

Taunton Municipal Lighting Plant

REQUEST FOR PROPOSAL (RFP) NO. RFP08-01

Q&A Document 1

Renewable Electric Power Resource

RFP08-01 Issued: July 21, 2008

Pre-Proposal Conference: 9:00 a.m., August 14, 2008

Responses Due: 2:00 p.m., December 1, 2008

RFP Website: <http://personal.tmlp.com/tmlpesp/RFP08-01-renewable-resource/>

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1. Please confirm the RFP is asking for 260,000 MWhs (or 260 GWhs) of renewable energy, which depending on the resource is roughly 200MWs of installed renewable energy generation.

We are asking for “**up to**” 260,000 mwh **per year**. This will equate “**up to**” 37 MW nameplate of a 80% base loaded resource (for example, a qualifying “low-emission, advanced biomass” or “landfill gas”). At a 20% production factor this will equate “**up to**” 148 MW nameplate (for example, this may be appropriate for wind turbines.). The maximum procurement level is likely to be accomplished only under conditions where all the involved resources to fill this need receive the highest level of review for all the areas of evaluation; Technical, Commercial, and Economic.

2. Are you seeking energy, and Renewable Energy Credits (RECS) or just energy only?

As the RFP08-01 indicates, we are seeking resources and the green tags must be included and assigned to TMLP. A secondary optional proposal may be made which breaks out the green tags (including RECs). Incentives which may provide a greater benefit for the project developer than TMLP may be broken out and specified (EG, Federal Production Incentives and Accelerated depreciation).

3. Will you accept the generator bus as the delivery point for the energy if it is NE ISO project?

Yes, although we would need to identify an ISO-NE node so we could evaluate historical and project prices at the subject node. Our price evaluation would like look at the node price relative to MA Hub and/or SEMA and research FTRs paths from the node to SEMA and what they've cost relative to realized congestion spreads.

4. Will you accept the NE proxy bus, (Roseton) for projects located in the NYISO?

Yes although the locational price adjustment analysis would be the same as in the response above. If the resource has an intermittent or indeterminate production profile (i.e. Wind), inter-pool scheduling time lines won't accommodate the intermittent nature. We would need to negotiate a production scheduling true-up procedure. Additionally, for suppliers outside of ISO-NE, we'll need to specify responsibility for scheduling and tagging re: NERC compliance status and registration.

5. Do you have a schedule of annual purchase quantities?

No. This will depend on market conditions. We do have projections of new resource requirements.

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6. Are you looking to buy Energy, Capacity and REC's from projects that will be in Commercial Operation before December 2009?

We are looking to purchase renewable resources with contracts which start as early as calendar year 2009, although may start at any point in time in the future as required in order to make such resource available.

(Questions 7 – 18 are from TMLP's RFP08-01 Pre-proposal Conference held 8/14/08)

7. Is there a copy of the purchased power agreement?

Yes. Appendix D of the Renewable Resource RFP08-01 is a "Draft Power Purchase Agreement". This will serve as the basis from which we negotiate a final purchase power agreement. This document is posted on our renewable resource website with the file name "TMLP - Renewable Energy Unit Contract_v1.DOC". The website location is:
<http://personal.tmlp.com/tmlpesp/RFP08-01-renewable-resource/>

8. Do Renewable Energy Certificates have to meet Massachusetts RPS requirements? Is TMLP not interested in resources that only meet other state's requirements?

TMLP's Renewable Resource RFP08-01 solicits only renewable resources that will be qualified as a Renewable resource as required to meet the Massachusetts RPS, unless noted otherwise in TMLP's RFP08-01. TMLP is not soliciting renewable resources from other states which are not able to qualify for the Massachusetts RPS requirements.

9. Bundling REC's & energy could increase the cost of the purchase to TMLP. It seems that TMLP would be speculating on the REC market? How can TMLP do that from a policy standpoint?

TMLP will evaluate forecast market values for RECs and assess the risk associated with this potential revenue stream. Although TMLP's evaluation team has not been finalized (as of 9/10/08), it is likely the evaluation will include a stochastic approach to assess the full range of risks associated with each resource and its impact on TMLP's entire power supply portfolio. Although each resource proposal must include the green tags bundled, the respondent may also add an alternate proposal with the green tags unbundled.

10. How are you going to evaluate capacity price?

Proposals must offer resources, which shall include all power products (including capacity, energy, and ancillary services) in addition to the "green tags", at a price per mwh basis as seen on the Technical Proposal Form. TMLP will evaluate the value of capacity based on the latest forward capacity market auction data and its long term forecast of capacity value.

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11. Federal Investment Tax Credit being extended has not been discussed, will that change the RFP?

No. Furthermore, it is expected that respondents will retain incentives which TMLP will not be able to take advantage of such as accelerated depreciation and production incentive tax credits.

12. You mentioned some of the landfill units are dropping off. Is this a result of low gas supply?

The gas supply may decline over time and reduce output and, additionally, contracts have a termination date as noted in TMLP's RFP08-01.

13. Is the \$3/KW deposit required for an existing project as well as a new project?

Yes

14. Would you accept delivery at the interface to a neighboring power pool?

Yes, although the node price impact and risks associated with this will be evaluated. Also see Q&A 4 above.

15. Buy out provision- is it mandatory? If it is not offered is it a serious disadvantage?

The buy-out provision is not mandatory. The disadvantage of a proposal which does not offer a buyout provision will depend on the evaluated benefit of competing offers which do offer a buy-out option. There is not a pre-determined scoring advantage. The advantage will depend on the specifics of the buyout provision offered.

16. How do you plan to evaluate the forecasted capacity value of differing types of renewable units- they are rated differently?

TMLP will use the capacity qualifying procedures as required under the ISO-NE procedures for the various resource types.

17. What happens if the unit doesn't perform as projected on the Technical Proposal Form?

We expect to negotiate provisions in the purchase power agreement which will cover minimum availability requirements which may depend on the type of resource proposed (Baseload, Dispatchable, As-Available) and other operational characteristics.

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18. Evaluation period goes into 1st qtr of '09, TMLP wanted start date in '09, please clarify.

TMLP is looking for resources which are available as early as 2009, yet the contract start date may be set to any future date as time may be required to develop the resource and go to commercial operation.