm | Contact Person | Telephone # () | Fax # () |
| Name or Contract No. | | Reason for Termination: | | |

ATTACHMENT D LACCE Monthly Load (kWh) by Rate Class

The following table shows the forecast Phase 1 load for LACCE, consisting of municipal accounts only. This forecast assumes 100% participation because all are municipal. Note that LACCE anticipates launching a second phase as early as June 2018, which would increase the load by roughly ten-fold. While the existing bid is for Phase 1 load only, Phase 1 power supply providers will be encouraged to bid on Phase 2 and 3 loads as well.

| Year | Month | DOM | STL | TC-1 | TOU-GS-1 | TOU-GS-2 | TOU-GS-3 | TOU-PA-2 | TOU-PA-3 | TOU-8-SEC | Total |
|------|--------------|---------|------------|-----------|-----------|------------|------------|-----------|-----------|------------|-------------|
| 2018 | Jan | 16,914 | 2,069,290 | 119,595 | 391,004 | 2,104,534 | 1,320,955 | 484,082 | 242,311 | 7,112,003 | 13,860,687 |
| 2018 | Feb | 13,409 | 2,053,286 | 112,842 | 391,561 | 2,069,414 | 1,356,760 | 474,654 | 242,873 | 7,030,900 | 13,745,699 |
| 2018 | Mar | 13,902 | 2,015,987 | 109,857 | 404,094 | 2,149,646 | 1,406,391 | 539,845 | 258,897 | 7,370,073 | 14,268,691 |
| 2018 | Apr | 13,922 | 1,993,869 | 108,859 | 414,047 | 2,221,534 | 1,425,634 | 599,968 | 293,464 | 7,079,936 | 14,151,234 |
| 2018 | May | 13,137 | 1,954,990 | 106,167 | 396,956 | 2,142,134 | 1,386,021 | 611,777 | 277,858 | 7,313,243 | 14,202,284 |
| 2018 | Jun | 14,872 | 1,930,882 | 104,171 | 415,567 | 2,248,862 | 1,440,517 | 628,311 | 292,034 | 7,199,206 | 14,274,422 |
| 2018 | Jul | 18,907 | 1,928,481 | 106,291 | 465,654 | 2,486,551 | 1,553,767 | 674,766 | 326,259 | 7,614,364 | 15,175,038 |
| 2018 | Aug | 19,860 | 1,547,806 | 102,418 | 467,135 | 2,497,185 | 1,533,658 | 631,974 | 315,159 | 6,549,190 | 13,664,384 |
| 2018 | Sep | 22,501 | 1,178,247 | 107,105 | 496,309 | 2,684,000 | 1,685,330 | 662,842 | 327,618 | 7,741,877 | 14,905,830 |
| 2018 | Oct | 18,226 | 1,995,528 | 110,176 | 452,506 | 2,576,157 | 1,612,895 | 703,093 | 357,814 | 8,000,436 | 15,826,833 |
| 2018 | Nov | 13,809 | 2,450,542 | 115,105 | 398,413 | 2,273,833 | 1,479,694 | 606,120 | 307,405 | 9,418,325 | 17,063,245 |
| 2018 | Dec | 15,735 | 2,122,946 | 120,114 | 399,815 | 2,218,826 | 1,423,201 | 549,833 | 283,163 | 7,644,143 | 14,777,776 |
| 2018 | Total | 195,192 | 23,241,853 | 1,322,699 | 5,093,062 | 27,672,678 | 17,624,823 | 7,167,266 | 3,524,855 | 90,073,696 | 175,916,124 |