

March 1, 2010

**VIA HAND DELIVERY & ELECTRONIC MAIL**

Luly E. Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02889

**RE: Long-Term Contracts for Renewable Energy Projects Pursuant to  
Rhode Island General Laws Section 39-26.1 et seq.**

Dear Ms. Massaro:

On behalf of National Grid<sup>1</sup>, enclosed please find ten (10) copies of the Company's proposed timetable and method for solicitation and execution of long-term contracts filed pursuant to R.I.G.L. Section 39-26.1-3 (the "Long-Term Contracting Standard") and the Rules and Regulations Governing Long-Term Contracting Standards for Renewable Energy (collectively, the "Regulations") promulgated by the Rhode Island Public Utilities Commission (the "Commission"). Included as part of this filing is the Company's proposed Request for Proposals for Long-Term Contracts for Renewable Energy Projects ("RFP").

Under the Long-Term Contracting Standard and the Regulations, beginning on or before July 1, 2010, each electric distribution company must annually solicit proposals from renewable energy developers and, provided commercially reasonable proposals have been received, enter into long-term contracts with terms of ten to fifteen years for the purchase of capacity, energy and attributes from "newly developed renewable energy resources." Section 39-26.1-3 further provides that "[t]he timetable and method for solicitation and execution of such contracts shall be proposed by the electric distribution company, and shall be subject to review and approval by the [C]ommission prior to issuance by the company." Pursuant to the Commission's Regulations, at least 120 days prior to the issuance of the first annual solicitation and execution of such contracts, the Company must file its proposed timetable and method for solicitation and execution of such contracts for the Commission's review and approval.

The Company hereby requests that the Commission approve the RFP submitted herewith, which encompasses the Company's proposed timetable and method for solicitation and execution of long-term contracts to be used to solicit proposals from renewable energy developers in accordance with the Long-Term Contracting Standard. The RFP proposed for Commission approval reflects National Grid's careful consideration of a range of logistical and substantive issues involved in creating a standardized methodology for bid solicitation and evaluation. Provided that commercially reasonable proposals have been received, National Grid will enter into

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid ("National Grid" or "Company")

individual power purchase agreements (collectively, “PPAs”) for the purchase of capacity, energy and attributes from “newly developed renewable energy resources,” which will be presented to the Commission for review and approval in accordance with the Long-Term Contracting Standard. National Grid’s expectation is that the Commission’s approval of the RFP will promote the transparency, consistency and objectivity of the solicitation process, which in turn, will greatly facilitate the Commission’s review of individual PPAs to enable approval in an efficient and timely manner. Upon Commission approval of the RFP, National Grid will promptly issue such RFP along with bidder response forms.

In this RFP, National Grid is soliciting capacity, energy and attributes (collectively, “RECs”), including Certificates issued in the New England Power Pool Generation Information System, from approximately 22.5 MW of renewable energy capacity under PPAs with durations of ten to fifteen years. Of this total, approximately one (1) MW will be dedicated to solar or photovoltaic projects located within the State of Rhode Island, consistent with the Long-Term Contracting Standard. This initial solicitation is for twenty-five percent (25%) of the minimum long-term contract capacity of 90 MW (with 3 MW coming from solar or photovoltaic projects within Rhode Island) required under the Long-Term Contracting Standard. The precise amount of capacity, energy, and RECs to be contracted for by National Grid through this solicitation will depend on the bids submitted and the ensuing contract negotiations.

So long as sufficient capacity is available on commercially reasonable terms, National Grid expects to have the full 90 MW of renewable capacity under contract in accordance with the four (4) year phased schedule set forth in the Long-Term Contracting Standard. In the event that this initial solicitation does not result in the execution of PPAs for 22.5 MW of renewable energy capacity, including one MW of solar or photovoltaic capacity located in the State of Rhode Island (adjusted as described below), National Grid will attempt to make up any shortfall in subsequent annual solicitations or in individual negotiations, as described below.

### **Solicitation Method**

The solicitation process embodied in the RFP is designed to have three stages of evaluation, as described in Section 2.1 of the RFP. Initially, bids will be evaluated on the basis of whether certain eligibility, threshold, and other minimum requirements are satisfied. Eligibility requirements are designed to ensure that the bids under review offer the appropriate product and PPA tenor from qualifying newly developed renewable energy resources. Threshold requirements are designed to ensure that proposed projects satisfy statutory criteria under the Long-Term Contracting Standard and meet minimum standards for viability. Such threshold requirements will include whether the proposed project, regardless of its location, would provide direct economic benefits to the State of Rhode Island, such as job creation, increased property tax revenues, or other similar revenues.

In the second stage, bids will be evaluated in a technology-neutral manner based on specified price and non-price evaluation criteria. This portion of the bid evaluation will be quantitative in nature (i.e., a quantitative scoring system will be utilized). Projects that pass the

eligibility and threshold review and that are scored favorably in the second stage of the evaluation process will advance to the final stage of the evaluation process. At this third stage of the evaluation process, further risk assessment and evaluation of the remaining bids will be conducted on matters pertaining to project viability and the extent to which the bids, individually and as a portfolio, achieve a variety of objectives, including cost effectiveness and diversity of resources. National Grid will select bids for PPA consideration and negotiation from this pool. All three stages of the evaluation process, including the pertinent criteria, are described in Section II of the RFP.

At the conclusion of the process, National Grid will file each executed PPA with the Commission for its review and approval, pursuant to the Long-Term Contracting Standard and the Regulations.

### **Adjustment of Solicitation Targets**

The annual solicitation targets will be adjusted as required for any PPAs that result from procurement outside this solicitation, or, in the event that more (or less) long-term contract capacity is found to meet the “commercially reasonable standard” included in the Long-Term Contracting Standard and the Regulations. Related to this, the PPA for the Town of New Shoreham Project between National Grid and Deepwater Wind Block Island, LLC is currently before the Commission (Docket No. 4111). If that PPA is approved by the Commission, National Grid would propose reducing the annual solicitation target of 22.5 MW by 3 MW for each of the first three annual solicitations under the Long-Term Contracting Standard and by 2.5 MW for the final solicitation, thereby spreading the impact of the 11.5 MW of contract capacity under that PPA across all of these solicitations. In addition, National Grid is considering individual negotiations with other developers of newly developed renewable energy resources, and, in the event National Grid and those developers successfully negotiate a PPA that is approved by the Commission, National Grid may similarly seek to distribute the impact of any such PPA across all annual solicitations under the Long-Term Contracting Standard.

Pursuant to Section 5.4 of the Regulations, if the solicitation results in commercially reasonable PPAs in excess of National Grid’s minimum long-term contract capacity annual target, National Grid will provide to the Commission its analysis of the value of the respective direct economic benefits to the State of Rhode Island, including the benefit of stabilizing rates for its customers, in relation to the cost under the PPA, to determine which proposed PPA to execute. National Grid will also consider whether to seek Commission approval for PPAs for more energy, capacity, and RECs than contemplated in this solicitation if favorable bids are received for more than that amount.

Further, within thirty (30) days of the execution of final PPAs, or upon a determination that no commercially reasonable PPAs could be entered into, National Grid will file with the Commission a report on each solicitation regarding the results thereof, even if no PPAs are executed following such solicitation. In addition to the requirements under Section 4.12 of the

Regulations, National Grid will include a preliminary recommendation on the target for the next solicitation in this report. This recommendation may be updated prior to the next solicitation.

### **Solicitation Timetable**

Once the Commission approves the method and timetable for solicitation and execution of the long-term contracts, as encompassed within the RFP, National Grid will promptly issue the RFP to a wide range of potentially interested parties. As set forth in Section 3.1 of the proposed RFP, a bidders conference will be held approximately two weeks after the RFP is issued. Additional proposed timelines are as follows:

<b>Event</b>	<b>Anticipated Dates</b>
Submit Notice of Intent to Bid	17 days from issuance of RFP
Deadline for Submission of Questions	17 days from issuance of RFP
Due Date for Submission of Proposals	35 days from Issuance of RFP
Review of Bids with Division	5 days from bid submission
Selection of Short-Listed Bidders	75 days from bid submission
Negotiate and Execute Contracts	120 days from bid submission
Submit Contracts for Commission Approval	150 days after bid submission

National Grid believes that this schedule establishes a fair process for bidders and sufficient opportunity for National Grid to: (1) evaluate the bids; (2) negotiate and execute cost-effective PPAs that satisfy the criteria under the Long-Term Contracting Standard; and (3) submit the resulting PPA to the Commission for its review and approval. Approval of this solicitation process and proposed RFP will allow National Grid to move forward with the important effort of fostering the development of renewable energy resources in Rhode Island.

