

“Draft” Request for Proposals

For Community Solar Gardens



AN ALLETE COMPANY

Issued on:

Response due by:

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1. Overview

a) Community Solar Garden concept

A Community Solar Garden (“CSG”) offers a solar electric option where the electric customers can, as an alternative to a private system placed at their home or business, participate in a portion of a larger scale system. In this way, the customers are able to participate in solar energy without actually having equipment installed on their premises.

As per NREL (National Renewable Energy Lab), “Community Solar is defined as a solar-electric system that, through a voluntary program, provides power and/or financial benefit to, or is owned by, multiple community members.”

b) Background

Minnesota Power is issuing this Request for Proposals (“RFP”) for three non-utility Community Solar Gardens (“CSG”), each up to 1 MW. This RFP was drafted pursuant to the Minnesota Public Utilities Commission (“MPUC”) Order issued on July 27, 2016 in Docket E-015/M-15-825. The MPUC approved Minnesota Power’s Community Solar Garden Pilot Program under Minnesota Statute Section 216B.05.

In compliance with this Order, an extensive outreach effort was implemented in September 2016 to gather input from interested stakeholders across Minnesota Power’s service area. Greenfield Communications (“GC”) was hired by Minnesota Power to lead this process as an independent facilitator. Specifically, six meetings were held across Minnesota Power’s service territory between September 20 and September 22 with 49 stakeholders (from among more than 320 invitees). The stakeholder meetings were intended to provide a forum for interested parties to share ideas and preferences for what Minnesota Power should consider including in its draft RFP, required to be submitted to the MPUC by October 1, 2016.

The meetings, led by an independent facilitator, included broad representation from customers, church groups, government officials, solar developers and installers, environmentalists, low-income advocates, Minnesota Power staff and interested citizens.

c) RFP instructions

This RFP includes a description of the scope of services, proposal requirements, and instructions for submitting your proposal.

Direct all inquiries regarding this RFP to _____. **[Place holder]**

d) Schedule of next steps [Place holder]

The following “illustrative” timeline represents the tentative schedule for this RFP. Changes to the schedule will be notified to all bidders. The schedule for the evaluation process and other future dates may be adjusted without notice.

RFP release by	A
Proposal submission deadline	A + 90 days (=B)
Notify shortlisted finalists	B + 30 days (=C)
Bidder presentations, optional	C + 30 days (=D)
RFP award	D + 15 days
MPUC approval	X
Begin Construction	Contingent on X (=Y)
Community Solar Garden is Operational	Y + 1 Year (=Z)

2. Scope of services

All proposals submitted in response to this RFP shall contain information on two essential subsections as described below:

- The Community Solar Garden Program (“CSG Program”),
And;
- The Community Solar Garden Project (“CSG Project”) that supports the capacity, energy and Solar Renewable Energy Credits (“SRECs”) needed for the CSG Program.

This section provides guidelines on potential topics to be covered under the CSG Program and the CSG Project. These should be treated as guidelines only, however, and are not intended to be limiting in any aspect. Bidders are encouraged to offer new and innovative designs other than the traditional CSG concepts.

If multiple bidders submit a joint proposal, the primary provider must be identified.

a) Responsibilities matrix

While Minnesota Power is open to various CSG Program structures, the following chart illustrates one of the (many) potential templates with regard to demarcation of responsibilities between the bidder (i.e. the Community Organization), the Developer and Minnesota Power. Any proposals submitted should clearly identify responsibilities of different entities in the program design.

