

# REQUEST FOR PROPOSALS FOR SOLAR AND SOLAR + STORAGE RESOURCES

UB #19-20-12

Prepared for:



Released August 12, 2019

Administered By:



RFP Website: <https://www.gdsassociates.com/requests-for-proposals/>

**1.0 SUMMARY**

The City of Henderson, Kentucky, Utility Commission d/b/a Henderson Municipal Power & Light (“HMP&L”), located in Henderson, Kentucky, is issuing this Request for Proposals (“RFP”) for the purchase of solar energy and all related rights to generation output, including but not limited to, energy, capacity, environmental attributes, and ancillaries, stemming from standalone solar-powered generation or solar plus storage generation projects. HMP&L’s transmission system is interconnected to the Midcontinent Independent System Operator (“MISO”) transmission system. HMP&L will accept proposals from any electric utility, independent power producer, solar/storage developer, or electric power marketer that has solar and storage facilities available, existing and/or planned, and operates within the MISO transmission system (“Respondents”). HMP&L is interested in proposals for Third-Party Power Purchase Agreements (“PPA”), the Base Proposal, and PPAs with Step-in Purchase Rights, as an option to the Base Proposal. HMP&L is soliciting proposals meeting the following criteria:

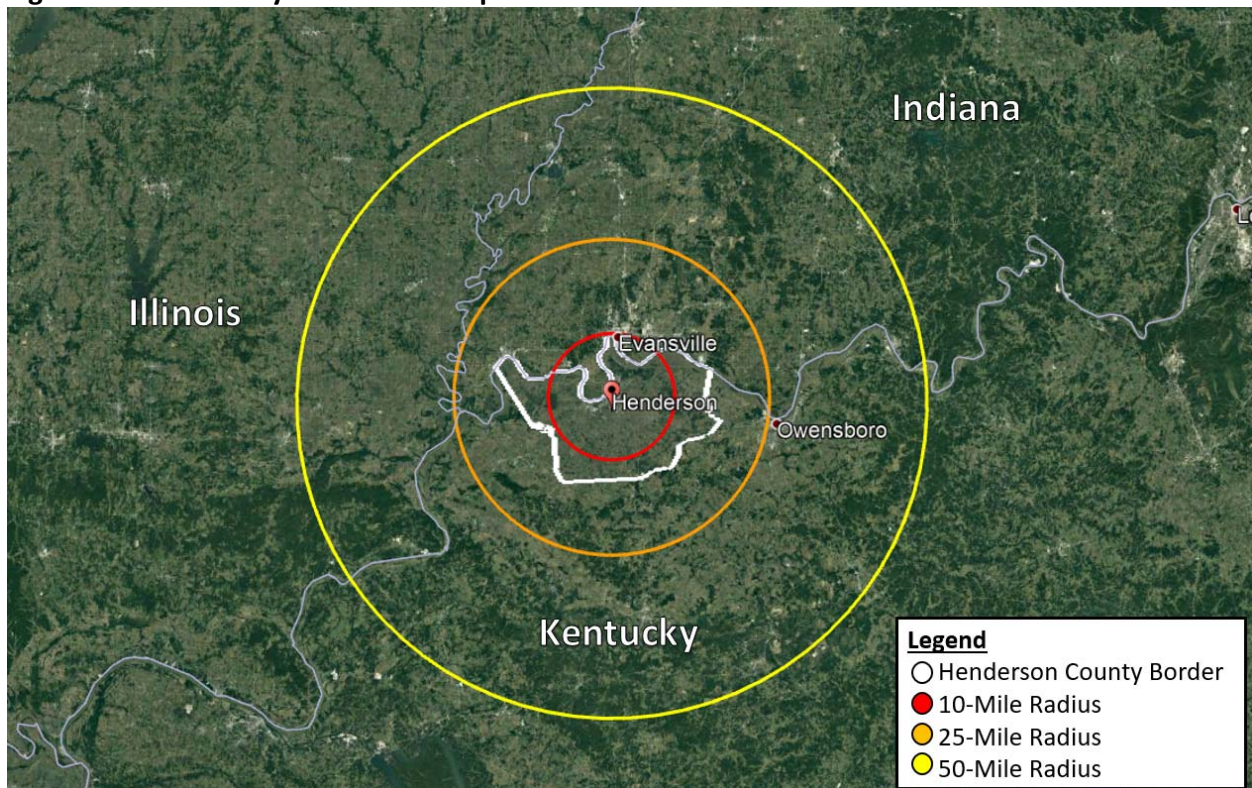
**Proposal Criteria**

<b>Technology</b>	Base Proposal: Solar Photovoltaic Base Proposal Option: Solar Photovoltaic plus DC- or AC-Coupled Battery Energy Storage System (“BESS”)
<b>Solar Project Size</b>	Minimum project size is 25 MW AC Procurement Target: 50 – 100 MW AC (multiple projects acceptable as well as portion of larger project)
<b>BESS Size and Duration</b>	To be proposed by Respondent
<b>Commercial Operation Date</b>	June 2022 or later
<b>Site</b>	Projects located within Henderson County, KY, or the surrounding area in reasonable proximity to HMP&L’s service territory and existing 69 kV transmission footprint, are preferred over projects further away from HMP&L’s service territory (see Figure 1 map below). Projects must be able to demonstrate site control at the time of submission.
<b>Delivery Location Preference</b>	Delivery location preference is in the following order: 1) CP Node BREC.HMPLOAD within the MISO Local Resource Zone 6 (or guaranteed financial delivery to this CP Node), 2) the Indiana Hub (INDIANA.HUB), and 3) solar project busbar.
<b>Interconnection Status*</b>	At the time of proposal submission, the proposed project(s) must be in MISO’s interconnection queue with an in-service date that supports the guaranteed commercial operation date (“COD”) or the Respondent can be in queue to interconnect to HMP&L’s 69 kV system. Projects further along in the queue will receive preference over those in earlier stages of the interconnection process.

