

2011 AZ Sun RFP Bidder's Webinar

October 12, 2011



RFP Webinar *Agenda*

- ▶ **AZ Sun Program**
- ▶ **Independent Monitor**
- ▶ **PowerAdvocate**
- ▶ **RFP Schedule**
- ▶ **RFP Overview**
- ▶ **Key RFP Provisions**
- ▶ **Land and Interconnection Assumptions**
- ▶ **Evaluation Criteria**

AZ Sun Program *Overview*

▶ **AZ Sun Program History**

▷ Approved in March 2010

▷ 100MW Utility-Scale PV

▷ Tranche 1 50MW approved, recovered via RES Adjustor

▷ Tranche 2 50MW approved, recovery mechanism determined in Rate Case

▷ Competitive Procurements in 2010

▷ 83MW In-Service or Under Development

▷ 17MW Remaining

▶ **2011 RFP**

▷ Accepting Bids for 17MW of PV Capacity

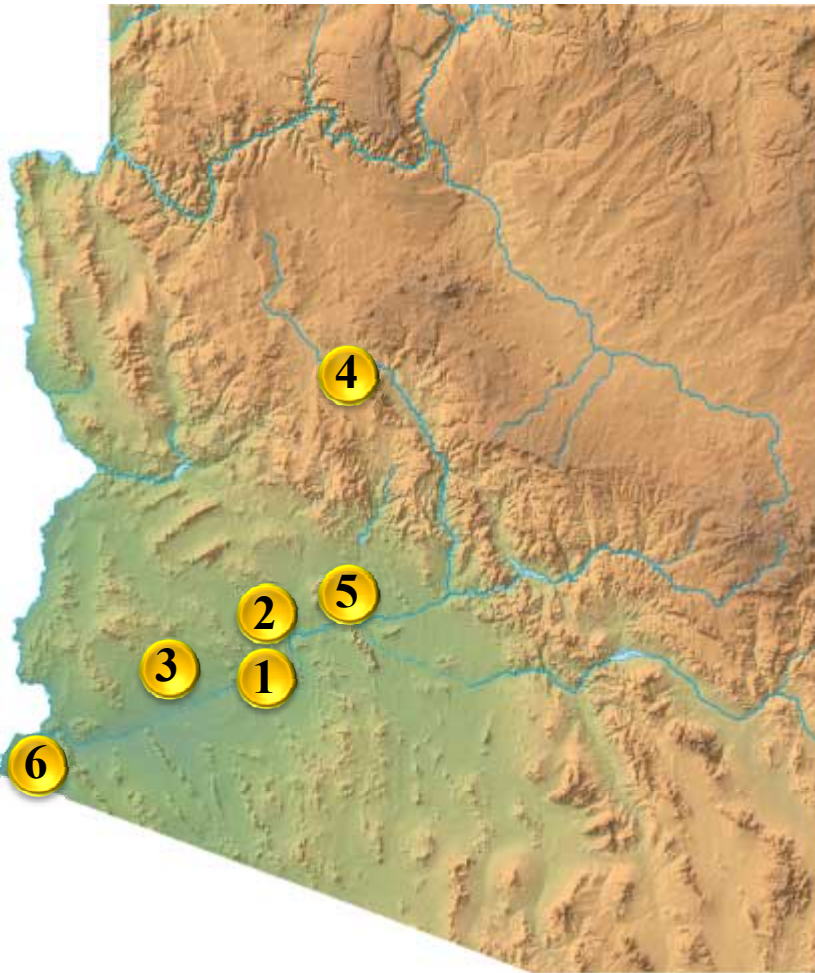
▷ 17MW Required for 2013 In-Service

▷ APS reserves the right to contract for more capacity than identified as the capacity requirement of this solicitation is based on regulatory policy and APS resource needs

▶ **AZ Sun Expansion** (pending ACC approval)

▷ Additional 100MW Requested in 2012 RES Implementation Plan

AZ Sun Program *Overview*



- Program to develop 100 MW of APS-owned utility-scale solar PV
- Key element of diversifying the way we procure renewables
- Developed by third-party contractors and equipment suppliers

Generating Facility	Capacity (Net MW ac)	Expected In-Service
1 Paloma	17	Sep-11
2 Cotton Center	17	Nov-11
3 Hyder (I/II)	11/5	Oct-11/Mar-12
4 Chino Valley	19	Q3 2012
5 Luke AFB	14	2013
6 Yuma	17	2013
Total	100	

