

REQUEST FOR PROPOSALS (RFP)
Environmental Attributes from
New Renewable Energy Generation Projects

January 12, 2010



**New York Power Authority
REQUEST FOR PROPOSALS (RFP)
Environmental Attributes from
New Renewable Energy Generation Projects**

January 12, 2010

RFP HIGHLIGHTS

- ❖ The New York Power Authority (“NYPA” or “Authority”), on behalf of its electric customer, the Port Authority of New York and New Jersey (“Port Authority”) which is working closely with Orange County, is hereby issuing this request for proposals (“RFP”) for the purchase of environmental attributes (“Attributes”) from newly constructed renewable energy generation projects.
- ❖ Only proposals from new generation facilities (i.e., not yet in commercial operation) will be considered.
- ❖ This RFP will consider renewable energy projects that are compatible with the Port Authority’s Sustainability Policy objectives and demonstrate contributions to the economic development of the Orange County geographic area. The Sustainability Policy is included as Exhibit A. Renewable energy projects may include: solar, wind, landfill gas, waste-to-energy, and others. Only projects that are not yet in operation will be considered.
- ❖ This RFP is seeking proposals that provide economic development contributions in the form of jobs or other social and environmental benefits to the community in and around Port Authority’s Stewart Airport facility in Orange County.
- ❖ Attributes associated with up to 25 MW of generation from new facilities are being sought.
- ❖ Purchase contracts arising from this RFP, if any, will be between NYPA and selected Bidder(s).
- ❖ Bidder will be responsible for bidding, scheduling and settlement activities and all NYISO costs associated with the products offered. Bidders are referred to Section II.C for additional information.
- ❖ Bidder shall provide, along with an overview of the proposal, pricing for the environmental attributes, location and name of proposed generating facility(ies), eligible resource type, development status and emission characteristics of generating facilities. Pricing proposals shall conform to the deal structure outlined in Section II.
- ❖ NYPA may reject all bids for any reason including, but not limited to: a determination that proposals present an unacceptable financial or economic risk to NYPA or Port Authority.
- ❖ *Environmental Discussion. State Environmental Quality Review Act (SEQRA) Obligations of New Facilities.* Any purchase contract for the output from proposed new facilities will not be executed until after the project has successfully undergone the requisite environmental reviews and secured the necessary findings and permits.

TARGET SCHEDULE

Event	Target Date
RFP Issuance	January 12, 2010
Due Date for All Bids	April 19, 2010 at noon Eastern time
Commencement of Bid Awards (if any)	July 2010

For all information concerning this RFP, including questions from Bidders and responses from NYPA, and any updates to this RFP, Bidders are urged to frequently refer to NYPA's website at: <http://www.nypa.gov/doingbusiness/powerpurchase/powerpurchase.htm>

COMMUNICATION DURING THE RFP PROCESS

NYPA's contact for this solicitation is:

Jill Anderson Director, Supply Acquisition and Renewable Energy

Telephone (914) 287-3706

Fax (914) 390-8155

Email Jill.Anderson@nypa.gov

TABLE OF CONTENTS

- I. Introduction
- II. Specifications for All Bids
- III. Required Contract Agreements
- IV. Verification of Rights to Environmental Attributes
- V. Credit and Surety Requirements / Risk
- VI. Bidder and Proposal Requirements
- VII. Submission of Bid Proposals
- VIII. Evaluation Process and Criteria
- IX. Communication during RFP Process
- X. Miscellaneous

**New York Power Authority
REQUEST FOR PROPOSALS (RFP) -
Environmental Attributes from
New Renewable Energy Generation Projects**

I. Introduction

- A. *Overview of request and requirements:* The New York Power Authority (“NYPA” or “Authority”) is hereby issuing a request for proposals (“RFP”) for the purchase of environmental attributes (“Attributes”) on behalf of its customer, Port Authority of New York and New Jersey (“Port Authority”), for use by the Port Authority and/or resale to others.

In making this solicitation, NYPA is assisting Port Authority in its efforts to contribute to economic development in and around Stewart Airport and provide other social and environmental benefits to Orange County. Stewart Airport is owned by Port Authority; it is located in Orange County, New York. In addition, the Port Authority wishes to make purchases that will help further the goals of its “Sustainability Policy.”

Only proposals from new generation facilities (i.e., not yet in commercial operation) will be considered.

In making purchases under this RFP, NYPA, on behalf of its customer Port Authority, seeks to assist Port Authority to fulfill its Sustainability Policy goals by obtaining Attributes that would meet or exceed the future electricity consumption associated with the operation of the Stewart Airport facility. The Sustainability Policy is included as Exhibit A.

