



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

March 27, 2019

Dear Sir/Madam:

Request for Offers from Interested Buyers of California Renewable Energy Portfolio
Content Category 1 Renewable Energy

The Metropolitan Water District of Southern California (MWD) is soliciting offers for a 3-year, 5-year or 10-year sale of renewable output from four of its existing small conduit hydroelectric power plants (combined total nameplate capacity is 29 MW) all located in southern California. The four plants are certified Renewable Portfolio Standard by the California Energy Commission and qualify as bundled renewable or Portfolio Content Category 1 (PCC 1)¹ products. This renewable product includes scheduling coordinator services and all associated attributes. The sales would begin October 1, 2019 and end on September 30, 2022, September 30, 2024 or September 30, 2029, or as agreed between the parties. The attached Request for Offers (RFO) provides information on this solicitation as well as the process to submit offers which is also available on the web site <http://www.mwdh2o.com/Doing-Business/Pages/default.aspx>

If your organization intends to make an offer, please review the RFO and complete the attached spreadsheet (Exhibit 5). Your response of a completed Exhibit 5 must be received by MWD's Specifications Desk, Third Floor by 3:00 pm Pacific Prevailing Time on April 26, 2019. The address for delivery of the three completed copies of Exhibit 5 via courier, in person, or by postal mail is included in the RFO. Alternatively, responses can be transmitted by email to the address included in the RFO.

If you have any questions concerning this RFO, please contact Mr. Shawn Bailey at 213-217-7381, sbailey@mwdh2o.com or Ms. Jenny Li at 213-217-7374, jli@mwdh2o.com and responses will be posted on the MWD website listed above.

MWD appreciates your consideration of this solicitation and looks forward to your response.

Sincerely,

Shawn Bailey
Manager of Power Operations and Planning

¹ Established in California Public Utilities Code § 399.16 (b), pursuant to SB 2 (1X).

**The Metropolitan Water District of Southern California
Request for Offers (“RFO”)
Sale of Renewable Energy Portfolio Content Category 1 Product
March 27, 2019**

**RFO Responses are to be received no later than
3:00 pm PPT, April 26, 2019**

**At The Metropolitan Water District of Southern California
Power Operations and Planning Section
700 North Alameda Street,
Los Angeles, California 90012
Attn: Specifications Desk, Third Floor
Email: PResources@mwdh2o.com**

The Metropolitan Water District of Southern California
Request for Offers (“RFO”)
Sale of Renewable Energy Portfolio Content Category 1 Product
RFO 4 Conduit HEP’s
March 27, 2019

1	Purpose	1
2	Term	1
3	Description	1
3.1	MWD	1
3.2	4 Conduit Hydros and Renewable Status	1
4	Renewable Energy PCC 1 Sale Details for RFO	2
4.1	Interconnection Status and Point of Delivery to CAISO Grid	2
4.2	Renewable Energy PCC 1 Product Description	3
4.3	Operations	3
4.4	Scheduling & Settlement	3
5	Contract Price	4
6	Credit Requirements	4
6.1	MWD Credit	4
6.2	Counterparty Credit	4
7	Enabling Agreement	5
8	Required Contract Provisions	5
9	Offer Evaluation	5
10	Evaluation Criteria	5
11	Timeline	6
12	Offer Submittal	6
13	Conditions	8
14	List of Exhibits	8
	Exhibit 1: Map Identifying Location of 4 Conduit HEP’s Power Plants	9
	Exhibit 2: Historical Metered Generation (2009 – 2018)	10
	Exhibit 3: HEP Profile and Generation Trend	14
	Exhibit 4: Power Purchase and Sale Agreement	14
	Exhibit 5: Offer Response Pages (Attached Spreadsheet)	15

1 Purpose

The Metropolitan Water District of Southern California (MWD) is soliciting offers for the sale of renewable Portfolio Content Category 1 (PCC 1) energy from four of its small conduit hydroelectric power plants (“4 Conduit HEP’s”) located in southern California.

2 Term

MWD is considering one of the following preferred delivery terms listed below:

Option 1: A three year term commencing October 1, 2019 and ending on September 30, 2022.

Option 2: A five year term commencing October 1, 2019 and ending on September 30, 2024.

Option 3: A ten year term commencing October 1, 2019 and ending on September 30, 2029.

MWD may consider alternative delivery terms. However, such alternatives may only be considered if at least one of the three preferred options above are also submitted.

