



January 27, 2010

REQUEST FOR PROPOSALS (RFP)

**American Recovery and Reinvestment Act - State Energy Programs
Feasibility Study – Transmission Lines Action Plan**

**THE NEW HAMPSHIRE OFFICE OF ENERGY AND PLANNING (OEP)
REQUESTS PROPOSALS FOR CONSULTING SERVICES TO DEVELOP AN ACTION
PLAN FOR EXPANSION, UPGRADE, AND/OR REPLACEMENT OF THE COOS
COUNTY ELECTRIC TRANSMISSION LINE LOOP.**

DOE Award # DE-EE0000228; CFDA # 81.041.

To Prospective Bidder:

The New Hampshire Office of Energy and Planning (OEP) seeks proposals from qualified entities or individuals to provide consulting services and reports on behalf of the North Country Transmission Commission (NCTC). The consultant will meet with stakeholders to study, recommend options, and develop an action plan and cost methodology to pay for transmission upgrades to facilitate the operation of new renewable generation proposed to interconnect to the Coos Loop. It is possible that federal action will provide alternatives to the current method that allocates all costs to the generator seeking interconnection; if so, those alternatives should be assessed as well. **Funding for this program will not exceed \$200,000.00.**

Pertinent dates and information:

1. Proposals must be received by OEP prior to 4:00 p.m. on **Wednesday, February 24, 2010.**
2. Submit proposals to:
 Laura Richardson, ARRA Coordinator for SEP
 NH Office of Energy and Planning
 4 Chenell Drive, second floor
 Concord, NH 03301
Laura.Richardson@nh.gov
3. Questions about this RFP from bidders should be addressed to Kathleen.Vattes@nh.gov. They will be posted anonymously on the OEP-ARRA website with answers following a Frequently Asked Questions format. Questions regarding this RFP will be accepted until **February 17, 2010.**
4. A selection team will evaluate responses to this RFP. This team will include the Chair of the NCTC or designee, the Chair of the NH Energy Efficiency and Sustainable Energy Board or designee, three representatives of the North Country serving on the NCTC, and OEP.
5. A scoring sheet accompanies this RFP and may provide additional guidance to bidders.

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I. Background

The New Hampshire Office of Energy and Planning (OEP) is coordinating New Hampshire's Energy Programs under the American Recovery and Reinvestment Act (ARRA) of 2009, including Weatherization for low-income homes, the Energy Efficiency and Conservation Block Grant Program for municipal energy projects, the State Energy Appliance Rebate Program, the Energy Assurance Program, and State Energy Programs (SEP). This ARRA-SEP Request for Proposals (RFP) is for development of a Transmission Line Action Plan regarding options and methodology to pay for transmission upgrades or build-new transmission facilities needed to allow connection and dispatch of new renewable generators to the Coos Loop. This program has been approved by the US Department of Energy (DOE) under NH ARRA-SEP. Funding will not exceed \$200,000.00. DOE Award # DE-EE0000228; CFDA # 81.041.

The goals of the American Recovery and Reinvestment Act are to:

1. Preserve and create jobs and promote economic recovery;
2. Assist those most impacted by the recession;
3. Provide the investments needed to increase economic efficiency by spurring technological advances in science and health;
4. Invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and
5. Stabilize state and local government budgets to minimize/avoid reductions in essential services and counterproductive state and local tax increases.

The goals of the ARRA-funded State Energy Program are to:

1. Increase energy efficiency to reduce energy costs and energy usage for homes, businesses, and government;
2. Reduce reliance on imported energy;
3. Improve the reliability of electricity, fuel supply, and the delivery of energy services; and
4. Reduce the impacts of energy production and use on the environment.

The goal of this program is to:

1. Develop a realistic and consensus action plan and methodology to allocate the costs for the upgrade, expansion, addition, and/or replacement of electrical transmission facilities and infrastructure in and around Coos County, New Hampshire to support additional renewable electric generation connecting to the Coos Loop; and
2. Within the framework of the allocation of the costs, the consultant shall identify the potential community benefits (a subcommittee will work on that definition).

