

Request for Proposals for Long-term Contracts for
Capacity Resources and Associated Energy

(2018 Release)

Issued by the Maine Public Utilities Commission

July 24, 2018

1. Background

The Maine Public Utilities Commission (Commission) is seeking proposals for long-term contracts for capacity and associated energy from qualifying resources. Proposals for contracts with terms of ten years or less are preferred. Bidders selected, if any, will enter into contracts 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).

Information about prior Commission RFPs and resulting contracts is available at: <https://www.maine.gov/mpuc/electricity/rfps/longterm2018/>

2. Purpose and Evaluation Standards

The purpose of this RFP is to solicit proposals for contracts that will reduce electricity costs for Maine consumers and/or to serve as a hedge against market price volatility. Other factors, including the environmental and reliability attributes of the resources, may also be considered. By statute, any contract resulting from this RFP must be consistent with Maine's greenhouse gas reduction policies and goals as embodied in Title 38, sections 576 and 577. The RFP is not intended to acquire a specified quantity of capacity or energy.

Proposals will be evaluated based upon the requirements and objectives stated within this RFP. Acceptance of any proposal will be determined by the Commission based upon applicable laws and rules, including the provisions of 35-A M.R.S. § 3210-C and Chapter 316 of the Commission's Rules; the provisions of this RFP; and the Commission's statutory public interest obligations. In making its determinations, the Commission and staff may consult with the T&D utilities and Maine's Office of Public Advocate (OPA).

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 applicable statutory policies and objectives; complies with the provisions of Chapter 316; is within the applicable contracting authority; conforms with generally accepted business practices; and is likely to provide benefits to Maine electricity consumers.

Initial Proposals are due on or before September 7, 2018.

3. Proposal Requirements

3.1 Form of Product

The product(s) solicited by this RFP are capacity and/or associated energy from qualifying capacity resources. Qualifying capacity resources are defined by Maine statute and Commission rule and include new and existing and renewable and non-renewable resources.

A new capacity resource must: (1) have an in-service date after September 1, 2005; (2) have been added to an existing facility after September 1, 2005; (3) not have operated or been recognized as a capacity resource for at least 2 years and, after September 1, 2005, resumed operation or was recognized as a capacity resource; or (4) have been refurbished after September 1, 2005 and is operating beyond its previous useful life or is employing an alternate technology that significantly increases the efficiency of the generation process. Existing capacity includes all other capacity.

Renewable capacity resources must rely on one or more of the following resources or technologies: fuel cells; tidal; solar; wind; geothermal; biomass (including landfill gas, but not including municipal solid waste); or hydroelectric generation that meets all applicable state and federal fish passage requirements.

A capacity resource should be recognized or likely to be recognized as capacity within the ISO-NE or NMISA market, as applicable, or justified with a finding that Maine electricity consumers will achieve significant benefits from a resource that is not so recognized. Capacity resources must also comply with all applicable market rules, tariffs, and all applicable state and federal laws and regulations.

3.2 Required Attributes

A long-term contract with a capacity resource can be authorized only if the Commission finds: (1) that a long-term contract is the least cost means to address an identified local grid reliability need and is necessary for the capacity resource to be developed or for its operation to be maintained; (2) that a long-term contract is necessary for the capacity resource to be developed or for its operation to be maintained, that the existence of the capacity resource will significantly lower the cost of capacity requirements to Maine ratepayers, and that the price for the capacity resource is expected to be no higher than market prices over the term of the contract; or (3) that the price of the capacity resource under the long-term contract is significantly likely to be below the expected market value of the capacity, or, in combination with associated energy, is significantly likely to be below the expected market value of the capacity and energy, over the term of the contract.

A long-term contract for associated energy can be authorized only if the Commission finds: (1) that the existence of the capacity resource is necessary to fulfill the new renewable capacity resource policy specified in statute, that the long-term contract

for associated energy is necessary for the capacity resource to be constructed or to prevent the capacity resource from being retired, and that the price of the of the associated energy under the long-term contract is expected to be no higher than market prices over the term of the contract; or (2) that the associated energy can be used to supply standard offer service, lower the cost of standard offer service, or lower the cost of electricity for ratepayers in Maine, and that the price for the associated energy under the long-term contract is significantly likely to be below the expected market value of the energy, or, in combination with the capacity, is significantly likely to be below the expected market value of the capacity and energy, over the term of the contract.

3.3 Resource Priority Order

As noted above, the foremost objective of the RFP is to acquire long-term contracts that provide electricity cost benefits to Maine consumers. Benefits associated with the environmental and reliability attributes of resources may also be considered in accordance with the following statutory Resource Priority Order:

- (1) new renewable capacity resources located in Maine;
- (2) new capacity resources with no net emission of greenhouse gases;
- (3) new nonrenewable capacity resources located in Maine, with preference given to resources with no net emission of greenhouse gases;
- (4) capacity resources that enhance the reliability of the Maine's electric grid, with preference given to resources with no net emission of greenhouse gases;
- (5) other capacity resources.

Proposals should clearly demonstrate how they would achieve the RFP objectives and rank within the above priority order.

3.4 Transaction and Pricing Structures

Proposals should specify annual quantities or quantity caps for the amounts of capacity and/or energy for each year of the proposed contract term.

Proposals may be structured as physical or financial transactions.

Proposals may include separate or bundled prices for capacity and associated energy. Prices may be fixed, or defined by formula or indices (e.g., caps and floors).

Prices must be in nominal dollar terms.

The same project/resource may submit multiple pricing proposals, as long as they are mutually exclusive. A pricing proposal for one project cannot be contingent on another project being accepted, but can be mutually exclusive.

