

TOWN OF FRONT ROYAL, VIRGINIA

**REQUEST FOR PROPOSALS TO OBTAIN
SOLAR CAPACITY AND ENERGY**

December 2009

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1.0 SCOPE

The Town of Front Royal, Virginia ("Front Royal" or the "Town") is issuing this Request for Proposals ("RFP") to solicit indicative proposals from potential solar energy developers and design/build contractors or owners of existing solar energy generation facilities for a quantity of 1 MW to 10 MW of solar-powered generation. Front Royal is receptive to proposals that either provide for a turnkey project with Front Royal as the project owner at completion of the development or a long-term purchased power agreement ("PPA") from an existing or newly developed solar energy generation facility. Front Royal prefers proposals where the Town receives any Renewable Energy Credits ("RECs") associated with the provided solar energy.

2.0 RFP COMMUNICATIONS

All questions or other communication regarding this RFP should be submitted to Front Royal's engineering consultants:



3.0 SCHEDULE

The following schedule and deadlines apply to this solicitation:

Release of RFP:	December 22, 2009
Intent to Respond Forms Due:	January 8, 2010
Indicative Proposals Due:	January 22, 2010

No Pre-bid conference will be held. Please direct all questions related to the RFP to Front Royal's engineering consultants, GDS Associates, Inc. (www.gdsassociates.com).

Front Royal reserves the right to modify this schedule if, in the sole opinion of Front Royal, such modifications are necessary.

4.0 BACKGROUND

Information contained in this RFP is provided for background use only. Front Royal makes no representation that the information is complete or applicable to any Respondent's proposal.

The Town of Front Royal is located in the northwestern corner of Virginia in Warren County, approximately 70 miles west of Washington, DC. The Town has an estimated population of 15,000. Front Royal's Department of Energy Resource provides retail electric service to approximately 8,000 customer accounts and operates four 34.5/12.5kV distribution substations. Its local transmission service owner is Allegheny Power System.

Front Royal currently purchases full requirements capacity and energy from American Electric Power Service Corporation ("AEP") and the contract with AEP runs through the end of May 2010. Following the expiration of the AEP contract, Front Royal will begin purchasing portions of its power supply requirements from American Municipal Power, Inc. ("AMP"); some of that supply is currently under contract. Through its relationship with AMP, Front Royal has and will consider participation in generation assets as the Town pursues a portfolio of resources to satisfy its future power supply requirements. In addition to AMP, Front Royal is an active member of the following organizations: Blue Ridge Power Agency ("BRPA"), Municipal Electric Power Association of Virginia ("MEPAV"), and American Public Power Association ("APPA").

In 2008, the Town had a peak demand of 42 MW (winter) and energy requirements of 188 GWh.

5.0 PROPOSAL CONTENT

5.1 Overview

Front Royal is seeking opportunities to purchase solar capacity and energy from an existing or newly developed solar facility under a long-term purchased power agreement or collaborate with either a design/build contractor or developer for the purpose of developing a solar electric generation project in its service territory, at a site adjacent to an existing substation to be specified at a future date.

Any turnkey solar energy generation project proposed can contemplate delivering up to 10 MW AC at a 12.5 kV delivery interconnection/metering point with Front Royal during peak generation output periods. The specific technology is left to the respondent to propose. Front Royal will consider purchased power from existing or newly developed facilities throughout the PJM Regional Transmission Organization ("RTO"). If developing a new facility in Front Royal, it would likely be located adjacent to one of the four substations on the Front Royal distribution system and connected behind-the-meter to offset Front Royal's existing load requirements.

While Front Royal is unable to provide specific details about a proposed site at this time if a new development is to be located in/near the Town, the respondent should assume for purposes of preparing a response that the site is approximately 60 acres in size and owned by Front Royal with topology and terrain typical of Front Royal's service territory.