ARRA-SEP Prohibited projects or activities include:

1. Programs that would have been funded in the absence of ARRA funds (i.e. ARRA funds cannot supplant other funds);
2. Research and development activities;
3. Demonstration or piloting of products, processes, or technologies that are not commercially available in the United States; and
4. Other prohibitions may apply.

Additional Federal approval applies to projects:

All local, state, and federal laws, rules, regulations and Acts apply. OEP does not expect the following Federal approval to be required for this program because it is strictly administrative. In the event that this Action Plan requires laborers, environmental impact, or measures to buildings using ARRA funding under this program, the following provisions will apply:

1. Under the Davis Bacon Act and related Acts, prevailing wage rates apply and weekly payroll for all laborers must be certified.
2. Projects that impact the environment will necessitate National Environmental Policy Act approval, Environmental Assessments, and/or Environmental Impact Statements. This review process may take 6-24 months; and/or
3. All projects funded by the Act are subject to historic preservation review and compliance under the National Historic Preservation Act (NHPA) and regulations implementing it at Section 106 (36 CFR 800).

Other important conditions:

1. All materials submitted to OEP for this proposal may be subject to public disclosure and, as such, any specific confidential materials should be so marked. Whether such documents should in fact be protected from public disclosure will be evaluated on a case specific basis.
2. OEP, the NH Office of Economic Stimulus (OES), and DOE reserve the right to inspect all project/program sites and interview workers.
3. OEP, OES, and DOE reserve the right to inspect and monitor financial and payroll records and transactions.
4. Reasonable access must be provided to OEP, OES, and DOE to all administrators, vendors, facilities, work sites, employees of the contractor(s), financial or other records, and assistance to ensure the safety and convenience for the performance of site visits and evaluations.
5. OEP reserves the right to approve RFPs for subrecipients and provide input on programs.
6. OEP reserves the right to issue periodic notices, memos, and updated reporting forms and information.
7. OEP requests notification about media inquiries, responses, and copies of published clippings.
8. OEP reserves the right to participate in meetings and publicize progress of this program.
9. OEP reserves the right to pull back funds if appropriate.
10. OES, DOE, and US Office of Management and Budget (OMB) reporting is due to OEP by the 5th day of the end of month and/or quarter.

II. Coos Transmission Loop Background

New Hampshire's energy and economic policies encourage the growth of renewable electricity in the State's energy portfolio through Governor Lynch's 25 x '25 Initiative, the Renewable Portfolio Standard, and indirectly the Regional Greenhouse Gas Initiative. Many of NH's renewable energy resources are most plentiful in regions that have minimal or older energy infrastructure, and in many cases low electrical demand. As such, improvements are required to transmit energy from these more remote locations to higher electrical need areas, some of which may be outside the state. With state, federal, and other incentives now available to encourage the development, generation, and consumption of renewable energy, many developers are researching optimal sites in NH to locate their facilities. The state and region face the competing

challenges of creating or maintaining stable and reliable infrastructure, encouraging the development of new facilities, and determining who pays for what, in what order, and the beneficiaries of these investments.

Renewable generators actively developing plans for facilities in NH's North Country have recently either maximized transmission capacity within the area or have declined their position in the Independent System Operator of New England (ISO-NE) interconnection queue. Some developers are no longer pursuing projects in this area because of known limitations in the amount of transmission capacity, stability of securing financial arrangements, and/or uncertainty in cost allocation of new transmission infrastructure needed to allow their generation output to reach market. With the State's Site Evaluation Committee's recent approval of the 99-megawatt Noble Environmental Power Granite Reliable Wind Park, and assuming the biomass proposals of Clean Power Development and Laidlaw are sited, there will be no further transmission capacity on the Coos Loop. Any additional generation will require significant upgrade. The preliminary cost of an upgrade to enable ~~an additional 4200 MW~~ an additional 4200 MW has been estimated to be \$150 million.