3 Description

3.1 MWD

MWD is a public agency and quasi-municipal corporation created in 1928 by vote of the electorates of several southern California cities. MWD’s primary purpose is to provide a supplemental supply of water for domestic and municipal uses and purposes at wholesale rates to its member agencies. MWD is one of the country’s largest water wholesalers, providing supplemental water to its 26 member public agencies for approximately 19 million residents in southern California. MWD is governed by a 38-member Board of Directors made up from the member agencies. MWD’s service area comprises 5,200 square miles and includes portions of the six counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura. Existing MWD facilities include a 242-mile-long Colorado River Aqueduct with five pumping plants, a distribution system utilizing eight functional reservoirs, five water treatment plants, 43 pressure control structures, sixteen hydroelectric plants, 305 miles of 230 kV transmission lines, and approximately 830 miles of large diameter pipelines. More detailed information regarding MWD can be found at the Internet site <http://www.mwdh2o.com/>

3.2 4 Conduit Hydroelectric Plants and Renewable Status

Refer to Tables 1 and 2 below. The 4 Conduit HEP’s have a combined total nameplate rating of 29 MW and are:

- a) Certified Renewable Portfolio Standard by the California Energy Commission;
- b) Qualify as bundled renewable or PCC 1² and the Renewable Energy Credits (RECs) tracked and transferred in the Western Renewable Energy Generation Information System (WREGIS);
- c) Interconnected to the Southern California Edison Company’s (SCE’s) distribution system;

² Established in California Public Utilities Code § 399.16 (b), pursuant to SB 2 (1X).

- d) Delivered to the California Independent System Operator (CAISO) grid through SCE’s Wholesale Distribution Access Tariff (WDAT) and measured/settled using CAISO certified meters;
- e) Located along MWD’s water distribution system, refer to Exhibit 1 for their general location; and
- f) Maintained on a routine basis and have been in service since the dates shown.

Conduit Hydros	Nameplate Capacity (MW)	Comm. Op. Date (mm/yyyy)	So. Calif City Location	FERC Conduit Project No.	CEC RPS ID	WREGIS ID
Foothill Feeder	9.04	04/1981	Castaic	2896	63682A	W5508
San Dimas	9.92	06/1981	San Dimas	2896	60547A	W5515
Lake Mathews	4.9	08/1980	Riverside	2896	60545A	W5510
Yorba Linda	5.1	11/1981	Yorba Linda	2896	60548A	W5516
	29.0					

Historical generation profiles are shown in Exhibit 2. Power production from these units are dependent on water flow configurations in Metropolitan’s water distribution pipelines based on water operational needs. These HEPs are not considered “use-limited” resources under the revised CAISO definition effective April 1, 2019.

Throughout this RFO, respondents, proposed bidders or buyers shall be identified as “Buyers”.

4 Renewable Energy PCC 1 Sale Details for RFO

4.1 Interconnection Status and Point of Delivery to CAISO Grid

These existing PCC 1 certified facilities are all connected to SCE’s distribution system under long-term interconnection agreements as shown in Table 2 below.

Conduit Hydros	SCE WDAT ID	Pt of Delivery with CAISO (POD)	Pricing Node with CAISO (Pnode)	Local Area
Foothill Feeder	WDT133	Pardee 230kV	SAUGUS_6_N009	Big Creek - Ventura
San Dimas	WDT133	Padua 230kV	PADUA_6_N006	LA Basin
Lake Mathews	WDT133	Chino 230kV	MIRALOMA_6_N007	LA Basin
Yorba Linda	WDT133	Villa Park 230kV	VILLAPK_2_N028	LA Basin

4.2 Renewable Energy PCC 1 Product Description

The product for sale during the selected term is as defined as:

- a) RPS Portfolio Content Category 1 - Renewable Energy is comprised of energy and the equivalent quantity of renewable attributes generated by the HEP's which meets the criteria for Section 399.16(b)(1) of the Public Utilities Code.

4.3 Operations

- a) MWD's obligation to use its water distribution system to deliver water to its member public agencies shall have priority and is the determining factor in the amount of energy generated from the 4 Conduit HEP's.
- b) MWD will, whenever possible and consistent with prudent operating practice, perform all scheduled maintenance during the non-summer months.
- c) MWD will make every reasonable effort, consistent with its water delivery obligations and prudent operating practice, to maximize delivery of renewable energy.
- d) Buyer will receive all energy, capacity, and renewable attributes from the HEP's at Foothill Feeder, San Dimas, and Lake Mathews HEP.
- e) Specifically for the Yorba Linda HEP, MWD will use a portion of the energy generated at the Yorba Linda HEP to serve its retail load at MWD's Diemer Treatment Plant. The historical load of the Diemer Treatment Plant is shown in Exhibit 3. Buyer will receive any remaining energy not used to serve MWD load, plus the available generation capacity and renewable attributes generated by the Yorba Linda HEP. The monthly retail consumption by the Diemer Treatment Plant for calendar years 2014-2018 is shown in Exhibit 3.

