



# Request for Proposal

Renewable Energy Credits

Black Hills Energy Colorado Electric

April 28, 2014



# **Request for Proposal for Renewable Energy Credits**

## **Purpose and Background**

Black Hills Energy, an investor-owned utility operating in Colorado, is soliciting bids through this Request for Proposal (RFP) for standalone Renewable Energy Credits (RECs).

In 2013, Black Hills Energy filed its 2013-2014 Renewable Energy Standards (RES) Compliance Plan with the Colorado Public Utilities Commission (CPUC). The Settlement Agreement entered into in the associated proceeding and Commission Decision (Decision No. C14-0007) stipulated that Black Hills would consider the purchase of standalone RECs in blocks of 50,000 RECs in its 2015–2017 RES Compliance Plan as a tool to meet the REC requirements of the RES. The Decision required Black Hills to issue an RFP for RECs to determine if purchasing RECs will allow Black Hills Energy to achieve compliance with the RES while remaining under the retail rate impact cap. Black Hills Energy will file its 2015-2017 Renewable Energy Standards (RES) Compliance Plan with the Colorado Public Utilities Commission (CPUC) on or before May 23, 2014.

## **Product Solicited**

In this RFP, Black Hills Energy is seeking proposals for the supply of standalone RECS (no energy or capacity will be purchased under the RFP) in blocks of 50,000 RECs up to a total of 100,000 RECs in 2015, 250,000 RECs in 2016 and 250,000 RECs in 2017. The RECs offered must comply with the requirements of the Colorado Public Utilities Commission's (CPUC) 4 CODE OF COLORADO REGULATIONS (CCR) 723-3 (Commission Rules).

The Commission Rules define a REC as a contractual right to the full set of non-energy attributes, including any and all credits, benefits, emissions reductions, offsets, and allowances directly attributable to a specific amount of electric energy generated from a renewable energy resource. One REC results from one megawatt-hour of electric energy generated from an eligible energy resource. In addition, the Commission Rules include provisions that specify the time frame that RECs are eligible for compliance. RECs are valid:

- (I) For the compliance year immediately preceding the compliance year during which they were generated, provided that such eligible energy and RECs are generated no later than July 1 of the calendar year immediately following the end of the compliance year for which they are being counted;
- (II) For the compliance year during which they were generated; or
- (III) For the five compliance years immediately following the compliance year during which they were generated.

Commission Rules also specify that there shall be no “double counting” of eligible energy or RECs. RECs shall be used for a single purpose only, and shall be retired upon use for that

purpose. However, RECs used for compliance with the Colorado RES can be counted toward compliance with a federal renewable energy standard.

RECs offered from eligible energy resources located in the region covered by the Western Electricity Coordinating Council (WECC) must be registered with the Western Renewable Energy Generation Information System (WREGIS) and must record their RECs in WREGIS, with the exception of retail renewable distributed generation facilities less than one megawatt.

Affiliates of the Company are allowed to submit proposals for this request. The Company instituted a formal separation policy which segregates the activities of the Company and its affiliates who may submit a proposal in response to this RFP. Among other things, the separation policy prohibits the Company from treating its affiliates different or preferentially from any other bidder with respect to sharing information on proposals received and evaluating proposals received.

### **Proposal Submittal**

A complete proposal will consist of the following elements:

1. An Executive Summary that summarizes the proposal
2. A completed set of forms

The Executive Summary should provide an overview of the proposal's characteristics, including any unique aspects or benefits.

All forms in Attachment A must be completed and all proposals must be signed by an authorized representative of the supplier.

Proposals must be submitted electronically and are due no later than 5 pm (MST) on May 9, 2014. Proposals should be sent to [lisa.seaman@blackhillscorp.com](mailto:lisa.seaman@blackhillscorp.com)

Any corrections or resubmissions of the proposal will not be sufficient reason to extend the deadline.

### **No late proposals will be accepted under any circumstances.**

A proposal may be rejected if:

1. It is not prepared in the format described,
2. If the bid is incomplete, or
3. It is signed by an individual not authorized to represent the bidder.

The content and format of the proposal will adhere to the specifications listed below. Failure to follow this format may result in proposal disqualification.

1. The name and address of the bidder must be typed on the title page of the RFP response. An authorized signature is also required.
2. Include completed documents contained in the Forms attachment.
3. Submit electronic copy of the RFP response.