Coos County has the potential for significant renewable generation development that will further the energy priorities and environmental goals of the State. The 115-kilovolt transmission system in the area, known as the Coos Loop, is located in the towns of Northumberland, Stark, Milan, Berlin, Gorham, Randolph, Whitefield, and Lancaster. The towns of Kilkenny and Jefferson are inside the loop. The Coos Loop connects into the south-bound transmission line in Whitefield with two connection points from the Coos Loop to rest of the grid. The ability to interconnect significant generation on the Coos Loop is limited by the thermal rating of the existing transmission equipment for design conditions (one element out of service [N-1 condition]) as well as voltage and stability concerns. There may also be down-stream transmission facility loading problems associated with interconnecting the new renewable generators.

To interconnect and economically operate additional renewable generators on the Coos Loop, the infrastructure requires upgrading and replacement, in order to eliminate or reduce thermal and stability issues. Without additional investments, a certain amount of generation could reliably interconnect, but their operation could be restricted. Facilities beyond those noted above would require substantial upgrade which, under current FERC procedure (Schedule 22) calls for a generator requesting to interconnect to the transmission system to pay for all transmission interconnection and upgrade costs to reliably interconnect and operate their unit. The study process is done by analyzing the transmission system needs, one generator at a time, based on order in which they requested their interconnection.

The issue of who pays for the transmission must be resolved to allow investments to go forward. However, the question of who will pay for these investments is met with considerable controversy. To move forward, ~~not only must the electric needs of the area be identified, but~~ a consensus proposal must be developed for a workable cost allocation mechanism so that transmission investments can go forward and developers can pursue development of renewable resources in the area.

This complex scenario has been the focus of much debate in recent years. Options discussed involve spreading these transmission costs nationally or regionally (both would require FERC approval and likely have NH ratepayers being assessed their share of the cost of national or regional renewable transmission upgrade costs). Another option is a cost sharing mechanism under which generators pay their share of the upgrade costs as they come on line, while the initial investment is “fronted” by customers through utility rates, public funds, or a combination thereof. Some of these options would require approval from the state legislature, FERC, ISO-NE, NEPOOL, and the Public Utilities Commission.

In 2007 the NH Legislature found that “[i]t is in the public interest and to the benefit of NH to encourage the development of renewable energy” and that the “existing transmission infrastructure, particularly in the northern part of the state, will need to be upgraded or replaced or new transmission facilities will need to be built.” Laws of 2007, Chapter 364:1. Based on this finding, the Legislature directed the Public Utilities Commission (PUC) to facilitate discussions among the parties and to file a report that described the transmission system and the process and alternatives for approaching and accomplishing transmission upgrades. In 2008, through Senate Bill 383, the Legislature created a Commission to develop a plan for the expansion of transmission capacity in the North Country. In 2009 the Legislature extended the life of the Transmission Commission, through Senate Bill 85, and directed it to retain a consultant to, among other things, develop “a framework for a proposal for the upgrade of the transmission system in the North Country for filing with” FERC. This RFP is for the consultant that the Legislature directed the Transmission Commission to retain.

Despite these steps and efforts, stakeholders in the process have not succeeded in finding resolution. The purpose of this feasibility study/action plan is to prioritize this dialogue, find common ground and solutions acceptable to all parties, and make recommendations that will ultimately resolve the cost allocation impasse regarding who should pay for new transmission or transmission upgrades to interconnect additional renewable generators to the Coos Loop.

Renewable energy development that can provide the significant long term benefits for Coos County communities has been the subject of two recent (2008) economic strategy reports.

1. The Sustainable Economy Initiative, a 2-year strategy development process by a governor-appointed steering committee from the four Northern Forest States, recommends that renewable energy initiatives “encourage energy efficiency, increases public and private investment in a diversity of energy systems, maximizes community wealth, and complements stewardship of the region’s natural resources.” <http://www.northernforest.org/economic-strategy.shtml>.
2. The Coos Economic Action Plan, developed by the North Country Council, the Coos Economic Development Corporation and over 100 volunteers, includes several recommendations related to advancing small-scale, combined heat and power systems and ensuring balanced and sustainable use of the region’s wood resource. http://www.ncccouncil.org/pdf/Coos_Economic_%20Action_Plan_0908.pdf

Both the public and private sectors are looking to the region as a primary source of renewable energy, particularly wood and wind. While Coos County can and should be part of the solution

for the region's renewable energy needs, there are some potential downsides to this opportunity, such as:

1. Overharvesting and/or unsustainable extraction of natural/economic assets, resulting in long-term damage or destruction;
2. The use of a region's natural/economic assets to create wealth that is exported without corresponding wealth creation within the region; and
3. Siting of power generation facilities and transmission lines from and through rural areas such as productive farmlands, important wildlife habitat and recreational areas.

