



City of McPherson, Kansas, Board of Public Utilities ("BPU")

November 6, 2015

Request for Proposal for Renewable Energy

A. Overview.

BPU has a long term contract to purchase all of its energy from Westar Energy ("Westar"), and in general to make BPU generation available to Westar. However, the contract allows BPU to purchase renewable energy conditioned generally upon BPU and Westar reaching mutual agreement. BPU has a peak demand of 146MW and operates four gas turbines totaling 235 MW of capacity. McPherson is a central Kansas community of 14,000 that has a very strong, established and growing industrial base.

Renewable energy pricing is becoming more attractive and tax advantages remain available for certain proposals. The Clean Power Plan is changing the generation landscape. While BPU is presently under no time constraints, this RFP is issued because BPU wants to consider its renewable options before regulatory changes force decisions.

B. Description of Proposal Desired.

BPU requests renewable proposals to be delivered by mail, fax or email (email preferred), on or before December 15, 2015 by 5:00 pm CST. Any type of renewable generation will be considered in amounts up to 20MW to be delivered to a busbar in the Southwest Power Pool ("SPP") footprint. For solar proposals, please address what percent SPP would allow to be counted toward capacity so that BPU can recognize value accordingly during its analysis. While BPU prefers pricing premised on delivery to BPU's points of interconnection with WESTAR, it is understood bidders may instead elect to provide pricing at the resource busbar. In any case, the proposal should identify the bus location proposed for delivery of the renewable energy, and describe the transmission path to BPU. BPU would welcome descriptions of congestion considerations that BPU should be aware of during analysis. If the proposal has a location-derived advantage, then describe all advantages.

C. Conditions.

- 1) Resources, as proposed, should be designed and constructed following best utility practices and should meet all applicable regulatory and permitting requirements, with no cost or responsibility assigned to BPU, unless specifically described.
- 2) The renewable resource should be physically located within the SPP footprint, with connection to a transmission facility owned by one of SPP's members (unless it connects "behind the meter" to BPU's distribution system).



- 3) For any resources proposed “behind the meter” (to be located on an existing BPU 12.5kV or 34.5kV bus), the proposal shall state the general project area required, and describe any restrictions BPU should consider. For “behind the meter” proposals, provide information regarding whether or not BPU may partner on construction. BPU will assign a correlating cost for anything being provided by BPU so that various proposals can be compared. BPU strongly favors having hands on involvement, and bidders are advised to tailor their proposal to include BPU participation if possible.
- 4) BPU is open to receiving proposals that are PPA, partial BPU ownership of a discrete project or portion thereof, or sole BPU ownership and operation for local projects, or any combination. The proposal should clearly identify which type of project is being proposed.
- 5) Bidders may wish to describe tax benefits and mechanisms to recognize such benefits under their proposal (such as ITC, PTC). Description of how these may be used to the advantage of the proposed project may be useful for BPU’s understanding during analysis of options. BPU is a tax-exempt municipal utility and it is not believed that BPU itself could, directly, be able to use tax incentives, but transferable credits or other structures will be considered.
- 6) The proposal should address the planned mechanism for metering and communication of metering to appropriate parties, to be done as a part of the cost of the proposal. Proposals shall allow for BPU to install their metering equipment, at BPU’s option that would be used as a check meter but the bidder shall otherwise be responsible for providing metering and communication.
- 7) The successful bidder will be expected to work with BPU and Westar to reach agreement regarding mutually acceptable terms and conditions. For instance, it may be necessary to reach agreement on how to schedule the energy, how to curtail, and on general operation and delivery of the renewable resource, both between BPU and your company and at the same time between BPU and Westar (or perhaps between your company and Westar). Reaching these agreements will be a requirement for any renewable purchased. An exception would be for “behind the meter” renewable energy that would be installed on BPU’s distribution system.
- 8) Firm prices (without escalation) are preferred. Clearly state whether or not the proposal has escalation. If it does, fully define the escalation. Pricing shall be inclusive of applicable fees, costs, permits, taxes, transmission study costs and other associated or related costs.
- 9) BPU will have no obligation to accept or act on any of the proposals or reopen bidding. BPU will make its own analysis to determine the best course of action in BPU’s sole judgment including entering into discussions with one or more bidders. It is possible that any final agreement may differ materially from the original proposal. Cost is important, however not sole consideration. Bidders are encouraged to present full explanations of what they are offering in order to advance their status in BPU’s review.



D. Proposal Details.

- 1) Provide company information, description, philosophy, and contact information.
- 2) Describe how the proposal complies with any relevant Siting Guidelines.
- 3) For a PPA proposal, state the number of years proposed, 20 or more years are anticipated; 5 years minimum.
- 4) Include any clauses permitting extension of the proposal, or describing the future ability to purchase or extend the renewable resource. Such clauses are encouraged.
- 5) Provide project details sufficient for BPU to make full analysis such as nameplate capacity, contract capacity, capacity SPP may allow, annual expected output and operational characteristics (profile of generation).
- 6) Provide an outline of overall project schedule for the proposal.
- 7) Provide details of financing, including any mechanisms wherein BPU may be involved in financing in a manner beneficial to project pricing.
- 8) Describe facility curtailment ability, process and cost impact to BPU.
- 9) State how long the proposal will remain valid (60 days minimum suggested)

Please direct questions to **Mark Wurm**, markw@mcpbpu.com **Assistant General Manager**, **620-245-2533**. Alternatively, questions may be directed to **Tim Maier**, timm@mcpbpu.com **General Manager** **620-245-2532**.