<u>COMMUNITY ORGANIZATION</u>	<u>DEVELOPER</u>	<u>MINNESOTA POWER</u>
<p>Owns or leases the subscriptions</p> <p>Identifies developer</p> <p>Manages subscriptions</p> <p>Coordinates locating the site</p> <p>Manages program administration (in-house or subcontracts)</p> <p>Marketing and communication outreach to fill in subscription</p> <p>Pays for subscription</p> <p>Receives bill credit (from developer or from Minnesota Power)</p> <p>If applicable, sells unsubscribed capacity, energy and SRECs to Minnesota Power</p>	<p>Contracts with Community, say, through a Power Purchase Agreement</p> <p>Arranges financing – from the Community or from external sources</p> <p>Site selection</p> <p>Coordinates environmental and zoning permits</p> <p>Contracts for solar garden construction</p> <p>Manages post construction activities</p> <p>If applicable, distributes credits against subscription</p>	<p>Manages interconnection requests</p> <p>Performs system study if required</p> <p>Shares details with developer on the estimated interconnection costs</p> <p>Constructs interconnection upgrade, switching, metering to connect solar garden to the grid</p> <p>Is paid the interconnection charges</p> <p>Manages the customer billing</p> <p>If applicable, buys unsubscribed capacity, energy and SRECs from the Community at a predetermined price</p>

It is important to note, however, that some responsibilities such as Minnesota Power's role as the interconnection provider are relatively firm in nature. Responsibilities for many other tasks such as those listed under Community Organization and Developer column may be best determined by the bidder (i.e. the Community Organization that is proposing the CSG Program).

Further, the lists of tasks shown above are for illustration purpose only and are not meant to be complete.

b) CSG Program Design

1) Design basis

Some of the program design elements that bidders should consider and include within the proposal are listed below.

- **Minnesota Power's role:** What do you foresee as Minnesota Power's role in your proposed CSG program design?
- **Customer subscriptions**
 - Have subscriber's qualifications been defined?
 - Is program participation limited to a certain community?
 - Is program participation limited to a certain rate class? (For example, only residential and commercial?)
 - Does the program define the mix of subscribers? (For example, X % residential, Y % commercial etc.?)
 - Can an organization be a subscriber?
 - What are the expected subscription term lengths?
 - Are the subscriptions transferable and the process thereof?
 - Are the subscriptions transportable and the process thereof?
 - What percentage of the CSG program capacity is currently subscribed or pre-subscribed?
 - Does your program include minimum and maximum limits on the amount of kW (capacity) blocks per customer per month?
 - Does the subscription contract include provisions for Consumer protections? Who adjudicates subscriber complaints?
- **Subscription cost and credit,**
 - What are the subscription payment options? (For example: upfront purchase \$/kW, monthly lease, \$/ kWh etc.)
 - What are the prices for each option?
 - Are administrative fees included in the costs?
 - Are the prices fixed or do they change over time (i.e. escalators)?
 - ~~What is the structure of the bill credit to the subscriber? (Dollars or kWh?)~~
- **Ownership structure**
 - Would subscribers own, lease or subscribe to the solar capacity?
- **Project cost**

- What is the anticipated project cost? ~~How is the project being financed?~~ Other details.
- **Customer creditworthiness and low-income customer consideration**
 - Have you defined a customer creditworthiness standard?
 - Does the program include consideration towards low or moderate income subscriber participation?
 - Would creditworthiness be determined based on credit scores or can a history of utility payments be used in place of credit scores?
- **Unsubscribed energy and capacity**
 - Does the CSG program anticipate selling all unsubscribed capacity and energy to Minnesota Power? If yes, at what rate?
 - Does the CSG program anticipate selling all unsubscribed SRECs to Minnesota Power? If yes, at what rate?
 - Do CSG subscribers have a choice in keeping or selling their SRECs?
 - Does the CSG program anticipate allowing subscribers to keep the SRECs or will the garden operator sell the subscribed SRECs to Minnesota Power? If yes, at what rate?
 - Would the SRECs be generated from a system under 20kW in size?
- **Other details**
 - How is reimbursement for excess generation handled?
 - How do you define success? What are some of the success measures that you plan to use? Do you plan to make the determination public?

