



County of Santa Cruz

0493

DEPARTMENT OF PUBLIC WORKS

701 OCEAN STREET, ROOM 410, SANTA CRUZ, CA 95060
(631) 454-2160 FAX (831) 454-2385 TDD (831) 454-2123

JOHN A. FANTHAM
DIRECTOR OF PUBLIC WORKS

AGENDA: JANUARY 11, 2000
December 29, 1999

SANTA CRUZ COUNTY BOARD OF SUPERVISORS
701 Ocean Street
Santa Cruz, California 95060

SUBJECT: BUENA VISTA LANDFILL GAS POWER PROJECT

Members of the Board:

The City of Palo Alto has recently issued a Request for Proposal (RFP) for grants to support development of remote renewable energy projects. AB 1890 requires Palo Alto, as a municipal utility, to collect an electricity surcharge for use in the Public Benefits Program. Investments in renewable energy systems qualify for Public Benefits Program funding. Palo Alto has designated \$500,000 for this grant program on a competitive energy production basis. Attached you will find a copy of the RFP.

Public Works has been in contact with the City of Palo Alto staff regarding this grant process. Our proposed Buena Vista Landfill Gas Power Project falls within the scope of projects that Palo Alto wishes to support. As a side to the grant process, Palo Alto is also interested in purchase of electricity from the projects that it supports through this grant program. Based upon our review of this grant program qualifications, we recommend submitting a grant application and an offer to sell electricity produced by the plant.

It is therefore recommended that the Board of Supervisors direct Public Works to submit an application to the City of Palo Alto for their Remote Renewable Energy Grant Program and an offer to sell electricity produced by the project on behalf of the County.

Yours truly,

Charlie A Jones Jr
For JOHN A. FANTHAM
Director of Public Works

RPM:mg
Attachments

RECOMMENDED FOR APPROVAL:

County Administrative Officer

copy to: Public Works
General Services
Brown, Vence and Associates

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BVLGM

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UTILITIES DEPARTMENT

PROJECT TITLE: REMOTE RENEWABLE PROJECT

REQUEST FOR PROPOSAL (RFP) NUMBER 121146

**RFP CLOSES: 3:00 P.M., JANUARY 18, 2000
- ISSUED: DECEMBER 1, 1999 -**

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PART I - REQUEST FOR PROPOSAL (RFP)

SECTION 1



CITY OF PALO ALTO
ADMINISTRATIVE SERVICES DEPARTMENT
PURCHASING AND CONTRACT ADMINISTRATION

FIRST FLOOR
250 HAMILTON AVE.
PALO ALTO, CA 94301

P. O. BOX 10250
PALO ALTO, CA 94303

December 1, 1999

The City of Palo Alto, Purchasing and Contract Administration request a Proposal on behalf of the Utilities Department for:

- Project Title: **Remote** Renewable Project; Request For Proposal (RFP) Number 121146
- Description of Project; To **promote** the development of renewable energy projects outside of the city limits of Palo Alto, as described by PART II, Scope of Work, herein.
- Project Manager: **Kirk Miller**
Telephone; **(650) 329-2486**
- Contract Manager; **Fernando Velez**
Telephone: **(650) 329-2460**

A . Proposal Submittal Information

- 1 . 0 Proposal closes (~~The~~ Proposal, in its Entirety, must be received by Purchasing and Contract Administration not later than) 3:00 P.m., Tuesday, January 18, 2000

Documents **will** not be accepted after 3:00 P.M., Tuesday, January 18, 2000

- 2.0 Proposals may not be **delivered** by facsimile transmission or other telecommunication or electronic means.
- 3.0 Proposals **arriving** after the deadline will be returned, unopened, to their senders.
- 4.0 Date, Time, and Location of Proposal Opening:

Proposals **will** be opened in the Council Conference Room at the Palo Alto Civic Center, 250 Hamilton Avenue, First **Floor**, Palo Alto, at 3:00 P.m. on the date of Bid closing. All Proposals shall be opened and (only) the name of the Proposer shall be read.