### **Use of Energy, Capacity and RECs Procured Through Long-Term Contracts**

Under R.I.G.L. Section 39-26.1-5, unless the Commission approves otherwise, all energy and capacity purchased by the Company through long-term contracts shall be immediately sold by the Company into the wholesale spot market through arms-length transactions, and any RECs purchased by the Company shall be sold through a competitive bidding process in a commercially reasonable manner. The cost of payments made under long-term contracts shall be netted against the proceeds obtained from the sale of capacity, energy, and RECs, and the difference shall be charged or credited to all distribution customers through a uniform fully reconciling annual factor in distribution rates, subject to Commission review and approval.

Alternatively, subject to Commission approval, National Grid shall be permitted, but not required, to (1) use the energy, capacity, and RECs purchased for resale to customers; and/or (2) use the RECs for purposes of meeting the obligations set forth under R.I.G.L. Section 39-26-1 et seq.; provided, however, that the Commission finds that such sales would not have a detrimental

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impact on energy markets or on the market for RECs and is otherwise in the interest of utility customers.

National Grid has not yet determined whether to seek the Commission's permission to use the energy, capacity, and RECs acquired under PPAs in this solicitation for resale to customers. National Grid will make this determination at such time that it files an individual PPA with the Commission for review and approval.

Thank you for your attention to this transmittal. If you have any questions, please feel free to contact me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosure

cc: Leo Wold, Esq.  
Steve Scialabba, Division

**REQUEST FOR PROPOSALS**

**FOR**

**LONG-TERM CONTRACTS FOR  
RENEWABLE ENERGY PROJECTS**

Issuance Date:

The Narragansett Electric Company d/b/a National Grid

**nationalgrid**

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# I. Introduction and Overview

## 1.1 Purpose of the Request for Proposals (“RFP”)

The Narragansett Electric Company d/b/a National Grid (“National Grid”), an investor-owned electric and gas distribution company serving customers in the State of Rhode Island, is seeking proposals for the supply of electric capacity, energy and attributes (including Certificates issued in the New England Power Pool Generation Information System) (collectively, “RECs”) from developers of eligible renewable energy projects under long-term contracts (“PPAs” and individually a “PPA”) pursuant to Chapter 26.1 of Title 39 of the Rhode Island General Laws, entitled Long-Term Contracting Standard for Renewable Energy (the “Long-Term Contracting Standard”). In addition, National Grid is issuing this RFP in accordance with regulations (the “Regulations”) promulgated under Chapter 26.1 by the Rhode Island Public Utilities Commission (“RI PUC”), which became effective January 28, 2010. In this RFP, National Grid is soliciting capacity, energy and RECs for approximately 22.5 MW of renewable energy capacity (equivalent to 197,100 MWh annually), pursuant to PPAs with durations of 10-15 years. Of this total, approximately one (1) MW will be dedicated to solar or photovoltaic projects located within the State of Rhode Island. This initial solicitation is for twenty-five percent (25%) of the minimum long-term contract capacity required under the Long-Term Contracting Standard.<sup>1</sup> The terms and conditions of the PPAs will be finalized between National Grid and successful bidders based on the bids submitted and selected in accordance with the process set forth in this RFP.<sup>2</sup>

The fundamental purpose of the RFP is to satisfy the policy directives encompassed within the Long-Term Contracting Standard, which require National Grid to seek to develop commercially reasonable long-term contracts with developers or sponsors of newly developed renewable energy resources, with the goals of stabilizing long-term energy prices, enhancing environmental quality, creating jobs in Rhode Island, and facilitating the financing of renewable energy generation within the jurisdictional boundaries of the state or adjacent state or federal waters or providing direct economic benefit to the state.

This RFP outlines the process that National Grid plans to follow to satisfy its obligations regarding the first annual public solicitation that is required under the Long-Term Contracting Standard and the Regulations, sets forth timetables regarding the solicitation process, provides information and instructions to prospective bidders, and describes the bid-evaluation process that will be followed once bids are received.

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<sup>1</sup> The statute defines minimum long-term contract capacity as 90 MW, of which 3 MW must be solar or photovoltaic projects. In determining whether the minimum long-term contract capacity has been reached, the capacity shall be adjusted by the capacity factor of each renewable energy resource.

<sup>2</sup> The actual amount of electric energy and RECs to be procured under this RFP will depend upon National Grid’s assessment of the bids submitted. The total amount of renewable resource capacity is the minimum long-term contract capacity of 90 MW (788,400 MWh/year), to be procured through public RFP processes conducted annually beginning on or before July 1, 2010, until the minimum long-term capacity is reached. The amount procured may be reduced proportionally by procurements conducted under other provisions of the Long-Term Contracting Standard.

## **1.2 Statutory Framework Established by the Long-Term Contracting Standard**

The Long-Term Contracting Standard requires that beginning on or before July 1, 2010, National Grid annually solicit proposals from renewable energy developers and, provided commercially reasonable<sup>3</sup> proposals have been received, enter into long-term contracts with terms of up to fifteen (15) years<sup>4</sup> for the purchase of capacity, energy and attributes from newly developed renewable energy resources. National Grid is not required to enter into long-term contracts for newly developed renewable energy resources that exceed the following four-year phased schedule:

By December 30, 2010: 25% of the minimum long-term contract capacity

By December 30, 2011: 50% of the minimum long-term contract capacity

By December 30, 2012: 75% of the minimum long-term contract capacity

By December 30, 2013: 100% of the minimum long-term contract capacity, but may do so earlier, subject to RI PUC approval.

In addition, National Grid may, in its sole discretion, immediately, and from time to time, procure additional commercially reasonable long-term contracts for newly developed renewable energy resources on an earlier timetable or above the minimum long-term contract capacity, subject to RI PUC approval. This procurement process may include individual negotiations.

To be eligible under this RFP, a generator must be a “newly developed renewable energy resource” under the Long-Term Contracting Standard and the Regulations. The term “newly developed renewable resources” is defined as electrical generation units that use exclusively an eligible renewable energy resource (as defined under R.I.G.L. § 39-26-5 and Section 5 of the Rules and Regulations governing the Implementation of a Renewable Energy Standard, effective July 25, 2007, promulgated under R.I.G.L. §39-26-5), and that have neither begun operation, nor have the developers of the units implemented investment or lending agreements necessary to finance the construction of the unit; provided, however, that any projects using eligible renewable energy resources and located within the State of Rhode Island that have obtained project financing on or after January 1, 2009, shall qualify under this RFP.

In determining whether National Grid has satisfied the minimum long-term contract capacity requirement under the Long-Term Contracting Standard, the nameplate capacity under contract shall be adjusted by the capacity factor of each renewable generator as determined by the ISO New England (“ISO-NE”) rules. For this RFP, and for future solicitations, the annual net capacity factor shall be used. This is the projected annual net (alternating current) electric output of the facility, divided by the product of the maximum net hourly output of the facility and 8760 hours/year.

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<sup>3</sup> “Commercially reasonable” is defined in R.I.G.L. Section 39-26.1-2(1) to mean terms and pricing that are reasonably consistent with what an experienced power market analyst would expect to see in transactions involving newly developed renewable energy resources. Commercially reasonable shall include having a credible project operation date, as determined by the RI PUC, but a project need not have completed the requisite permitting process to be considered commercially reasonable.

<sup>4</sup> National Grid may enter into contracts for term lengths longer than fifteen (15) years, subject to RI PUC approval.

All approved projects, regardless of their location, must provide other direct economic benefits to the State of Rhode Island, such as job creation, increased property tax revenues, or other similar revenues deemed substantial by the RI PUC as determined on a case-by-case basis.

Under Section 39-26.1-7 of the Long-Term Contracting Standard, National Grid was required to solicit proposals for one newly developed renewable energy resource project to enhance the electric reliability and environmental quality of the Town of New Shoreham. A signed PPA for this project was filed with the RI PUC on December 9, 2009. The contract capacity from that project, should the PPA be approved by the RI PUC, will count toward the minimum long-term contract capacity of 90 MW. That project has a contract capacity of 11.52 MW. National Grid has determined to allocate one quarter of that PPA's total contract capacity to this initial solicitation under the Long-Term Contracting Standard.

In summary, the following requirements must be met for approval of a PPA by the RI PUC.

- (a) the project must be qualified as a “newly developed renewable energy resource,”
- (b) the PPA must be commercially reasonable,
- (c) the project must provide direct economic benefits to Rhode Island, such as job creation or tax revenues.

