

Request for Proposals for Standard-Offer Eligible Projects

Issued by:

VEPP Inc.

Acting as the SPEED Facilitator

For issuance on:

[April 1 of each year]

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Introduction

1.

Section 8005(f)(1) of Title 30 requires the Vermont Public Service Board (“Board”) to use a market-based mechanism to obtain renewable energy under the Sustainably Priced Energy Enterprise Development (“SPEED”) program if such a mechanism is consistent with federal law and the goal of timely development of renewable energy projects at the lowest feasible cost. This request for proposal (“RFP”) issued by VEPP Inc., acting as the appointed SPEED Facilitator under 30 V.S.A. Chapter 89, represents such a market-based mechanism. For background information Proponents may review Board Order of 3/1/13 in Dockets 7873 and 7874.

This RFP outlines the terms and conditions under which eligible projects are to develop Proposals in response to this process and the evaluation framework which the SPEED Facilitator will use to select successful Proponents that will be awarded standard-offer contracts.

General Requirements

1.1

All communication regarding this RFP will be conducted through the SPEED website.¹ Comments and questions regarding the RFP or standard-offer contracts should be directed to VEPP Inc. Successful Proponents will be required to enter into the final form of the standard-offer contract, which is posted on the Vermont SPEED website.

Contents of this RFP

1.2

This RFP is composed of four chapters, the first of which is this introduction. The second chapter provides an overview of the RFP process. The third chapter reviews the evaluation process including the Mandatory Requirements, Evaluation, and Proposal Selection Process. The final chapter reviews the major terms and conditions of the RFP process.

RFP Process Overview

2.

This section provides an overview of the RFP process.

Schedule

2.1

The RFP schedule for 2013 is presented below.

Event	Proposed Date
Release of RFP	April 1, 2013
Deadline for Questions on RFP	April 15, 2013
Final Responses to Questions	April 22, 2013
Proposal Submission Deadline	May 1, 2013 3 PM ET
Announcement of Award Group	May 15, 2013
Execution of Standard-Offer Contracts by Award Group	May 30, 2013

Proposal Submission

2.2

Proposals are to be labeled as indicated below and delivered to the following address prior to the Proposal Submission Deadline:

Vermont Renewable Energy RFP: Proposal

Mail Address:

VEPP Inc.
P.O. Box 1938
Manchester Center, VT 05255

Physical Address:

VEPP Inc.
1965 Depot Rd.
Manchester Center, VT 05255

The Proposal submission package should indicate the full legal name of the Proponent and its return address.

Proponents are not to contact staff of the Board, the Vermont Department of Public Service, or VEPP Inc. with respect to matters related to this RFP except through the channels identified in this RFP.

¹<http://vermontspeed.com>

No Proponent or Project Team Member shall engage in any fraudulent, misleading, manipulative, collusive, or noncompetitive behavior with respect to the pricing of its Proposal. Any such behavior may be investigated and prosecuted in accordance with any and all applicable regulations and laws. Any such behavior will disqualify the Proponent or the Proposal of the Proponent from the RFP.

Confidentiality

2.3

Proponents should be aware that all materials associated with the RFP are subject to the terms of the Vermont Access to Public Records Act (1 V.S.A. Chapter 5, Subchapter 3) and all rules, regulations and interpretations resulting therefrom, including those from the Board, the office of the Attorney General of the State of Vermont, and the office of the Vermont Secretary of State, and any other applicable rules, regulations or judicial decisions regarding access to the records of government.

The Board does not favor the filing of proprietary information in this context. In particular, the Board does not anticipate that price information will be deemed proprietary. If a Proponent believes it necessary to include allegedly confidential material in a bid, all such materials must be submitted in a separate sealed envelope and marked "CONFIDENTIAL."

It will not be sufficient for Proponents to merely state generally that the proposal is proprietary in nature and not therefore subject to release to third parties. Those particular pages or sections which a Proponent believes to be proprietary and of a trade secret nature must be specifically identified as such and must be separated from other sections or pages of its proposal. Convincing explanation and rationale sufficient to justify each exemption from release consistent with Section 316 of Title 1 of the Vermont Statutes Annotated must accompany the proposal. The rationale and explanation must be stated in terms of the prospective harm to the competitive position of the vendor that would result if the material were to be released and the reasons why the materials are legally exempt from release pursuant to the above-cited statute. Proponents must understand and agree that final discretion to release or exempt any or all material so identified rests with the Board, and that a Board decision to exempt any information may be subject to judicial review.

