

Request for Proposals  
for the Sale of Energy or Renewable Energy  
Credits from Qualifying Renewable Resources  
(Tranche 1)

*Issued by the Maine Public Utilities Commission*

*February 14, 2020*

## 1. Background

The Maine Public Utilities Commission (Commission) is seeking proposals from qualifying renewable generation resources for the sale of energy or renewable energy credits (RECs). A bidder may also offer to sell capacity as part of its proposal. To be a qualifying resource, a generation facility must meet the requirements for a Maine RPS Class 1A resource as specified in section 1 of the Act and Chapter 311 of the Commission's rules.

During its 2019 session, the Maine Legislature enacted An Act To Reform Maine's Renewable Portfolio Standard. P.L. 2019, Chapter 477 (Act). The Act directs the Commission to conduct two competitive solicitation processes to procure, in the aggregate, an amount of energy or RECs from Class 1A resources that is equal to 14% of retail electricity sales in the State during calendar year 2018, or 1.715 Million MWh.<sup>1</sup> Of that 14% total, the Act directs the Commission to acquire at least 7%, but not more than 10%, through contracts approved by December 31, 2020 (Tranche 1), and to acquire the remaining amount (Tranche 2) through a solicitation process to be initiated no later than January 15, 2021.

This RFP seeks proposals for Tranche 1.

**Proposals in response to this RFP must be submitted by April 10, 2020.**

Bidders selected will enter into contract(s) with one or both of Maine's investor-owned transmission and distribution utilities - Central Maine Power Company (CMP) and Emera Maine (EM) (T&D utilities). A contract must be for a term of 20 years, unless the Commission finds a contract for a longer term to be prudent.

Additional information about this RFP, including a copy of the Act, the standard form contract and instructions for submitting bids is available at:  
<https://www.maine.gov/mpuc/electricity/rfps/class1a2020/>

## 2. Qualifications and Evaluation Criteria

### 2.1 Qualifying Resource

To qualify for a contract pursuant to this RFP, a resource must meet the requirements for Maine's Class 1A Renewable Portfolio Standard (RPS) as specified in the Act.

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<sup>1</sup> As reported by the Maine utilities to the Energy Information Administration in EIA Form 861 and to the Commission in annual reports, total retail electricity sales in the State during 2018 were 12.25 Million MWh.

In addition, a resource must have no affiliation with a customer that has elected to be exempt from the Class 1A and thermal energy credit requirements pursuant to sections 1 and 2 of the Act.

## **2.2 Evaluation Standards and Considerations**

### **2.2.1 General**

Proposals will be evaluated based upon the requirements and objectives stated in the Act and within this RFP. Specifically, bids will be evaluated as follows.

1. A weight of 70% will be given to benefits to Maine ratepayers;
2. A weight of 30% will be given to benefits to the Maine economy resulting from the resource, including but not limited to:
  - a. Capital investments;
  - b. Payments for the harvest of wood fuel;
  - c. Employment;
  - d. Payments to a host community
  - e. Excise, income, property and sales taxes paid;
  - f. Purchase of goods and services;
  - g. Avoided emissions resulting from operation of the resource.

If a resource seeks to receive scoring weight for benefits to the Maine economy other than those listed above, it must provide documentation of such benefits and support for the amount of value to the Maine economy that would be provided.

In selecting among proposals, the Commission will determine the total benefits to Maine ratepayers and the Maine economy and, using the scoring weights noted above, select those proposals that maximize the overall benefits to the State.

**Notwithstanding the requirement that proposals include a quantification of this value, the Commission will independently assess and quantify the benefits to the Maine economy.**

To the extent sufficient resources are available, 75% of the energy or RECs contracted with pursuant to the Act must come from Class 1A resources that began commercial operations after June 30, 2019 and 25% must come from Class 1A resources that began commercial operations on or prior to June 30, 2019.

Acceptance of any proposal will be determined by the Commission based upon the requirements of the Act and this RFP and the Commission's statutory public interest obligations. In making its determinations, the Commission and Commission Staff may consult with the T&D utilities, Maine's Office of the Public Advocate (OPA), the Maine Department of Economic and Community Development (DECD) and the Maine Department of Environmental Protection (DEP).