Front Royal requires that all proposals submitted pursuant to this RFP contain the appropriate information necessary to complete a thorough analysis. Front Royal further requires that Respondents submitting proposals include sufficient detail to allow Front Royal to determine whether or not the proposed power supply will economically and reliably meet Front Royal's power supply requirements. Front Royal will review and may utilize all information submitted by a Respondent. Also, Front Royal reserves the right to request additional information from Respondents during the proposal evaluation process.

5.2 Turnkey Design/Build Alternative

Front Royal is receptive to a design/build turnkey structure where the respondent designs and constructs the facility in collaboration with Front Royal, and then turns over ownership and operation to Front Royal when the project achieves commercial operation. A design/build contractor will be responsible for all equipment, materials, and services required for a complete operating facility. The following lists the major components of the work. This is not intended to be a complete, exhaustive listing, but is provided for convenience of the contractor in quickly developing an understanding of the overall scope of the project work.

Design: Preparation of facility plans, engineering drawings, and technical specifications, including system protection and voltage stability studies of the interconnection with and generation output effects on the Front Royal 12.5 kV distribution system.

Major Plant Equipment: Procuring, receiving, unloading, storing, installation, commissioning and testing of plant equipment.

Civil-Structural: Site surveys; geotechnical investigation of the site; clearing, grubbing, and site preparation; perimeter security fences and gates; underground utilities and piping; grading and drainage; soil erosion, sediment control, and final stabilization; roads, parking, sidewalks, and paving; landscaping; restoration of site, including lay-down areas, to acceptable condition upon demobilizing from the site; and all foundations.

Electrical: Controls, metering, relaying; electrical interface between the plant, collector bus with high side breakers, and the substation; plant lighting, plant lightning protection, and grounding, including interconnection and synchronization equipment necessary to achieve connection, disconnection and generation output delivery in a manner that maintains Front Royal distribution system reliability.

ANSI/IEEE Standard P1547: The design, equipment, electrical schemes and testing should follow the latest ANSI/IEEE Standard P1547 requirements, including but not limited to P1547.1 through P1547.7.

Any contractor selected as the result of this solicitation will be expected to enter into an agreement with Front Royal that will govern the scope of the work as generally described above, payment obligations, contractor performance obligations, and insurance and security requirements.

5.3 Long-Term Purchased Power Alternative

Front Royal is also interested in receiving long-term purchased power proposals where Front Royal would purchase the output of a newly developed or existing solar generation project over its useful life. In the case of the purchased power alternative, Front Royal expects the developer to own, operate, and maintain the solar energy generation system for the life of the unit. Prospective developers must be willing to enter into specific agreements with various parties which may be involved in the successful execution of this project, including a site use agreement with Front Royal for installation, operation and maintenance activities conducted at the site (if located on Town-owned property).

Front Royal will consider purchased power from existing or newly developed facilities that provide for delivery at hubs or zones throughout the PJM RTO. Although not required, proposals that wish to mitigate Front Royal's congestion risk for supplied solar energy should provide for delivery to the Front Royal Aggregate, which is where Front Royal receives delivery of its electric requirements.

5.4 Interconnection Requirements

The facility will be required to be constructed to meet the minimum requirements for safe and effective operation as it pertains to those installations that will be connected to the Front Royal distribution system at 12.5 kV. Any proposed project to be located in Front Royal must be designed so that it would not backfeed onto the transmission system.

These requirements may not cover all details in specific cases. The respondent would be expected to discuss project plans with Front Royal before designing the facility or purchasing and installing equipment.

The minimum required protective and synchronization relaying and/or safety devices and requirements specified in Front Royal's requirements are for protecting Front Royal facilities and its customers' equipment from damage or disruptions caused by a fault, malfunction or improper operation of the solar generating facility. They are also necessary to ensure the safety of utility workers and the public. Minimum protective relaying and interconnection requirements do not include additional relaying, protective or safety devices as may be required by industry and/or government codes and standards, equipment manufacturer requirements and prudent engineering design and practice to fully protect the generating facility or facilities; those are the sole responsibility of the respondent.

