



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Request for Proposals

For

**Drilling of Geothermal Exploratory Wells
(Temperature-Gradient and Slim Hole)
on LADWP Acreage in Imperial County, California**

RFP Date: September 20, 2013

Response Deadline: November 4, 2013 by 2:00 p.m. Pacific Time

I. Introduction

The Southern California Public Power Authority (SCPPA), on behalf of its Member Utilities, is hereby soliciting competitive proposals from qualified entities (Respondents) for drilling of geothermal exploratory temperature-gradient (TG) wells and slim (SM) hole on Los Angeles Department of Water and Power (LADWP) acreage in Imperial County, California as described below in Section III.

SCPPA is interested in discovering all Respondent's capabilities related to specified Areas of Interest and associated pricing elements to make an informed decision and potentially proceed to more specific negotiations on contract development with one or more qualified Respondents to this Request for Proposals (RFP).

Responses to this RFP will be due on or before November 4, 2013, as described below in Sections III and V.

II. Background

SCPPA, a joint powers authority and a public entity organized under the laws of the State of California, was created pursuant to the Government Code of California and a Joint Powers Agreement for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation or transmission of electric energy. SCPPA also facilitates joint service contracts, at the request of its members, to aggregate like project efforts amongst its Members for the purposes of developing energy efficiency, demand response and resource procurement Programs or Projects to improve operating efficiencies and reduce costs.

Membership of SCPPA consists of eleven cities and one irrigation district, which supply electric energy within Southern California, including the municipal utilities of the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, and Vernon, and the Imperial Irrigation District. SCPPA is governed by its Board of Directors, which consists of representatives from each of its Members. The management of SCPPA is under the direction of an Executive Director who is appointed by the Board.

Any service contract subsequently entered into by SCPPA, pursuant to this RFP, would be utilized directly by the interested Members to serve their respective utility customers' needs. The service and work products would be ordered and approved directly by the Members and the billing would be administered through SCPPA.

III. Areas of Interest

SCPPA Members have expressed interest in considering a geothermal power plant project on LADWP acreage in Imperial County, California near the Salton Sea. The exploratory phase of the project requires drilling of exploratory TG wells and SM hole.

The geothermal exploratory wells drilling will be performed in the lands owned by LADWP. The total area for the proposed wells drilling is 3,110 acres, approximately five (5) square miles. A map showing the lands is attached as Appendix I and the legal descriptions of the lands are shown in Appendix I-a. The proposed

SCPPA Drilling of Geothermal Exploratory Wells RFP – September 20, 2013

locations of the TG wells to be drilled are within the LADWP lands boundaries shown in Appendix I-b. Respondents to the RFP shall assume that the first two TG wells drilled will be at locations LA-1 and LA-2.

The proposed TG wells location have been surveyed and staked in the field. Respondents may adjust the actual well locations up to 100-feet from the locations indicated but the drilling pad layout and the drilling activities performed must be within the boundaries of the LADWP lands. The sites are generally accessible to construction equipment. Temporary access roads may be required to gain access to the well site(s). Respondents are responsible for identifying any such possible roads or other access methods and the costs of such access to perform drilling operation shall be included in their proposals.

SCPPA Members may interview any of the Respondents upon request through SCPPA after proposals are received. The interview may be by phone or in person. A face-to-face interview will take place in SCPPA Glendora Office at 1160 Nicole Court, Glendora, CA 91740.

Successful Respondent(s) will be required to provide the following services and comply with all applicable regulatory requirements related to such services:

1. Obtain necessary permits from State and local governing agencies for geothermal exploration well drilling.
2. Obtain necessary railroad crossing and local right of way access permission(s), if required, to obtain access to the drilling sites. Construct temporary access roads at the locations required to gain access to the drilling sites.
3. Work and coordinate with GeothermEx, a consulting firm hired by SCPPA for the project, or other consulting firm(s) specified by SCPPA, to ensure compliance with the drilling procedures, use of proper drilling techniques and maintenance of good quality drilling logs, core records and any other required test data.
4. Perform exploratory TG well drilling of two (2) wells up to 3,000 feet below ground surface as per specifications shown in Appendix II within the applicable time limits set by the California Division of Oil, Gas and Geothermal Resources, as directed by GeothermEx, SCPPA or other consulting firm(s) specified by SCPPA. If exception is taken from Appendix II, Respondent(s) shall submit an alternative design of drilling and explanation of changes for SCPPA's review.
5. Drill one (1) SM hole to a maximum depth of 7,000 feet below ground surface as per specifications shown in Appendix III at the most favorable location identified by GeothermEx, SCPPA, or other consulting firm(s) specified by SCPPA, and perform injection testing under the supervision of GeothermEx or other consulting firm(s) specified by SCPPA. If exception is taken from Appendix III, Respondent(s) shall submit an alternative design of drilling and explanation of changes for SCPPA's review.
6. Perform drilling of one (1) additional TG well as directed by GeothermEx, SCPPA, or other consulting firm(s) specified by SCPPA, if the information obtained from previous wells is deemed by SCPPA to be insufficient to clearly define a geothermal anomaly in the area of interest.
7. Supply water for well drilling and injection testing.

SCPPA Drilling of Geothermal Exploratory Wells RFP – September 20, 2013

8. Provide on-site drilling waste disposal and well water management according to the Federal and State regulatory requirements.
9. Drill rigs used in the project shall comply with the Federal and State pollution and noise regulations.
10. Comply with Cal/OSHA safety rules for drilling operation of all equipment and maintain overall work site safety.
11. Record data obtained, including but not limited to, actual locations, survey coordinates, mud logging data (type of rock drilled, minerals of alteration, drilling parameters, mud properties, etc.), and well logging data (temperature, pressure of the fluid exiting well, injection testing data) of wells drilled and ground water sample data.
12. Either (i) file all necessary drilling records for any well that is considered completed as defined by California Code of Regulations (CCR), Title 14, §1950, or (ii) restore the surface location, as near as practicable, to original conditions after completion of drilling operation, including plugging and abandonment of the hole(s) per the requirements of CCR, Title 14, §1981, or (iii) both (i) and (ii) above.
13. Secure and provide onsite security at all times for drilling operation.
14. If the Respondent(s) has a conflict of interest in performing the drilling operations with the consulting firm supervising the operations, the consulting firm may be excluded from supervising the drilling activities, or other appropriate action may be taken at the discretion of SCPPA, including but not limited to not awarding a contract.

GeothermEx or other consulting firm specified by SCPPA will supervise the drilling activities on-site. As needed, an independent construction supervisor may also be on-site to supervise drilling operation and provide continuous oversight of construction. Data collected from drilling operations shall be submitted to SCPPA and GeothermEx or other consulting firm specified by SCPPA on a daily basis.

SCPPA Drilling of Geothermal Exploratory Wells RFP – September 20, 2013

Timeline / Schedule

SCPPA RFP for Drilling of Geothermal Exploratory Wells *Timeline / Schedule	
Schedule of Requirements	Target Date(s)
Issue RFP	September 20, 2013
Initial Site Conference and Visit	October 9, 2013
Responses Due	November 4, 2013, by 2:00 p.m. Pacific Time
Review of Responses	Approximate 4 weeks after November 4, 2013
Interviews (if necessary)	November 8, 2013 – November 18, 2013
Selection of Respondent(s)	Approximate by November 30, 2013
Letter of Intent	Approximate by November 30, 2013
Geothermal Exploratory Wells Drilling Contract Negotiation	Approximate 4 weeks after Letter of Intent
Award Geothermal Exploratory Wells Drilling Contract	Approximate by December 31, 2013
Obtain project application and permits	4 to 8 weeks after December 31, 2013
Project site preparation	1 to 2 weeks after project permits approval
Start geothermal exploratory wells drilling	March 17, 2014 (subject to change if environmental documentation is required)
Complete geothermal exploratory wells drilling	September 15, 2014 (subject to change if environmental documentation is required)
Clean up and close project	December 31, 2014 (subject to change based upon drilling completion date)
Expiration of RFP	December 31, 2016

* Timeline / Schedule are subject to change.

