
Three Is Not a Crowd: A Tri-State Approach to Producing More Clean Energy

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As part of a collective effort to address the problem of pollution from traditional sources of energy generation, such as coal- or oil-burning power plants, the states of Connecticut, Massachusetts, and Rhode Island have joined forces to offer a solution. These three states have jointly issued a request for proposals (RFP) for large-scale clean energy and transmission projects. These Procuring States, as they are defined in the RFP, have authorized this solicitation based on certain Procurement Statutes which each state has passed.

Under the RFP, clean energy must come from one of three sources, each with a minimum nameplate rating of 20 megawatts: generating units which are qualified to produce the highest Class or Tier of renewable energy credits (RECs) pursuant to the applicable statutes of at least one of the Procuring States; generating units which are qualified in the same way but which are located outside of New England; or a hydropower resource that meets the requirements of at least one of the Procuring States. Other qualifications include that the energy can come from newly constructed generation units, upgrades to existing units, an increase in capacity factor or dispatch ability of an existing unit, and/or an increase in imports into New England.

There are three bid categories: Qualified Clean Energy and/or RECs via PPA; Qualified Clean Energy and/or RECs via PPA with a Transmission Project under FERC Tariff; and Qualified Clean Energy via Transmission Project under a Performance-Based Tariff Containing a Qualified Clean Energy Delivery Commitment; No PPA.

- *Bids in the Qualified Clean Energy and/or RECs via PPA category may include energy only, RECs only, or both. The purchase and sale of energy and/or RECs would be through a long-term PPA. The terms of the PPA vary depending on which Procuring State is involved, but they are typically fifteen to twenty years. Note that Rhode Island is not seeking bids in this category.*
- *Bids in the Qualified Clean Energy and/or RECs via PPA with a Transmission Project under FERC Tariff category would be the same as the previous category, but would include a separate transmission project component under a FERC-filed tariff. The example provided in the RFP states that one or more developers of clean energy generation could partner with a developer of a transmission project to offer a combined bid that includes the purchase and sale of clean energy under one or more PPAs, and a transmission project*

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necessary to deliver that energy. Note again that Rhode Island is not seeking bids in this category.

- *Bids in the Qualified Clean Energy via Transmission Project under a Performance-Based Tariff Containing a Qualified Clean Energy Delivery Commitment; No PPA* category would include a transmission project without an associated PPA. Instead of a PPA with the electric distribution company, the transmission project provider would commit to a performance-based tariff which would specify an amount of clean energy that the provider must deliver; failure to deliver would result in payment of a credit to the EDC. This is the only category in which Rhode Island is seeking bids.

A bidder conference was held on December 3, 2015. The deadline for submitting written questions is December 29, 2015, and the deadline for submitting proposals is January 28, 2016. Selection of bidders will commence in late March 2016, followed by the contract execution period, with final regulatory approval expected in late 2016.

This detailed and elaborate RFP is ninety-two pages long and involves statutes, regulations, and bidding requirements from three states. Due to the complexity of the RFP and the underlying Procurement Statutes, bidders would be well-served to consult with experienced professionals who can help them navigate this complicated landscape.

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