2) Program Administration & Management

- Do you have a “Form of customer contract” available for use for your subscribers? Will you be managing these contracts on an ongoing basis?
- Does the contract clearly outline the cost (subscription rate) and benefits (solar energy, capacity and SRECs compensation)?
- Identify Minnesota Power’s involvement in the upfront and ongoing administration of the program.
- Provide information with regards to the following topics:
 - Method to sign up and fill void of excess capacity/energy
 - Creation and maintenance of ‘waiting list’
 - Customer service (customer call center)
- Provide marketing and outreach plan, if any (e.g. web based portal, marketing materials).

3) Billing

- Who will handle billing? (Community Organization, Developer, Minnesota Power)
- ~~What methods shall be used to integrate with Minnesota Power’s billing system?~~
- ~~What data is required to be transferred to/from Minnesota Power?~~
- ~~Have you explored the impact to your program upon a change in Minnesota Power’s rates or rate structure?~~

- How do you foresee the payment process involving all parties including Minnesota Power, the bidder and participating customer?
- Do you have an example of a customer bill?

4) Customer service

- What is the process to address subscriber issues?
- What is the process to handle subscribers' calls?
- Does the proposal anticipate utilizing Minnesota Power's call center and customer service resources?

c) CSG Project

1) Project Development

- **Minnesota Power's role:** Besides interconnection related work, what do you foresee to be Minnesota Power's role in CSG Project implementation?
- **Agreement with Minnesota Power**
 - The bidder and Minnesota Power shall enter into an agreement that will govern the issues related to interconnection, reliability, method to address unsubscribed capacity, energy, SRECs, billing, insurance and other customary terms.
 - The bidder will be responsible for the development, construction, operation and ongoing maintenance of the CSG Project.
 - The CSG project shall connect to Minnesota Power's distribution system.
- **Development agreement**
 - The bidder could subcontract with a developer to enter into a development agreement. This agreement could govern the development, financing, site preparation, engineering, equipment procurement, construction, and commissioning and project management of the solar generation facilities.
- **Project site**
 - Where, within Minnesota Power's service territory, will the CSG be located?
 - Securing site control is the responsibility of the bidder. Please describe your method and process in obtaining site control. The CSG Project can be aggregated for economies of scale. This means that a single CSG Program can utilize generation from more than one CSG Project.
 - Do you expect building the CSG Project on an underutilized or brownfield land?
- **Permitting**
 - Would the bidder secure all permits on its own or does it anticipate subcontracting it with a developer or other third party?
- **Construction partners**
 - Does the bidder anticipate constructing the CSG Project itself?
 - Provide details of key construction partners that the bidder will contract directly with or through the developer.

- **Labor basis:** Please specify if you anticipate using union or prevailing wages for project construction. Please also identify if local labor will be used.
- **Interconnection**
 - Bidder shall be responsible for the interconnection costs required to connect to Minnesota Power’s distribution system.
 - The delivery point must be located within Minnesota Power’s service territory and on Minnesota Power’s distribution system. Bidders shall provide a layout map of proposed Project site and surrounding territory indicating the expected point of interconnection with Minnesota Power distribution system.
 - Additionally, Bidder must provide preliminary scope details ~~and high level cost estimates allocated towards constructing the interconnection.~~ It is understood that final scope and cost shall be determined at the time of executing the interconnection agreement.
 - Project must comply with “State of Minnesota Distributed Generation Interconnection Requirements” and “State of Minnesota Interconnection Process for Distributed Generation Systems” attached as exhibits# [placeholder]
 - The point of interconnection in a solar project is typically located at the secondary of the step-up transformer unless specified otherwise. Bidder should specify the point of interconnection in the single line diagram submitted as part of the proposal.
 - The transformer size and secondary voltage are project specific and will depend on the line that the community solar garden project is connecting to.
 - To optimize the interconnection costs and to assist in Bidders efforts to locate an optimal site, Minnesota Power is including a map showing voltage for Minnesota Power’s system. [placeholder]
 - Additionally, Minnesota Power is willing to collaborate with Bidder to provide additional information regarding line load, capacity and an estimate of interconnection costs.
- **Operation and Maintenance (“O&M”) plan**
 - Please provide your O&M plan.
 - Who is expected to be responsible for O&M?