<b>Contract</b>	Base Proposal: PPA for either solar or solar + storage Base Proposal Option: PPA with Step-in Purchase Rights
<b>Products</b>	Solar: Energy, Capacity, Environmental Attributes, and Ancillaries BESS: Energy, Capacity, and Ancillaries (possible shared benefits structure)
<b>PPA Term</b>	Solar: 20 - 25 years BESS: 15 – 20 years with options to oversize or augment and capacity guarantee
<b>Generation Shape</b>	Solar: 1) As-Generated or 2) Fixed Shape BESS: 1) Extend the as-generated solar into the evening peak hours, 2) smooth the as-generated solar into more expected solar blocks during daylight hours, or 3) create a dispatchable solar resource
<b>Price</b>	Solar: Fixed rate (\$/MWh) with or without an annual escalator Solar + BESS: Fixed rate (\$/MWh) with or without an annual escalator

\* Interconnection Note: If the Respondent identifies a 69 kV point of interconnection on HMP&L’s system, a waiver from MISO should be obtained before proceeding with the HMP&L interconnection process. If the Respondent identifies a 161 kV point of interconnection, the MISO generator interconnection process will apply.

**Figure 1. Solar Facility Preference Map.**



## 2.0 BACKGROUND

Information contained in this RFP is provided for background use only. HMP&L makes no representation that the information is complete or applicable to any Respondent's proposal. The following is a general description of HMP&L.

Henderson's utility, HMP&L, was established in 1896. In the late 1940's, the City of Henderson established a Utility Commission to manage the daily operations of the electric utility. Currently, 5 citizens are appointed to serve 3-year terms on the City of Henderson Utility Commission. Under Kentucky Revised Statutes ("KRS") Chapter 96, the City Commission, not the Utility Commission, retains the authority to issue debt and set electric rates.

Today, HMP&L has approximately 12,000 meters with an annual peak demand of 107 MW, and annual energy requirements of approximately 625,000 MWh.

Transmission and Distribution Facilities:

- (4) – 69 kV tie lines and (2) – 161 kV tie lines with BREC
- 34.86 pole miles of 69 kV and 22 pole miles of 161 kV transmission lines
- (1) – 161 kV substation and (6) 69 kV substations

## 3.0 PRE-BID Q&A CONFERENCE CALL

A pre-bid conference call is scheduled for August 27, 2019 and while Respondent participation is not mandatory it will provide a forum for Respondents to ask additional questions regarding this RFP. Conference call information including additional supplemental information will be provided via the RFP website ([www.gdsassociates.com/requests-for-proposals](http://www.gdsassociates.com/requests-for-proposals)) and all potential Respondents are encouraged to participate.