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PART I - REQUEST FOR PROPOSAL (RFP)

SECTION 1

5.0 Proposers, or their representatives and other interested persons, may be present at the Proposal opening.

B. Submittal of Documents:

1.0 Submit documents by **delivering** or mailing to:

(Delivery)
City of Palo Alto
Purchasing & Contract Administration
First Floor, Civic Center
250 Hamilton Ave.
Palo Alto, CA 94301

(U S Mail)
City of Palo Alto
Purchasing & Contract Administration
P.O. Box 10250
Palo Alto, CA 94303

2.0 Proposers assume the risk of the method of dispatch chosen.

3.0 All bids and accompanying documents shall be submitted in a sealed envelope. The outside of the envelope shall be marked and identified as follows:

Proposal
Project Title: Remote Renewable Project; Request for Proposal (RFP) Number 121146
Proposer/Company Name and Return Address

D. Pre-Proposal Conference Information:

A pre-Proposal conference is not scheduled.

E. Proposal Documents:

Proposal Documents are available from City of Palo Alto, Purchasing and Contract and Administration, First, Floor Civic Center, 250 Hamilton Avenue, Palo Alto, CA 94301 [(650) 329-2271].

F. Proposal Requirements:

The Proposer shall respond to all requirements in accordance with the terms and conditions, description, information **and** instructions, and all schedules of PARTS I, II. and III, herein, and shall be required to;

- 1.0 Agree with the terms and conditions of this RFP;
- 2.0 Comply with the requirements of, and submit information, and documentation, including executed forms, as required by, this RFP;
- 3.0 Properly execute its proposal;
- 4.0 Be knowledgeable of, and comply with, applicable local, state, and federal laws, regulations, codes and ordinances;
- 5.0 Meet and comply with all other requirements **specified** in this RFP.

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PART I - REQUEST FOR PROPOSAL

- G . City may at its option, for any or for no reason, reject all **Proposals**, re-advertise an RFP, cancel an RFP, or elect to itself perform the project.

- H. The selection process specified herein shall be the basis for award. Any reference to "cost" or to "costs", when made, is to establish the relationship of the overall estimated cost to the budget amount available, See **Part II**, Scope of Work or Services.

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UTILITIES DEPARTMENT

PROJECT TITLE: REMOTE RENEWABLE PROJECT

REQUEST FOR PROPOSAL (RFP) NUMBER 121146

PART II

SCOPE OF WORK OR SERVICES

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PART II – SCOPE OF WORK OR SERVICES

**Request for Proposal for the City of Palo Alto Utilities
Remote Renewables Program****Objective and Overview**

The California State Assembly Bill 1890 requires Municipal Utilities to collect a non-bypassable electric charge to be used for Public **Benefit** Programs. Investments in renewable energy systems qualify for Public Benefit program funding.

The objective of this RFP is to promote the construction of **new** renewable energy projects outside of the Palo Alto City limits by offering grants to developers **of** new renewable energy projects. In order to receive a grant from CPAU, the projects must be new grid-connected projects of one of the following type (wind, biomass, photovoltaics, small hydro, landfill gas, solar thermal electric, or geothermal). Other resource & technology types may be considered on a case-by-case basis.

Grants will be awarded to those projects that best meet the selection criteria listed in this RFP. Grant applicants can obtain **a** grant approval from CPAU prior to constructing the project. The **grants** will be awarded after the project is operational.

The promotion of renewable energy technologies at this time is geared **towards** market commercialization. This offering is intended to provide an amount of funding required to make the renewable energy projects commercially viable and thereby increase the number of operating renewable energy projects.

Program Description

The City of Palo Alto is soliciting proposals for renewable energy projects located either within or outside the boundaries of the City of Palo Alto. The City already has two programs to promote development of photovoltaics within the City boundaries, This Request for Proposals is specifically focused on projects located outside of the City limits, but would also be eligible for project within the City limits.

This one-time program shall award a grant for projects that best meet the selection criteria. Grants shall be awarded based on the application process listed below, The City will provide a one-time grant to the developer of the renewable energy project. The amount of individual grants may vary depending upon the amount of competitive proposals received.