2) Data requirements

- ~~Identify the method and technology required for transferring metering data from the community solar site to Minnesota Power’s system.~~
- Typically, Minnesota Power installs a dedicated metering system that is built as per Minnesota Power’s metering specifications. The bidder could be responsible for a certain part of metering assembly costs, details of which are covered during the interconnection agreement.

3. Proposal requirements

Bidder's proposal shall include the information described in this section. Provide the information in the specified order. In addition to the minimum proposal requirements, proposals can include supplementary information that is pertinent to the evaluation of the proposal.

- **Cover letter:** signed by an official(s) legally authorized to bind the bidder with contact person name and contact details.
- **Firm's qualification:** qualification could be for both the bidder and the developer, if the two are distinct entities.
 - Describe your firm's qualifications for performing the requested services. Include experiences and references for projects or services similar in nature and scope.
 - Provide a brief summary of the role, qualifications and experience of each team member and the qualifications/experience of any sub-provider or sub-contractor staff on your project team.
 - Identify the services which would be completed by your firm's staff and those that would be provided by sub-contractors, if any.
 - Please list and explain any pending bankruptcies, liens, stop payment notices, judgments, lawsuits, arbitrations, mediations, foreclosures, and any similar actions filed or resolved against the bidder and the Developer.
- **Project execution plan:** Provide a detailed discussion of your firm's approach to the successful implementation of the CSG Program and the CSG Project. Include thorough discussions of methodologies you believe are essential to accomplishing this project. Include a proposed work schedule to accomplish all of the required tasks within the desired timeline. Include any issues that you believe will require special consideration for this project. Also identify any unique approaches or strengths that your firm may have related to this project.
- **Project technical details:** To the extent possible, please provide technical details related to the solar generation facilities, which can include:
 - Site plan
 - System capacity
 - Single line drawing
 - Equipment table, if available, listing manufacturer, model and quantities for solar modules, inverters, transformer, etc.
 - Equipment data sheets
 - Estimated annual and monthly generation using industry standard software (such as PVSyst and PVWatts)
 - Guaranteed production
 - Warranty information for all major equipment.
- ~~**Cost proposal:** Please provide the following cost details, which can include:
 - ~~Base PV System Price (i.e. total system installation cost)~~
 - ~~Price per Watt dc and the price per delivered kWh ac if available~~
 - ~~Other cost items such as overhead, other services, etc.~~~~
- **Construction schedule:** please provide an indicative construction schedule outlining key project milestones.
- **Exceptions:** List out all exceptions to the RFP as well as model solar PPA (as applicable)

- **Documentation:** The bidder shall provide the following documentation at the end of construction of the solar system:
 - As-built permitted design/construction drawings
 - Copies of all permits
 - Manuals and data sheets for all system components
 - All warranties
 - Summary of construction tests

4. Submission instructions

Proposal (and all communications) shall be submitted via email only to _____.

Proposals shall be submitted not later than the time and date indicated on the cover page of this RFP. Minnesota Power reserves the right to waive minor defects and/or irregularities in proposals, and shall be the sole judge of the materiality of any such defect or irregularity. All costs associated with proposal preparation shall be borne by the bidder.

