



Cape Elizabeth Energy Committee

**Preliminary Analysis of Bids Received Under the
RFP for a Landfill Solar Project,
Requests for Clarification,
and
Proposal to Shortlist Bidders**

**Town Council Workshop
June 1, 2020**

Summary



- On January 30, 2020 the Town Issued and RFP for the design, construction, operation and financing for a PV array on the Town Landfill under the Maine Net Metering Law.
 - 20+ Companies were solicited
 - 7 Companies Responded to the RFP
 - The 7 bidders presented 37 Variants
- Following an Energy Committee Meeting on 2 April (Zoom Meeting) The Town requested clarifying information from all of the bidders
 - All bidders provided clarifying responses, which included 9 additional variants



Overview of Bidder Responses

1. All Bids anticipate

- The town will enter into a 20 year contract to purchase electricity from the project
- At either (i) a fixed price per kWh. (ii) a fixed price per kWh inflated at 1.5-2.0% per year or (iii) a floating price expressed as a percentage (%) discount to applicable electricity rate of Central Maine Power (CMP)
- The sponsor/developer will finance, build and operate the project for its full useful life, and the Town will pay no costs other than its legal review costs
- The Town will have the option to purchase the Project at after 7, 10 and 15 years of operation at a fixed price
- That if the Town keeps the Renewable Energy Credits (RECs) the price will be higher than if the Sponsor keeps the RECs (see below for more information)
- The Project would supply 50-60% of Town Electricity usage based on the most recent annual data
- Anticipate some very limited tree removal or pruning to eliminate shade and increase production

2. All bidders meet minimum experience requirements, though some are more experienced, especially in landfill, than others



Overview of Bidder Responses (2)

3. Wide variation in technical proposals and projected electricity generation. This appears to be due to several bidders doing better engineering and layout
4. Several bids provided alternate layouts that would require substantial tree removal at the Landfill. These would materially increase savings for the Town, but were rejected as substantial tree removal would likely meet with substantial public opposition
5. Several bidders would be willing to also sell power from net metering projects in other locations to meet the Town's full needs
6. Average annual electricity cost savings for the Town range from \$20,000 to \$80,000



Issues for the Town

1. RENEWABLE ENERGY CREDITS

- The Project will generate Renewable Energy Certificate (RECs), which represent the renewable attributes of the power. Under Maine Law utilities are required to acquire a certain percentage of electricity from renewable sources. They do this by purchasing RECs.
- In Installations like the Project the owner or sponsor can keep the RECs and then sell them as an additional source of revenue on top of the sale of electricity or transfer them to the town.
- Under Maine laws and rules regarding “attribution” of renewable energy, for the Town to claim that it is purchasing renewable energy, the Town must not sell the RECs, but that means that the price at which the Town buys power is higher, reducing savings to the Town.
- Absent Town guidance on whether maximizing savings v. maximizing carbon reduction, the Committee asked bidders bid on both the Town and the Bidder keeping the RECs. In the bids received, the cost to the Town of keeping the RECs averages \$25,000 per year, or a reduction in average electricity savings from \$75,000 to \$50,000 per year.
- Maine towns and cities different goals around reducing carbon emissions and renewable power supply. Our neighbors, South Portland and Portland have committed to reducing community wide greenhouse gas emissions 80% by 2050 and transitioning to 100% clean energy for municipal operations by 2040. This is causing them to keep the RECs for their renewable projects. Falmouth is looking to maximize savings and is therefore letting the project sponsor keep the RECs.
- There are differing views on the Committee on the subject, with some favoring maximizing savings and other maximizing portfolio renewable attributes.
- **ACTION REQUESTED: The Town Council must whether to prioritize savings or portfolio renewable attributes.**

Cape Elizabeth Energy Committee



Issues for the Town

2. CONFLICT OF INTEREST

- Energy Committee Member Tom Murley is a member of the board of Ameresco, an NYSE listed company and recommended shortlist bidder.
- Mr. Murley has disclosed the conflict from the outset and has recused himself from voting on the shortlist recommendations.
- With over \$900 million in revenue, the Project would represent approximately 0.2% of Ameresco's annual sales.
- Mr. Murley has affirmed that he receives no compensation from Ameresco if it is named the successful bidder.
- The small size of the Project means that it does not come to the Ameresco board for approval so Mr. Murley plays no part in the corporate decision to pursue the Project
- ACTION REQUESTED: Acknowledgment of conflict and permission for the Energy Committee to continue to manage the conflict**