Coos County's natural assets are primary economic assets; they provide the basis for tourism, new wood products and services, and amenities that can attract new entrepreneurship to the region. These assets have been the backbone of the Coos County economy for hundreds of years, and they are critical to the emerging economy of Coos County as well as the four-state Northern Forest region.

III. Scope of Services

The consultant chosen to perform this work will be responsible for the following key tasks:

Task 1: Meet with stakeholders in public venues and with clear and timely notice to obtain input about obstacles [regarding paying for required transmission](#), funding needs, and options [they find acceptable regarding paying for transmission](#).

1. Hold two (or three if the NCTC extends the deadline) public information sessions, in the North Country, to include but not be limited to the following participants: the North Country Transmission Commission, electric utility companies, ISO-NE, the Federal Energy Regulatory Commission, energy developers, legislators and other policymakers, representatives of State agencies and other State officials, the consumer advocate, the NH congressional delegation, energy generators and distributors in the northeast, the general public, the North Country Council, the Coos Economic Development Corporation;
2. Work with developers of proposed NH renewable generation projects which either have active applications in the ISO-NE Generator Interconnection Study Queue or are subject to NH jurisdictional interconnection administration.
3. The consultant may obtain information from developers privately if dialogue includes proprietary information;
4. The consultant will track the number of meetings, attendees, and progress made for OEP reporting to DOE; and
5. The consultant will report back to the NCTC.

Task 2: Study the challenges [regarding transmission cost allocation](#) and opportunities [if transmission cost can meet stakeholder's needs](#) and propose [cost allocation](#) solutions, based on discussions with the stakeholders and review of existing materials. Additionally, the consultant will:

1. Summarize how similar situations are handled across the country in areas that have Regional Transmission Organizations and/or Independent System Operators (eg: CA, CO, TX, ID) regarding cost allocation for renewable-energy transmission and highlight pros and cons of each scenario. A December 2008 PUC Background Report on NH Transmission Infrastructure may provide additional information and insight:

<http://puc.nh.gov/Transmission%20Commission/Transmission%20Infrastructure/NHPUC%20SB140%20Report%2012-1-07%20REDACTED.pdf>;

- a. Explain how customers and generators in NH would benefit or be negatively impacted by each scenario;
 - b. Explain what would be required to receive acceptance of and implement each scenario, and rank the likelihood of success for **5-10 scenarios**; and
 - c. Include and review national, regional, and NH cost allocation methodologies; and
 - d. **Enumerate the impact on Coos County communities and the region's natural assets, including wood supply.** -- (do we need to define what impacts we are referring to)
2. Look at Federal changes in legislation that may affect cost allocation; and
 3. Based on analyses in Task 2, Numbers 1 and 2, recommend a financial framework and methodology that is appropriate for the Coos Loop and can be replicated in other similar scenarios;

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Task 3: Review existing economic studies and analyses and provide a potential estimate for Coos County renewable generation development to meet the State's RPS goals, including: (this will be very hard to do , requires specific project related cost information.)

1. The relative cost range impact on NH electricity customers for the various cost allocation methods; and
2. The cost impact of new and existing renewable energy generators affected by the expansion or lack of expansion. (very difficult to do)

Task 4: Develop the framework of an action plan to pay for the upgrade of the transmission system in the North Country. This framework should fairly balance the costs and benefits of the upgrade among generators, distributors, ratepayers, and/or other economically involved and interested stakeholders. The Action Plan will include:

1. Implementation steps;
2. The recommended responsible parties for cost allocation;
3. Community benefits; (need to define before the RFP goes out)
4. A straw agreement among stakeholders for use by the NCTC; and
5. Proposed legislation if necessary.