Subject to approval and acceptance by SCPPA, Respondent(s) may submit alternative drilling methods, schedule and any associated changes in bid price, with an adjustment of up to three (3) months from the schedule shown above. SCPPA reserves the right in its sole discretion to accept or reject any such proposed alternative drilling methods and schedule.

IV. Proposal Submission Required Elements

1. **Proposal:** Submitted proposals shall conform to the following:

- a. Schedule as specified in the SCPPA RFP for Drilling of Geothermal Exploratory Wells Timeline / Schedule.

SCPPA Drilling of Geothermal Exploratory Wells RFP – September 20, 2013

- b. Project specifications (Drilling and Logging Program for Temperature-Gradient Holes and Drilling Plan for Exploration Slim Hole) as shown in Appendices II and III.
- c. Conditions and requirements specified in Appendix V (LADWP License – Access Agreement). Successful Respondent(s) will be required to sign the LADWP License – Access Agreement.
- d. LADWP contract Insurance requirements as specified in Appendix VI.
- e. Completed and signed Appendix VII (SCPPA Surety Bond). Amount of surety bond shall be approximately two percent (2%) of the total bid price, and the amount submitted is subject to approval and acceptance by SCPPA.
- f. A signed statement that the proposed price shall remain firm through December 31, 2016.

Each proposal submitted in response to this RFP must include a statement that the above requirements are met.

2. Transmittal Letter Content:

- a. A brief statement of the Respondent's understanding of the work to be done and commitment to perform the work as scheduled; including:
 - i) statement of work specifications; and
 - ii) reference to any proposed contractual terms and conditions required by the Respondent; and
 - iii) a summary of exceptions taken to the RFP requirements; and
 - iv) identify any and all expectations from SCPPA including, but not limited to: requirements definition, strategy refinement, and staffing requirements to support the proposed project or program implementation.
- b. An officer authorized to bind must sign the proposal on behalf of the Respondent and must include the following declarations on the Transmittal Letter:

“This proposal is genuine, and not sham or collusive, nor made in the interest or in behalf of any person not herein named; the Respondent has not directly or indirectly induced or solicited any other Respondent to put in a sham bid, or any other person, firm or corporation to refrain from submitting a proposal; and the Respondent has not in any manner sought by collusion to secure for themselves an advantage over any other Respondent.”

3. **Respondent Information:** Provide legal name of Company or Individual, physical street address, and telephone number(s), with the name(s) and title(s) of the individual(s) authorized to represent the Respondent.
4. **Drilling License:** Respondent shall provide proof of being licensed to drill in the State of California.
5. **Proposal:** Proposals must include a description of the proposed project or program, how it meets each of the objectives of this RFP, a detailed description addressing all of the Areas of Interest. Respondents may also include additional services, products, tasks, task elements and/or functions that may not be part of or included in the RFP, but are deemed to be pertinent and potentially valuable to SCPPA or its Members by the Respondent. SCPPA will have full discretionary authority to consider,

SCPPA Drilling of Geothermal Exploratory Wells RFP – September 20, 2013

accept and/or reject without cause such supplemental information that is not directly requested, included in or made part of the RFP.

6. **Fees:** Pricing contained within all Proposals should be made based on good faith estimates of the requirements defined in this RFP. Please include all necessary details on specific examples or estimates of the fees, labor rates and service charges, as may be included in the response. Describe how the fees, rates or charges will be determined, as is deemed necessary. Respondents shall also be prepared to provide a breakdown of the applicable overheads and fringe benefit costs that are part of any labor rates and other direct costs associated with the services to be performed.

All proposals shall include (but not be limited to) the following pricing and specify if the price is included in the Bid Prices in Appendix IV (Packages 1, 2, and 3):

Equipment Unit Cost and Drilling Services

- a. Daily rate of all drill rigs (including fuel).
- b. Daily rate of other ancillary equipment and services, if any (blowout preventer, casing/tubing, mud pump, mud agitator, mud-gas separator, mud tank, water tank, shale shaker, air compressor, electrical generator etc.).
- c. Drilling services to the specified depth listed in Appendices II and III.