Energy Committee Recommendations

1. If the Town favors maximizing cost savings, the Town should approve a “short-list” the following three bidders and request “best and final offers” by July 1
 - a) Ameresco
 - b) Encore Energy
 - c) NextGrid/Madison Energy
2. If the Town favors maximizing supply portfolio renewable attributes, the Town should approve a “short-list” the following five bidders and request “best and final offers” by July 1
 - a) Ameresco
 - b) Encore Energy
 - c) NextGrid/Madison Energy
 - d) Tangent Energy
 - e) hep Energy
3. The Town Council delegate the Energy Committee to select a “preferred bidder” from the shortlisted bidders and start negotiating final terms with a view toward approval by the Town Council, on the following terms
4. The Town Council and Planning Board agree to a schedule for planning review, work sessions and final Planning Board and Town council approval by September 30, 2020
5. The Town Council approve a retaining legal counsel and a legal budget to negotiate and review the necessary agreements with the preferred bidder



Bidders and Experience

Bidder	Description	PV Experience #Projects/MW	Landfill Experience #Projects/MW
Ameresco*	NYSE – Listed Energy Efficiency and Renewable Energy Company, \$900m annual revenue. Boston Headquarters. Small and large scale project experience. Self financed	468/180	16/20
Citizens Energy	Boston headquartered developer and operator founded by Joseph Kennedy, large scale project experience, self-financed	40/175	15/45
Encore Renewable Energy	VT-based developer and operator; partnered with Greenbacker Renewables and Leyline Renewable Capital for finance	70/35	2/8
hep Energy	US Subsidiary of German based solar developer. Privately held. Large-scale project experience. Limited US experience	40/400	2/9**
NextGrid/Madison Energy Investments	Next Grid is a MA-based developer, partnered with Madison Energy, an investment fund based in NYC, backed by Stone Peak infrastructure fund	25/50	3/22
Revision Energy	Portland Maine based developer, most experience in residential and commercial rooftop solar	5600/76	4/3
Tangent Energy	PA-based privately venture capital-backed developer; paired with Duke Energy for finance and operations, large-scale project experience	468/180	16/20



Shortlist Recommendation – Maximize Savings

	Ranking	Bidder	Reasons
Shortlist	1	Encore Renewable Energy	No. 1 on pricing and savings; good overall experience, strong technical bid
	2	Ameresco*	No. 3 on pricing and savings; most financially capable, strong technical skills, in house operations, most landfill experience; potential for stronger bid
	3	NextGrid/Madison Energy Investments	No. 4 on pricing and savings, good experience, financially capable
Do Not Shortlist	4	hep Energy	No. 2 on pricing and savings; limited US experience, appears financially stable
	5	Tangent Energy	No. 5 on pricing and savings; good overall experience but limited Maine experience, perceived uncertainty on deliverability of lowest price bids as savings not experienced based.
	6	Citizens Energy	No. 7 on pricing and savings, good overall and landfill experience but inflexible; good technical bid
	7	Revision Energy	No. 6 on pricing and savings; Maine-based; weak technical bid, lowest output