3.5 Contract

A standard form Purchase and Sale Agreement will be posted at the RFP website at <https://www.maine.gov/mpuc/electricity/rfps/longterm2018/>

Modifications to the standard form will be considered.

3.6 Term

Proposals should specify the term length for the contract. Although the Commission has statutory authority to approve contracts of up to ten years in duration, and can approve a longer term upon a finding that it is in the best interest of Maine consumers, term lengths of ten years or less are preferred.

3.7 Security

Requirements for Project and Performance Security are described in RFP Section 6.

3.8 Proposal Information; Project Cost Data

The Commission reserves the right to ask bidders to provide additional information related to any aspect of a proposal, or to clarify or correct a proposal. In the event the Commission determines it to be necessary, bidders may be required to submit detailed and verifiable capital and operating cost data.

3.9 Indicative Bids; Firm and Final Bids

Indicative bids are acceptable with a bidder's Initial Proposal. The Commission may request a firm and final bid from a bidder or bidders. Such firm and final bids will be binding on the bidder. Changes to proposals will not be accepted after the submission of firm and final bids except to the extent requested by the Commission.

3.10 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 and/or the OPA under appropriate protective order and non-disclosure agreements. The identity of bidders and general information about proposals selected will become public at the time of the Commission's decision. The long-term 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. RFP Process

4.1 Overview of Process; Schedule

Initial Proposals will be due on or before September 7, 2018.

Instructions for submitting proposals will be posted to the RFP website at: <https://www.maine.gov/mpuc/electricity/rfps/longterm2018/>

The Commission staff will review all proposals, and may ask for supplemental and/or clarifying information from bidders. Based on this review, the Commission staff will notify bidders as to whether their proposal has been “short-listed”. For proposals that are short-listed, more in-depth discussions among the bidders, staff, and T&D Utilities will occur. When these discussions are completed for a particular proposal, the Commission will formally deliberate and render a decision on whether to authorize a long-term contract.

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.

4.2 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/longterm2018/>

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

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.

5. Proposal Content Requirements

Initial proposals should include and address the following, with an affidavit warranting the completeness and accuracy of the material provided.

5.1 Resource Information

- a. Proposals should include a statement that the capacity resource is, or would be, recognized as capacity by the ISO-NE and/or NMISA, and the resource's expected capacity value in MW should be provided. In addition, proposals should demonstrate eligibility to participate in the ISO-NE or NMISA capacity and energy markets, as applicable, as well as identify the applicable zone and/or pricing node for the resource in these markets. If a resource would not qualify as capacity in ISO-NE or NMISA, the proposal should describe and demonstrate the capacity benefits it would provide for Maine consumers.
- b. Proposals should demonstrate and document eligibility of the resource with respect to the requirements of the RFP and include an analysis of how the resource meets the objectives of the RFP.
- c. Proposals should include a description of the resource, including where it ranks within the Resource Priority Order, as well as a demonstration that the proposal is consistent with Maine's statutory greenhouse gas reduction goals and climate action plan.
- d. Proposals involving projects yet to be developed must demonstrate a sufficient level of site control, e.g., that which would be acceptable to ISO-NE for qualification as a capacity resource.
- e. Proposals must describe the technology and expected performance of the resource;
- f. Proposals for projects yet to be developed should include detailed information about the siting and location of the resource, including demonstration of a sufficient level of site control, the expected interconnection point and the status of the resource with respect to the required interconnection and any applicable permitting requirements.
- g. Proposals should include estimated hourly energy production levels in Excel format.

5.2 Financial and Technical Capability

Information and supporting documents sufficient to demonstrate the financial and technical capability of the resource and resource team should be provided, including audited financial statements of the team companies (if applicable), their most current credit agency rating reports (if applicable) and other documentation demonstrating financial and technical capability.

5.3 Pricing

Proposals should include the quantities (or quantity caps) and prices for capacity and associated energy for each year of the proposed term. To the extent pricing is based on an index or formula, a detailed example of how the formula would operate using historic index values should also be provided. Pricing provided in Initial Proposals may be indicative. All contingencies associated with a proposal and/or pricing should be clearly indicated.

6. Project and Performance Security

Project and Performance Security will be determined on a project-specific basis based on the Commission's assessment of the risks and benefits of the contract. The Commission may establish a security "Base Amount", as well as contractual terms by which margining would occur.

Acceptable forms of Project and 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 Project and 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.

Project and Performance Security is not required to be posted with Initial Proposals, but Initial Proposals should include a description of a bidder's ability to fulfill the Project and Performance Security Requirements should the proposal be selected. If the Commission requests a firm and final bid be submitted as described in section 3.9, such final bid should include a statement from a qualified bank meeting the minimum credit rating criteria noted above that it would provide the Project and Performance Security required for the proposal.

Winning bidders must post Project and Performance Security (Base Amount) within 2 business days of contract execution.

7. General

7.1 Proposals

Proposals 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.

A bidder may amend or withdraw its proposal, or any portion of its proposal, or may withdraw entirely from the RFP, at any time prior to the submission of a Final Proposal.

Final Proposals, when requested as such by the Commission, are binding.

7.2 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 and/or the OPA. The identity of bidders and resources and the associated long-term contracts for proposals chosen in this process will become public information.

7.3 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.

7.4 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, complies with the provisions of Chapter 316, is within the contracting authority of the Commission, conforms with generally accepted business practices and is likely to provide significant benefits to Maine electricity consumers.

The Commission reserves the right to withdraw or modify the RFP at any time, to negotiate with bidders and to solicit additional and/or modified proposals.

The type(s) and amounts of capacity and/or energy 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.

7.5 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.

7.6 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.