Expenses and Fees

- a. Expenses for bonds.
- b. Permitting.
- c. Administrative and overhead costs for drafting, filing and maintaining any well reports, logs, records, history, tests and/or other documents.
- d. Mud and well logging.
- e. Ground water sampling.

General Cost

- a. Mobilization and demobilization.
- b. Ingress and egress access roads improvement, if any.
- c. Abandonment/plugging of wells.

Optional: If necessary, Respondent may submit an alternative design and bid price for the drilling of Exploratory Wells (TG and SM hole) to the target well depth as specified in Appendices II and III.

7. **Technical Approach:** Unless required elsewhere in this RFP, Respondent shall provide, without limitation, the following information in its proposal:
 - a. Describe drilling services to be provided, including permits to be obtained, drilling staging and procedures, drilling fluid program, and construction schedule.
 - b. List major equipment (i.e. drill rig and crane technical specifications) to be used, including the type of equipment, manufacturer, age of equipment, depth capacity range, torque, pullback force, variable speed range, and other technical data.

SCPPA Drilling of Geothermal Exploratory Wells RFP – September 20, 2013

- c. Describe drilling mud to be used (supplies and services).
- d. Describe method of containment and disposal of drilling waste and well water.
- e. Describe method of water supply.
- f. Describe method of noise control.
- g. Indicate daily work hours for drilling, start and end time.
- h. Describe methods of providing site security and construction safety.
- i. Describe method of ground water sample collection.
- j. Describe method of site clean-up and restoration after drilling operation.
- k. Describe in detail the drilling procedure of an alternative drilling design, if any, in details and provide the design criteria and assumptions.

8. Experience: Respondent shall clearly identify project participants and management team, including:

- a. Describe your firm's experience as may be applicable to this RFP, your organizational structure, management qualifications, and other contract related qualifications, including number of years firm has been in business.
- b. Specify key employees and describe their qualifications, experience and duties related to this RFP, including the office location(s) where work will be performed, in addition to the physical street address referenced above.
- c. Provide a commitment statement for the retention and use of key employees as proposed, their availability to initiate and sustain the proposal, as well as planned supplemental employees if key personnel are not available to assure project delivery.
- d. State whether Respondent will use subcontractors to perform services pursuant to the contract. Should the use of subcontractors be offered, the Respondent shall provide the same assurances of competence for the subcontractor, plus the demonstrated ability to manage and supervise the subcontracted work. Subcontractors shall not be allowed to further subcontract with others for work. The provisions of any contract resulting from this RFP shall apply to all subcontractors in the same manner as to the Respondent.
- e. Respondent shall indicate any and all pending litigation that could affect the viability of Respondent's proposal, continuance of existing contracts, operation or financial stability.
- f. Provide current financial statements of all entities involved as Project participants or as part of the management team. This shall include items such as audited financial statements not over twelve (12) months old, annual reports, FERC form 1, and any other applicable financial information. If none of the above are available, Respondents shall be expected to provide verifiable financial statements for the past three (3) years if available and Respondents' Dunn and Bradstreet identification number, where available.

9. References:

- a. Describe whether the Respondent has, within the last five (5) years, rendered any service to SCPPA or to any of SCPPA's Members, either as a contractor or subcontractor, either under the current Respondent's name or any other name or organization. If so, please provide details (status

SCPPA Drilling of Geothermal Exploratory Wells RFP – September 20, 2013

as prime or subcontractor, brief description of the contract, contract start and end dates, the contract administrator name, and total actual contract expenditures).

- b. If the Respondent has not rendered any service within the last five (5) years to SCPPA or to any of SCPPA's Members, then please provide references over that period with the requested details described above including the counterparty for which services were provided.
- c. Identify existing related or relevant projects or programs which Respondent developed and/or operates that would demonstrate Respondent's capabilities in this area.
- d. Describe relevant program development and implementation experience, approach, and provide a list of references for similar projects completed.