6.0 EVALUATION CRITERIA

Proposals will be judged based on their ability to meet Front Royal's need for economical and reliable renewable energy in the necessary timeframe. Respondents to this solicitation should provide all relevant information necessary to allow Front Royal to conduct a thorough analysis of the proposal. The principal criteria to be used by Front Royal in evaluating proposals include, but are not necessarily limited to, total delivered cost of the renewable energy at the commercial operation date or over the contract term, the reliability of the project, and the financial and operational viability of the respondent.

Front Royal reserves the right to consider any other factors that it deems to be relevant to its needs. Front Royal reserves the right to request additional information from individual respondents or to request all respondents to submit supplemental materials in fulfillment of

the content requirements of this RFP or to meet additional information needs of Front Royal. Front Royal also reserves the unilateral right to waive any technical or format requirements contained in the RFP. Furthermore, Front Royal, in its sole discretion, will analyze any financial, operational, or other necessary criteria to determine their comfort and confidence that the respondent has the capability to fulfill their proposal.

Respondents are encouraged to include the following information for a new development or an existing facility:

Pricing. Provide a preliminary project cost estimate in sufficient detail to allow Front Royal to validate and verify the various cost components contained in the proposal. Explain the approach for minimizing the price of electricity generated. Please provide an estimated annual kWh generation via PVWatts output (www.pvwatts.org) or similar software.

Past Experience. Front Royal will consider past experience in designing, installing, owning, operating, and maintaining solar energy projects of similar size and complexity. If the respondent forms a joint venture or other teaming arrangement, these same considerations will be applied to the parties of the joint venture or teaming arrangement cumulatively. Additional response information may be included to the extent which the respondent has experience with solar projects in Virginia.

Proposed System Conceptual Design & Technical Specifications. Describe the preliminary design/layout of the PV system, land required, type of technology, efficiency, mounting, tracking method (if used), transmission interconnection plan (to an existing 12.5 kV substation bus), and recommended provisions to minimize system visibility (including light reflection) for the ground-mounted system. Proposals offering some level of "firming" are especially welcome.

Financial Capability. The Respondent, its parent, and any other guarantor of services under the Respondent's proposal, should provide audited financial statements from the previous three years, if available, in order to demonstrate financial viability. If the Respondent's guarantor has a credit rating, the most recent ratings reports must be provided. The respondent's financial capability will be reviewed for stability and adequacy to meet its obligations under the proposal. If the respondent is selected as the winner of the RFP and plans to secure financing from an outside source, an official commitment letter from the financier confirming the financial arrangement may be required. Finally, the Respondent should provide references of current and/or recent power supply agreements with wholesale customers. If the Respondent is a new entity and selected as the winner of the RFP, Front Royal may request performance assurances in the form of a parental guaranty or line of credit in order to ensure financial protection for the completion of the proposal.

Solar Equipment Supply. If the respondent is selected as the winner of the RFP, the respondent may be asked to provide a letter from its solar equipment supplier and/or manufacturer substantiating the availability and warranty information of the equipment for use for the project.

The Respondent should clearly explain the pricing and breakdown of the components of capacity and energy projected to be delivered on an hourly basis for the life of the original solar generation equipment under the proposal so that Front Royal can evaluate the life-cycle total cost of power under the terms of the proposal and sensitivities Front Royal chooses to evaluate.

Respondents should separately identify and specify any costs included for transmission and/or interconnection facilities necessary to deliver power and energy to Front Royal. Front Royal will evaluate each proposal to determine if modifications to its distribution system are necessary to receive delivery of power and energy. Such additional costs will be included in Front Royal's overall evaluation of the proposal.