Note: First 100MW program filed with ACC October 2009; approved March 2010

Independent Monitor 2011 Solicitation

- ▶ **Navigant Consulting, Inc.**

- ▷ Paul Maxwell

- ▶ **Responsibility**

- ▷ Ensure RFP process is conducted fair and equitably
 - ▷ Validate APS' Competitive Procurement Procedure is appropriately applied

- ▶ **Access via PowerAdvocate**

- ▷ ALL Bid Data
 - ▷ ALL Communications

- ▶ **Deliverable**

- ▷ Issue Report to APS
 - Used in RES Compliance Report
 - Available Publicly Upon Request
 - ▷ Updates to ACC Staff if requested

PowerAdvocate *Submission Platform*

- ▶ Access through www.aps.com/rfp
- ▶ Respondents Must Register to Download Documents
- ▶ Respondents Must Register to Bid
- ▶ Questions Submitted via PowerAdvocate Messaging System
- ▶ Respondents Complete ALL Information
- ▶ Respondents Upload ALL Required Documents
- ▶ Bids Not Using PowerAdvocate **WILL NOT** Be Accepted

Bid Submittal *Schedule*

ACTIVITY	DUE DATE
Issue RFP	Oct 3, 2011
Bidder's Webinar	Oct 12, 2011
Signed Confidentiality Agreement to APS	Nov 23, 2011
RFP Responses and Submittal Fee	Nov 30, 2011
Shortlist Bidder Notification	Jan 2012
Final Selection Notification	Mar 2012

RFP Overview

- ▶ **Bid Submission Fee of \$5,000 Required**
 - ▷ \$5,000 covers two bids for 17MW (e.g., fixed, tracking applications)
- ▶ **Bidders will submit proposals to develop on a site provided by APS in Yuma County, Arizona**
 - ▷ General site criteria provided in solicitation package
- ▶ **Transmission Interconnection**
 - ▷ All bidders shall assume a \$3mm Interconnection Cost Allowance and include this allowance in each bid proposal
 - ▷ An existing FERC Small Generator Interconnection Application will be assigned to the successful bidder

RFP Overview *2011 Solicitation*

▶ **Project Size**

- ▶ 17MW **ac** at Design Point Conditions (DPC)

▶ **Technology**

- ▶ Photovoltaic Solar
 - ▶ Tracking or Fixed
 - ▶ Crystalline or Thin Film(Cad-Tel Only)
 - ▶ CPV is not eligible

▶ **Provisional Acceptance Deadline**

- ▶ 17MW - In-Service by March 31, 2013 (*Provisional Acceptance Deadline*)

▶ **Finance Structure**

- ▶ Progress Payment Approach based on materials delivered and work complete
- ▶ APS will retain 15% of each invoice paid until Final Acceptance

RFP Overview *Eligibility*

- ▶ **Developer supplied project site**

- ▷ Will Not be Considered

- ▶ **APS Affiliates**

- ▷ Will Not be Considered

- ▶ **Purchase Power Agreements**

- ▷ Will Not be Considered

EPC Agreement *Provisions*

- ▶ **Pro forma EPC Agreement posted on PowerAdvocate**
 - ▷ APS expects minimal, if any, modifications
 - ▷ Requested modifications will be part of our qualitative analysis

- ▶ **Key Provisions**
 - ▷ Credit Support
 - ▷ Milestones
 - ▷ Daily Delay Damages
 - ▷ Capacity and Reliability Testing
 - ▷ Warranties

Credit Support *Requirement*

- ▶ **Must be Letter of Credit or Cash Deposit**

- ▶ 17MW - \$3.5mm posted after contract execution

- ▶ **Term**

- ▶ 5 days following contract execution through the 5 year system warranty period

- ▶ **Retainage**

- ▶ Fifteen Percent (15%) of each invoice paid will be retained until Supplier achieves Final Acceptance

Milestones *Requirement*

▶ **Notice to Proceed (NTP)**

- ▷ Issued by APS after the following conditions are satisfied:
 - ▶ *Land Acquisition Approval (Supplier obtains Special Use Permit)*
 - ▶ *Right-of-Way Acquisition (APS obtains all necessary rights-of-way)*
 - ▶ *Regulatory Approval (ACC approval)*
 - ▶ *Community Impact (APS determines no adverse impact to the community)*

▶ **Start of Construction**

- ▷ By a date to be determined

▶ **Provisional Acceptance**

- ▷ Work is complete
- ▷ Capacity and Reliability testing begins

▶ **Final Acceptance**

- ▷ Capacity and Reliability testing is complete
- ▷ APS issues the final payment to Supplier
- ▷ APS assumes responsibility for risk of loss and O&M upon reaching Final Acceptance