## 4.0 RFP QUESTIONS

All questions or other communication regarding this RFP should be submitted in writing to HMP&L's engineering consultants at GDS Associates, Inc. by September 3, 2019. Contact information is shown below. Answers to any questions will be directly supplied to all Respondents who fill out a Notice of Intent to Respond form and will also be posted on the RFP website ([www.gdsassociates.com/requests-for-proposals](http://www.gdsassociates.com/requests-for-proposals)) by September 17, 2019.

**Ryan Johnson, P.E.**

**Phone: 770-799-2351**

and

**Steven Spiegel**

**Phone: 770-799-2373**

**Direct all emails to:**

[HendersonSolarRFP@gdsassociates.com](mailto:HendersonSolarRFP@gdsassociates.com)

## 5.0 SUBMISSION INSTRUCTIONS

Each Respondent should complete and submit a Notice of Intent to Respond form by September 10, 2019 in order for the Respondent to directly receive any subsequent information related to the RFP distributed prior to the proposal due date. The Notice of Intent to Respond form and all other RFP documents will be posted on the RFP website. HMP&L abides by the Procurement Regulations of the City of Henderson Utility Commission. Respondents need to provide electronic copies of their Proposal(s) to the bid evaluation team no later than **2:00 p.m. Central, Tuesday, October 1, 2019.**

Electronic copies can be sent to the following email address:

[RFP@hmpl.net](mailto:RFP@hmpl.net)

Proposals are deemed complete upon the submission of: (1) Respondent’s indicative pricing and clear delineation as to the products being offered to HMP&L, (2) completed Reciprocal Preference Forms 1 and 2, (3) completed Bid Clarifications and Exceptions Form (if any), and (4) demonstration of solar facility site control.

This solicitation and related processes imply no obligation on the part of the City of Henderson Utility Commission to accept any proposal. All expenses incurred by the Respondent in the development of their proposal are the sole responsibility of the Respondent.

## 6.0 RFP SCHEDULE

RFP Event	Date
Release of RFP:	Aug. 12, 2019
Pre-Bid Q&A Conference Call (Optional):	Aug. 27, 2019 @ 2 PM CST
Deadline for Questions from Respondents:	Sep. 3, 2019
Notice of Intent to Respond Form Due:	Sep. 10, 2019
Responses to Questions Provided By:	Sep. 17, 2019
Proposal(s) with Indicative Pricing & Term Sheet Due:	Oct. 1, 2019 @ 2 PM CST
Request Specific Key Terms / Conditions:	Q1 2020
Request Final Pricing and Commission Approval:	Q2 2020
<b>Project Commercial Operation Date:</b>	<b>Jun. 1, 2022 or later</b>

## 7.0 SPECIFIC SOLAR AND STORAGE PRODUCTS / SERVICES

HMP&L’s preference is to receive fixed PPA pricing that is all-inclusive of all requested products.

HMP&L would prefer the Base Proposal to include a PPA structure and, as a Base Proposal Option, include Step-in Purchase Rights. The Respondent will be responsible for procuring 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 for the Respondent to quickly develop an understanding of the overall scope of the project work.

- **Design:** Preparation of facility plans, engineering drawings, and technical specifications.
- **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; plant lighting, plant lightning protection, and grounding.

Any developer or contractor selected as the result of this solicitation will be expected to enter an agreement with HMP&L that will govern the scope of the work as generally described above, including but not limited to payment obligations, contractor performance obligations, and insurance and security requirements.

**Base Proposal:** *Long-Term, Third-Party Solar or Solar + Storage PPA.* For this option, HMP&L is interested in a long-term PPA where the Respondent would take advantage of the federal Investment Tax Credits<sup>1</sup> (“ITC”) and the allowance for Modified Accelerated Cost Recovery System<sup>2</sup> (“MACRS”). HMP&L prefers that the PPA proposals be submitted on a fixed \$ per MWh with or without an annual escalator. HMP&L, as a non-taxable entity, expects the Respondent to build in the tax benefits into the response.

**Base Proposal Option:** *Third-Party PPA for Solar or Solar + Storage with Step-in Purchase Rights.* For this option, HMP&L is interested in a long-term PPA in which the developer would offer a PPA rate and provide HMP&L with the option of purchasing the solar or solar + storage facility outright from the developer at one or several points in time. If the purchase of the facility has not been optioned, then the PPA will continue until the end of the term.