V. Proposal Submission Delivery Requirements

An initial Respondents' conference at the site for interested parties and potential Respondents to ask questions related to this RFP will be held on October 9, 2013 at 9:30 a.m. Pacific Time. The site conference location is at the intersection of Highway 111 and Niland Marina Road approximately 500' west of the U.S. Border Patrol Checkpoint along Highway 111 as shown in Appendix I-c. A site visit to well locations will take place after the conference. Respondents shall use 4-wheel drive vehicle and wear proper shoes for the site visit. If there are any changes of the date or location of the initial Respondents' conference, SCPPA will post the changes on its website as an Addendum of the RFP. Clarification questions regarding this RFP can be addressed to Kelly Nguyen, director of Energy Systems, at knguyen@scppa.org.

Two (2) hard copy of your response, including a transmittal letter of authentic offer with wet-ink authority signature, and any supporting documentation should be delivered no later than 2:00 p.m. Pacific Time on November 4, 2013 to:

Attention: Kelly Nguyen, Director of Energy Systems
RFP for Drilling of Geothermal Exploratory Wells
Southern California Public Power Authority
1160 Nicole Court
Glendora, California 91740

One (1) electronic copy of your proposal should also be delivered to the address above, preferably on a CD or USB flash drive, or alternatively e-mailed to knguyen@scppa.org no later than the time and date referenced above.

No contact should be made with the Board of Directors, committees or working group representatives, or SCPPA Participating Members concerning this RFP.

All information received by SCPPA in response to this RFP is subject to the California Public Records Act and may be subject to the California Brown Act and all submissions may be subject to review in the event of an audit.

VI. Proposal Terms and Conditions

SCPPA Drilling of Geothermal Exploratory Wells RFP – September 20, 2013

1. SCPPA reserves the right to cancel this RFP at any time, reject any and all proposals and to waive irregularities.
2. SCPPA shall determine at its sole discretion the value of any and/or all proposals including price and non-price attributes.
3. Proposals may be sub-divided or combined with other proposals, at SCPPA's sole discretion.
4. SCPPA shall perform an initial screening evaluation to identify and eliminate any proposals that are not responsive to the RFP, do not meet the minimum requirements set forth in the RFP, are clearly not economically competitive with other proposals, or are submitted by Respondents that lack appropriate credit worthiness, sufficient financial resources, or qualifications to provide dependable and reliable services.
5. SCPPA reserves the right to submit follow up questions or inquiries to request clarification of information submitted and to request additional information from any one or more of the Respondents.
6. SCPPA reserves the right, without qualification and in its sole discretion, to accept or reject any or all proposals for any reason without explanation to the Respondent, or to make the award to that Respondent, who, in the opinion of SCPPA, will provide the most value to SCPPA and its customers.
7. SCPPA may decline to enter into any potential engagement agreement or contract with any Respondent, terminate negotiations with any Respondent, or to abandon the request for proposal process in its entirety.
8. SCPPA reserves the right to make an award, at its sole discretion, irrespective of price or technical ability, if SCPPA determines that to do so would result in the greatest value to SCPPA and its Members.
9. Those Respondents who submit proposals agree to do so without legal recourse against SCPPA, its Members, their directors, officers, employees and agents for rejection of their proposal(s) or for failure to execute or act on their proposal for any reason.
10. SCPPA shall not be liable to any Respondent or party in law or equity for any reason whatsoever for any acts or omissions arising out of or in connection with this RFP.
11. SCPPA shall not be liable for any costs incurred by any Respondents in preparing any information for submission in connection with this RFP process or any and all costs resulting from responding to this RFP. Any and all such costs whatsoever shall remain the sole responsibility of the Respondent.
12. SCPPA may require certain performance assurances from Respondents prior to entering into negotiations for a proposed project. Such assurances may potentially include a requirement that Respondents provide some form of performance security.