## **Schedule/Timeline (estimated and subject to change)**

April 28, 2014	RFP Issued
May 9, 2014	RFP Closes; Proposals due
May – October, 2014	Evaluation, Clarification, Due Diligence
January 31, 2015	Negotiations complete

The bids received from this RFP will be considered by Black Hills Energy in the development of its 2015-2017 RES Compliance Plan which will be filed with the Colorado Public Utilities Commission (CPUC) on or before May 23, 2014. Black Hills Energy is also conducting a Phase 2 All-Source Resource Solicitation that includes the option for bidders to offer eligible energy resources. The outcome of the Phase 2 Solicitation may impact the Company's decision to purchase standalone RECs offered by bidders in response to this RFP. Black Hills Energy's objective is to complete proposal evaluation, selections and contract negotiations associated with the Phase 2 All-Source Solicitation by January 31, 2015.

Proposals submitted and deemed a qualified bid will be considered firm and remain in effect through January 31, 2015.

## **Communications with Black Hills Energy**

Questions regarding the content or intent of this RFP or on procedural matters should be addressed to:

Lisa Seaman  
Black Hills Corp. – Resource Planning Manager  
2828 Plant Street, Suite B  
Rapid City, SD 57702  
[Lisa.seaman@blackhillscorp.com](mailto:Lisa.seaman@blackhillscorp.com)  
605-721-2278

## **Qualification Evaluation and Selection Criteria**

All proposals submitted as a result of this RFP will be evaluated to identify the proposal or proposals that best meet the compliance needs of Black Hills Energy in 2015 through 2017. The evaluation process will include an assessment of economic criteria and compliance with 4 CODE OF COLORADO REGULATIONS (CCR) 723-3 and will be conducted in conjunction with the Company's 2015 – 2017 RES Compliance Plan and the Phase 2 Solicitation evaluation. The economic evaluation will be conducted primarily using standard resource planning software tools.

A proposal evaluation team, made up of various work groups within the Company, affiliates of the Company such as Black Hills Service Company, LLC, and any consultants hired by the Company to assist with the proposal evaluation (collectively, the "Proposal Evaluation Team"), will evaluate and select proposals. Subject matter experts from the Company, its affiliates and consultants may directly contact bidders during the proposal evaluation stage.

## Notice of Disclaimer

The information contained in this RFP has been prepared solely to assist bidders in deciding whether or not to submit a Proposal. Black Hills Energy does not represent this information to be comprehensive or to contain all of the information that a bidder may need to consider in order to submit a proposal. Black Hills Energy, its members, affiliates and their respective employees, shareholders, officers, directors, customers, agents, attorneys and advisors do not make any current or future representation, promise or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained herein, or in any document or information made available to a bidder, whether or not the aforementioned parties knew or should have known of any errors or omissions, or were responsive for their inclusion in, or omission from, this RFP.

The Company reserves the right to modify, supplement or withdraw this RFP at any time, whether due to changes in law or otherwise, and including by issuing one or more addenda to this RFP during this solicitation, which addenda shall become a part of this RFP. No part of this RFP and no part of any subsequent correspondence by the Company, its members, affiliates, or their respective employees, shareholders, officers, directors, customers, agents, attorneys and advisors shall be taken as providing legal, financial or other advice or as establishing a contract or contractual obligation. Contractual obligations on the part of the Company will arise only if and when definitive agreements have been approved and executed by the appropriate parties having the authority to approve and enter into such agreements. The Company reserves the right to request from a bidder information that is not explicitly detailed in this document, obtain clarification from bidders concerning proposals, conduct contract development discussions with selected bidders, conduct discussions with members of the proposal evaluation team and other support resources as described in this RFP.

The Company reserves the right to withdraw and terminate this RFP at any time prior to the execution of a contract. The Company further reserves the right, at its sole and exclusive discretion, to waive irregularities and informalities in any proposal that is submitted.