Attributes that come from eligible resources as defined and established under the New York State Renewable Portfolio Standards are preferred.

<http://www.nyserda.org/rps/index.asp>

Attributes associated with up to 25 MW of generation from new facilities are being sought

NYPA will consider contract delivery terms of 15 to 20 years starting no later than December 31, 2013.

Bids are due by noon Eastern time on April 19, 2010 and are to be submitted via email to Jill.Anderson@nypa.gov.

- B. *Demonstration of project progress:* Bidder should demonstrate sufficient progress in the siting, permitting, interconnection, engineering and financing processes to establish that its proposed facility will be placed into service by the commercial operation date set forth in Bidder’s proposal.

- C. *Description of Attributes:* Environmental attributes are the environmental, social and economic features of renewable power generation that may be sold separately from the energy itself. Bidder should provide a description of the environmental attributes offered, including demonstration of their conformance with New York State Renewable Portfolio Standards. If Attributes offered are eligible for any other third party certification, such as Green-e certification, or eligibility for LEED compliance, documentation of that should be provided as well.
- D. *Proprietary Information.* Bidders are hereby advised that the Authority is subject to the New York State Freedom of Information Law ("FOIL"). Confidential information will be treated as such to the extent consistent with the Authority's legal obligations under the FOIL and other applicable laws, regulation or legal process and the provisions of any Confidentiality Agreement between the Authority and Bidder. Bidders are advised that all materials provided will be reviewed jointly by NYPA and the Port Authority.

Upon the request of a Bidder, NYPA and the Port Authority will enter into Confidentiality Agreement with the Bidder concerning information the Bidder wishes to protect from public disclosure. This agreement shall be subject to FOIL and other applicable legal requirements as set forth above.

II. Specifications for All Bids

- A. *Term.* NYPA will consider the purchase of Attributes from new generation in service by December 31, 2013. NYPA will consider delivery terms of 15 to 20 years.
- B. *Quantities.* Attributes associated with up to 25 MW of generation from new facilities are being solicited. All purchases will be in NYPA's name.
- C. *Preferred Pricing Structure.* NYPA will pay Bidder for environmental attributes generated from underlying power generation. Price of Attributes is determined by a fixed price and also the measured value of the energy and other associated products, such as capacity and ancillary services. The measured value will be determined using the hourly settlement in the NYISO Day Ahead Market of actual energy generated. Bidder will participate in the markets and bid associated energy generation based upon good business practices to ensure maximum revenues. If Bidder receives revenues greater than the predetermined fixed price, Bidder credits NYPA. Bidder must comply with terms of negotiated Power Purchase Agreement (PPA), included as Exhibit B.

$$\begin{array}{rcl}
 \text{Purchase price} & & \text{Predetermined} \\
 \text{paid to Bidder for} & = & \text{fixed price} \\
 \text{Attributes (\$/MWh)} & & \text{(\$/MWh)} \\
 & & \text{to be supplied} \\
 & & \text{by Bidder} \\
 & & - \\
 & & \text{Measured value} \\
 & & \text{of Bidder's products} \\
 & & \text{including energy, and} \\
 & & \text{other products} \\
 & & \text{(\$/MWh, etc.)}
 \end{array}$$

Bidder can offer alternate pricing structures and should describe their proposed pricing structure in detail in the submitted bid.

- E. *Period for Prices and Terms to Remain Valid.* Prices and terms offered by Bidder must remain valid and available until September 1, 2010.

III. Required Contract Agreements

Selected Bidders shall be required to execute a purchase contract with NYPA substantially similar to the contract set forth on the NYPA website. The Power Purchase Agreement is included as Exhibit B.

IV. Verification of Rights to Environmental Attributes

For Attributes to be provided, Bidder must specify the legal, industry or regulatory standards with which the associated Attributes comply. NYPA prefers Attributes which are in conformance with the New York State Renewable Portfolio Standards. If Bidder claims Attributes offered are eligible for any other third party certification, such as Green-e certification, or eligibility for LEED compliance, documentation of such eligibility should be provided as well. It is the responsibility of Bidder to determine and verify eligibility for renewable energy compliance standards for any products offered. Third party verification of Attributes is strongly encouraged.

In addition, in the event the proposal results in a purchase contract between the selected Bidder and NYPA, throughout the term of such purchase contract, NYPA will require certification and/or verification of delivery of all rights to any associated Attributes purchased by NYPA as follows:

Transaction must meet criteria set forth by the Environmental Disclosure Program rules of the New York State Public Service Commission (“NYS PSC”) (www.dps.state.ny.us/EnvDisclosureLabel.html), or any successor rules developed.