Proposal Security

2.4

Proposal Security must be payable to and in favor of "VEPP Inc. - In Trust" in the amount of \$10 per kW of installed AC capacity. Proposal Security must be in the form of a certified check or bank draft.

Proposal Security will be returned to unsuccessful Proponents within 10 business days of the announcement of the Award Group. Successful Proponents who fail to execute the standard-offer contract within 15 calendar days of notification that they have been awarded a contract will forfeit their Proposal Security. Proposal Security will be returned upon commissioning of a standard-offer project. Proposal Security will be returned to Proponents who withdraw from the Reserve before January 1st.

Notification and Selected Proponents

2.5

VEPP Inc. will notify each selected Proponent in the Award Group in writing, electronically, or verbally of its selection. Each selected Proponent must execute the standard-offer contract and deliver same to VEPP Inc. within 15 calendar days of offer of contract. If the Proponent fails to provide the Proposal Security or administrative fee required under the standard-offer contract or execute the contract within the required time, the Proponent may be disqualified and VEPP Inc. may select another Proponent. Under these conditions the Proponent will forfeit its Proposal Security.

The standard-offer contract will not be subject to negotiation after the Proponent has been notified that it is being offered the opportunity to execute the contract. Pursuant to the September 30, 2009, Board Order in Docket 7533, VEPP, Inc., acting as the SPEED Facilitator, does not have the authority to alter the

standard-offer contract. Therefore, the Proponent will be required to execute the standard-offer contract in the final form posted on the SPEED website.

Proposal Evaluation

3.

This section reviews: (1) the required Proposal organization; (2) the Mandatory Requirements that all Proposals are required to satisfy; (3) the assessment criteria upon which Proposals are to be ranked; and (4) the Proposal selection process. All Proposals must satisfy the Mandatory Requirements to proceed to the next step in the evaluation process.

3.1 Proposal Organization

To enable VEPP Inc. to efficiently review and score Proposals, Proponents are required to present the following information in their Proposals.

Proposals shall indicate the legal name of the entity submitting the Proposal that will be executing the standard-offer contract, Project name, contact person including e-mail address, phone number and mailing address, location of the Project, the Project's technology, the Project nameplate capacity (AC), Project schedule, and interconnecting utility. Proposals shall include a Project map which indicates the location of the Project site and specifies the parcels for which the Proponent has site control.

3.2 Mandatory Requirements

Proposals must satisfy the Mandatory Requirements outlined in this section to be considered further in the evaluation process. Proposals that fail to satisfy these Mandatory Requirements shall be rejected. Proponents must demonstrate how they and their proposed Project satisfy each of these Mandatory Requirements.

3.2.1 Proposed Project

The project must:

- (1) Be located in Vermont.
- (2) Have an installed net nameplate capacity measured at the Project's location of no more than 2.2 MW AC. The Proponent should indicate the Project's installed nameplate capacity (AC) in its Proposal.
- (3) Not already be selling its output to VEPP Inc. or Vermont electric utilities. This provision is not designed to limit the ability of a Proponent to submit a proposal for an additional Project or to prevent a Vermont electric utility from submitting a proposal for a new standard-offer contract as part of the Provider Block being established by the Board.
- (4) A proposed price which is not higher than the relevant technology-specific avoided costs presented in Section 3.3.3.

3.2.2 Site Control

The Proponent must demonstrate project site control by providing evidence of one of the following: (1) fee simple title to such real property; (2) valid written leasehold interest for such real property; (3) a valid written option, exercisable unconditionally by the Proponent or its assignee, to purchase or lease such real property; or (4) a duly executed contract for the purchase or lease of such real property.

Evaluation Criteria

3.3

Proposals will be reviewed and ranked based on the assessment criteria specified below.

Selection of Award Group

3.3.1

This RFP is for [**available capacity for independent developer block as of April 1 each year determined by the Board**] MW of renewable energy pursuant to 30 V.S.A Section 8005a(c). In addition, this RFP is for [**available capacity for provider block as of April 1 each year determined by the Board**] MW of renewable energy pursuant to Section 8005a(c)(1)(B) for Vermont retail electricity providers. Projects for the provider block will be evaluated separately from the capacity reserved for the independent developer block. All projects shall be required to offer a price that is no more than the relevant technology-specific avoided cost indicated below.

Projects will be stacked based on the price offered, rank ordered from lowest to highest. Standard-offer contracts would be offered to those Proposals with the lowest prices up until the annual capacity cap has been filled. Once the annual cap is approached but not exceeded, the Proposal that would cause the size of the Award Group to exceed the annual cap by no more than 2.2 MW will be included in the Award Group.