At this time, it is understood that in order to comply with the IRS rules regarding the application of the ITC that a provision is required to be included in a PPA that determines that a valid purchase price is the Fair Market Value (to be determined shortly before the time of purchase). Thus, HMP&L anticipates that the Respondent would incorporate the appropriate provisions in a PPA arrangement to meet the applicable IRS rules.

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<sup>1</sup> The ITC is available as a direct offset to federal tax liability for an amount equal to 30% of the qualifying basis of solar PV. This incentive was extended to include projects under construction by December 2019 at the 30% level. Projects started in 2020 and 2021 will be eligible for 26% and 22%, respectively, though all projects must be in service by 2023 to obtain these incentive levels.

<sup>2</sup> In addition to the ITC, a properly structured solar project is eligible for the MACRS system of depreciation. MACRS' depreciation rates allow for deduction of the eligible amount of the investment for tax-reporting purposes over the first six years of project life, accelerating the time in which tax losses may be claimed as a deduction to taxable income and increasing the value proposition to solar project owners.

## 8.0 EVALUATION CRITERIA

Proposals will be evaluated based on their ability to meet HMP&L's need for economical and reliable power supply. Respondents to this solicitation should provide all relevant information necessary to allow HMP&L to conduct a thorough analysis of the proposal. Proposals will be analyzed over a range of scenarios defined by price and non-price criteria.

Proposals will be judged based on their ability to meet HMP&L's need for economical and reliable renewable energy in the necessary timeframe. Respondents to this solicitation should provide all relevant information necessary to allow HMP&L to conduct a thorough analysis of the proposal. The principal criteria to be used by HMP&L in evaluating proposals includes, but is not necessarily limited to, total delivered cost of the renewable energy over the contract term, transmission interconnection queue status, development risk, location, expected generation output, the design and reliability of the project, and the financial and operational wherewithal of the Respondent.

HMP&L reserves the right to consider any other factors that it deems to be relevant to its needs. HMP&L reserves the right to request additional information from individual Respondents, to request all Respondents to submit supplemental materials in fulfillment of the content requirements of this RFP, or to meet additional information needs of HMP&L. HMP&L also reserves the unilateral right to waive any technical or format requirements contained in the RFP. Furthermore, HMP&L, 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. Finally, HMP&L reserves the right to withdraw this solicitation at any time and/or reject all offers received.

Respondents are encouraged to include the following information in their proposal:

*Company Profile.* HMP&L requests a profile for the company responding to this RFP. Information provided should include: when the Respondent's company was formed, average number of employees over the past five (5) years, or since inception, and the principals involved in the company. HMP&L would be interested in knowing what the Respondent's planned involvement is with the projects set forth in this RFP beyond the development.

*Past Experience.* HMP&L 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 to the joint venture or teaming arrangement cumulatively. Additional response information may be included, such as the extent to which the Respondent has experience with solar and solar + storage projects in Kentucky and MISO. Also, provide a summary of experience maintaining and operating solar energy generating facilities. Please provide references for all projects developed that commenced operations in the last 24 months.

*Pricing.* Please provide a solar PPA rate to be inclusive of all output including, but not limited to, energy, capacity, environmental attributes, and ancillaries expressed as \$/MWh. This solar PPA rate may include an annual escalator. Please provide, if available, a solar + storage PPA rate to be inclusive of all output including, but not limited to, energy, capacity, environmental attributes and possibly a shared benefit on the ancillary services. The solar + storage PPA rate may also include an annual escalator.

If pricing or timing uncertainty exists due to governmental programs (i.e., Federal, State and Local programs), such as investment tax credits, accelerated depreciation, tax abatements, etc., bids should include pricing with and without such effects. Please explain those uncertainties.

*Interconnection & Delivery.* The assets will connect to the MISO transmission grid. The Respondent will be responsible for engaging with MISO and HMP&L on required interconnection applications, studies, contracts, etc. if awarded the project. Respondent shall submit with its proposal written confirmation of its status and position number in MISO's interconnection queue. **Proposals should include a thorough description of Respondent's assumptions for interconnection costs and contain a statement of variance in PPA price per \$100,000 delta in assumed interconnection cost.**

*Solar Output.* Provide the volumes of the estimated solar production over 8,760 hours in year 1 with estimated degradation rates for each year after year 1.

