

Request for Expressions of Interest

Long Term Energy and Capacity Purchase by the State of Maryland

DESCRIPTION:

Request for Expressions of Interest (REOI) from vendors interested in selling energy, capacity and ancillary services as applicable under a long term Power Purchase Agreement (PPA) to the State of Maryland. The State also seeks additional information from vendors that may help structure the Request for Proposal (RFP) and lead to a mutually beneficial and executable agreement.

OBJECTIVE:

The State seeks to determine the output availability of Tier 1 and Tier 2 renewable and other low carbon emitting energy projects located in the State of Maryland as well as in eastern PJM that may be on-line by 2012. The State is looking for information from vendors outlining their minimum terms and conditions to move forward with this type of project and ultimately executing a binding contract with the State. Where possible, the State will try to address these terms and conditions in its RFP scheduled to be issued later this year.

BACKGROUND:

In 2008, electricity consumption by State government is estimated at 1.6 billion kilowatt-hours. Over the past several years, the State of Maryland has sought to increase the quantity of renewable electricity purchased by state agencies for use in state government buildings and other facilities. At present, approximately 4.5% of electricity purchased by the State of Maryland meets the specification of Tier 1 or Tier 2 renewable electricity, as defined in the Maryland Renewable Portfolio Standard (RPS) legislation and Maryland Public Service Commission (PSC) implementing regulations. The State also recognizes that it cannot meet all of its electric requirements with only renewable power projects and will also seek proposals from low carbon emitting power plants that contribute to the regional reduction of green house gas emissions.

Renewable and low carbon emitting energy is being sought by the State of Maryland to reduce the environmental impacts associated with green house gases, foster economic development relating to the construction of new renewable electricity facilities in Maryland, and to play a leadership role that would help overcome financial and other hurdles confronting new renewable electricity projects by providing long term PPAs that can help developers secure necessary project financing. By signing long-term PPAs with renewable and low carbon emitting projects, the State of Maryland also seeks to obtain greater control of its energy costs and guard against rising power prices in the future.

The following are key factors of importance in developing the Request for Proposal (RFP):

- The desired target for this procurement is 10-20% of the state government's load. The State will also be soliciting interest from all State agencies and from other state entities including but not limited to the University System of Maryland, Maryland county governments, municipalities, school systems, and other aggregated buying groups. Range of contract volumes will be further addressed in the RFP document.
- There is an interest in having the contracted power to come from facilities located in Maryland since local resources will provide greater economic and environmental benefits to the state and possibly enhance reliability and reduce congestion of the power grid in Maryland. However, this does not preclude participation of projects outside of Maryland.
- The State is seeking long-term (10-20 year) PPAs in order to assist energy developers with their financial requirements, resulting from the capital-intensive nature of most renewable power sources and also provide the state with more stable long-term energy prices.
- The State is interested in purchasing both renewable "attributes" (renewable energy certificates or "RECs") from green power facilities as well as energy, capacity and ancillaries, in order to obtain the right to make environmental claims, and to achieve greater long-term energy price stability and possible cost savings on a net present value basis.
- The State is interested in establishing a comparison approach that achieves "best value" to the State of Maryland by considering not only direct price, but also the environmental and economic benefits of renewable or low-carbon energy produced in Maryland.

REQUESTED INFORMATION:

In addition to the project's name, supporting parent company name, and principal point of contact information, the following information is also requested:

1. Required minimum term of contract including guaranteed on-line date with assumption for State contract commitment date.
2. Required minimum contracting volume. Please indicate if project will make any guarantee with regards energy availability.
3. Proposed size of project (MW)
4. Will project qualify as a Maryland SBR or MBE?

5. Availability of credit support for performance from project; indicate form of security and any anticipated caps.
6. Physical location of project and any additional information addressing possibility for transmission constraints.
7. Status of project regarding approval of permits and PJM generation interconnection queue.
8. Status of project regarding financing. (All information will be held confidential by the review committee.)
9. Products available from project including energy, capacity, ancillaries, RECs.
10. Required pricing structure of products – monthly on and off peak energy pricing – fixed price or indexed; annual capacity pricing; pass through of PJM ancillary value; any project specific requirements.
11. Does project anticipate maintaining a PJM account or will generation be held in the State's (or designee's) PJM account?
12. Is a contract for differences acceptable to the project?
13. Any additional information that the project wants the state to consider in development of the RFP.

REQUIREMENTS FOR RESPONSE:

Prospective vendors interested in participating in the RFP process should submit an expressions of interest with the above requested information to:

Mr. Joseph F. Vogel, C.P.M.
Department of Procurement and Supply
0410 Service Building,
College Park, MD 20742.

Three (3) copies of responses are required. Deadline for submittal of Expressions of Interest is 3:00 PM local time, October 1, 2008. Questions should be directed to Mr. Vogel via e-mail at: jfvogel@umd.edu.