



Request for Proposals

Power Production from Green Resources in North Carolina

10/15/2003

Program Description

NC GreenPower (NCGP) is a statewide program designed to improve the quality of the environment by encouraging the development of renewable resources in the state of North Carolina. NCGP will provide electric consumers with an opportunity to voluntarily promote the development of green power through the contribution of a small premium. NCGP is a cooperative effort between renewable energy generators, electric utilities, and electric consumers to implement and support green power generation in North Carolina.

NCGP intends to offer two different products to electric customers: a mass-market product available to everyone and a large volume product available to customers who purchase a minimum of 10,000 kWh or more from the program per month. It is anticipated that solar, wind, and methane will supply the demand for the mass-market product. All qualifying NCGP resources will be used to supply the demand for the large volume product. Visit www.ncgreenpower.org for more information.

If you are interested in responding to the Request for Proposals (RFP), you are strongly encouraged to review the NCGP program plan, as well as criteria documents from the [Center for Resource Solutions \(CRS\)](#) and the [Environmental Resources Trust \(ERT\)](#) for a better understanding of the intent and goals of NCGP.

RFP Purpose

While an RFP response does not obligate NCGP or the responder in any way, information from the RFP responses will be used by NCGP to enter into negotiated agreements with selected responders to participate in the NCGP program. The NCGP RFP process will be repeated periodically as program growth dictates the need for increased amounts of qualified generation

Eligible Resources

“Green power” is defined (for NCGP purposes) as renewable energy that consists of electricity provided from solar, wind, small hydro of 10 MW or less, methane, agricultural waste, animal waste and biomass resources that is delivered to North Carolina’s electrical supply. The producer of green power will be required to enter into a power purchase agreement with a North Carolina electric utility. The green power producer will also be required to enter into an agreement with NCGP for participation in the NCGP program. NCGP will utilize generation supplied to the electric grid in North Carolina from both new and existing developments. The CRS accredited product will include only new resources. The ERT certified product will include both new and existing resources.

Solar and Wind

NCGP recognizes that solar and wind are perceived as the greenest of renewable energy sources and therefore has set targets for maximizing the inclusion of these resources in the program. For the mass-market product, the target for solar and wind is 15% of the energy generated in the third year of the program. For the large volume product, the target for solar and wind is 4% of the energy generated in the third year. NCGP’s ability to reach these targets depends upon the cost of and availability of the renewable resources in North Carolina. NCGP recognizes that these resources are costly and therefore has set relatively high maximum rates to be paid to the producers of these resources. It is hoped that the payment of these rates to potential solar and wind producers will lead to these initial amounts of production and that economies of scale will result in further installations at a lower cost.

Small Hydro

Any new small hydro facilities that desire to enter the CRS accredited program must be 10 MW or less and will have to meet licensing standards as defined by the Federal Energy Regulatory Commission (FERC), Low Impact Hydro Institute (LIHI), and the appropriate state and local governing agencies. It is anticipated that any new hydro facilities will involve the installation of new generating capacity on existing impoundments (dams). Any new hydro generating facility that involves a new impoundment will not automatically be included in the program but will require special approval. Existing small hydro facilities of 10 MW or less are eligible to participate in NCGP as part of the large volume product.

Methane

Methane gas collected from landfills, digestion of human and/or animal waste that is combusted to generate electricity shall be eligible for NCGP premiums.

Agricultural Waste

Eligible agricultural wastes shall include the following materials used to generate electrical energy: gasified and then combusted (with or without the use of a fluidized bed) chaff, and other agricultural waste that is currently disposed of through burning or land filling shall be eligible for NCGP premiums. Agricultural waste that is normally “left in the field” for the purpose of supplying nutrients to the soil or reducing soil erosion shall not be eligible for NCGP premiums. The facility shall be capable of providing electricity to the electric utility grid in North Carolina.

Animal Waste

Eligible animal wastes shall include the following materials used to generate electrical energy: gasified and then combusted (with or without the use of a fluidized bed) manure, or a manure and litter mixture that is currently disposed of through burning or land filling shall be eligible for NCGP premiums.

Biomass

Currently NCGP recognizes wood waste as the only biomass fuel eligible for NCGP premiums. However, other biomass fuels may be eligible in the future. NCGP recognizes and encourages responsible and sustainable business practices for forest and wood products management. Although North Carolina has abundant forestry and wood resources, the quality and quantity of original forests are in decline due to land development. Thus, developers are creating significant amounts of wood waste at the expense of the quality and quantity of original forests. NCGP does not intend for this type of wood waste to be included in the NCGP program. Therefore, the following guidelines have been developed for the types of wood waste that will be allowed for NCGP qualification: tree trimmings, mill residues (bark, sawdust and fines from primary processing facilities); segregated construction and demolition wood (excluding painted, treated, glued, pressurized wood or any wood contaminated with plastics or metals); clean wood waste from manufactured home plants, pallet recycling facilities, furniture manufacturers, finished building products and other similar industries; wood from land clearing that would otherwise end up in landfills; and wood bedding material removed from poultry brooder houses. Wood “chips” derived from processing whole trees within forested land will not be allowed as qualifying wood waste. However, the Board of NCGP may review this exclusion in the future to determine if sustainable forestry practices are being employed in connection with wood chip production; it will also be determined if such practices warrant the consideration of wood chips as a green power source, and if the environmental community is willing to recognize their use in such a way.

New Versus Existing Resources

This RFP is for both new and existing resources. New resources are defined by NCGP as those generation sources that began operation on or after January 1, 2001. Only new resources are eligible to supply electricity for the mass-market product.

Period for Which Resources are Sought

NCGP, through this RFP, seeks those interested in supplying generation for a period of up to five years. NCGP seeks only energy (kWh) and is not directly concerned with capacity (kW).