SCPPA Drilling of Geothermal Exploratory Wells RFP – September 20, 2013

13. Prior to contract award, the successful Respondent shall supply a detailed breakdown of the applicable overheads and fringe benefit costs that are part of the labor rates and other direct costs associated with the services to be performed.
14. Either SCPPA collectively or Members individually may respond to, or enter into negotiations for a proposal. SCPPA is not responsible or liable for individual Members interactions with the Respondent which are not entirely conducted through SCPPA or at SCPPA's option or election to engage the Respondent as defined within the Terms and Conditions herein.
15. Submission of a Proposal constitutes acknowledgement that the Respondent has read and agrees to be bound by the terms and specifications of this RFP and any addenda subsequently issued prior to the due date for a Proposal.
16. Information in this RFP is accurate to the best of SCPPA's knowledge but is not guaranteed to be correct. Respondents are expected to complete all of their due diligence activities prior to entering into any final contract negotiations with SCPPA.
17. SCPPA reserves the right to reject any Proposal for any reason without cause. SCPPA reserves the right to enter into relationships with more than one Respondent, can choose not to proceed with any Respondent with respect to one or more categories of services, and can choose to suspend this RFP or to issue a new RFP that would supersede and replace this this RFP.

VII. Additional Requirements for Proposal

1. **Consideration of Responses:** Submitted proposals should be prepared simply and economically, without the inclusion of unnecessary promotional materials. Proposals should be submitted on recycled paper that has a minimum of thirty percent (30%) post-consumer recycled content and duplex copied (double-sided pages) where possible.
2. **Insurance, Licensing, or other Certification:** If selected, the Respondent and each of its known subcontractors will be required to maintain sufficient insurance, licenses, or other required certifications for the type of work being performed. SCPPA or its Members may require specific insurance coverage to be established and maintained during the course of work and as a condition of award or continuation of contract.
3. **Non-Discrimination/Equal Employment Practices/Affirmative Action Plan:** If selected, the Respondent and each of its known subcontractors may be required to complete and file an acceptable Affirmative Action Plan. The Affirmative Action Plan may be set forth in the form required as a business practice by the Department of Water and Power of the City of Los Angeles which is SCPPA's largest Member.
4. **Living Wage Ordinance:** If selected, the Respondent may be required to comply with the applicable provisions of the City of Los Angeles Living Wage Ordinance and the City of Los Angeles Service Contract Workers Retention Ordinance. The Living Wage Ordinance provisions are found in Section 10.36 of the Los Angeles City Administrative Code; and the Service Contract Workers

SCPPA Drilling of Geothermal Exploratory Wells RFP – September 20, 2013

Retention Ordinance are found in Section 10.37 of the Los Angeles Administrative Code (SCWRO/LW0).

5. **Prevailing Wage Rates:** If selected, and if the project is funded in any part by resources with such an obligation, the Respondent may be required to conform to prevailing wage rates applicable to the location(s) where any work is being performed.
6. **Child Support Policy:** If selected, Respondent may be required to comply with the City of Los Angeles Ordinance No. 172401, which requires all contractors and subcontractors performing work to comply with all reporting requirements and wage earning assignments and wage earning assignments relative to court ordered child support.
7. **Supplier Diversity:** Respondents shall take reasonable steps to ensure that all available business enterprises, including Small Business Enterprises (SBEs) and Disabled Veteran Business Enterprises (DVBES) have an equal opportunity to compete for and participate in the work being requested by this RFP. Efforts to obtain participation of SBEs, DVBES, and other business enterprises may reasonably be expected to produce a twenty percent (20%) participation goal for SBEs and a three percent (3%) participation goal for DVBES. For the purposes of this RFP SCPPA's Supplier Diversity program is modeled after that of the Los Angeles Department of Water and Power. Further information concerning the Supplier Diversity Program may be obtained from the Supply Chain Services Division of the Los Angeles Department of Water and Power.
8. **SCPPA-Furnished Property:** SCPPA or participating utility drawings, specifications, and other media furnished for the Contractor's use shall not be furnished to others without written authorization from the source agency.
9. **Contractor-Furnished Property:** Upon completion of all work under any Agreement developed as a result of this RFP, ownership and title to reports, documents, drawings, specifications, estimates, and any other document produced as a result of the Agreement shall automatically be vested to SCPPA and no further Agreement will be necessary for the transfer of ownership to SCPPA. SCPPA has the sole right to distribute, reproduce, publish, license, or grant permission to use all or a portion of the deliverable documentation, work product or presentations as it determines fit in its sole discretion.