4.4 Scheduling & Settlement

- a) MWD shall be responsible for providing Scheduling Coordinator services and for scheduling the 4 Conduit HEP's energy and outages with the CAISO.
- b) Bundled energy from the 4 Conduit HEP's shall be deemed delivered to the Buyer at the CAISO grid Point of Delivery and MWD shall provide a summary of the total hourly metered energy that was delivered as a supplemental report in the monthly invoices. Charges to the Buyer shall be calculated as the product of the metered hourly quantity in megawatt hours (MWh) and all renewable attributes as included in the Contract Price (described in Section 5 below).
- c) Invoices and payment will be submitted monthly.
- d) MWD will transfer the RECs to Buyer's designated WREGIS account.

5 Contract Price

Preferred prices quoted must be clearly stated in \$(US)/MWh. Fixed nominal prices should be quoted for each year of the applicable contract term. Pricing should take into account the value of the energy and RECs, including rights to all attributes.

Preferred prices must be quoted for at least one contract term; however, the Bidder can submit prices for any two or all three contract terms:

- Option 1: A 3-year term commencing October 1, 2019 and ending on September 30, 2022.
- Option 2: A 5-year term commencing October 1, 2019 and ending on September 30, 2024.
- Option 3: A 10-year term commencing October 1, 2019 and ending on September 30, 2029.

MWD may consider alternative price structures. However, such alternatives may only be considered if at least one of the three preferred options above are also submitted.

By submitting an offer, Buyer acknowledges and agrees that each of its offers reflect a firm price. Short-listed Buyer(s) will be selected based on the criteria identified in Section 10.

6 Credit Requirements

6.1 MWD Credit

The credit rating for MWD's fixed rate revenue bonds is AA+ by Fitch, Aa2 by Moody's, and AAA by Standard & Poor's. MWD's general obligation bonds are rated AAA by Fitch, Aaa by Moody's, and AAA by Standard & Poor's.

MWD's annual financial report and recent official statements are available at:

<http://www.mwdh2o.com/WhoWeAre/Management/Financial-Information/Pages/default.aspx>

6.2 Counterparty Credit

All transactions are contingent upon the Buyer meeting and maintaining the credit requirements as established in this RFO below.

- a) Buyer's unsecured long-term debt must be rated BBB or higher by Standard and Poor's (S&P), and Baa2 or higher by Moody's Investor Services, Inc., if the Buyer is rated by both agencies. If a Buyer is not rated, or Buyer's credit is lower than BBB by S&P or Baa2 by Moody's, then said Buyer must provide a guaranty by a guarantor company with a credit rating of BBB or higher by S&P, or Baa2 or higher by Moody's.
- b) Buyer consents to allow an independent third party contracted by MWD to prepare a financial evaluation.

7 Enabling Agreement

The award of a contract is contingent upon the successful negotiation of terms and formal approval by MWD and its Board of Directors. The sale agreement of renewable energy PCC 1 product shall be in accordance with and subject to the terms and conditions of the Power Purchase and Sale Agreement, as negotiated and executed by the both parties. The template for the Power Purchase and Sale Agreement can be found in Exhibit 4.

8 Required Contract Provisions

- a) Buyers must comply with all applicable federal and state laws.
- b) Governing law shall be the law of the State of California.
- c) Venue for dispute resolution and litigation shall be Los Angeles County, California.
- d) Credit requirements as described in Section 6.2 above.
- e) Payment provisions that allow payments to be made not more than 15 days after the last day of the month in which energy was delivered and the WREGIS RECs were transferred to the Buyer.

9 Offer Evaluation

A review panel will evaluate all offers received by the deadline in accordance with the criteria identified below. MWD will develop a short list of offers from which MWD will select the most competitive offers for direct negotiations. MWD reserves the right to evaluate and select offers in a manner that ultimately produces the most competitive responses from which to begin negotiations.

10 Evaluation Criteria

MWD may conduct oral interviews as necessary to develop a short list of offers that best meet MWD's needs. Criteria upon which RFO responses will be evaluated include, but are not limited to, the following:

- a) Contract Price and material economic terms;
- b) Buyer's proposed term;
- c) Buyer's financial stability;
- d) Buyer's experience and past contract performance; and,
- e) MWD's exposure to risk.

11 Timeline

For Buyer's reference, a preliminary timeline is provided below. MWD reserves the right to change the timeline at any time and to delete or add to events shown below.