### **1.3 Procurement Process and Bid Evaluation Approach**

The procurement process is designed to have three stages of evaluation, as described in Section 2.1 of the RFP. Initially, bids will be evaluated on the basis of whether certain eligibility and threshold requirements are satisfied. Eligibility requirements are designed to ensure that the bids under review offer the appropriate product and PPA tenor from qualifying newly developed renewable energy resources. Threshold requirements are designed to ensure that proposed projects satisfy statutory criteria under the Long-Term Contracting Standard and meet minimum standards for viability. In the second stage, bids will be evaluated in a technology-neutral manner based on specified price and non-price evaluation criteria. This portion of the bid evaluation will be quantitative in nature (i.e., a quantitative scoring system will be utilized). Projects that pass the eligibility and threshold review and that are scored favorably in the second stage of the evaluation process will advance to the final stage of the evaluation process. At this third stage of the process, further evaluation of the remaining bids will be conducted on matters pertaining to project viability and the extent to which the bids, individually and as a portfolio, achieve a variety of objectives, including cost effectiveness and diversity of resources. National Grid will select bids for PPA consideration and negotiation from this pool. All three stages of the evaluation process, including the pertinent criteria, are described in Section II of this RFP.

### **1.4 Communications between National Grid and Bidders**

With the exception of the pre-bid conference (see Section III, Paragraph 3.1 below), all pre-bid contact with prospective bidders and other interested parties will be via email and the National Grid energy procurement website. Questions should be submitted by email as indicated in Section III,

Paragraph 3.5 of this RFP, and responses will be posted to the website. Bids will be submitted to National Grid at the address set forth in Section III, Paragraph 3.5 of this RFP.

Following submission of bids, it will be the responsibility of the bidders to keep National Grid informed of any changes in the status of their bids. This responsibility is applicable until such time as each bidder has been notified that the bid has been shortlisted or not shortlisted. National Grid will retain the right to seek additional information from any bidder, as well as to negotiate modified pricing before a final contract is developed.

## **1.5 RFP Process**

The timeline for the bidding process following the issuance of this RFP, as well as the schedule for other steps in the process including approval by the RIPUC, is set forth below at Section 3.1.

# **II. Bid Evaluation and Selection Criteria and Process**

## **2.1 Overview of Bid Evaluation and Selection Process**

Once bids are received by National Grid, the proposals will be subject to a consistent and defined review, evaluation and short-list selection process. The first stage consists of a review of whether the bids satisfy specified eligibility, threshold and other minimum requirements set forth in Section 2.2 of this RFP. The second stage consists of a combined price and non-price evaluation of bids that pass the first stage review, as described in Section 2.3 of this RFP. Bids that are selected for further review will enter a final stage of review which will involve additional risk assessment and consideration of the bids from a portfolio perspective consistent with the criteria set forth in Section 2.4 of this RFP.

Subsequent to the selection of the short list, National Grid will conduct any additional evaluation as required, select bids for contract negotiations, and will file any and all executed contracts for review and approval by the RI PUC. This post-short list selection stage of the process is described in Section 2.5 of this RFP.

## **2.2 Eligibility, Threshold and Other Minimum Requirements—Stage One of the Evaluation Process**

### **2.2.1 Introduction**

In order for a bid to qualify for detailed evaluation, it must satisfy certain requirements pursuant to this RFP. These requirements pertain to eligibility, a variety of threshold requirements and other requirements pertaining to participation in this RFP, including bidder certifications and allowable pricing. Following receipt of the bids, the bids will be reviewed to determine whether they satisfy these minimum requirements. Bids that do not satisfy these Stage One requirements may be

disqualified from further review and evaluation.<sup>5</sup> Stage One requirements are set forth in the following section of this RFP.

### **2.2.2 Eligibility Requirements**

All proposals must meet the following eligibility requirements set forth below. Specifically, proposals will be considered from an “Eligible Bidder” with respect to “Eligible Products” generated from an “Eligible Facility.” The Eligible Products must be offered over the “Allowable Contract Term” in quantities that are equal or greater than the “Minimum Contract Size.” Failure to meet any of these requirements could lead to disqualification of the proposal from further review and evaluation.

#### **2.2.2.1 Eligible Bidder**

An Eligible Bidder is the owner of an Eligible Facility or of the development rights to an Eligible Facility (i.e. the developer of the Eligible Facility).

#### **2.2.2.2 Eligible Facility**

An Eligible Facility must be an electric generation facility that satisfies each of the following standards:

- a. The electric generation facility must qualify as an eligible renewable energy resource as defined R.I.G.L. § 39-26-5 and Section 5 of the RI PUC Regulations governing the Implementation of a Renewable Energy Standard, effective July 25, 2007, promulgated under R.I.G.L. §39-26-5.
- b. The facility must qualify as a newly developed renewable energy resource as defined in R.I.G.L. §39-26.1-2(6). The generation units must not have begun operation, nor have the developers implemented investment or lending arrangements to finance construction; provided, however, that any projects located within the state of Rhode Island which obtain project financing on or after January 1, 2009 shall qualify for this initial solicitation.
- c. All projects, regardless of their location, shall provide other direct economic benefits to the State of Rhode Island, such as job creation, increased property tax revenues, or other similar revenues.

#### **2.2.2.3 Eligible Products**

An Eligible Bidder must propose to sell electric capacity, energy and RECs from an Eligible Facility under a PPA. The structure of the contract must be both unit-specific and unit-contingent. With

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<sup>5</sup>National Grid may conduct additional evaluation on bids at its discretion before the Stage One evaluation is completed.

respect to electric capacity, the Eligible Bidder must propose a means of addressing the sale of that capacity within the context of the ISO-NE Forward Capacity Market.

#### **2.2.2.4 Allowable Contract Term**

Consistent with the definition of long-term contract in Section 3 of the Regulations, an Eligible Bidder may submit a proposal for the sale of Eligible Products from an Eligible Facility for a term of 10 to 15 years, at the bidder's discretion. Contract terms may be greater than fifteen (15) years upon approval of the RI PUC. Bidders seeking contract terms longer than 15 years must demonstrate why the longer contract term is appropriate, and must submit pricing schedules for both 15 years and for the longer term. The two pricing schedules will be used to evaluate any economic justification for the longer term.

#### **2.2.2.5 Minimum Contract Size**

The Minimum Contract Size is the proposed sale of Eligible Products from all or a portion of the net generating capability of an Eligible Facility at a specific site that is, at a minimum, one (1) MW.<sup>6</sup> A bidder may bid the capacity and the entire production of energy and RECs from its proposed Eligible Facility, or from any portion of its proposed Eligible Facility. The contract capacity under this RFP shall be determined by the product of the maximum net generating capability of the unit(s) and the expected annual capacity factor. Under this RFP, there is not a maximum contract size *per se*. However, National Grid may be constrained in light of the objective to procure approximately 22.5 MW in this particular RFP process (adjusted as described above), and 90 MW minimum long-term contract capacity.

### **2.2.3 Threshold Requirements**

#### **2.2.3.1 Introduction**

Bids that meet all the Eligibility Requirements will be evaluated to determine compliance with threshold requirements, which have been designed to screen out proposals that are insufficiently mature from a project development perspective; lack technical viability; impose unacceptable financial accounting consequences for National Grid; are not in compliance with RFP requirements pertaining to credit support, or fail to satisfy minimum standards for bidder experience and ability to finance the proposed project. The threshold requirements for this RFP are set forth below.

#### **2.2.3.2 Reasonable Project Schedule**

National Grid is interested in projects that can demonstrate the ability to develop, permit, finance, and construct the proposed Eligible Facility within a reasonably proximate time. To that end, Eligible Bidders must provide a reasonable schedule that provides for *both* of the following:

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<sup>6</sup> The minimum project size as defined here is the maximum net output (alternating current) in MWh per hour. Note that this rating differs from renewable capacity as defined in the Long Term Contracting Standard and in the Regulations, which account for capacity factor in the determination of contract capacity.

- a. Closing of construction financing and commencement of construction on or by December 31, 2012; and
- b. Commercial Operation Date on or by December 31, 2015.

The Regulations specifically define the term credible operation date, which means that a project is more likely than not to come on line within ninety (90) days of that which is projected, as evidenced by documents filed by a bidder showing, at a minimum, the following:

- commencement of permitting processes
- a plan for completing all permitting processes
- viable resource assessment or fuel supply plans and agreements
- viable financing plans
- viable installation and electrical interconnect plans
- material progress toward acquisition of real property rights
- evidence of material vendor activity

Other considerations for establishing a credible operation date that are noted in the Regulations include:

- developer experience in completing similar projects by proposed dates
- track record and state of development of the particular technology being proposed
- assignment of an ISO-NE interconnection queue position
- developer's ability to secure financing necessary to complete the project by the proposed date

A proposal that does not have a reasonable schedule that provides sufficient time for the application for, and receipt of, necessary permits and approvals may be determined not to have satisfied this threshold requirement. In addition, a proposal that is determined to have a "fatal flaw" such that it will be unable to obtain permits or property rights necessary to finance and construct the proposed project may be determined not to have satisfied this threshold requirement.