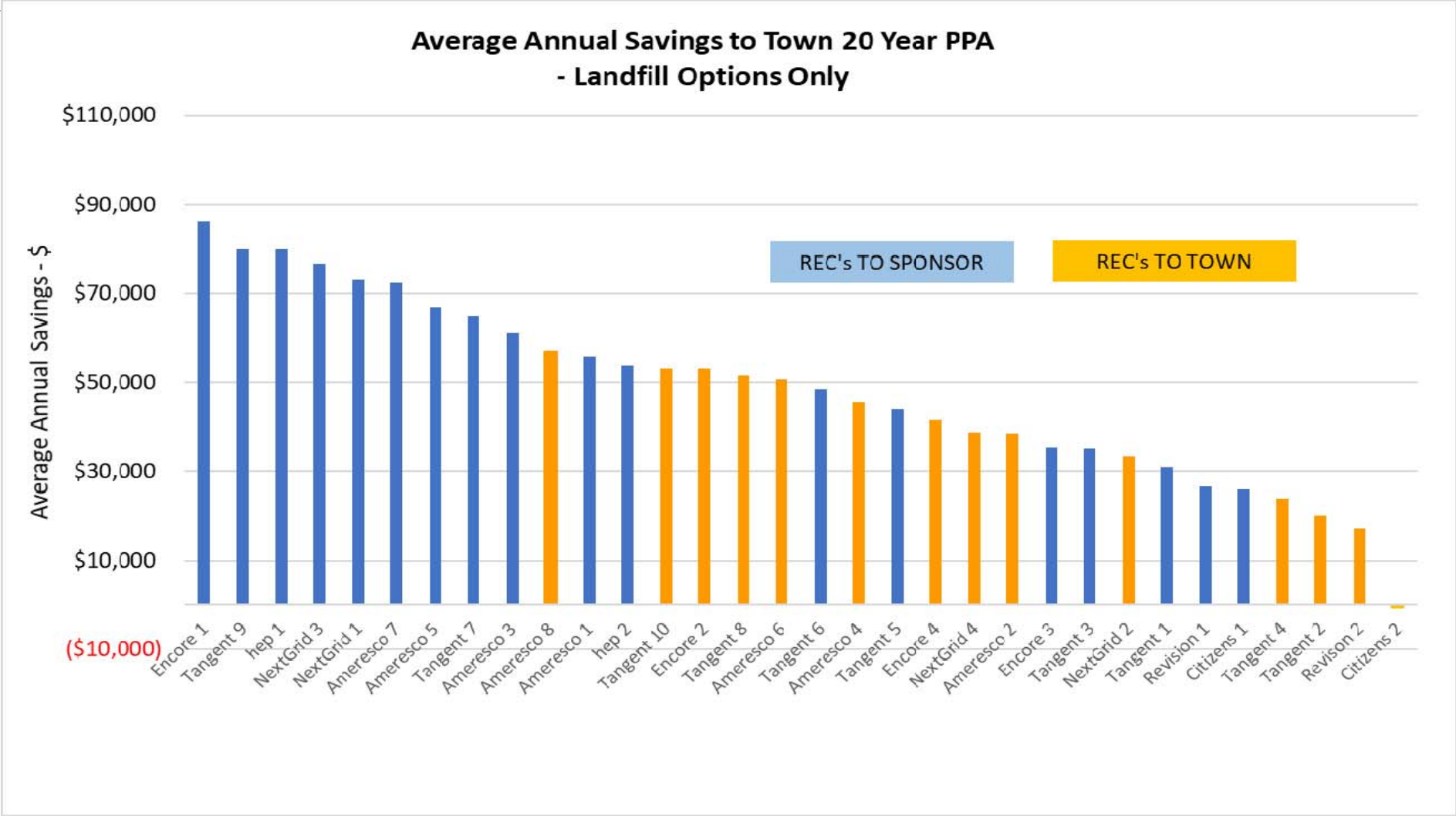
Shortlist Recommendation – Maximize Green



	Ranking	Bidder	Reasons
Shortlist	1	Encore Renewable Energy	No. 1 on pricing and savings; good overall experience, strong technical bid
	2	Ameresco*	No. 3 on pricing and savings; most financially capable, strong technical skills, in house operations, most landfill experience; potential for stronger bid
	3	NextGrid/Madison Energy Investments	No. 4 on pricing and savings, good experience, financially capable
	4	hep Energy	No. 2 on pricing and savings; limited US experience, appears financially stable
	5	Tangent Energy	No. 5 on pricing and savings; good overall experience but limited Maine experience, perceived uncertainty on deliverability of lowest price bids as savings not experienced based. Good offer on Town keeping RECs
Do Not Shortlist	6	Citizens Energy	No. 7 on pricing and savings, good overall and landfill experience but inflexible; good technical bid
	7	Revision Energy	No. 6 on pricing and savings; Maine-based; weak technical bid, lowest output