Date/Time	Event
March 27, 2019	MWD issues RFO
April 5, 2019	Deadline for Buyers to submit questions
April 12, 2019	Deadline for MWD to post responses
April 26, 2019	3:00 pm deadline for MWD to receive offers
May 10, 2019	MWD notifies Buyers of evaluation results
Mid May – Late June 2019	Contract negotiations period
July 2019 – August 2019	MWD Board approval period
October 1, 2019	Deliveries of 4 Conduit Hydro to commence

12 Offer Submittal

- a) Buyer is encouraged to carefully review this RFO to ensure it has submitted all required information. MWD reserves the right to reject any or all offers or select the offer most advantageous to MWD. MWD reserves the right to verify all information submitted in the offer.
- b) This RFO is valid through the date on which the MWD Board of Directors approves the Power Purchase and Sale Agreement.
- c) MWD reserves the right to amend this RFO or issue a Notice of Amendment to address questions for clarification.
- d) Buyer may modify or amend its offer only if MWD receives the amendment prior to the deadline stated herein for receiving an offer.
- e) An offer may be considered non-responsive if conditional, incomplete, or if it contains alterations of form, additions not called for, or other irregularities that may constitute a material change to the offer.
- f) MWD is subject to the California Public Records Act (PRA), California Government Code §6250 et. seq. Consequently, all submittal information is subject to disclosure to the general public. Buyer may request confidential treatment of certain information provided that the information qualifies for exemption from public disclosure under California Government Code §6254. If Buyer seeks confidential treatment for information meeting the foregoing requirement, any such information shall be clearly marked "Confidential." If MWD receives a request for the release of information marked by the Buyer as "Confidential" and determines that such information is not exempt from disclosure under the PRA, MWD shall notify the Buyer in advance of releasing the information.
- g) Offers shall be submitted to Metropolitan in accordance with the requirement of this RFO, on or before the time and date as listed below. Offers received by Metropolitan after the time specified will be returned unopened pursuant to California Government Code §53068.

- h) Offers can be submitted to Metropolitan using the methods below:
 - a. **By Mail, In Person, or Courier:** Submit three (3) copies of a completed Exhibit 5 and one (1) set of financial documents (as described in the last three rows of Page 1 of 2 in Exhibit 5), in an enclosed sealed package. The sealed package must be physically received by 3:00 p.m. PPT April 26, 2019. The Buyer's name and address shall appear in the upper left-hand corner of the package along with the identifier, "RFO 4 Conduit HEP's". Late offers will be deemed non-responsive and returned unopened.
 - b. **By Email:** Submit one (1) Portable Document Format (pdf) copy of the completed Exhibit 5 and one (1) set of financial documents (as described in the last three rows of Page 1 of 2 in Exhibit 5). Emails must be received at the email address shown below by 3:00 p.m. PPT April 26, 2019. Late emails received will be deemed non-responsive and the bidder will be notified by email. Bidder accepts the responsibility and risk of emails not being received by MWD at the below email address.

By Mail

The Metropolitan Water District
of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153
Attn: Specification Desk, Third Floor

In Person or by Courier

The Metropolitan Water District
of Southern California
700 North Alameda Street
Los Angeles, CA 90012
Attn: Specification Desk, Third Floor

By Email

Email Address:
PResources@mwdh2o.com

- i) In person or courier delivery of RFO responses must be received by Specification Desk on the 3rd Floor of MWD's Union Station building by the date and time listed above. Access to the building requires check in at the security desk on the 1st floor. Respondents are responsible for the timely delivery of proposals to the Specification Desk on the 3rd Floor, and must allow adequate time to be checked in by building security prior to delivery. Proposals will be time stamped at the Specification Desk on the 3rd Floor upon receipt. Do not leave proposals at the 1st floor security desk.
- j) MWD will not be responsible for submittals that are delinquent, lost, mismarked, or sent to an address other than that given herein.
- k) MWD's contact person for this solicitation is as follows:
 - Ms. Jenny Li
 - Resource Specialist
 - Power Operations and Planning Section
 - Phone: (213) 217-7374
 - Email: jli@mwdh2o.com
- l) Please direct questions concerning the interpretation of this RFO to Ms. Li by email no later than April 5, 2019 by 3:00 p.m. PPT.

13 Conditions

- a) MWD reserves the right to modify or cancel, in part or entirety, this RFO for any reason. All material submitted in response to this RFO shall become the property of MWD and will not be returned.
- b) This RFO shall not be construed as an offer, and MWD is not bound to sell energy to any Buyer pursuant to this RFO. No rights shall be vested in any Buyer, individual or entity by virtue of its preparation to participate in, or its participation in, such process.
- c) MWD reserves the right to obtain additional information from Buyer including, but not limited to, affiliated entities and joint ventures, Buyer's financial strength, litigation and penalties.
- d) MWD reserves the right to reject any and all offers, to terminate the process at any time, or to reject all offers and/or resolicit offers, all as determined in its sole discretion.
- e) MWD shall not be responsible for any costs incurred by Buyer to prepare, submit, negotiate, or participate in this RFO process.

14 List of Exhibits

- Exhibit 1: Location of 4 Conduit Hydro power plants in Southern California
- Exhibit 2: 10-year Historical Metered Generation (2009-2018)
- Exhibit 3: Four Conduit HEP's Profile and Generation Trend
- Exhibit 4: Draft agreement: Power Purchase and Sale Agreement
- Exhibit 5: Offer Response Pages (Attached EXCEL File)