7.0 PROPOSAL DURATION

All proposals must be valid through February 2010, pending evaluation by Front Royal and the beginning of contract negotiations between them and the winning Respondent(s). It should be noted that any prices quoted will remain indicative and subject to change based on market conditions. Rather, the proposal concept should remain valid through February 2010.

8.0 PROPRIETARY DATA

Should a proposal include data the Respondent considers confidential, such proprietary data should be specifically identified by Respondent on each page of Respondent's proposal containing proprietary data. Front Royal will utilize reasonable care to ensure Respondent's confidential information is not disclosed except as required by law. This restriction does not limit Front Royal's right to use or disclose any data contained in the proposal to consultants, lenders and counsel, or if it is obtainable from another source without restriction. In any event, Front Royal, its employees, counsel, lenders, and consultants will not be liable for the accidental disclosure of such data, even if it is marked.

9.0 INCURRED COSTS

All costs directly or indirectly related to the preparation of a proposal in response to this RFP or any oral presentation required to supplement and/or clarify a proposal which may be required by Front Royal shall be the sole responsibility of and shall be borne by the Respondent(s) incurring such costs. Front Royal shall not reimburse any Respondent for any costs incurred in the preparation or submission of a proposal and/or in negotiating an agreement as a result of a proposal.

10.0 CONTRACT INCORPORATION

Respondents should be aware that the contents of a selected proposal will likely become a part of any subsequent contract documents.

11.0 REGULATORY APPROVAL

Any contracts, resulting from this RFP or subsequent negotiations, may be subject to regulatory approvals, including but not limited to approval of the Front Royal Town Council, Federal Energy Regulatory Commission and/or the Virginia State Corporation Commission.

12.0 REJECTION OF PROPOSALS

Front Royal reserves the right to accept any proposal(s) or to reject any and all proposals and to re-issue this RFP in the event that all proposals are rejected or Front Royal deems it otherwise necessary. Front Royal reserves the right to revise this RFP, including the desired

capacity specifications and the requirements for proposals, at any time. Additionally, Front Royal reserves the right to accept proposals other than the lowest cost proposal. Factors other than cost, as described above, will be considered in the proposal evaluation process. Front Royal also reserves the right to cancel the RFP at any time and reject all proposals to the RFP without selecting a winning bidder.

13.0 RELEASE OF INFORMATION

Front Royal or its consultants shall not release confidential information submitted relative to this RFP during the evaluation process, except as required by law. Front Royal may also provide information to regulatory authorities, including the Front Royal Town Council, and lenders, during the proposal evaluation process. Front Royal may also release the number and names of Respondents, including the names of short-listed Respondents.

14.0 SUPPLEMENTAL INFORMATION

Front Royal reserves the right to request additional information from Respondents or to request Respondents to submit supplemental materials in fulfillment of the content requirements of this RFP or to meet additional information needs of Front Royal. Front Royal also reserves the right to waive any technical, format or schedule requirements contained in the RFP.

15.0 INTENT TO RESPOND

Front Royal requests that recipients of this RFP complete and return the Notice of Intent to Respond form by January 8, 2010. The form should be returned by mail or electronic mail to Garrett Cole, at GDS Associates, Inc. Completed Notice of Intent to Respond forms will be treated confidentially by Front Royal to the extent permitted by law (pursuant to Section 8.0 above). Prospective Respondents should make their best efforts to provide accurate information about their planned proposal; however, Respondents will not be bound by the information provided in the completed Notice of Intent to Respond form.

16.0 SUBMITTAL INSTRUCTIONS

Proposals must be delivered no later than 5:00 p.m., January 22, 2010 to:

<p>GDS Associates, Inc.</p> <p>Suite 800 1850 Parkway Place Marietta, GA 30067</p> <p>Attention: Garrett Cole, P.E. Phone: 770-425-8100 Facsimile: 770-426-0303 E-mail: garrett.cole@gdsassociates.com</p>
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Electronic submission is preferred. Copies of each proposal will be forwarded to Front Royal and counsel for review.