Each invoice submitted by selected Bidder requesting payment must be accompanied by an appropriate Certification, which will identify the number and vintage of all Attributes for which payment is requested, bear an appropriate certification as to the eligibility of such Attributes and transfer all rights and assignments to NYPA.

In the event the New York State Public Service Commission (“NYS PSC”) solely or in conjunction with others, creates sanctions, adopts or begins participation in a Generation Tracking System in the New York Control Area (“NYCA”) during the term of the purchase contract, each Attribute associated with fulfillment of selected Bidder’s requirements under such contract must be transferred to an account designated by NYPA.

V. Credit and Surety Requirements / Risk

- A. *Awarded Proposals.* For awarded proposals, credit support will be required as detailed in the form purchase contract posted on the NYPA website.

All Letters of Credit, Performance Bonds, Payment Bonds, or similar instruments shall name as beneficiary the Power Authority of the State of New York and may be invoked to the benefit of the Power Authority of the State of New York, upon delivery of a certified statement to the issuing bank or surety company that the Bidder has failed to perform pursuant to the terms and conditions of the letter of credit, bond, or other instrument. Such Letters of Credit, Performance Bonds, Payment Bonds, or similar instruments shall be issued by a bank or surety company meeting the minimum rating standard as noted in Section V.A, above. Bidder shall provide a letter from its bank or surety company stating that the letter of credit or bond will be provided if considered for a purchase contract or in the event of a purchase contract.

- B. *Risks for Delays and Non-Performance.* The purchase contract requires the successful Bidder to assume certain risks for delays (e.g., in meeting the projected commercial operation date) and non-performance. Bidders are referred to the form purchase contract for provisions such as liquidated damages and early termination.

VI. Bidder and Proposal Requirements

Minimum Bidder Requirements: In order to be considered, all Bidders' proposals must meet the following Minimum Requirements:

A. General Requirements

1. Proposals must be received on time.
2. Proposals must be complete, in conformance with the specifications and other requirements of this RFP and include all documentation, evidence or verification requested.
3. Bidder must recognize that suppliers are subject to the rules and procedures of the NYISO and any applicable neighboring System Operators. It is the Bidder's responsibility to assess the applicability of the rules and processes of the NYISO.
4. Bidder shall be responsible for generator bidding, scheduling and settlement activities and all NYISO costs associated therewith. Bidder shall participate in the New York energy markets using good business practices to ensure maximum.
5. Bidder must supply a summary description of its business and history, including experience in the area of environmental attribute supply, its familiarity and experience with NYISO requirements and its participant status with the NYISO, and information concerning the existing electric generating plants owned and/or operated by the Bidder.

6. Bidder must specify in the proposal the bank or banks that would provide letters of credit.
 7. Bidder must agree to comply with applicable local, state and federal laws and regulations, including the requirements of the New York State Public Officers Law establishing standards for business and professional activities of New York State employees and governing the conduct of employees of private firms in business with New York State. The purchase contract and any other agreements entered into between the Authority and selected Bidders shall be governed by and construed in accordance with the laws of the State of New York.
 8. Disclosure of any instances in the last five years where Bidder, any of its officers, directors or partners, any of its affiliates, or its proposed guarantor (if any) defaulted or was deemed to be in noncompliance with any obligation related to the sale or purchase of power (capacity, energy and/or ancillary services), transmission, natural gas, or financial instruments, or was the subject of a civil proceeding for conversion, theft, fraud, business fraud, misrepresentation, false statements, unfair or deceptive business practices, anti-competitive acts or omissions, or collusive bidding or other procurement- or sale-related irregularities.
 9. Disclosure of any instances in the last five years where Bidder, any of its officers, directors or partners, any of its affiliates, or its proposed guarantor (if any) was convicted of (i) any felony, or (ii) any crime related to the sale or purchase of power (capacity, energy and/or ancillary services), transmission, natural gas, or financial instruments, or was the subject of any civil or administrative proceeding for conversion, theft, fraud, business fraud, misrepresentation, false statements, unfair or deceptive business practices, violation of laws or regulations pertaining to issuance of securities or financial institutions, anti-competitive acts or omissions, or collusive bidding or other procurement- or sale-related irregularities, or has been subject to any voluntary agreement or order preventing such Bidder or any officer, director or partner from engaging in offering or trading of securities.
 10. Information indicating Bidder's and any proposed guarantor's financial condition and evidence of creditworthiness. Bidder must provide its and any proposed guarantor's most recent audited financial statements. If audited financial statements are not available, Bidder must explain.
- B. Special Requirements for New Generation Facilities
1. Describe in detail the underlying generation's potential compatibility with the objectives of the Port Authority as stated in their Sustainability Policy (attached herein as Exhibit A).