If the Commission concludes that this solicitation is not competitive, based either on the solicitation process or the resulting bids, no bidders may be selected. The Commission may accept or reject any proposal, or it may reject all proposals, based on its assessment of whether a proposal meets the requirements of the Act and this RFP; satisfies applicable statutory policies and objectives; is within the applicable contracting authority; and conforms with generally accepted business practices.

### **2.2.2 Energy Storage Systems**

For the purpose of this RFP, an energy storage system means a commercially available technology that uses mechanical, chemical or thermal processes for absorbing and storing energy for use at a later time.

An energy storage system which is connected to the State's electricity grid and paired with a qualifying resource may participate in this procurement process if the system is either: (1) collocated with a qualifying resource, whether metered jointly or separately; or (2) for a system that is not collocated with a qualifying resource, upon a finding by the Commission that the system would result in a reduction in greenhouse gas emissions.

An energy storage system that is not collocated with a qualifying resource may receive RECs only for stored energy from a qualifying resource.

If awarded a contract in this procurement process, an energy storage system must remain stationary and under the same ownership throughout the term of the contract.

The Commission may, in its sole discretion, allow an energy storage system to be paired with and added to a resource after the resource is awarded a contract in this procurement process.

A bid that includes an energy storage system must include two separate proposals, one with and one without the storage system. Ratepayer benefits from each of the two separate proposals will be assessed based on the benefits to ratepayers, including but not limited to the following:

- a. Cost reduction;
- b. Peak demand reduction;
- c. Deferral of investment in the transmission and distribution system;
- d. Increase in the overall flexibility, reliability and resiliency of the electricity grid;
- e. Reduction in greenhouse gas emissions.

## **3. Proposal Requirements**

### **3.1 Form of Product**

Proposals should be for the sale of energy or RECs from Class 1A resources through a contract with one of the T&D utilities. Bidders may also offer to sell capacity as part of the contract.

***Preference will be given to proposals for the sale of energy.***

### **3.2 Required Attributes**

The Commission may authorize contracts with qualifying renewable resources and energy storage systems as defined in Sections 2.1 and 2.2.2 of this RFP.

### **3.3 Transaction and Pricing Structures**

Proposals should specify annual energy quantities or quantity caps for the amounts of energy or RECs for each year of the contract term. If capacity is proposed to be included, the proposal should also specify annual quantities or quantity caps for the amounts of capacity for each year of the proposed contract term.

Proposals may be structured as physical or financial transactions.

If capacity is included in the proposal, separate prices may be proposed for energy or RECs and capacity, or a single bundled price for all components that are included may be proposed. Proposals should clearly specify which contract products are included in the pricing. Prices must be fixed prices and may not be defined by formulae or indices, except that prices that increase at a specified fixed percentage in each year may be proposed.

Prices must be in nominal dollar terms.

The same generation resource may submit multiple pricing proposals, as long as they are mutually exclusive. Any contingencies associated with a proposal must be clearly described and supported in the bidder's proposal(s).

### **3.4 Benefits Reporting and Contract Payment Adjustment**

The proposal must include a process under which the resource would provide information to allow the Commission to verify on an annual basis that (1) the claimed benefits to the Maine economy and (2) the claimed benefits from any energy storage system are provided by the resource. The actual performance of the resource against the claimed benefits will be calculated on a cumulative basis following each year of the contract term. If, in its annual review of benefits provided, the Commission finds the claimed benefits are not being achieved on a cumulative basis, the Commission may reduce the contract price in the next subsequent year by a percentage up to the percentage difference between the actual and claimed benefits, but not to exceed an overall 30% reduction. The reduction to the contract payment will be re-evaluated annually by the Commission. For clarity, if after year 5

of the contract term, a resource is found to have delivered only 90% of the economic benefits it had claimed on a cumulative basis, the Commission may reduce the contract price in the next subsequent contract year by as much as 10%. In no event, shall the Commission reduce a contract year price by more than 30%.

### **3.5 Performance Security**

The contract will include a requirement for performance security to ensure that the economic benefits to the Maine economy that are proposed by a resource as provided in section 4.2 are realized. The specific amount of performance security required will be determined on a project-specific basis based on the Commission's assessment of the contract prices and payments, the expected benefits to the Maine economy and other risks and benefits of the contract.