Quantity of Resources Sought

Premiums paid to NCGP are funded exclusively by voluntary contributions to NCGP from North Carolina electric customers. As a result, it is not anticipated that NCGP will be capable of providing guaranteed contracts to NCGP energy providers. To provide perspective, it is anticipated that NCGP will only be able to support the following total amounts of generation from eligible resources in the next three years: 37,000,000 kWh in 2004, 84,000,000 in 2005,

125,000,000 kWh in 2006. However, if NCGP experiences rapid growth in consumer participation, more generation from eligible resources may be supported. Conversely if consumer participation growth is slow, less generation from eligible resources will be supported.

Premiums

NCGP will strive to use generation supplied by technologies in each of the above mentioned resource types.

It is anticipated that the premium paid to each technology will vary by technology type. Premiums will be based upon the amount (including payment from the utility power purchase agreement) expected to make installation of the technologies approach economic feasibility. These premiums will be paid to encourage the development of new resources and sustain existing renewable energy resources in North Carolina.

It is the intent of NCGP, that whenever possible, bidders will be selected whose projects require the least amount of program support per kWh in each resource type consistent with program guidelines and funding constraints. However, generators who enter the NCGP program at an earlier date for a fixed premium and time period, will not be displaced by generators seeking to enter the program at a lower premium during that contract period. While NCGP agreements will not provide a guaranteed purchase amount, they will provide a maximum that NCGP desires to purchase in a period. If NCGP needs exceed that maximum due to unanticipated demand, a new RFP will be issued for other providers to enter the program. Existing providers would not be prohibited from competing in the new RFP to acquire additional participation.

Eligible Facilities

NCGP premiums are available only to generator owners for electric energy delivered into the electric grid in North Carolina. The generator must enter into a power purchase agreement with an electric utility. Generators that deliver electric energy to the ultimate consumer are not eligible for NCGP premiums.

Dominion North Carolina Power, Duke Energy, Progress Energy, as well as a significant number of Electric Cooperative and Municipality-Owned electric utilities operating in North Carolina have agreed to participate in the NCGP program.

RFP Information Requested

The information to be supplied in response to this RFP is dependent upon participation in the NC GreenPower Request for Qualifications (RFQ) process. Responses to the RFQ were due by August 31, 2003.

Did Not Participate in RFQ Process

Existing Resource – You are required to submit **all** information requested in the RFQ (see www.NCGreenPower.org for a copy of the RFQ).

New Resource – You are required to submit **all** information requested in the RFQ (see www.NCGreenPower.org for a copy of the RFQ). Provide NCGP with any specific information that will help determine the status of project construction and/or completion. Provide NCGP with specific information concerning the status of utility interconnection status. For example, indicate utility contacts made, type of expected utility contract, or any other information to help NCGP determine specifically when energy from your project will be reliably available to NCGP.

Participated in RFQ

Existing Resource – If you submitted **all** information requested in the RFQ, you are not required to submit any additional information. If you desire to change any information provide in your RFQ response including the projections for generation supplied and premium sought, you may do so. Respond to this RFP using the title “RFQ modifications”. If you have no changes to your RFQ response, reply to this RFP “no changes to RFQ response”.

New Resource - If you submitted **all** information requested in the RFQ, you are not required to submit any additional information. If you desire to change any information provided in your RFQ response including the projections for generation supplied and premium sought, you may do so. Respond to this RFP using the title “RFQ modifications.” If you have no changes to your RFQ response, reply to this RFP “no changes to RFQ response.” If appropriate, provide NCGP with any specific information (not included in your RFQ response) that will help determine the status of project construction and/or completion. If appropriate, provide NCGP with specific information (not included in your RFQ response) concerning the status of utility interconnection. For example, indicate utility contacts made, type of expected utility contract, or any other information to help NCGP determine specifically when energy from your project will be reliability available to NCGP. If you wish to provide additional information respond to this RFP using the title “RFQ modifications.”

RFP Response Deadline and Procedure

Responses to this RFP shall be e-mailed to RFP@advancedenergy.org on or before midnight November 14, 2003, or, if in hard copy for, shall be received by NC GreenPower on or before midnight of November 14, 2003.

Mail responses to:

NC GreenPower
RFP Response
909 Capability Drive, Suite 2100
Raleigh, NC 27606-3870

Inquiries about the RFP must be in writing – preferably by e-mail – to RFP@advancedenergy.org. All inquiries and responses will be posted on the www.ncgreenpower.org Website for all interested parties to view. The source of the inquiry will not be identified.

General RFP Evaluation Criteria

In general, the RFP responses will be evaluated using the following criteria, in no particular order of importance:

- New or existing resource
- Completeness of information supplied
- How well the project is defined and how likely it is to reach completion.
- How quickly project can supply electricity to NCGP
- Demonstrated experience in power generation
- Premium requested from NCGP
- Environmental impact of the generation

RFP Awards Announcement

It is anticipated that the names and locations of initial generators chosen to participate in NCGP will be announced by February 1, 2004.

Disclaimer

THIS RFP IS NOT A PROCUREMENT. THIS RFP IS NOT A COMMITMENT BY NCGP OR ANY UTILITY OR ELECTRIC POWER PROVIDER TO PURCHASE ANY PRODUCT OR ENERGY OR TO TAKE ANY SPECIFIC ACTION.

ALL PROPOSALS WILL BE THE PROPERTY OF NCGP, SUBJECT TO NCGP'S OBLIGATION OF CONFIDENTIALITY. BY SUBMITTING AN RFP YOU HEREBY ASSIGN ALL RIGHTS IN AND TO SUCH RFP TO NCGP.

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