2. Describe generation equipment, including rated capacity, and expected life. Provide anticipated in-service dates, proposed location, interconnection information and anticipated NYISO generator classification. Identify regulatory approvals granted or still needed for operation. Provide detailed specifications of all major components, equipment and transmission cable as applicable. Identify proposed manufacturers or vendors, and indicate the estimated lead time for delivery of such components, equipment or cable. Describe Bidder's experience with the proposed equipment.
3. Provide an estimated construction schedule and in-service date. Indicate current status of and projected schedule for all development and pre-development elements of the project, including all permits, financing, site control, rights-of-way, FERC filings, interconnection queue position, and interconnection studies (provide if available). If any permitting processes have commenced, describe in detail the status of these processes. If any such processes have been completed, provide copies of any certificates obtained or agreements that are in place.

Throughout the agreement between Bidder and NYPA, if any, generation facilities must be licensed, constructed and operated pursuant to and in compliance with all applicable New York State, local and federal laws, regulations, and permit conditions. At NYPA's option and upon NYPA's request, Bidder shall provide to NYPA copies of any or all reports, certifications and similar filings that are submitted by Bidder to any federal, state or local regulators. In no event and under no circumstances will NYPA bear any responsibility for failure of Bidder to meet applicable state or federal environmental regulations. Failure to meet environmental compliance requirements of any local authority, state or the federal government shall not act to release Bidder from its obligations to the Authority.

4. Describe and document in detail the economic impact (i.e. job creation, increased tax revenues, etc), both temporary and permanent of the proposed new facility on the surrounding community. Provide specific information as to where or what region or locality the economic impacts will accrue. Include details of assumptions made.
5. Describe all expected social and environmental benefits of the proposed new facility on the surrounding community.
6. Provide information regarding any federal, state or local financing sources such as NYSERDA grants, federal tax benefits or stimulus funds applied for and current status of applications.
7. Describe Bidder's contractual arrangements for obtaining necessary rights for all sites and rights-of-way.

8. Provide details of any guaranties or other security for timely completion of proposed project by equipment suppliers, engineering and other contractors.
9. Describe anticipated environmental impacts, including mitigation and compliance measures relating to proposed installations. If there are associated retirements or de-ratings of other facilities, please show the environmental impacts, both with and without the effect of such retirements or de-ratings. Include any positive or negative land-use impacts.
10. Describe any action plan for community outreach and mitigation associated with siting and permitting issues, including estimated costs.
11. Provide information on facility efficiency and expected air emissions.

C. Other Requirements

1. Changes by Bidder. If Bidder changes any element(s) of its bid, NYPA, or Port Authority, in their discretion, may disqualify the Bidder.
2. Procurement Disclosure Requirements. See Appendix J Bidder / Contractor Compliance with New York Power Authority Policy Providing for Certain Procurement Disclosure, posted on the NYPA website. The New York Power Authority has adopted a policy providing for increased disclosure in the public procurement process. The Authority has determined that this Request for Proposals shall be subject to this policy. Therefore, each Bidder must complete Appendix J in its entirety and return with Bidder's proposal.

VII. Submission of Bid Proposals

Bids are to be submitted via email to: Jill.Anderson@nypa.gov

by noon Eastern time on April 19, 2010. Only the following electronic formats will be accepted: Microsoft Word, Microsoft Excel, and/or Adobe PDF format.

Awards may be made to more than one Bidder or to no Bidders.

VIII. Evaluation Process and Criteria

A. *Selection Process:* The process of selecting bids and negotiating final terms may be an iterative process. The Authority will evaluate the proposals based upon the supplied information, and may develop a "short list" of Bidders with whom the Authority may seek to conduct negotiations. "Short list" Bidders may be asked to meet at NYPA's office in White Plains, New York, as a part of a

negotiation process. If necessary, Bidders may be asked to refine their bids in subsequent rounds of bidding.