Proposals shall include the proposed form of performance security. Acceptable forms of performance security are: (1) cash (U.S. currency); or (2) an irrevocable, transferable and unconditional standby letter of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch with such bank having a minimum credit rating of A- from S&P or A3 from Moody's. The Commission may consider other forms of performance security and will determine whether security in a form other than cash or an LOC is acceptable in the context of a specific proposal and prevailing economic conditions. Winning bidders must post any initial required performance security within two (2) business days of contract execution.

Proposals should include evidence of a bidder's intent and ability to fulfill the Performance Security requirements should the proposal be selected. In particular, Proposals should include a statement from a qualified bank meeting the minimum credit rating criteria noted above that it would provide the Performance Security required for the proposal.

### **3.6 Contract**

A standard form Qualifying Class 1A Resource Purchase and Sale Agreement will be posted at the RFP website at <https://www.maine.gov/mpuc/electricity/rfps/class1a2020/>

Bidders are **required** to submit any requested modifications to the standard form Agreement with their proposal.

### **3.7 Term**

The term of the contract shall be twenty (20) years unless the bidder requests, and the Commission approves, a longer term. Bidders should include a proposed starting date for the contract term.

### **3.8 Firm and Final Bids; Supplemental Proposal Information**

Proposals and pricing submitted are firm and final bids and will be binding on the bidder. Changes to proposals will not be accepted after the submission of bids except to the extent requested by the Commission. The Commission reserves the right to ask bidders to provide additional information related to any aspect of a proposal, or to clarify, correct or amend a proposal.

### **3.9 Confidentiality**

A bidder may designate information included in its proposal as proprietary or confidential information. The Commission will take every reasonable step, consistent with law, to protect information that is clearly identified as proprietary or confidential on the page on which it appears. Protected information may be made available to the T&D utilities, the OPA, DECD and/or the DEP under appropriate protective order and non-disclosure agreements. The identity of winning bidders and general information about proposals selected will become public at the time of the Commission's decision. The contracts and associated prices of selected proposals will ultimately become public; however, such information may be withheld for a period of time at the request of the bidder.

## **4. Proposal Content Requirements**

Bidders shall include an affidavit warranting the completeness and accuracy of the material provided and attesting that the proposal was prepared independently and without collusion or any other action taken to restrain free, competitive bidding and the terms of the proposal are commercially reasonable. The affidavit shall be substantially in the form provided on the RFP website at <https://www.maine.gov/mpuc/electricity/rfps/class1a2020/>

Submission of the required affidavit does not restrict the Commission from otherwise finding that the solicitation process or resulting bids are not competitive.

### **4.1 Project Information**

- a. Proposals should include a description of the facility, including its qualification as a Class 1A resource as defined in the Act;
- b. Proposals should include the resource's in-service date, or projected in-service date, and expected monthly energy or REC output for each year of the contract term. If capacity is proposed to be included, the proposal should also provide estimated capacity quantities for each month of the term;
- c. Proposals should include detailed information about the location of the facility, as well as the interconnection point. For facilities in ISO-NE, proposals should include the applicable ISO-NE pricing node;

d. To the extent capacity is included in the bid, proposals should include details of the facility's Forward Capacity Market supply obligation and/or qualification as a capacity resource in the ISO-NE or NMISA region.

#### **4.2 Economic and Other Benefits**

a. Proposals should include detailed and specific information about, and a quantification of the value of, the expected benefits to the Maine economy for the categories listed in Section 2.2.1 of this RFP for each year of the contract term, as well as the expected benefits to the Maine economy in any other category claimed in the proposal;

b. Proposals should include a description of the types and quantification methodologies used to measure the economic benefits and complete supporting documentation for the quantification and the quantification methodologies;

c. Proposals should include proposed reporting and verification protocols to be included in the contract that would permit the Commission to examine and verify, on an annual basis during the contract term, the in-state economic benefits provided and the associated economic value to the state; and

d. Proposals should include detailed information about the effect of the contract on: reductions on greenhouse gases; fuel diversity; grid reliability and resiliency; and other items noted in Section 2.2.2 of this RFP.

#### **4.3 Corporate Structure, Financial and Technical Capability, Customer Affiliation**

Proposals should include information and supporting documents describing the corporate structure and ownership of the facility; information sufficient to demonstrate the financial capability of the facility owner and operator, including audited financial statements of the facility owner and corporate parent and current credit agency rating reports (if applicable); and information and documentation demonstrating the technical experience and expertise of the facility owner and operator.