### **2.2.3.3 Site Control**

The bidder must demonstrate that it has control or a right to acquire control over a site for its proposed project. To meet this threshold requirement, bidders must either provide documentation showing that they own the site or have a lease or other property rights with respect to the site on which the proposed project will be located; have an option agreement to purchase or lease the site, or at a minimum have negotiated a letter of intent for control of the site. Bidders that only have a letter of intent for the site at the time of bid submission may be required to obtain a binding site control agreement at a later time prior to execution of a PPA (which may include an option to purchase or an option to lease). Site control for offshore wind projects or projects on state lands will be evaluated based on the particular submissions of bidders and the extent to which they can demonstrate a high likelihood that they will be able to obtain the necessary rights to construct and operate the proposed project, including the real property rights associated with the interconnecting facilities from the proposed project to the transmission grid or local distribution facilities.

#### **2.2.3.4 Technical Viability; Ability to Finance the Proposed Project**

The bidder must demonstrate that the technology it proposes to use is technically viable and that the bidder has the ability to finance the proposed project. Technical viability may be demonstrated by showing that the technology is commercially available and has been used successfully. If a bidder plans to use technology that is not commercially proven, it must provide evidence of technical viability and a credible plan to finance the project in light of the state of development of the technology. All bidders must provide a reasonable plan for financing the proposed project, including the funding of development costs and the required development period security and the ability to acquire the required equipment in the time frame proposed.

#### **2.2.3.5 Experience**

The bidder must demonstrate that it has a sufficient amount of relevant experience to successfully develop, finance, construct and operate its proposed project. This demonstration can be made by showing that the bidder (or a substantial member of the bidder's development team) has:

- a. Successfully developed a similar type of project by a proposed commercial operation date; OR
- b. Successfully developed one or more projects of different technologies but of similar size or complexity or requiring similar skill sets by a proposed commercial operation date; AND
- c. Experience in financing power generation projects.

#### **2.2.3.6 Direct Economic Benefits to Rhode Island**

The Long-Term Contracting Standard requires that projects, regardless of their location, shall provide other direct economic benefits to the State of Rhode Island, such as job creation, increased property tax revenues, or other similar revenues. This threshold requirement can be satisfied by a showing of:

- a. Direct employment benefits associated with the proposed project;
- b. Indirect employment benefits associated with the proposed project;
- c. Increased property tax revenues or other similar revenues.

National Grid will be required to conduct an analysis of the respective economic benefits in relation to costs under the PPA.

#### **2.2.3.7 Security Requirements**

Bidders will be required to post Development Period Security and Operating Period Security. The required level of Development Period Security is a \$30 per kW Development Period Security Amount multiplied by (a) the proposed project's nameplate capacity (in kW) if the entire output of the proposed project is proposed to be sold under this RFP or (b) the percentage of the proposed project's output that is proposed to be sold under this RFP multiplied by the project's nameplate

capacity.<sup>7</sup> Fifty percent (50%) of the Development Period Security must be provided upon execution of the PPA. The remaining fifty percent (50%) of the Development Period Security must be provided upon RI PUC approval of the PPA. Any posted Development Period Security will be promptly returned if the RI PUC does not approve the PPA. Once a project achieves Commercial Operation, the amount of required security (Operating Period Security) will be the same as the required amount of Development Period Security.

The required security must be in the form of a cash deposit or a letter of credit.

### **2.2.3.8 Commercially Reasonable Standard**

Under the Long-Term Contracting Standard, National Grid is not obligated to enter into long-term contracts for renewable energy resources on terms which National Grid believes to be commercially unreasonable. National Grid will consider both the pricing schedule and non-price terms and conditions in an initial assessment of whether a proposal is commercially reasonable, which is defined in Section 39-26.1-2(1) of the Long-Term Contracting Standard as having “terms and pricing that are reasonably consistent with what an experienced power market analyst would expect to see in transactions involving newly developed renewable energy resources.”

### **2.2.3.9 Timeliness**

The bid must be timely submitted in accordance with Section 3.1 of this RFP.

## **2.2.4 Other Minimum Requirements**

Other RFP requirements pertain to bid certification, allowable pricing and bid completeness, as described in this section.

### **2.2.4.1 Proposal Certification**

Bidders are required to provide firm pricing for 120 days from the date of bid submission. The bidder must also sign the certification form in Appendix B verifying that the prices, terms and conditions of the proposal are valid for at least 120 days. An officer or duly authorized representative of the bidder is required to sign the Proposal Certification Form.

### **2.2.4.2 Allowable Forms of Pricing**

National Grid will accept proposals from renewable resources for capacity, energy and RECs that offer one or a combination of the following pricing options:

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<sup>7</sup> For projects that have significant auxiliary loads, net generating capacity may be used in lieu of nameplate capacity. Note that this rating is not the same as renewable capacity as defined in the Long Term Contracting Standard, and in the Regulations, which account for capacity factor in the determination of contract capacity.

(1) a fixed bundled energy price (in \$/MWh), with separate pricing for capacity (\$/kW-month), energy (\$/MWh) and RECs (\$/REC) for the term of the contract;

(2) prices for bundled energy and for capacity, energy and RECs (in \$/MWh, \$/kW-month and \$/REC, respectively) that change by a fixed rate for the term of the contract (e.g. 2% increase per year); or by different fixed rates for various periods of the contract (e.g. 3% increase for the first 5 years, 2% for the next 5 years, etc.);

(3) an indexed price for bundled energy and for capacity, energy and RECs (in \$/MWh, \$/kW-month and/or \$/REC, respectively) based on a published, publicly available inflation-related index that reflects actual project costs for a portion of the costs of the project (e.g., operating and maintenance costs); provided, that the index must be used in a symmetrical manner (i.e., it must allow for both price increases and decreases depending on whether the pertinent index increases or decreases in value, and prices with a floor must also have a symmetrical ceiling).<sup>8</sup>

These forms of pricing are conforming under this RFP. National Grid may consider other forms of pricing as an alternative as long as the bidder submits a proposal for the project with conforming pricing. Alternative (non-conforming) pricing may be considered subject to the following conditions:

- Any pricing formula must be symmetrical—in other words, if an index is to be utilized, prices must be allowed to increase or decrease in a symmetrical manner relative to a base price;
- There must be a price cap for each year under the proposed contract.

National Grid is under no obligation to accept any form of alternative (non-conforming) pricing.

The Delivery Point for electric energy must be (a) at an ISO-NE Pool Transmission Facility node or (b) a point on the local distribution system for smaller projects.

With respect to any pricing proposal, payments will only be made for Products delivered.

### **2.2.4.3 Bid Completeness: Bidder Response Forms**

Bidders must use the forms provided in Appendix B and provide complete responses. Appendix B contains the Bidder Response Forms which outline the information required from each bidder. Bidders are required to provide the information requested in each section of the Bidder Response Forms. If any of the information requested is inconsistent with the type of technology or product proposed, the Bidder should include “N/A” and describe the basis for this designation. If a bidder does not have the information requested in the bid forms and cannot obtain access to that information prior to the bid submittal due date, the bidder should provide an appropriate explanation.

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<sup>8</sup> Installed capacity must qualify under ISO-NE rules and the Bidder’s proposal conforms with the ISO-NE market rules for its Forward Capacity Market and must not require National Grid to be the Lead Market Participant for the bidder’s generating unit.

## **2.3 Second Stage Evaluation – Price and Non-Price Analysis**

Proposals that meet the requirements of the first stage review will then be subject to an initial price and non-price analysis. The results of the price and non-price analysis will be a relative ranking and scoring of all proposals. National Grid plans to weight price factors at eighty percent (80%) and non-price factors at twenty percent (20%) for purposes of conducting the initial evaluation.

### **2.3.1 Initial Evaluation Using Price-Related Evaluation Criteria**

The price evaluation will be based on a comparison of (a) the total cost of the products bid, which must include capacity, energy, and RECs, to (b) the estimated market value of these products, taking into consideration the production profile and location of the proposed project over the term of the proposed bid (10-15 years) and any locational marginal price benefits. National Grid plans to use a price forecast that will incorporate the effects of future federal regulation of carbon dioxide emissions on relevant energy prices. The metric used will be net \$/MWh cost or benefit. Each bidder will be responsible for all costs associated with interconnecting its project to the transmission grid or, if applicable, local distribution facilities. Each bidder will identify in its bids its proposed point of delivery.

As part of the price evaluation, National Grid will assess the relative above-market or below-market costs during the beginning, middle and end years of the proposed contract bid in order to assess the relative front-loading or back-loading of the proposed bid. Other things being equal, bids that have front-loaded above-market costs will not be evaluated as favorably as other bids.