5. Bid evaluation

a) Evaluation criteria

Minnesota Power will evaluate proposals based on feedback from stakeholder meetings, as well as standard procurement procedures and industry best practices. ~~Cost shifting to non-subscribers and equitability to participating customers are paramount considerations to any CSG program.~~

Because the RFP is intentionally drafted to be more inclusive than prescriptive, the evaluation criteria used to evaluate potential proposals are a critical component to the entire RFP process. Stakeholders provided many comments about evaluation criteria during stakeholder discussions. Although some of the stakeholder feedback was conflicting, most participants agreed that the evaluation criteria are a critical component in assessing potential non-utility CSG proposals. Based on the majority of comments received during the stakeholder discussions on this topic, the evaluation criteria may include the following attributes:

- **CSG Program & CSG Project completeness:**
 - Site control
 - Site attractiveness
 - Defined project implementation plan
 - Level of subscription interest
 - Statement of exception to PPA, if applicable
- **Bidder's past experience, management and financial strength** to ensure that the bidder (and/or developer's) has the necessary facilities, ability, experience, and financial resources to complete the project specified herein in a satisfactory and timely manner.
- **Bid economics:**
 - ~~Requested price of unsubscribed capacity and energy.~~

- ~~Requested price of SRECs if the proposal is offering SRECs to Minnesota Power~~
- **Community benefits:**
 - Other benefits that the proposed CSG Project offers to the economy of Minnesota Power's service territory.
 - Preference for overall economic development of the region including using local, regional developers, contractors and labor force.
 - Preference for "public good" projects such as those associated with schools, other public buildings that benefit taxpayers.
 - Societal benefits including youth involvement, educational benefits, job training
 - Preference for using prevailing wage or union wage for construction.
 - Community participation.
 - Ownership structure with preference for community owned.
 - Preference for smaller, multiple projects distributed throughout Minnesota Power's territory, rather than for one large project.
- **Others:**
 - Uniqueness or innovativeness of CSG Program design
 - Customer focus

b) Evaluation process

MP's evaluation of proposals will involve the following steps.

- Screening for proposal completeness
- Preliminary and detailed economic assessment
- Non-economic/risk assessment
- Selection of short list
- Further due diligence
- Final selection

Note: MP reserves the right to eliminate any or all proposals during any of these steps. Any proposal advancing any one or more steps does not create any entitlement or reasonable expectation that the proposal will ultimately result in a binding agreement with Minnesota Power. All obligations between Minnesota Power and a bidder relating to a proposal will be governed by an executed and binding agreement for which all negotiated conditions precedents have been satisfied.

6. Submittal instructions

All proposals submitted in response to this RFP must be received by Minnesota Power at [the email addresses] below no later than [the proposal submission date]. Minnesota Power will not evaluate proposals as part of this RFP process if submitted after this date and time. Minnesota Power does not anticipate an opportunity in the schedule for respondents to refresh or update their proposals before the final selection(s) are made.

Respondents shall email an electronic copy of its proposal to _____.

- Respondents should undertake efforts to avoid excessively large emails/attachments; in any case, individual email size must be less than 10 MB. If the emailed information exceeds this limit, then respondents should break their submission into multiple emails.
- Financial statements, annual reports, and other large documents should be referenced via a website address.
- Multiple proposals by the same respondent must be identified separately.

7. Reservation of rights

Minnesota Power makes the following reservations in undertaking this solicitation:

- Minnesota Power reserves the right to modify or withdraw this RFP.
- Minnesota Power reserves the right to reject any and all responses to this RFP.
- Minnesota Power's RFP does not equate to an offer to purchase any capacity, energy and SRECs.
- All proposal preparation costs must be borne by the bidder.
- Proposals will not be returned to the bidders.
- Minnesota Power may accept a proposal that is not the lowest cost proposal(s).
- Minnesota Power may seek clarification from bidders and may request additional information from bidders beyond that which is specifically identified in the RFP.
- Minnesota Power reserves the right to waive bidder noncompliance with any aspect of its RFP.
- Minnesota Power may conduct negotiations with selected bidders and may terminate negotiations at any time.
- Any and all decisions are conditioned on the approval of Minnesota Power's management and Board of Directors as well as all required regulatory and other approvals, including Minnesota Power obtaining MPUC approval on terms acceptable to Minnesota Power.
- Minnesota Power reserves the right to modify or supplement this RFP at any time during this process. Any such modifications or supplements shall become part of this process and shall be addressed as part of any proposal submitted.