The City has approximately \$500,000 available for this remote renewables program on a one-time basis. There is no set minimum or maximum amount for any one grant.

The City would like to support the maximum amount of new renewable energy projects. This means that for two identical projects, the project requesting the smaller grant amount per installed KW will be ranked higher than the other on the criterion of grant amount.

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PART II-SCOPE OF WORK OR SERVICES

The **City would** like to promote the development of different types and locations of projects. The City hopes to provide grants to projects in different locations as well as projects using different **technologies** (e.g. wind, biomass, photovoltaics, landfill gas, small hydro, solar thermal electric, geothermal, etc.)

Projects can supply power to the wholesale grid or to individual end-use facilities displacing retail purchases- Projects can sell output into the Green Market if desired.

Put-chase of Pmiect Output and/or Green Tags

Renewable **energy** projects in California produce a combination of both project output (kWh) and green tags.

In addition to the City's Remote **Renewables** program, the City is developing a green energy program **whereby the** City will make purchases of project output or "green tags" from renewable energy projects on behalf of City customers. The City may wish to purchase green energy and/or **green** tags from respondents to this Remote Renewables RFP.

The developer of a renewable energy project applying for the City's Remote Renewables RFP **may do one of** three things with the plant output and green tags:

- 1) **The developer** can sell the plant output and green tags into the marketplace without any **involvement by** the City; or,
- 2) **If both parties** agree, Palo Alto may purchase some or all of the **actual** energy output (for delivery to **Palo** Alto customers) and the green tags; or,
- 3) **If both parties agree**, Palo Alto may purchase some or all of the green tags and the developer **is free** to sell the energy output (and any remaining green tags) into the marketplace.

Pmviding the City with a sale offer for green output and/or green tags from the proposed renewable **project** is entirely optional and is not a requirement of applying for a grant under the **Remote** Renewables program. Interested grant applicants can indicate the price that they would **sell** plant output (kWh) or green tags to Palo Alto,.

Palo Alto may agree to purchase plant output (kWh) and/or green tags from some, all, or none of those **developers** who are awarded grants under this RFP.

Application Process

Pmposals shall be submitted according to the following schedule:

1. Customer submits proposal by January 18, 1999.
2. Proposals shall be evaluated based on listed selection criteria and available program **funding**.
3. The City may develop a short-list of candidate projects. Interviews may be held prior to final acceptance.
4. **Successful** proposals shall receive a notice of acceptance by Friday, February 25, 2000
5. Approved proposers submit any additional required information

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PART II -SCOPE OF WORK OR SERVICES

- 6. Proposer signs Grant **Contract** with City Of Palo Alto
- 7. Proposer submits notice of project completion and commencement of operation
- a. Grant is awarded **after** project inspection, verification **and due** diligence.

Proposal Requirements

Proposals must include the following:

- 1. Information requested in the Remote **Renewables** Program - Application form.
- 2. Additional materials supporting the information provided in the Application Form (where applicable).
- 3. Required information described in **Part I** of this Request for Proposal.

Grant Conditions

- 1. The grantee must sign an agreement to maintain the system for 10 years. If the system life is less than the 10-year minimum due to removal or improper maintenance, the Grantee shall return the grant to the City on a prorated basis.
- 2. Systems must be grid-connected in the western United States (WSCC territory), or offset power previously supplied from the electric grid.
- 3. An annual report on unit generation (kWh) will be required and will be kept confidential,
- 4. Grantee will provide access **to** tour the system on lo-days' notice.
- 5. An ongoing grant in support of project maintenance may be negotiated.
- 6. A contract for the City to purchase green power from the project may be negotiated.
- 7. The City reserves the right to develop alternative grant payment schedules.