Task 5: Submit Reports to NCTC including findings, recommendations, a detailed plan of action, and proposed legislation,

1. Draft report due on or before **August 16, 2010**; and
2. Final report due on or before **November 15, 2010.** (should this date be earlier , say 10/15/10, NHTC needs time to come up with their recommendation)

Task 6: Submit monthly ARRA-SEP reports to OEP, in order for OEP to submit to OES, DOE, and (OMB) on data for number of jobs created/retained, meetings held, and people reached. Other funding sources (ARRA, Greenhouse Gas Emissions Reduction Fund, Renewable Energy Fund, et cetera) that are leveraged for projects funded under this program must also be tracked and reported on by the consultant.

IV. Components of the Proposal

Proposals should respond to all areas, in the order listed below, and conclude with a separate section on cost. Excepting the Cover Letter, Reference Letters, Financial Audit information, and Items 5, 6, and 8 below, the proposal should not exceed six (6) pages, single spaced, ¾ inch margins, 12-point font. Please print and copy your proposal double sided.

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1. Cover Letter: The bidder will include consultant name, responsible party, mailing and physical address, phone numbers and e-mail addresses, as well as information about the program the bidder seeks to administer. This program is called ARRA-SEP Feasibility Study – Transmission Lines Action Plan.
2. Approach: The bidder must provide a detailed plan explaining:
 - How this feasibility study/action plan will be accomplished;
 - How Tasks outlined in Section III, Scope of Services will be accomplished;
 - An anticipated schedule based on approval by Governor and Council on **April 28, 2010**;
 - Highlight experience with federal awards and contracts;
 - Other sources of funding (ARRA, RGGI, REF must be acknowledged and tracked as leveraged funds); and
 - Details on meeting reporting requirements.
3. Corporate/Company Information: The following should be detailed in the proposal:
 - Information concerning the bidder’s corporate/company history, including number of years in business, corporate officers or company principals, professional and business association memberships, and other pertinent information;
 - Describe the capacity of the bidder(s) to administer this program including knowledge of transmission issues, utility-scale renewable energy projects, financing mechanisms, and other issues that will be relevant to the successful implementation of the action plan upon its approval;
 - Describe the capacity/ability of the bidder to comply with ARRA reporting; specifically, the bidder’s ability to gather and submit total hours worked for those employees paid with ARRA funding (jobs created/retained) on a monthly basis, no later than the 5th day following each month’s end; and
 - A statement of assets and liabilities, and proof of bidder’s financial stability.

The bidder should also highlight:

4. Personnel Assigned: Bidders shall include a list of all personnel who might be assigned to this project, including resumes and the nature of their specific responsibilities. If possible, include a copy of previous reports that the proposed project members have worked on. During the course of the program, OEP must approve changes in personnel assigned to perform the consulting work;
5. References: Bidders shall provide OEP with up to three Letters of Support for work performed which is similar in scope or content to the one being proposed.
6. Partners: OEP understands that some bidders may desire to partner with other entities that specialize in components to the program. This is allowed. However there shall be only one contractual consultant with OEP who will be responsible for all components to the program. All relevant information related to the consultant’s partner/s’ qualifications must be included in the proposal;

7. Statement of Disclosure: Any existing or potential conflicts of interest should be identified, including those that arise as a result of relationships or affiliations with individuals or entities that will be involved in the program or members of the staff of OEP or the PUC, which administratively supports the NCTC. A statement of how potential conflicts will be handled should also be included in the proposal; and
8. Detailed Budget Proposal: Bidders shall provide OEP with a detailed program budget and a budget that is broken out in Fiscal Years (NH's fiscal years run July 1 – June 30) that identifies the hourly rate for personnel, other administrative costs relative to this program, and other budgetary content. As an administrative program, it is understood that a significant component of this funding will be for administrative purposes. Bidders must itemize anticipated administrative costs associated with accomplishing Tasks, as well as costs for materials, trainings, et cetera. Please separate “administrative costs” from other costs. Funding for this program will not exceed \$200,000.00. Bids submitted under this budget may allow for OEP to contract other feasibility studies.