All proposals submitted to the Company pursuant to the RFP shall become the exclusive property of the Company and may be used for any reasonable purpose by the Company. The Company shall consider materials provided by bidders in response to this RFP to be confidential only if such materials are clearly designated as "Confidential." Bidders should be aware that their proposal, even if marked "Confidential," may be subject to discovery and disclosure in regulatory or judicial proceedings that may or may not be initiated by the Company. The Colorado Public Utilities Commission's ("CPUC") rules on confidentiality will apply. *See* 4 CCR 723-1-1000-1103. Consistent with these rules and other applicable confidentiality rules, the Company may use any information it receives in its 2015 - 2017 RES Compliance Plan, Phase 2 Solicitation, or other appropriate regulatory proceeding.

Any verbal communication with any employee of the Company, or any of its members, affiliates, or their respective employees, shareholders, officers, directors, customers, agents, attorneys and advisors concerning this RFP is not binding and shall in no way alter any term or condition of the RFP.

The Company will, in its sole discretion and without limitation, evaluate proposals and proceed in the manner the Company deems appropriate, which may include deviation from the Company's expected evaluation process, the waiver of any requirements and the request for additional information. The Company reserves the right to reject any, all or portions of any proposal received for failure to meet any criteria set forth in this RFP or otherwise and to accept proposals other than the lowest cost proposal. The Company also may decline to enter into any agreement with any bidder, terminate negotiations with any bidder or abandon the RFP process in its entirety at any time, for any reason and without notice thereof. Bidders that submit proposals agree to do so without legal recourse against the Company, its members, affiliates, or their respective employees, shareholders, officers, directors, customers, agents, attorneys and advisors for rejection of their proposals or for failure to execute an agreement for any reason. The Company, its members, affiliates, or their respective employees, shareholders, officers, directors, customers, agents, attorneys and advisors shall not be liable to any bidder or other party in law or equity for any reason whatsoever for any acts or omissions arising out of or in connection with this RFP. Each bidder, in submitting its proposal, irrevocably agrees and acknowledges that it is making its proposal subject to and in agreement with the terms of this RFP.

Each bidder shall be liable for all of its costs incurred to prepare, submit, respond or negotiate its proposal and any resulting agreement and for any other activity related thereto, and the Company shall not be responsible for any of the bidder's costs.

## **Attachment A Forms**

Form 1 – Proposal Certification Form

Form 2 – Proposal Submittal Sheet

Form 3 – Legal and Financial

**Form 1 - Proposal Certification Form**

The bidder hereby certifies that all of the statements and representations made in this proposal are true to the best of the bidder's knowledge and belief, and agrees to be bound by the representations, terms, and conditions contained in the RFP. The bidder acknowledges that the officer whose signature appears below is able to contractually commit the bidder for its proposal. This proposal is firm and will remain in effect through January 31, 2015 unless otherwise indicated below.

Name of Bidding Company:

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Authorized Signature:

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Print or Type Authorized Name:

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Title of Authorized Individual:

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Date Signed:

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Provide any and all information which would restrict the bidder from providing the Company with exclusive rights to negotiate a purchase agreement for the proposed RECs. Such restrictions could include, but are not limited to, prior active submission or participation in other RFPs, exclusivity rights granted to other parties, rights of first offer or refusal, purchase options, and active auctions for the project as applicable. Absent inclusion of restrictions in a response, all **proposals submitted shall be binding upon bidders, if accepted by the Company as valid bids, until January 31, 2015. No proposals may be withdrawn during that time period. Negligence on the part of a respondent in preparing the proposal confers no right of withdrawal after the time fixed for the submission of proposals.**



**Form 2 – Proposal Submittal Sheet**

<b>Year</b>	<b>Number of blocks of RECs offered (Block =50,000 RECs)</b>	<b>Location of facility generating RECs</b>	<b>Year RECs Generated</b>	<b>Certification Agency</b>	<b>Price (\$/REC)</b>
<b>2015</b>					
<b>2016</b>					
<b>2017</b>					

**Bidder Contact Information:**

Company: \_\_\_\_\_

Company contact information:

Contact: \_\_\_\_\_

Phone number \_\_\_\_\_

Prospective sellers may further describe their specific proposal below:

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**Form 3 - Legal and Financial**

**The proposal should contain at a minimum the following information:**

Describe the current or proposed legal status of the Bidder and the state of organization.

Disclose any known commercial affiliations, partnerships, or alliances with the Company or Black Hills Corporation or its affiliates including Black Hills Power Inc. or Cheyenne Light, Fuel & Power Company.