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Heather Hunt, Executive Director
New England States Committee on Electricity

Dear Ms. Hunt,

In response to your request for comments pertaining to the “Report to the New England Governors on Coordinated Renewable Procurement” we respectfully submit these comments and suggestions.

First we would like to express our support for the concept of a regional procurement for renewable energy in New England. Failure of the United States Congress to pass energy legislation has had a chilling effect on the investment community. A regional procurement would be a significant step in reassuring investor confidence. That confidence is critical to the development of large pockets of renewable resources that, so far, have lacked the commitment from buyers needed to move forward with project development. We understand the intrinsic challenges to developing a coordinated procurement among six independent states, each with their own goals for developing renewable resources and processes for procuring energy contracts. Difficult as it may be, there are several benefits to undertaking this challenge:

- 1) A regional procurement authority could aggregate demand for renewable energy from several states, thereby making the quantity purchased in any given year greater than if each state were to procure small percentages annually or in short-term contracts alone.
- 2) A regional commitment to purchasing renewable energy could create a hedge against individual states weakening requirements.
- 3) A regional procurement demonstrates a collaborative effort to develop local renewable resources, as opposed to having renewable energy forced upon us from distant markets.
- 4) Coordinating state procurement shows developers a commitment to renewables, and may streamline the process they endure to sell their energy.
- 5) A regional procurement could clarify resource qualification – making a more secure regulatory environment for investment from developers.

It will be challenging to issue an RFP that addresses each state's requirements and goals. Nonetheless, we suggest the following format for an RFP that would attract positive response from New England generating and transmission developers.

Our suggestions for a format for the RFP are based on Anbaric's experience in responding to RFPs in other jurisdictions. We believe NESCOE would benefit greatly from drawing upon the experiences of others – notably the Authorities of the state of New York (LIPA and NYPA) – who has used RFPs to solicit dozens of competitive responses for both transmission and generation (as well as transmission/generation combinations) from entities competing to provide these services. By issuing such an RFP, NESCOE's participating states will assure themselves of extremely competitive responses. NESCOE could accomplish, among other things, offers to build transmission without the cost uncertainty that typically has accompanied traditional, reliability-based transmission projects.

We suggest that the primary sections of such a competitive RFP should be:

Model RFP

- I. Introduction
 - a. Goal of the request, date and term, eligible projects, notes on qualifying projects – in or out of region, supplier risks, market risk
 - b. Proprietary Information
- II. Specifications for Bids to supply Renewable Energy, or Renewable Energy Credits
 - a. Term
 - b. Minimum Quantity requirement
 - c. Pricing Options
 - d. Requirements pertaining to prices offered
- III. Transmission-Only Bids
 - a. Term
 - b. Minimum Quantity
 - c. Pricing Options
 - d. Requirements for prices offered
- IV. Requirements for New Facilities, Physical Products from Generating and Transmitting assets
 - i. PPA requirements
 - ii. Bidder's business and experience
 - iii. Facilities that will serve contract: names, location, size
 - iv. Capacity rating of facility
 - v. Minimum availability
 - vi. Interconnection point for facilities

- vii. If operational, any summary of operating data
 - b. Environmental statement of requirement to comply with existing law
 - c. Statement of responder's rights if bidder changes offer
 - V. Clarifications for New Facilities
 - a. Expected date of purchase, demonstrated experience for developers of new projects, Stated interest of purchasing authority
 - b. Acceptable sources of energy to be transmitted through lines to NE
 - c. Key terms of proposal
 - i. Estimated construction Schedule
 - ii. Status of permitting processes if project is underway
 - iii. Guarantees for engineering and building contractors
 - iv. Anticipated environmental impacts, mitigation methods
 - v. Community outreach plan
 - vi. Any notable reliability efficiencies achieved through the project
 - VI. Transmission Facilities
 - a. Equipment description
 - b. Generating capacity accessed from line
 - c. Availability of the Line
 - d. Interconnection point and expected route
 - e. Construction Schedule
 - f. EPC security
 - g. Environmental Impacts and Land Use
 - h. Community Outreach and Mitigation
 - i. Additional grid enhancements necessary
 - VII. Letter of Credit Requirements
 - VIII. Procurement Process
 - a. Process/Schedule, Manager
 - b. Criteria used to evaluate bids
 - i. Bidder's price
 - ii. Economic and predictability of price
 - iii. Cost and risk overall
 - iv. Guarantees of construction and performance
 - v. Creditworthiness
 - vi. Contribution to system reliability
 - vii. Capacity impact
 - viii. Contribution to diversity of regional supply
 - ix. Ability to fulfill Public Policy requirements
 - c. Disqualifiers

- i. Late bids
 - ii. Non-eligible projects
 - iii. Incomplete materials
 - iv. Misrepresentations
 - v. Attempt to influence review process
 - vi. Failure to demonstrate creditworthiness
 - vii. Determination that bidder is incapable of fulfilling supply bid
 - viii. Determination that plan would interfere with environment or policy
- d. Contact for Questions
 - e. Proposal Specifications: Form and Content
 - f. Disclosures for Procurement
 - g. Minimum Requirements for Bidders
 - h. Timeliness of process
 - i. Binding nature of Agreement
 - j. Statement of Approval by necessary authorities.

Thank you for your consideration of these comments and recommendations. We look forward to participating in the process as the regional procurement process moves forward.

Kind Regards,

Edward Krapels