Purchase of Green Tags

The purchase of project output and/or green tags will be at the City's option. The City will indicate the interest to purchase green tags at the same time as grant notifications are made

Selection Criteria

Grants will be awarded for projects that best meet criteria in the following eight categories:

- 1. Lowest required grant per KW installed and kWh produced
 - a. Amount of required grant per KW installed
 - b. Amount of required grant per kWh produced
- 2. Financial viability of developer
 - a. Financial resources of developer to develop, operate and maintain project
 - b. Strength of construction/ implementation plan
 - c. Sales contract for plant output to the market or end-user (kept confidential)
 - d. Credit rating of developer (if applicable)
- 3. Operational experience of developer
 - a. Past experience of developer in developing and operating similar renewable energy projects

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PART II -SCOPE OF WORK OR SERVICES

- 4. Long-term technical reliability of project and project output
 - a. What is the technical reliability of this type of technology? What has been the performance of similar projects?
 - b. Operation and maintenance plan

- 5. How project fits with mix of other projects to be funded
 - a. Does this project expand the range of projects (different location and different technology) being funded through the Remote Renewables Program?

- 6. Accessibility of project site to annual visits by Palo Alto staff (and possible Palo Alto customers)
 - a. How accessible is this project to Palo Alto staff and/or customers who might want to see where their renewable dollars are being spent?

- 7. The level to which the grant provided by Palo Alto assists the project to be financially viable
 - a. How important is this grant to the actual completion of the project? Is the Palo Alto grant making a difference in getting more renewable projects installed that would not be installed without the grant?

- 8. Demonstration of innovative technologies
 - a. Additional consideration may be given to projects that demonstrate an innovative technology.

For more information, please contact the project manager, Kirk Miller at (650) 329-2486.

**Remote Renewables Program
Application Form**

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Proposer
Company Name:
Address:
Phone/fax/email:
Principal Contact:
Project Description
Energy Source:
Equipment manufacturer(s) & model(s):
System Rated Output (KW):
System Costs
Total System Capital Coat:
Capital cost per KW of output (\$/kw):
Expected yearly kwh output (net):
Variable O&M coat per kwh of expected output (year 1):
Fixed O&M cost per year or schedule of annual O&M expenditures:
Construction
Dnte construction will begin:
Date construction will be completed:
Project Operational date:
Grant Request
Amount of Grant Requested:
Source(s) and amount(s) of Remaining Project Funding (including any other grants):
Sales Revenue projections for wholesale sales:
Output savings projections for retail displacement:
"Green Tag" revenue estimate (\$/Mwh, \$/year):
Project Location
Project Address:
Name of local utility company:
Point of transmission or distribution interconnection:

Remote Renewables Program
Application Form

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Please include the following information in the Proposal

Project Description

- a) Provide a full description of the renewable energy system components (attach documentation/brochures if available):
- b) Identify the key technical and economic risks to this project and how these risks will be mitigated.
- c) Provide information regarding the manufacturers warranty for the equipment (e.g. type and length of warranty)

Development Team

- d) Identify all parties to the development of this project, including who will design, finance, construct, operate, and maintain the project:

Project Financing & Project Cost

- e) Describe how the overall project will be financed, constructed, operated and maintained:
- f) Describe the expected capacity and energy costs from the facility (*cost per kw and kwh are two of the evaluation criteria CPAU will use to select projects for funding*):

Developer Financial Structure

- g) Describe the developer's financial structure and capability to fund development, operation and maintenance of the project (attach applicable documentation):
- h) Provide information regarding the power sales contract for plant output to the market or end-user (this, information will be kept confidential by the City)
- i) Credit rating of developer (if applicable)

Operational Experience of Developer

- j) Describe developer's history with completing similar types of renewable energy projects (include specific information of previous projects – e.g. project name, location, date constructed, etc.):

Value of Grant Assistance

- k) Describe the level to which the grant provided by Palo Alto is required to assist the project to be financially viable (i.e. could the project be successful without the grant?)

**Remote Renewables Program
Application Form**

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Additional Information

l) What additional information or project benefits should CPAU consider in evaluating this renewable energy project?

Green Energy and/or Green Tags (Optional Information)

m) Indicate the price (\$/MWh) at which you would sell project output and green tags to the city.

A) Indicate the price (\$/MWh) at which you would sell green tags (only) to the City.

o) Indicate any additional terms (in addition to price) that would apply to the sale of plant output and/or green tags to the City.