Proposals will be ranked from highest to lowest net benefit (or lowest to highest net cost) on a dollars per MWh basis based on the result derived through the application of the methodology described above (including consideration for front-loading/back-loading).

### **2.3.2 Initial Non-Price Evaluation**

The non-price evaluation will consist of five overall categories: (1) siting and permitting; (2) project development status and operational viability; (3) experience and capabilities of bidder and the project development team; (4) assignment of an ISO-NE queue position, if required; and (5) financing. Within each category are a number of related criteria that will be considered in the evaluation. This section of the RFP will identify and describe in more detail the individual criteria within each primary category. The relative importance of each of the criteria in terms of the scoring of the bids will be developed prior to receipt of bids and will be utilized during the bid evaluation process.

#### **2.3.2.1 Purpose of Non-Price Evaluation Criteria**

The non-price evaluation criteria other than contract exceptions are designed to assess the likelihood of a project coming to fruition based on various factors critical to successful project development. The objectives of the criteria are to provide an indication of the feasibility and viability of each project and the likelihood of meeting the proposed commercial operation date. Proposals are preferred that can demonstrate, based on the current status of project development and past experience, that the project will likely be successfully developed and operated as proposed.

### **2.3.2.2 Factors to be Assessed in Non-Price Evaluation**

Within each of the five non-price evaluation factors, a variety of project and proposal-related factors will be assessed. They are summarized as follows:

- Siting and permitting
  - Extent to which site control has been achieved, including acquisition of necessary easements or rights-of-way
  - Identification of required permits and approvals
  - Status of efforts and credibility of plan to obtain permits and approvals
  - Community relations plan
- Project development status and operational viability
  - Completeness and credibility of detailed critical path schedule; ability to meet scheduled construction start date and commercial operation date
  - Credibility of fuel supply plans or energy resource assessments
  - Reliability and state of development of proposed technology
  - Commercial access to proposed technology
  - Progress in interconnection process
- Experience and capabilities of bidder and project development team
  - Project development
  - Project financing
  - Operations and maintenance
  - Experience in the ISO-NE market
- Assignment of an ISO-NE queue position, if required
  - Status of interconnection and system impact studies
  - Likelihood that interconnection process will be completed in accordance with schedule for project development
- Financing
  - Credibility of financing plan
  - Financial strength of bidder

## **2.4 Third Stage Evaluation; Selection of the Initial Short List**

Following the total price and non-price rankings conducted in the second evaluation stage, a further review<sup>9</sup> of the bids will be conducted and a short list selected. In this third stage of the evaluation (and in selecting the short list), National Grid will consider and weight at its discretion the following factors:

- Ranking in the second stage evaluation;
- Commercial reasonableness of the bids;

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<sup>9</sup> In connection with this review, and in evaluation of the pricing, a bidder may be asked to provide pro forma income and cash flow statements for the term of the proposed PPA (including revenue and cost data by major categories, debt service, depreciation expense and other relevant information).

- Risk associated with project viability of the bids;
- The extent to which additional employment or other economic benefits would be created within Rhode Island; and
- Portfolio effect: the value of diversity of resources—by size and type of resources.

National Grid believes that a third stage evaluation process that uses the second stage evaluation as a guide and provides for a reasonable degree of considered judgment based on criteria specified in this RFP will provide greater assurance that the RFP will lead to successful results.

The objective of the third stage of evaluation is to select the proposal(s) which provide the greatest value consistent with the stated objectives and requirements as set forth in the RFP. Generally, National Grid prefers viable projects that provide low cost renewable energy with limited risk and some degree of resource diversity. However, it is recognized that any particular project may not be ranked highly with respect to all of these considerations and the extent to which the stated RFP objectives will be satisfied will depend, in large part, on the particulars of the proposals that are submitted.

## **2.5 Contract Negotiation Process**

Bidders selected for negotiations by National Grid will be required to indicate in writing whether they intend to proceed with their proposals within five business days of being notified. As basis for negotiation, bidders will be provided with a PPA appropriate for the particular project.

## **2.6 Regulatory Approval**

Once National Grid has executed a PPA as a result of this RFP process, the proposed PPA will be submitted to the RI PUC for review and approval within thirty (30) days of execution. The RI PUC shall hold public hearings to review the PPA within forty-five (45) days of the filing and issue a written order approving or rejecting the PPA within sixty (60) days. The RI PUC will approve the PPA if it determined that

- (1) the PPA is commercially reasonable,
- (2) the requirements for the annual solicitation have been met; and
- (3) the proposed PPA is consistent with the purposes of the Long-Term Contracting Standard and the Regulations.

All PPAs shall contain provisions which allow National Grid to terminate the PPA, without penalty, after three (3) years of execution should National Grid or the RI PUC determine that material progress on the project is not being made, as determined by evaluating the success in meeting PPA milestones.

National Grid is not obligated to execute any PPA on terms which it reasonably believes to be commercially unreasonable. If there is a dispute about whether these terms are commercially unreasonable, the RI PUC shall make the final determination after an evidentiary hearing.

No PPA will be effective unless and until it is approved by the RI PUC.

### III. Instructions to Bidders

#### 3.1 Schedule for the Bidding Process

The proposed schedule for the bidding process is set forth in Chart 1. National Grid reserves the right to revise the schedule as necessary. Any changes to the schedule will be posted on the website for this RFP.

**Chart 1**

**RFP Schedule**

<b>Event</b>	<b>Anticipated Dates</b>
Issue RFP	
Bidders Conference	14 days from issuance of RFP
Submit Notice of Intent to Bid	17 days from issuance of RFP
Deadline for Submission of Questions	17 days from issuance of RFP
Due Date for Submission of Proposals	35 days from Issuance of RFP
Review of Bids with Division	5 days from bid submission
Selection of Short-Listed Bidders	75 days from bid submission
Negotiate and Execute Contracts	120 days from bid submission
Submit Contracts for RI PUC Approval	150 days after bid submission

#### 3.2 Bidders Conference; Bidder Questions; Notice of Intent to Bid

A Bidders Conference will be held for interested persons approximately two (2) weeks after the final RFP document is posted on the RFP website. The purpose of the Bidders Conference is to provide the opportunity to clarify any aspects of the RFP. Prospective bidders may submit questions about the RFP prior to the Bidders Conference. National Grid will attempt to answer questions submitted prior to and during the Bidders Conference. Although National Grid may respond orally to questions posed at the Bidders Conference, only written answers that are provided in response to written questions will be official responses.

National Grid will also accept written questions pertaining to the RFP following the Bidders Conference up to the date provided in Chart 1. Both the questions and the written responses will be posted on the National Grid website (without identifying the person that asked the question).

Prospective bidders are also encouraged to submit a Notice of Intent to Bid form within seventeen (17) days of issuance of the RFP. The Notice of Intent to Bid form is attached as Appendix A to the RFP. National Grid will provide any necessary updates by email regarding the RFP to prospective bidders who submit a Notice of Intent to Bid. Persons that submit a Notice of Intent to Bid are not obligated to submit a proposal.

### **3.3 Preparation of Proposals**

Each bidder shall have sole responsibility for carefully reviewing the RFP and all attachments and for thoroughly investigating and informing itself with respect to all matters pertinent to this RFP and its proposal, including pertinent ISO-NE tariffs and documents. Bidders should rely only on information provided in the RFP and any associated written updates when preparing their proposal. Each bidder shall be solely responsible for and shall bear all of its costs incurred in the preparation of its proposal and/or its participation in this RFP.

### **3.4 Submission of Proposals; Confidentiality**

Bidders must submit one (1) original and one (1) bound copy of their proposal as well as two (2) CDs with the entire contents of the proposal to the Official Contact that is intended to be the recipient of a proposal. Bids must be submitted by 5:00 p.m. eastern prevailing time on the due date for proposals set forth in Section 3.1. Fax or email submissions will not be accepted. National Grid reserves the right to reject any proposals received after the deadline.

Each proposal shall contain the full name and business address of the bidder and bidder's contact person and shall be signed by an authorized officer of the bidder. Bidders may sign the original proposal and include copies of the signature page with the remaining proposal.

Bidders must clearly identify all confidential information in their Proposals. However, bidders should take care to designate as confidential only those portions of their Proposals that genuinely warrant confidential treatment. The practice of marking each and every page of a Proposal as "confidential" is discouraged.

National Grid agrees to use commercially reasonable efforts to treat the non-public information it receives from bidders in a confidential manner and will not, except as required by law or in a regulatory proceeding, disclose such information to any third party or use such information for any purpose other than in connection with this RFP; provided, that, in any regulatory, administrative or jurisdictional proceeding in which confidential information is sought, National Grid shall take reasonable steps to limit disclosure and use of said confidential information through the use of non-disclosure agreements or orders seeking protective treatment, and shall inform the bidders if confidential information is being sought. Notwithstanding the foregoing, in any regulatory proceeding in which such confidential information is sought and a request for confidential treatment is made to the RI PUC, National Grid shall not be responsible in the event that it is determined that the request for treating information in a confidential manner is not warranted. The bidders shall be required to use commercially reasonable efforts to treat all information received from National Grid in a confidential manner and will not, except as required by law or in a regulatory proceeding, and disclose such information to any third party.