Proposal should also identify any affiliation with a Maine retail electricity customer that receives service at transmission or sub-transmission voltage.

#### **4.4 Product Quantities and Pricing**

Proposals should include the quantities (or quantity caps) and prices for energy or RECs, as applicable, and, if included, capacity, for each year of the term. Pricing should be a firm and final bid. All contingencies associated with a proposal and/or pricing should be clearly indicated.



## 5. RFP Process

### 5.1 Overview of Process; Schedule

**Proposals are due on or before April 10, 2020.**

Instructions for submitting proposals will be posted to the RFP website at: <https://www.maine.gov/mpuc/electricity/rfps/class1a2020/>

The Commission Staff will review all proposals; may ask for supplemental and/or clarifying information from bidders; may propose modifications to the proposed pricing or structure of the bid; and/or may propose changes to the requested modifications to the standard form Agreement. Bidders may accept or reject any modifications proposed by Commission Staff.

The Commission reserves the right to revise, suspend, or terminate the RFP at its sole discretion. In such event, the Commission will inform all bidders as soon as reasonably possible.

### 5.2 RFP Documents and Information; Contact Persons

The RFP and all related documents and information are available on the RFP Website at: <https://www.maine.gov/mpuc/electricity/rfps/class1a2020/>

All changes and supplements to the RFP and related materials will be posted to the RFP Website. Bidders are responsible to obtain these updates and additions.

The RFP Contact Person is:

Faith Huntington

Director of Electricity and Natural Gas

Maine Public Utilities Commission

[Faith.Huntington@maine.gov](mailto:Faith.Huntington@maine.gov)

207-287-1373

Bidders may submit questions or request additional information by contacting the RFP Contact Person. To the extent bidder inquiries elicit generally applicable information or corrections/clarifications to existing information, such information may be posted to the RFP Website. Bidder questions, information requests and the associated responses will not otherwise be made generally available.

The Commission will endeavor to respond to all questions and information requests, but it is under no obligation to do so.

## **6. General**

### **6.1 Proposals**

Proposals are binding on the bidder and must be submitted in accordance with this RFP or as otherwise specified by the Commission. The Commission reserves the right to seek clarification and request additional information, documentation and other material related to the proposals. Failure to provide any such items within the timeframes requested may result in disqualification.

### **6.2 Proprietary Information**

A bidder may designate information included in its proposal as proprietary or confidential information. The Commission will take every reasonable step, consistent with law, to protect information that is clearly identified as proprietary or confidential on the page on which it appears. Protected information may be made available to the T&D utilities, the OPA, DECD and DEP. The identity of bidders and projects, and the associated prices and contracts, for proposals chosen in this process will become public information.

### **6.3 Proposal Costs**

All costs associated with developing and submitting a proposal in response to this RFP and providing oral or written clarification of its contents are borne by the bidder.

### **6.4 Rights of the Commission**

The Commission may accept or reject any proposal, or it may reject all proposals, based on its assessment of whether a proposal meets the requirements of the RFP, satisfies the applicable statutory policies and objectives, is within the contracting authority of the Commission, and conforms with generally accepted business practices.

The Commission reserves the right to withdraw or modify the RFP at any time and to propose modifications to the bids.

The type(s) and amounts of energy or RECs awarded pursuant to this RFP will be determined by the Commission consistent with applicable laws and rules, the provisions of this RFP and the Commission's statutory public interest obligations.

The Commission shall not be responsible or liable in any manner for risks, costs, expenses, or other damages incurred by any bidder or other entity involved, directly or indirectly, with this RFP.

## **6.5 State Held Harmless**

The State of Maine, its officers, agents, and employees, including the Maine Public Utilities Commission, Commissioners and the employees or agents of the Maine Public Utilities Commission shall be held harmless from any and all claims, costs, expenses, injuries, liabilities, losses and damages of every kind and description resulting from or arising out of this RFP.

## **6.6 Warranty**

The information contained in the RFP and provided subsequently is prepared to assist bidders and does not purport to contain all of the information that may be relevant to bidders. The Commission makes no representation or warranty, expressed or implied, as to the accuracy or completeness of the information. The Commission, its staff and its agents shall not have any liability for any representations expressed or implied in, or any omissions from, the RFP or information obtained by bidders from the Commission, its staff, its agents or any other source.