If a Project fails to execute the standard-offer contract within 15 calendar days and the Award Group does not already exceed the annual cap without that project, VEPP Inc. will offer contract(s) to Proposal(s) with the lowest price that offered capacity that would not cause the annual cap to be exceeded by no more than 2.2 MW.

VEPP Inc. will then establish a Reserve comprised of no more than 4.5 MW of Proposals with the lowest prices that were not awarded standard-offer contracts. If a Project withdraws from the Award Group prior to January 1st of the subsequent year and the Award Group does not already exceed the annual cap without that project, then a standard-offer contract will be offered to the Proposal within the Reserve that has the lowest price and that does not exceed the annual cap by no more than 2.2 MW.

If a project withdraws from the Award Group after January 1st but before April 1st, then the capacity associated with that project would be solicited at the next annual solicitation. That project would be disqualified from bidding in the next solicitation. The Reserve will be discontinued after January 1st. Projects in the discontinued Reserve will be allowed to bid in the next annual solicitation.

A Reserve will not be established for proposals for the provider block. If a provider project withdraws after receiving a standard-offer contract, then the capacity associated with that project would be solicited in the next annual solicitation.

Proposal Pricing

3.3.2

Proponents should present prices to four decimal places. If there is a tie in the prices of two Proposals and both Proposals cannot be accommodated within the Award Group then the Proposal to be awarded the standard-offer contract will be randomly selected.

3.3.3 Technology-Specific Avoided Costs Table

Avoided Cost Schedule for Standard-Offer Projects (\$/kWh)

	Biomass	Hydroelectric	Landfill Gas	Wind >100 kW	Wind ≤ 100 kW	Solar PV
Levelized	0.125	0.123	0.090	0.118	0.253	0.257 for 25 years
Year 1	0.121	0.119	0.087	0.113	0.245	
Year 2	0.121	0.119	0.087	0.113	0.246	
Year 3	0.122	0.120	0.088	0.114	0.247	
Year 4	0.123	0.121	0.089	0.114	0.249	
Year 5	0.124	0.121	0.089	0.115	0.250	
Year 6	0.125	0.122	0.090	0.115	0.251	
Year 7	0.126	0.122	0.091	0.116	0.252	
Year 8	0.127	0.123	0.091	0.117	0.254	
Year 9	0.128	0.124	0.092	0.117	0.255	
Year 10	0.129	0.124	0.093	0.118	0.256	
Year 11	0.130	0.125	0.093	0.118	0.258	
Year 12	0.131	0.126	0.094	0.119	0.259	
Year 13	0.132	0.126	0.095	0.120	0.260	
Year 14	0.133	0.127	0.096	0.120	0.262	
Year 15	0.135	0.128	0.097	0.121	0.263	
Year 16	0.136	0.128	NA	0.122	0.265	
Year 17	0.137	0.129	NA	0.122	0.266	
Year 18	0.138	0.130	NA	0.123	0.268	
Year 19	0.140	0.131	NA	0.124	0.269	
Year 20	0.141	0.131	NA	0.124	0.271	

Terms and Conditions

5.

General Terms and Conditions

4.1

Neither VEPP Inc., the State of Vermont, the Vermont Public Service Board, or the Vermont electric utilities assumes any contractual or other obligations as a result of the issuance of this RFP, the preparation or submission of a Proposal by a Proponent, the Proponent's participation in any discussions or negotiations, or any other basis arising out of this RFP.

Proponent Costs and Limitation of Liability

4.2

Proponents will bear all costs and expenses in connection with their participation in this RFP. The Proponent shall not have any claims against VEPP Inc., the State of Vermont, the Vermont Public Service Board, or the Vermont electric utilities for any compensation of any kind as a result of participating in this RFP process.

Reserved Rights

4.3

VEPP Inc. shall have the discretion to:

- Make public the names of any or all Proponents and members of their respective Project Teams.
- Verify with any Proponent, or with a third party, any information set out in a Proposal and check references other than those provided by any Proponent.
- Disqualify any Proponent whose Proposal contains misrepresentations or any other inaccurate or misleading information.
- Disqualify any Proponent or the Proposal of any Proponent who has engaged in conduct prohibited by this RFP (See Section 2.2).
- Suspend or cancel this RFP at any time with the approval of the Board.
- Reject any or all Proposals submitted in response to this RFP that do not comply with the terms of the RFP.
- With notice to the Board, may disregard minor deficiencies in a proposal if such proposal complies in all material respects with the requirements of this RFP.

4.4 Governing Law

This RFP shall be governed by and construed in accordance with the laws of the State of Vermont. Any disputes shall be resolved before the Board.