### **3.5 Official Contact for the RFP; Other Contact Persons**

All copies of the proposal should be sent to the attention of the Official Contact for National Grid for which a proposal is being made at the address listed below:

Madison Milhous  
Director, Wholesale Market Relations  
Energy Portfolio Management  
National Grid  
100 East Old Country Road  
Hicksville, NY 11801  
(516) 545 2309

Any questions regarding the RFP should be sent to the Official Contact at following email address: [madison.milhous@us.ngrid.com](mailto:madison.milhous@us.ngrid.com). The following persons should be sent copies by email of such comments or questions:

Christopher Meyer  
Email address: [christopher.meyer@us.ngrid.com](mailto:christopher.meyer@us.ngrid.com)

Joseph Gredder  
Email address: [joseph.gredder@us.ngrid.com](mailto:joseph.gredder@us.ngrid.com)

### **3.6 Organization of the Proposal**

Bidders are required to organize their proposal consistent with the contents of the Response Package in Appendix B. The organization and contents of the proposal should be organized as follows:

1. Proposal Certification Form
2. Proposal Summary/Contact Information
3. Executive Summary
4. Pricing Information and Schedules
5. Project Operational Parameters
6. Energy Resource Plan
7. Financial/Legal
8. Siting and Interconnection
9. Environmental Assessment and Permit Acquisition Plan
10. Engineering and Technology
11. Operations and Maintenance
12. Project Schedule
13. Project Management/Experience
14. Alternatives
15. Direct Economic Benefits to Rhode Island

### **3.7 Modification or Cancellation of the RFP and Solicitation Process**

Following the submission of bids, National Grid may request additional information from Bidders at any time during the process. Bidders that are not responsive to such information requests may be eliminated from further consideration. Unless otherwise prohibited, National Grid may, at any time up to final award, postpone, withdraw and/or cancel this RFP; alter, extend or cancel any due date; and/or, alter, amend, withdraw and/or cancel any requirement, term or condition of this RFP, any and all of which shall be without any liability to National Grid.

By submitting a bid, a bidder agrees that the sole recourse that it may have with respect to the conduct of this RFP is by submission of a complaint or similar filing to the RI PUC in a relevant docket pertaining to this RFP.

## **Appendix A**

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### **Notice of Intent to Bid**

**APPENDIX A  
NOTICE OF INTENT TO BID  
(CONFIDENTIAL)**

1 Company Name: \_\_\_\_\_

2 Contact Person Information:

Name	
Title/Position	
Mailing Address	
Courier Address (if different)	
Telephone Number	
Fax Number	
E-mail Address	

3 Expected Resource Type or Technology: \_\_\_\_\_

4 Project Size (MW): \_\_\_\_\_

5 Project Location: \_\_\_\_\_

\_\_\_\_\_

6 Estimated Commencement of Construction Date: \_\_\_\_\_

Estimated Commercial Operation Date: \_\_\_\_\_

7 Authorized Signature: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

Bidders should send the Notice of Intent to Bid Form by mail and by email to the addressee set forth in Section 3.5 of the RFP.

## **Appendix B**

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### **Bidder Response Forms**

## 1. Proposal Certification Form

### Bidder's Authorized Representative's Signature and Acceptance Form

The undersigned is a duly authorized representative of the Bidder listed below. The Bidder hereby certifies that all the statements and representations made in this Proposal are true and accurate to the best of the Bidder's knowledge. The Bidder represents that it understands the requirements, terms and conditions of the RFP.

The Bidder agrees that the prices, terms and conditions of this Proposal are valid for at least 120 days after bid submission.

Submitted by:

\_\_\_\_\_  
(Exact legal name of Company)

Bidder

\_\_\_\_\_  
(if different than above)

Signature of an Officer  
Of Bidder

\_\_\_\_\_

Print or type name of  
Officer

\_\_\_\_\_

Title:

\_\_\_\_\_

Date Signed:

\_\_\_\_\_

**2. Proposal Summary/Contact Information**

Bidder Name: \_\_\_\_\_

Project Name: \_\_\_\_\_

Technology (Wind, landfill gas,  
Solar photovoltaics, hydro,  
Biomass, etc.)<sup>1</sup>: \_\_\_\_\_

Estimated Commercial  
Operation Date: \_\_\_\_\_

Products Bid (check all products proposed)

Energy \_\_\_\_\_  
Renewable Energy Certificates (“RECs”) \_\_\_\_\_  
Capacity \_\_\_\_\_

Project Site/Location:  
City or Town: \_\_\_\_\_

Proposed Interconnection Point: \_\_\_\_\_

Proposed Point of Delivery: \_\_\_\_\_

Project Contact:  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Facsimile Number: \_\_\_\_\_

Total capacity of the Project (MW):  
Gross: \_\_\_\_\_  
Net: \_\_\_\_\_

Contract Maximum Amount available for Delivery to National Grid (at the Point of  
Delivery (kWh per hour): \_\_\_\_\_

<sup>1</sup> The technology or resource type must qualify under Section 5 of the Rules and Regulations governing the Implementation of a Renewable Energy Standard, effective July 25, 2007, promulgated under R.I.G.L. §39-26- 5.

Expected Annual Energy Production to be Delivered to National Grid at the Point of Delivery (MWh)

\_\_\_\_\_

Estimated Net Capacity Factor (%)

\_\_\_\_\_

Study Provided to Support  
Estimated Generation

\_\_\_\_\_ (Yes)

\_\_\_\_\_ (No)

If Yes, Name of Firm Who  
Prepared the Study

\_\_\_\_\_

Expected Annual Availability (%)

\_\_\_\_\_

Term of Contract:

\_\_\_\_\_

Estimated Equipment Life

\_\_\_\_\_

Equipment Manufacturer

\_\_\_\_\_

Project Type (check as applicable)

\_\_\_\_\_ Non-Firm Intermittent Energy

\_\_\_\_\_ Baseload Energy

\_\_\_\_\_ Dispatchable Energy

### **3. Executive Summary of the Proposal (including the base proposal and any alternative proposals)**

The Bidder is required to provide an executive summary of the project proposal in this Section of the Bid Form. The Bidder should include a description of the important elements of the proposal consistent with the sections included in the Bidder Response Forms. Bidders should provide sufficient information to clearly demonstrate how their proposal conforms to the eligibility and threshold criteria specified in Section 2.2 of the RFP.

#### 4. Pricing Information

**This Section 4 is to be used for conforming pricing. Non-conforming pricing may be proposed in Section 14, Alternatives.**

Bidders are required to complete a Pricing Schedule for each applicable product proposed in an Excel spreadsheet provided on the RFP website and in the appropriate columns below. Bidders should also fully describe their pricing formula, including any combination pricing (e.g., fixed portion plus a portion that adjusts according to a published, publicly available inflation-related index). Pricing is to be specified on a contract year basis (i.e., the first Contract Year commences on the Commercial Operation Date and ends on the last day of the month that is 12 months later; the second Contract Year begins on the first day following the end of the first Contract Year; and each subsequent Contract Year commences on the anniversary of the day following the end of the first Contract Year). In the description of the pricing formula, the Bidder should specify for all products proposed the starting date for pricing, the published, publicly available inflation-related index to be applied in the pricing formula, if any, and the timing for applying fixed or variable escalators.

#### Pricing Schedule

<b>Contract Year</b>	<b>Annual Contract Energy to be Delivered to the Buyer at the Point of Delivery (MWh)<sup>2</sup></b>	<b>Bundled Energy Price (\$/MWh)</b>	<b>Fixed Escalation Rate to be Applied if Applicable<sup>3</sup></b>	<b>Energy Price (\$/MWh)</b>	<b>REC Price (\$/MWh)</b>	<b>Capacity Price (\$/kW- mo.)</b>
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

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<sup>2</sup> The annual energy delivery estimates should be consistent with the information provided in Section 5.1.2

<sup>3</sup> Escalation rate may be (a) fixed or (b) based on a publicly available, inflation-related index.