Daily Delay Damages Requirement

▶ Daily Delay Damages

- ▶ Applicable if the Supplier fails to achieve Provisional Acceptance on or before the Provisional Acceptance Deadline
- ▶ Supplier is responsible for suggesting appropriate amounts for Daily Delay Damages and these amounts will be a part of the qualitative evaluation process
- ▶ Daily Delay Damages shall not be less than \$25,000 per day

Delay in Provisional Acceptance (Number of Days beyond Provisional Acceptance Deadline)	Daily Delay Damage (\$ per Day)
Day 1 through Day 15	[\$x]
Day 16 through Day 30	[\$x+y]
Day 31 forward	[\$x+y+z]

Capacity/Reliability Testing Requirement

▶ **Capacity Test**

- ▶ Supplier must demonstrate the Guaranteed Capacity for 10 contiguous days within a 30 day period
- ▶ The Capacity Test shall be adjusted to reflect design point conditions

▶ **Reliability Test**

- ▶ Supplier shall maintain a minimum of ninety-five percent (95%) Availability of the Facility during a 45 day Reliability Test Period

Warranties *Requirement*

▶ **Performance Guarantee**

- ▶ The Performance Guarantee Period begins at Final Acceptance
- ▶ Supplier shall guarantee the Facility will produce energy in an amount that is at least ninety-five percent (95%) of the Production Profile during each calendar month of the 2 year Performance Guarantee Period

▶ **Supplier Warranty Period**

- ▶ Supplier warrants the facility for a period of 60 months following Final Acceptance
- ▶ Supplier warrants that the Facility will be free from defects in materials and workmanship

Transmission Interconnection

▶ FERC Interconnection

- ▶ APS has initiated the FERC Interconnection process for a 69kV interconnection (SGIP)
- ▶ This application will ultimately be the responsibility of the Supplier to manage
- ▶ Bidder's are required to delivery the energy from this facility at the 69kV voltage – proposals must include any costs necessary to “step-up” this energy to 69kV voltage on the project site

▶ Interconnection Cost Allowance

- ▶ Bidders must include a \$3mm Interconnection Cost Allowance in their proposal which will be used to pay for any costs required by the Transmission Provider for interconnecting this facility
 - ▶ These costs are in addition to any project related costs required to “step-up” the energy to 69kV voltage
 - ▶ Substation location identified in the site survey provided by APS
- ▶ Further details regarding the status of this interconnection will be discussed to short-listed bidders

Evaluation Criteria *Quantitative*

▶ **Pricing includes**

- ▶ All Costs necessary to perform the work as described in the pro forma EPC Agreement

▶ **Avoided Cost**

- ▶ Cost of Comparable Conventional Generation
- ▶ This process takes into account hourly, seasonal, and long-term supply and demand circumstances

Evaluation Criteria *Qualitative*

▶ **Business Risk**

- ▷ Financial strength and creditworthiness of the Bidder

▶ **Project Viability Risk**

- ▷ Project viability and schedule validation
- ▷ Developer experience

▶ **Technology Risk**

- ▷ Market strength of key equipment suppliers
- ▷ System Design

Evaluation Criteria *Qualitative (Cont)*

▶ **Supply Chain Risk**

- ▶ Certainty of key equipment needed
- ▶ Quality of development partners (GC, Electrical, Etc.)

▶ **Developer Risk**

- ▶ Safety record
- ▶ QA/QC Plan
- ▶ Engineering expertise
- ▶ PV development experience

▶ **Consideration of EPC Agreement Redline**

- ▶ Number/Scope of proposed Changes

Bid Submittal *Requirements*

- ▶ **Confidentiality Agreement**
- ▶ **Bidder's fee - \$5,000/respondent per 2 proposals**
- ▶ **Completed submission through PowerAdvocate**
- ▶ **Certification demonstrating authority to bind respondent**
- ▶ **Level One Project Work Schedule**
- ▶ **Conceptual Site Plan**
- ▶ **Project One-Line Diagram**
- ▶ **Production Profile (*using the weather sets provided*)**
- ▶ **EPC Agreement redlined**

Communications *Questions & Contacts*

▶ **APS RFP Website**

- ▶ Updates Posted

▶ **PowerAdvocate**

- ▶ Submit questions via PowerAdvocate messaging
- ▶ Anonymous responses will be posted in PowerAdvocate

▶ **APS RFP Contacts**

- ▶ Mark Mullins (602) 250-3024 Mark.Mullins@aps.com
- ▶ Ted Geisler (602) 250-2647 Ted.Geisler@aps.com

Questions & Answers