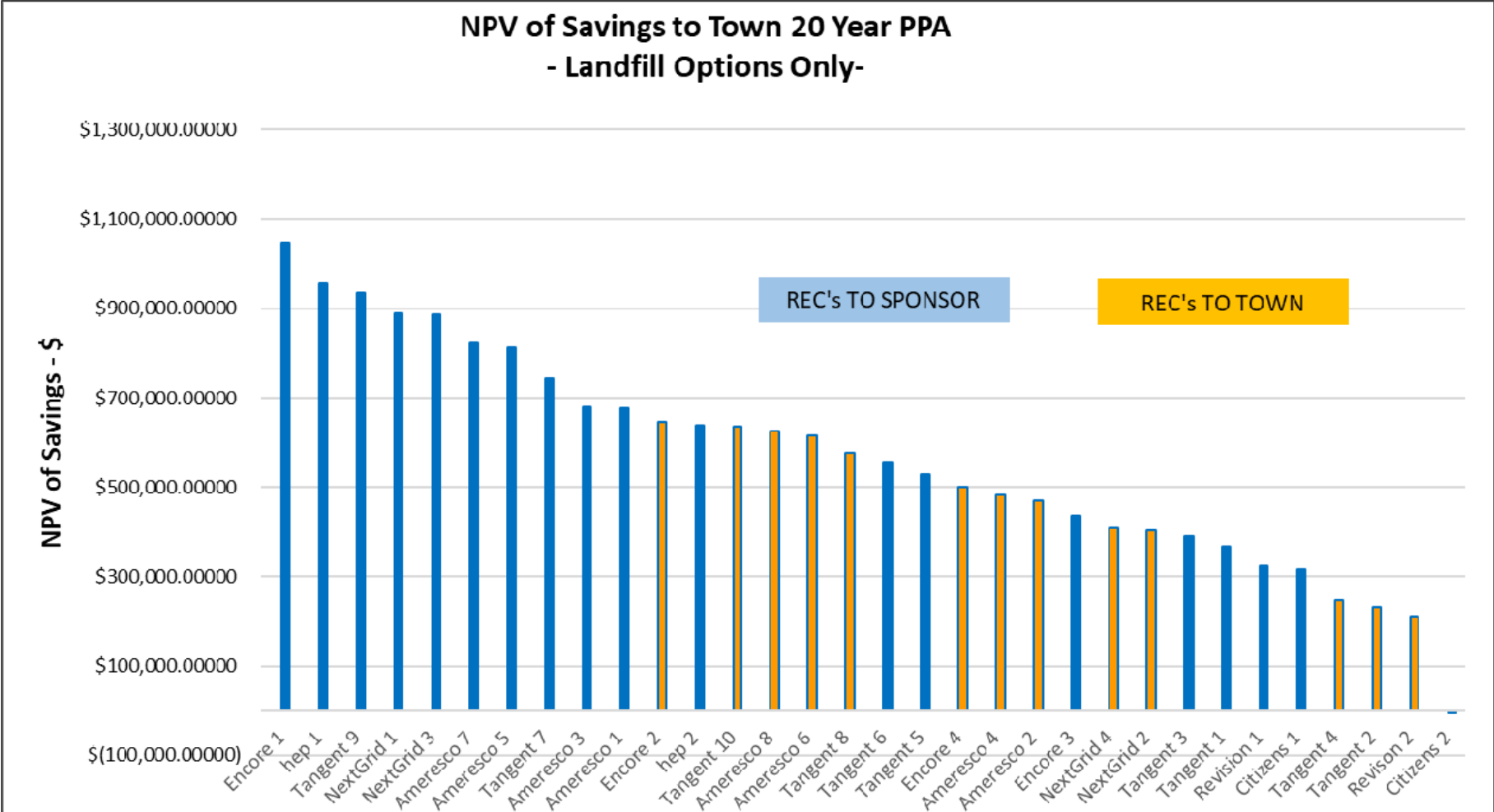


Bid Analyses – Average Annual Savings to Town



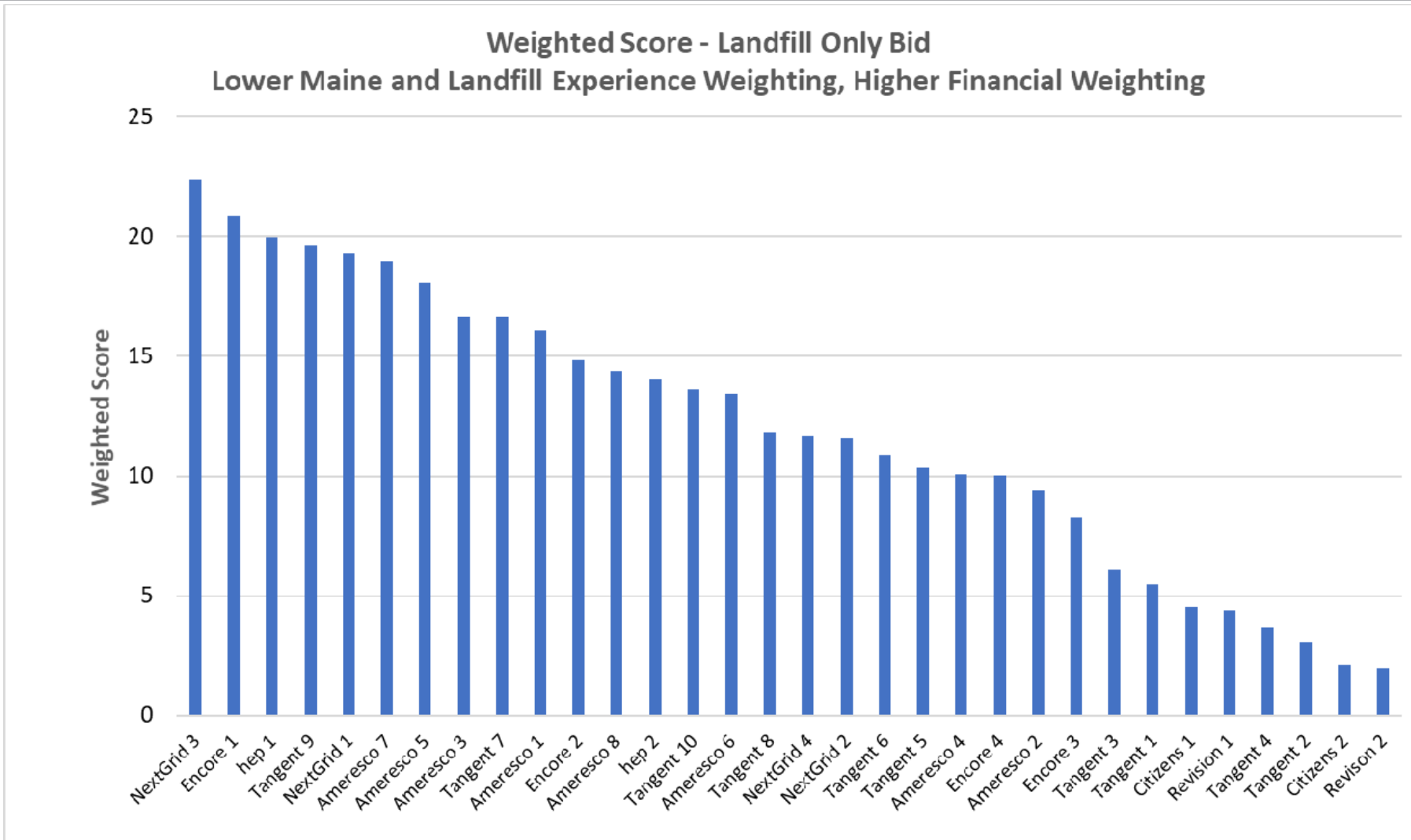


Bid Analyses – NPV of Savings to Town



Net Present Value of Savings to Town: Based on current CMP tariff escalated at 2% per year for 20 years. 5% Discount Rate