**Pricing Schedule (cont'd)**

<b>Contract Year</b>	<b>Annual Contract Energy to be Delivered to the Buyer at the Point of Delivery (MWh)</b>	<b>Bundled Energy Price (\$/MWh)</b>	<b>Fixed Escalation Rate to be Applied if Applicable</b>	<b>Energy Price (\$/MWh)</b>	<b>REC Price (\$/MWh)</b>	<b>Capacity Price (\$/kW- mo.)</b>
11						
12						
13						
14						
15						

**Description of the Pricing Formula:**

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**Index Proposed/portion of price to which it is being applied:**

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**Fixed Rate:** \_\_\_\_\_ (Yes or No)



5.1.2 Energy Generation

Expected Gross Annual Energy Production \_\_\_\_\_ MWh/yr

Expected Net Annual Energy Production \_\_\_\_\_ MWh/yr

**Expected Peak and Off-Peak Monthly Production<sup>5</sup>**

<b>Month</b>	<b>On-Peak (MWh/Mon)</b>	<b>Off-Peak (MWh/Mon)</b>
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		
Total		

5.1.3 Annual Degradation Rate (if any) and basis for it: \_\_\_\_\_

**5.2 Heat Rate (If Applicable)**

If heat rate information is necessary for pricing associated with your facility, please provide a column to the Pricing Schedule, which includes the “Projected Heat Rate” values. These values should include the effect of all generation that will be produced at the contract rate and will be used for contract payment rate calculation (e.g. for generators with heat recovery technology, please provide the lower heat rate indicating the efficiency of this combined technology). Heat rates should be stated in MMBtu/kWh in HHV)

\_\_\_\_\_

<sup>5</sup> If the level of generation is expected to vary over the life of the Power Purchase Agreement (“PPA”), the bidder should provide an expanded table for the term of the PPA.

### 5.3 Operating Mode

#### 5.3.1 Proposed method/mode of Operation

Intermittent Only \_\_\_\_\_  
(Please define parameters of operation)

Must Run (at full load) \_\_\_\_\_

**5.4 Maintenance Outage Requirements** – Specify partial and complete planned outage requirements in weeks or days. Also, list the number of months required for the cycle to repeat (e.g., list time interval of minor and major overhauls, and the duration of overhauls).

**5.5 Operating Constraints** - Specify all the expected operating constraints and operational restrictions for the project (i.e. limits on the number of hours a unit may be operated per year or unit of time).

**5.6 Reliability** – Describe how the proposal would provide enhanced electricity reliability within Rhode Island.

**5.7 Moderation of System Peak Load** – Describe how the proposal would contribute to moderating system peak load requirements. If the proposed project is an intermittent resource, please provide the following information:

- Estimated average output for each summer period (June-September) from 1:00 pm-6:00 pm
- Estimated average output for each winter period (October-May) from 5:00 pm-7:00 pm

## **6. Energy Resource Plan**

The Bidder is required to provide an energy resource or fuel supply plan for its proposed project, including supporting documentation. The fuel supply/energy resource profile information should be consistent with the type of technology/resource option proposed and the term of the PPA proposed. The information requested is organized according to the type of project or energy resource. Bidders should respond only to relevant questions.

### **Wind Energy Projects:**

- Provide a summary of all collected wind data for the proposed site. Identify when the data was collected and by whom.
- Indicate where the data was collected and its proximity to the proposed site. Include an identification of the location for the anemometers that were used to arrive at an assessment of the site generation capability.
- Provide (a) at least one year of hourly wind resource data, or (b) a wind resource assessment report from a qualified resource assessment firm or meteorologist, or (c) both. Include an analysis of the available wind data which addresses the relationship between wind conditions and electrical output.
- Provide a projection of gross and net annual energy production, including projections of average net hourly energy production, based on the wind resource data (a 12 x 24 energy projection).
- Please provide an explanation if the average of the hourly MWh of production is different from the expected Net Annual Energy Production.
- Provide a site-adjusted power curve. Each curve should list the elevation, temperature and air density used.
- Identify the assumptions for losses in the calculation of projected annual energy production, including each element in the calculation of losses.

### **Landfill Gas**

- Provide a gas production forecast for each landfill. Provide a table that shows the annual, monthly and hourly projection of gas flow and energy export to the Distribution Company from each landfill.
- Provide supporting data that illustrates the expected generation from each landfill based on the projected gas production.
- Describe any contingencies or constraints that could affect the availability of fuel or the energy resource for the project and any contingency plans for meeting projected generation levels.

## **Biomass**

- Provide a resource assessment of available biomass fuel for the proposed project and its proximity to the project site.
- Provide a plan for obtaining the biomass fuel, including a transportation plan.
- Provide any contracts or letters of intent to acquire and transport the biomass fuel.
- Demonstrate that projected energy output for the project over the term of the contract is consistent with the energy supply available.
- Describe any contingencies or constraints that could affect the availability of fuel or the energy resource for the project and any contingency plans for meeting projected generation levels

## **Solar**

- Provide an assessment of the available solar incidence or resource and the projected production profile for the project. Identify anticipated generation by hour and month for at least a one-year period and describe any trends in generation capability over time (i.e. annual decline rate of expected output).
- Describe the methodology used to generate the projected generation and describe the in-house or consulting expertise used to arrive at the generation estimates.

## **Hydro**

- Describe the project characteristics in terms of water flow (on a monthly basis) and head, and state the assumptions regarding seasonal variations, and a conversion of such flow into kilowatts and kilowatt-hours. Provide monthly flow duration curves based upon daily stream flow records.
- Identify if the project is run-of-river or has storage capability.
- If the project is an expansion of an existing project, (a) provide energy output estimates with and without the proposed expansion and (b) specify the quantity of energy that would qualify as RPS Class I Renewable Generation and the actions proposed to be taken by the Bidder to accomplish such qualification.

## **Other**

- Identification of availability of fuel supply (if applicable).
  - What is the availability of the fuel supply?
  - Does the Bidder have any firm commitments from fuel suppliers? If so, please provide a copy of any agreements with confidential information redacted if necessary.

## **7. Financial/Legal**

Bidders are required to provide responses to all questions below. Bidders are required to demonstrate the financial viability of their proposed project. Bidders should provide the following information:

- 7.1 Provide a description of the corporate structure of the Bidder's organization from a financial and legal perspective, including any general and limited partners, officers, directors, managers, members and shareholders, involvement of any subsidiaries supporting the project, and the providers of equity and debt during project development. Provide an organization chart showing the relationship between the equity participants and an explanation of the relationships.
- 7.2 Provide the credit ratings from Standard & Poor's and Moody's (the senior unsecured long term debt rating or if not available, the corporate rating) of the Bidder or any affiliated entity which Bidder proposes would provide a guarantee in support of Bidder.
- 7.3 Provide a description of the financing plan for the project, including construction and term financing. The financing plan should address the following:
  - Who will finance the project and how it will be financed
  - The project's projected financial structure
  - Expected sources of debt and equity financing
  - Estimated construction costs
  - The projected capital structure
  - Describe any agreements entered into with respect to equity ownership in the proposed project and any other financing arrangement.

In addition, the financing plan should address the financing of development costs. All bidders are required to provide this information.

- 7.4 Provide documentation illustrating the experience of the project sponsor in securing financing for projects of similar size and technology. For each project previously financed provide the following information:
  - Project name and location
  - Project type and size
  - Date of construction and permanent financing
  - Form of debt and equity financing
- 7.5 Provide evidence that the Bidder has the financial resources and financial strength to complete and operate the project as planned.

- 7.6 Provide copies of the most recent audited financial statement or annual report for each Bidder, including affiliates of the Bidder. Also, list the current credit rating from Standard & Poor's and Moody's for the sponsor, affiliates, partners, and credit support provider.
- 7.7 The Bidder should demonstrate its ability (and/or the ability of its credit support provider) to provide the required security, including its plan for doing so.
- 7.8 Provide a description of any current credit issues regarding the Bidder or affiliate entities raised by rating agencies, banks, or accounting firms.
- 7.9 Describe the role of the federal Production Tax Credit or Investment Tax Credit (or other incentives) on the viability of the project.
- 7.10 Bidders must disclose any pending or threatened litigation related to projects owned or managed by them or any of their affiliates in the United States.
- 7.11 What is the expected operating life of the proposed project?

## 8. Siting and Interconnection

This section of the response package addresses project location, siting, real property rights and interconnection issues. Bidders should ensure that the threshold criteria for siting are verified in their responses.

- 8.1 Provide a site plan including a map of the site that clearly identifies the location of the site, the total acreage, the anticipated interconnection point, and the relationship of the site to other local infrastructure, including transmission facilities, roadways, and water sources. In addition to providing the required map, provide a site layout plan which illustrates the location of all major equipment and facilities on the site.
- 8.2 Provide evidence of the right to use the site.
- Does the project have a right to use the site (e.g., by virtue of ownership or land rights obtained from the owner)?
  - If so, please identify the means of site control.

Include any relevant documentation, e.g., lease agreement, option to lease, purchase agreement, option to purchase, or letter of intent regarding any of the foregoing.