*Proposed System Conceptual Design, Technical Specifications, and Quality of Equipment to be Used.* Describe the preliminary design/layout of the PV system (including the array tilt, azimuth angle and AC-DC ratio, if known), land required, brands of equipment to be used where applicable, material and labor warranties, technology, efficiency, interconnection plans, mounting, and tracking method, if used.

*Financial Capability.* Provide verifiable information demonstrating that the Respondent is of sound financial condition and has the ability to secure the necessary financing to meet the project's requirements now and in the future. The Respondent's financial capability will be reviewed for stability and adequacy to meet its obligations under the proposal. If the Respondent plans to secure financing from an outside source, an official letter from the financier confirming the financial arrangement may be required.

*Solar Equipment Supply.* The Respondent may be asked to provide a letter from its solar equipment supplier and/or manufacturer substantiating the availability of the equipment for use for the project.

HMP&L reserves the right to consider any other factors that HMP&L deems to be relevant to this evaluation of its power supply needs. The evaluation of submittals will be based on the information provided by the Respondent with emphasis on pricing, physical and financial risk profile, financial viability of Respondent, and credit requirements imposed on HMP&L. A bid deemed non-responsive or failing to provide additional supporting documentation or any clarification requested by HMP&L may be rejected.

## 9.0 RECIPROCAL PREFERENCE

In accordance with Kentucky Revised Statutes (KRS) 45A.490 to 45A.494, prior to a contract being awarded to a Respondent on a public agency contract, a resident Respondent of the Commonwealth of Kentucky will be given a preference over a nonresident Respondent registered in any state that gives or requires a preference over Respondents from the other state. All Respondents must therefore complete and submit the following attached forms:

- Form 1: RECIPROCAL PREFERENCE: (Effective February 4, 2011)
- Form 2: REQUIRED AFFIDAVIT FOR BIDDERS, OFFERORS AND CONTRACTORS CLAIMING RESIDENT



## **10.0 CONFIDENTIALITY AND RESERVED RIGHTS**

HMP&L will not disclose to third parties any information contained in a proposal that is clearly labeled “CONFIDENTIAL” unless such disclosures are required by law or by order of a court or government agency having appropriate jurisdiction. Each page of confidential information must be clearly labeled “CONFIDENTIAL” at the top of the page. HMP&L reserves the right to disclose proposals to its consultant(s) for the purpose of assistance in evaluating proposals and will require the consultant(s) to maintain the confidentiality of the document. Notwithstanding the foregoing, nothing set forth herein shall prevent HMP&L from fully complying with its obligations under the Kentucky public records law.

## **11.0 RELEASE OF INFORMATION**

HMP&L or its consultant shall not release information submitted relative to this RFP during the evaluation process, except as required by law. HMP&L may provide information to regulatory authorities, including the Utility Commission during the proposal evaluation process. HMP&L may also release the number and names of Respondents.

## **12.0 ADDENDUMS**

Any future addendums to this RFP will be published to all Respondents via the RFP website ([www.gdsassociates.com/requests-for-proposals](http://www.gdsassociates.com/requests-for-proposals)). Respondents will be required to acknowledge any RFP addendums within their proposals.

## **13.0 DISCLAIMER**

The Utility Commission reserves the right to reject any or all proposals, to waive informalities therein and to consider exceptions and clarifications (via the Bid Clarifications and Exceptions Form provided on the RFP website) therein in order to determine the best proposal; to reject any or all non-conforming, non-responsive, unbalanced or conditional proposals; to reject the proposal of any Respondent if the Utility Commission believes that it would not be in the best interest of HMP&L to make an award to that Respondent, whether because the Proposal is not responsive or the Respondent is unqualified or of doubtful financial ability, or fails to meet any other pertinent standard or criteria established by the Utility Commission. The Utility Commission also reserves the right to negotiate agreement terms and conditions with the successful Respondent. By submitting a proposal to the Utility Commission, the Respondent agrees that such procedures will be without liability on the part of the Utility Commission for any damage or claim brought by the Respondent because of such rejections or procedures, nor will the Respondent seek any recourse of any kind against the Utility Commission because of such rejections or procedures. The submission of any proposal in response to this RFP will constitute an agreement of the Respondent to these conditions.