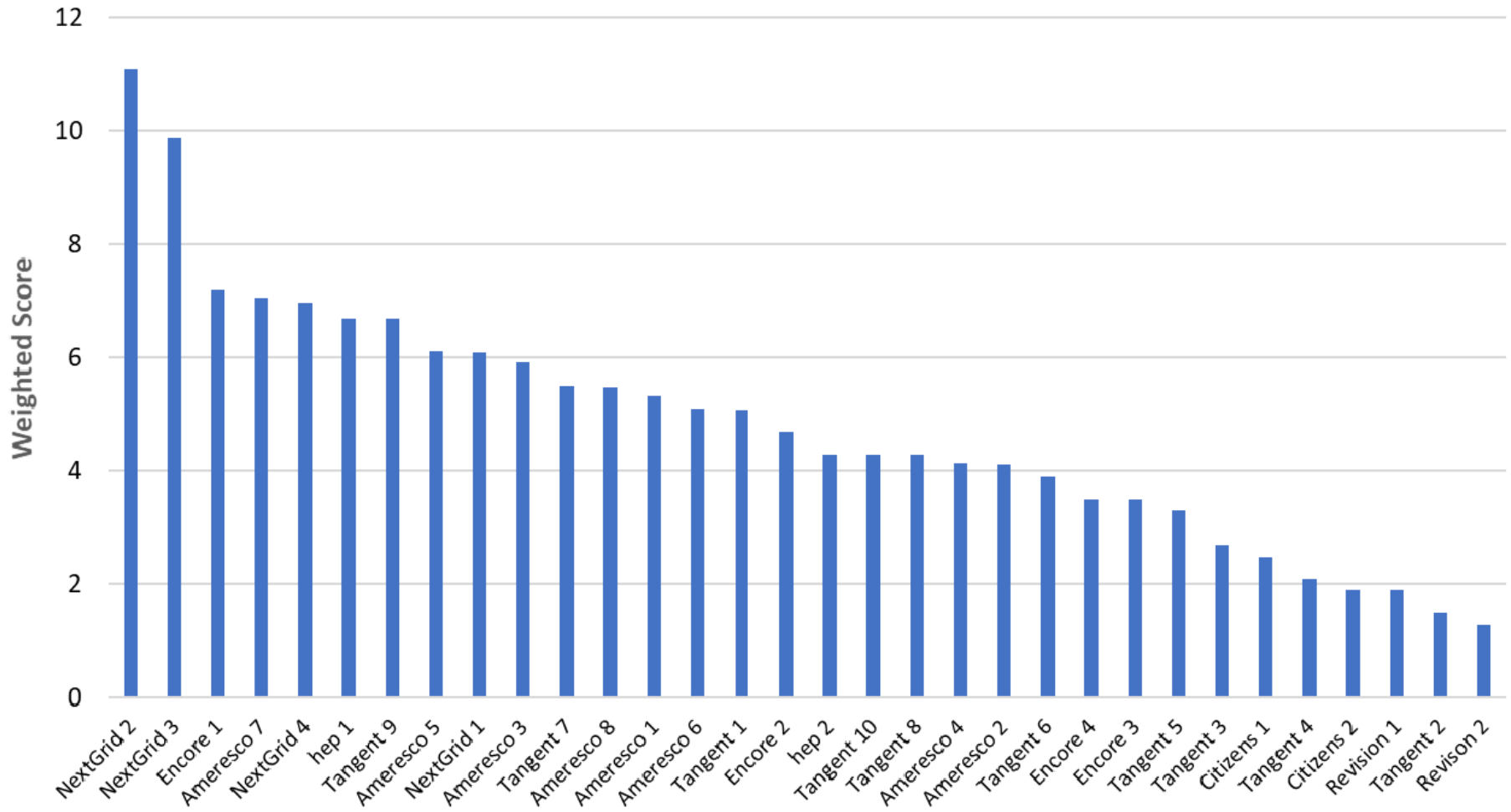
Bid Analyses – Bid Ranking Case 1



Bid Analyses – Bid Ranking Case 2



Weighted Score - Landfill Only Bid
Lower Financial Weighting, Higher Maine Experience Weighting



Bid Analyses – Bid Ranking Case 3