- 8.3 Provide evidence that the site is properly zoned. If the site is not currently zoned properly, identify present and required zoning and/or land use designations and provide a permitting plan and timeline to secure the necessary approvals.
- 8.4 Provide a description of the area surrounding the site including a description of the local zoning, flood plain information, existing land use and setting (woodlands, grasslands, agriculture, other).
- 8.5 Identify any real property rights (e.g., fee-owned parcels, rights-of-way or easements) that are required for access to the project or for interconnection. Describe the status of acquisition of real property rights, and describe the plan for securing the necessary real property rights, including the proposed timeline. Include these plans and the timeline in the overall project timeline.
- 8.6 Please describe the status of any planned interconnection to the grid. Has the Bidder made a valid interconnection request to ISO New England, Inc. (“ISO-NE”) or the transmission owner? Describe the status of any interconnection studies already underway with ISO-NE and the transmission owner. Provide a copy of any studies completed to date. Provide a copy of an interconnection agreement, if any, executed by the Bidder with respect to the proposed project. If an interconnection agreement has not been executed, please provide the steps that need to be completed before an interconnection agreement can be executed and the associated timeline.

- 8.7 Provide a copy of an electrical one-line diagram showing the interconnection facilities and the relevant facilities of the transmission owner.
- 8.8 Specify and describe the interconnection and transmission facilities that are required, including system control and protection.

## 9. Environmental Assessment and Permit Acquisition Plan

This section addresses environmental and other regulatory issues associated with project siting, development and operations.

- 9.1 Provide a list of all the permits, licenses, and environmental assessments and/or environmental impact statements required. If a bidder has secured any permit or has applied for a permit, please identify in the response.
- Provide a list of all Federal, state and local permits, licenses, and environmental assessments and/or environmental impact statements required to construct and operate the project.
  - Identify the governmental agencies which will issue or approve the required permits, licenses, and environmental assessments and/or environmental impact statements.
- 9.2 Provide the anticipated timeline for seeking and receiving the required permits, licenses, and environmental assessments and/or environmental impact statements, using the execution date of the PPA as the starting point, if applicable. Include a project approval assessment which describes, in narrative form, each segment of the process, the required permit or approval, and the basis for projection of success by the milestone date. All requirements should be included on the project schedule in Section 12.
- 9.3 Provide a preliminary environmental assessment of the site and project, including both construction and operation. The Bidder should identify environmental impacts associated with the proposed project, any potential impediments to development, and its plan to mitigate such impacts or impediments. The analysis should address each of the major environmental areas presented below:
- Site development
  - Transportation infrastructure
  - Air quality
  - Access to water resources/water quality
  - Ecology
  - Land use
  - Cultural resources
  - Previous site use
  - Noise level
  - Aesthetic/visual
  - Transmission infrastructure
  - Fuel supply access

- 9.4 Provide documentation identifying the level of public support for the project including letters from public officials, newspaper articles, etc. If the project sponsor has not yet initiated community outreach for the project, please provide a plan for community outreach activities.

## **10. Engineering and Technology; Commercial Access to Equipment**

This section includes questions pertinent to the engineering design and project technology. Bidders should provide information about the specific technology or equipment including the track record of the technology and equipment.

10.1 Provide a reasonable but preliminary engineering plan which includes the following information:

- Type of generation technology
- If wind turbines, provide the turbine make and model, hub height, rotor diameter, and power curve
- Major equipment to be used
- Manufacturer of the equipment
- Status of acquisition of the equipment
- Whether the Bidder has a contract for the equipment. If not, describe the Bidder's plan for securing equipment and the status of any pertinent commercial arrangements
- Equipment vendors selected/considered
- History of equipment operations
- If the equipment manufacturer has not yet been selected, identify in the equipment procurement strategy the factors under consideration for selecting the preferred equipment

10.2 If the Bidder has not yet selected the major generation equipment for the project, please provide a list of the key equipment suppliers under consideration.

10.3 Please identify the same or similar equipment by the same manufacturer that are presently in commercial operations including the number installed, installed capacity and estimated generation for the past three years.

10.4 For less mature technologies provide evidence (including identifying specific applications) that the technology to be employed for energy production is ready for transfer to the design and construction phases. Also, address how the status of the technology is being considered in the financial plan for the project.

10.5 Please indicate if the Bidder has secured its equipment (e.g. wind turbines) for the project. If not, identify the long-lead equipment options and describe the timing for securing equipment.

- 10.6 Please provide an estimate of the number of jobs to be created directly during project development, construction and operations and a general description of the types of jobs created, estimated annual compensation, and the employer(s) for such jobs. How many of these jobs will likely be filled by Rhode Island residents? Please treat the development, construction, and operation periods separately in your response.
- 10.7 Please provide the same information as provided in response to question 10.6 but with respect to jobs that would be indirectly created as a result of the proposed project.

## **11. Operation and Maintenance**

Projects that can demonstrate that the maintenance plan, level of funding, and mechanism for funding will ensure reliable operations during the term of the contract are preferred.

- 11.1 Provide an operation and maintenance plan for the project that demonstrates the long term operational viability of the proposed project. The plan should include a discussion of the staffing levels proposed for the project, the expected role of the project sponsor or outside contractor, scheduling of major maintenance activity, and the plan for testing equipment.
- 11.2 Describe in detail the proposed O&M funding mechanism and funding levels to support planned and unplanned O&M requirements.
- 11.3 Describe the terms (or expected terms) of the warranties and/or guarantees on major equipment that the Bidder is seeking.
- 11.4 Describe the status of the project sponsor in securing any operation and maintenance agreements or contracts. Include a discussion of the sponsors plan for securing a medium-term or long-term O&M contract, including the expected provider of O&M services.
- 11.5 Provide examples of the Bidder's experience with O&M services for other similar projects.

## **12. Project Schedule**

Bidders are required to provide a complete critical path schedule for the project from the notice of selection of the project for contract consideration to the start of commercial operations. For each project element, list the start and end date.

Identify the elements on the critical path. The schedule should include, as a minimum, facility contracts, start of construction, construction schedule, siting, fuel supply, financing, engineering and procurement, acquisition of real property rights, Federal, state and/or local permits, licenses, environmental assessments and/or environmental impact statements (including anticipated permit submittal and approval dates) and any other requirements that could influence the project schedule, and the Commercial Operation Date.

### **13. Project Management/Experience**

Bidders are required to demonstrate project experience and management capability to successfully develop and operate the project proposed. The Distribution Companies are particularly interested in project teams that have demonstrated success in projects of similar type, size and technology and can demonstrate an ability to work together effectively to bring the project to commercial operation in a timely fashion.

- 13.1 Provide an organizational chart for the project that lists the project participants and identifies the corporate structure, including general and limited partners.
- 13.2 For each of the project participants (including the Bidder, partners, A/E firm, EPC contractor and proposed contractors), provide statements that list the specific experience of the firm in developing, financing, owning, and operating generating facilities, other projects of similar type, size and technology, and any evidence that the project participants have worked jointly on other projects.
- 13.3 Provide a management chart that lists the key personnel dedicated to this project and provide biographies of the key personnel.
- 13.4 Provide a listing of all projects the project sponsor has successfully developed or that are currently under construction. Provide the following information as part of the response:
  - Name of the project
  - Location of the project
  - Project type, size and technology
  - Commercial operation date
  - Estimated and actual capacity factor of the unit for the past three years
  - Availability factor of the unit for the past three years
  - References, including the names and current addresses and telephone numbers of individuals to contact for each reference.
- 13.5 With regard to the Bidder's project team, identify and describe the entity responsible for the following:
  - Construction Period Lender, if any
  - Operating Period Lender and/or Tax Equity Provider, as applicable
  - Financial Advisor
  - Environmental Consultant
  - Owner's Engineer
  - EPC Contractor (if selected)
  - Transmission Consultant
  - Legal Counsel

13.6 With regard to Bidder's experience with ISO-NE markets, please indicate the entity that will assume the duties of Lead Market Participant for your Project. Please provide a summary of the proposed Lead Market Participant's experience with each of the ISO-NE markets.

## **14. Alternatives**

With reference to Section 2.2.4.2 of the RFP, Bidders should describe any alternative options to their proposal which could include a different pricing formula, proposal size, or in-service date, if applicable.

## **15. Direct Economic Benefits to Rhode Island**

Provide an estimate of the number of jobs to be created directly during project development, construction and operations and a general description of the types of jobs created, estimated annual compensation, and the employer(s) for such jobs. How many of these jobs will likely be filled by Rhode Island residents? Please treat the development, construction, and operation periods separately in your response.

Provide the same information as provided above, but with respect to jobs that would be indirectly created as a result of the proposed project.

Identify increased property tax revenues or other similar revenues.