B. *Evaluation criteria:* Evaluation criteria will include, but not be limited to, the following (not necessarily in order of importance)

1. Conformance with the goals of this RFP.
2. Economic development benefits, including jobs and other measurable benefits, to host communities in proximity to Port Authority facilities in New York State, in particular the Orange County / Stewart International Airport region.
3. Social and environmental benefits to host communities in proximity to Port Authority facilities in New York State, in particular the Orange County / Stewart International Airport region.
4. Evaluated price of Bidder's proposal, including demonstrated quality and marketability of environmental attributes.
5. Ability to meet Port Authority Sustainability Policy goals.
6. Schedule and project risk, firmness of project completion date, technical soundness, experience of lead development team, experience of proposed contractor team.
7. Financial resources and conformance/acceptance to material terms of NYPA's standard form of purchase contract.
8. Likelihood of timely receipt of necessary permits and interconnections
9. Minimization/mitigation of potential community opposition.
10. Efficiency and minimization of projected overall levels of air emissions from the underlying generation. In accordance with the Authority's obligations under SEQRA, the bidder shall provide an estimation of the greenhouse gas emissions that will be emitted from the contracted facility(ies), under this purchase agreement, in units of carbon dioxide equivalents per Megawatt hour (CO₂/MWh).
11. Documentation or evidence of third party verification of Attributes, preference for conformance with New York State Renewable Portfolio Standards.

C. *Basis for Disqualification.* Bidder may be disqualified and the bid not considered if NYPA or Port Authority make a determination, in their discretion, to disqualify the bid for reasons that may include, but are not limited to the following:

1. Receipt of the bid after the deadline for submission;

2. Failure to meet all eligibility requirements;
3. Incomplete bid;
4. Willful misrepresentations or material inaccuracies in the bid or other information submitted to NYPA;
5. Illegal, unethical or undue attempts to influence the bid review process;
6. Determination that the bid presents unacceptable financial or economic risk to NYPA or Port Authority.
7. Determination that Bidder is incapable of meeting its financial obligations including, but not limited to, inadequate credit rating or financial resources, failure to supply a requested letter of credit, parent guaranty or other form of security acceptable to the Authority;
8. Determination that Bidder is incapable of carrying out its power supply responsibilities in a manner or time consistent with NYPA's or Port Authority's needs;
9. Determination that the implementation of Bidder's proposal would interfere with local governing bodies' planned redevelopment or rezoning actions, or would by itself or in conjunction with other actions cause significant environmental degradation; or
10. Determination that some or all bids should be rejected.

IX. Communication during RFP Process

NYPA's contact person for this solicitation is Jill Anderson, who can be reached at:

Telephone (914) 287-3706
Fax (914) 390-8155
Email Jill.Anderson@nypa.gov

Unless otherwise agreed in advance with Ms. Anderson, Bidders must not communicate directly or indirectly with any NYPA Trustee, officer, employee, or other representative of NYPA or its advisors or customer (Port Authority) or their advisors on matters related to this RFP other than the contact person specified above or his designee.

Answers to questions of general interest, updates and addenda will be posted on the NYPA website:

<http://www.nypa.gov/doingbusiness/powerpurchase/powerpurchase.htm>

X. Miscellaneous

Failure to Reach Timely Agreement. NYPA and a selected Bidder(s) will endeavor to reach final agreement on terms and conditions within a reasonable interval from NYPA's notification to Bidder(s) of its selection. NYPA, or Port Authority, in their discretion, may terminate negotiations with Bidder at any time or negotiate with another Bidder.

RFP Not Binding on Authority. This RFP is not an offer or commitment and is not capable of being accepted to form a binding agreement. The Authority and Port Authority reserve the right, in their discretion, to withdraw or modify this RFP at any time, to reject any or all proposals for any reason, or no reason, and to enter into further discussions or interviews with any one or more Bidders.

Environmental Discussion. State Environmental Quality Review Act (SEQRA) Obligations of New Facilities. Any purchase contract for the output from proposed new facilities will not be executed until after the project has successfully undergone the requisite environmental reviews and secured the necessary findings and permits. Before any purchase contract will be executed, the selected Bidder shall provide to the Authority the findings and permits or other authorizations to construct new transmission or generating facilities, which the Authority may use in completing its SEQRA evaluations and processes (21 NYCRR §461.13(b)). The Authority's Trustees will then be requested to authorize the completion of the Authority's responsibilities under SEQRA. For purposes of SEQRA, the Authority will not act as the lead agency on behalf of any project sponsor.

Approval of NYPA's Trustees. Execution of a final, binding agreement or agreements may be subject to the approval of NYPA's Trustees.

Bidders are urged to refer frequently to NYPA's website. NYPA will post questions from bidders and NYPA's responses as well as corrections, addenda and updates to this RFP, if any.

NYPA's website is:

<http://www.nypa.gov/doingbusiness/powerpurchase/powerpurchase.htm>

EXHIBITS

- Exhibit A Port Authority of New York and New Jersey Sustainability Policy
- Exhibit B Power Purchase Agreement