All materials submitted to OEP may be subject to public disclosure and, as such OEP instructs bidders to mark specific confidential or proprietary information in the documents provided, and consider submitting a version that will be available for public review. Whether such documents should, in fact, be protected from public disclosure will be evaluated on a case-specific basis.

V. Criteria for Selection

Administrative cost is a consideration, but is not the only determining factor in OEP's or NCTC's choice. Incomplete proposals will not be considered. A scoring sheet accompanies this RFP. OEP will consider the following criteria:

1. Overall responsiveness to the requirements of the RFP, including completeness, clarity, creativity, and quality of proposal;
2. The knowledge of, quality, and practical experience of the bidding firm/s and the staff assigned to the project with similar programs, including but not limited to, all aspects of Section III - Scope of Services;
3. Ability to report five (5) days after the end of each month and/or quarter. Reports will follow a pre-determined format including, but not limited to, funds expended, jobs created and retained, meetings held, and number of people attending events. Additional metrics will include reports submitted and a final action plan developed and approved;
4. Existing resources (administrative, publicity, et cetera) that can be leveraged with these funds will add value to the proposal;
5. OEP reserves the right to negotiate lower fees or a different fee structure than proposed for cost of administrative services and expenses, including the competitiveness of the proposed hourly rates and any proposed discounts or other cost-effective benefits;
6. Potential conflicts of interest, and how they will be addressed; and
7. Any other considerations OEP or NCTC may deem appropriate in light of its objectives and review of proposals received.

VI. General Bid Conditions

1. Original and **6 copies** of the bid must be submitted, along with an electronic copy in PDF format. Bids that are incomplete or unsigned will not be considered;
2. The deadline for submitting bids is 4:00 p.m. on **Wednesday, February 24, 2010**. Originals and copies must be addressed to Laura Richardson, ARRA Coordinator for

SEP, NH Office of Energy and Planning, 4 Chenell Drive, 2nd floor, Concord, NH 03301; Electronic PDF files may be sent in CD format or via email to laura.richardson@nh.gov;

3. OEP reserves the right to reject or accept any and all bids; to reject or accept all or any part of any bid; to determine what constitutes a conforming bid; to waive irregularities that it considers not material to the bid; to award the bid solely as it deems to be in the best interest of the State; to contract for any portion of the bids submitted; and to contract with more than one bidder if necessary;
4. All information relating to this bid, including but not limited to fees, contracts, agreements, and prices are subject to the laws of the State of New Hampshire regarding public information;
5. Any contract awarded from this Request for Proposals will expire on April 30, 2012. OEP at any time, in its sole discretion, may terminate the contract or postpone or delay all or any part of this contract, upon written notice;
6. The selected consultant must agree to maintain the confidentiality of all information to which it has access until it is instructed otherwise by OEP;
7. Those who do not meet the guidelines or who prove incapable of expending funds in a timely manner may be required to return the funds to OEP for redistribution; and
8. This contract is contingent upon continued ARRA funding.

VII. Certificates

Please note that the American Recovery and Reinvestment Act (ARRA) and the State of New Hampshire Governor and Executive Council process may have specific requirements and/or documents that must be in place for award/approval. As such, these requirements may necessitate “lead time” and/or have a cost associated with them. Please build that time and potential cost into your response.

Bidders will be required to provide the following information and certificates prior to entering into a contract:

1. DUNS number and Congressional District for administrator/s and partner/s;
2. NH Secretary of State’s Office: Certificate of Good Standing;
3. Certificate of Vote/Authority; and
4. Certificate of Insurance: demonstrating insurance coverage required under the contract, including Workman’s Compensation.

VIII. Form of Contract

The terms and conditions set forth in Attachment 1, OEP General Provisions agreement are part of the proposal and will apply to any contract awarded the bidder. Additionally, OEP, OES, DOE, and OMB require provisions as part of the contract. Those documents may be downloaded at [XXXXXXXXXX](#).

Any contract resulting from this RFP shall not be deemed effective until it is signed by OEP and approved by the Governor and Executive Council.