

**STATE OF VERMONT**  
**REQUEST FOR PROPOSALS**  
**Consulting Services**

The State of Vermont (State) is soliciting proposals for consulting services to review potential implications of State involvement with the acquisition of TransCanada's hydroelectric assets on the Connecticut and Deerfield Rivers in Vermont, New Hampshire, and Massachusetts. The State has formed a Hydro Power Working Group to provide a recommendation to the General Assembly as to whether this opportunity should be pursued.

The State previously conducted an analysis of this issue in 2004, and this analysis will be available to the consultant selected under this request for proposals. However, given the time that has elapsed since that study was conducted, the prior report will be useful only as a starting point for this analysis. In addition, there have been other, more recent studies that could provide additional useful information – such as Vermont's determination of avoided costs under the Public Utility Regulatory Policies Act (PURPA), and the 2012 valuation of the hydroelectric resources for tax purposes.

The contract period will begin when a contract is executed and end one year from that date, with possible renewal for an additional one or two year term. The selected consultant should be available to start immediately. **Proposals are due by close of business on ~~XX~~April 29, 2016** with the goal of finalizing a contract immediately thereafter.

Given the short turn-around time, responses to this Request for Proposals should focus on providing literature reviews and updates to existing analyses for Phase 1. Depending on the outcome of the State's decision to participate in the acquisition of the hydroelectric assets, the State may expand the scope of this contract to a second phase that would include ~~do additional work, or a~~ more in-depth analysis of the work described below along with additional study as directed by the State. **The maximum budget for this contract will be \$250,000, with the maximum budget for the first phase of this contract ~~(as described in the scope of work, below)~~ at \$75,000.**

One electronic copy of the proposal must be delivered to ~~{Insert contact}~~Justin.johnson@vermont.gov. Proposals and questions should be addressed to:

~~{Insert contact information}~~  
Justin Johnson  
Secretary of Administration  
Justin.johnson@vermont.gov

The purpose of this request for proposals is to provide information relevant to potential legislative actions within a short time frame; accordingly, determinations by the legislature

could impact funding and the decision to conduct the requested analysis. The State of Vermont reserves the right to accept or reject any or all bids and may decide not to move forward on this project. The proposals will be evaluated by the State and, if a respondent is selected, they will be invited to negotiate a contract.

### **Scope of Services**

TransCanada has announced that it is selling its northeastern U.S. generating assets, including its hydroelectric assets located on the Connecticut and Deerfield Rivers in New England.<sup>1</sup> The State of Vermont has appointed a Hydro Power Working Group to explore whether the State should be actively participating in the acquisition of an interest in these hydroelectric assets, and if so, what form such participation should take.<sup>2</sup> The consultant selected through this Request for Proposals will assist the Hydro Power Working Group in this charge.

~~At a minimum, t~~The selected consultant shall ~~fully~~ address the following issues:

1. Provide an estimate of the future economic value of the assets
  - a. Provide expected revenues from the sale of energy, capacity, ancillary services, and renewable energy credits over a 20-year period
    - i. In addition to providing high, base, and low forecasts of revenues, this analysis shall provide revenue estimates under high, base, and low scenarios of hydrological flow rates.
  - b. Provide the expected costs associated with the assets, including operating and maintenance costs, regulatory compliance costs, taxes, licensing and relicensing costs, etc., over a 20-year period
  - c. Provide the expected useful life of these assets, along with estimated costs of decommissioning, if any
  - d. Provide an overview of the potential economic impacts related to FERC relicensing of the Wilder, Bellows Falls, and Vernon stations on the value of the assets, including direct costs (e.g., operational equipment modifications, completing the relicensing process) and indirect costs (e.g., reductions in wholesale electricity market and renewable energy credit revenue due to flow requirements)
2. Provide an overview of the different models that could be used by the State to acquire an interest in the hydroelectric resources (e.g., full State ownership, public/private

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<sup>1</sup> TransCanada's description of these hydroelectric assets can be found at [http://www.transcanada.com/docs/Our\\_Businesses/TransCanada-Connecticut-and-Deerfield-River-System-factsheet.pdf](http://www.transcanada.com/docs/Our_Businesses/TransCanada-Connecticut-and-Deerfield-River-System-factsheet.pdf).

<sup>2</sup> Information regarding the Hydro Power Working Group can be found at <http://aoa.vermont.gov/stay-informed/special-committees/hydro>.

partnership, long-term contractual arrangement)

- a. Compare different governance structures of public power agencies found in the U.S. and any best practices learned from these structures
  - ~~a.b.~~ Describe the risks and benefits associated with these different models
  - ~~b.c.~~ Describe the financing or cost recovery options for the different ownership models
  - ~~e.d.~~ Describe the economic implications to the State associated with financing structures
  - ~~d.e.~~ Describe the potential tax implications of different ownership models, both with respect to state revenues as well as the potential impact on the municipalities where the assets are located
  - ~~e.f.~~ Describe the potential implications of State ownership on participation in the wholesale electric markets, both with respect to the ability of the state to participate directly in the markets and any indirect impacts on state distribution utility participation in the markets
  - ~~f.g.~~ Describe any potential benefits and risks associated with state ownership of the 30,000 acres of land associated with the hydroelectric assets
3. Provide an overview of the extent to which acquisition of the hydroelectric assets further the State's energy and environmental goals
  - a. Describe any potential benefits related to balancing hydroelectric production with the output from the projected State resource mix (See chapters 9 through 11 of the 2016 Vermont Comprehensive Energy Plan, available at <http://energyplan.vt.gov>)
  - b. Describe any potential benefits related to ownership of renewable energy credits with respect to Vermont's Renewable Energy Standard
  - c. Describe any potential benefits related to meeting State water quality goals
  - d. Describe the potential conflicts in energy and environmental goals that could arise from a state interest in the hydroelectric assets and possible strategies for mitigating such conflicts

Responses to this Request for Proposals must include a description of the methodology and models that will be used to address the issues listed above.

Respondents are encouraged to propose additional issues that the Hydro Power Working Group should consider in fulfilling its responsibilities, along with a description of the methodology and models to be used to address the issue. The State will determine whether to incorporate additional work into the contract and negotiate with the selected consultant accordingly.

## **Deliverables**

Phase 1 – The consultant will be expected to provide a written report that ~~fully~~ presents the study parameters and findings as well as an oral presentation to the Hydro Power Working Group and response to any questions posed by the working group.

Phase 2 – To the extent that a second phase of this project is undertaken, it will include a more in-depth analysis of the issues raised above along with other issues identified by the State, with a written report and oral presentation with opportunity for questions.

### **Public Records and Confidentiality**

Respondents' technical proposals become public records and may become available for public review and inspection upon execution of a contract. The contents of the successful respondent's proposal, as accepted by the State, may become part of the contract awarded as a result of this process. If any bidding party wishes to submit confidential information, all such information must be clearly designated and include an explanation for the designation.

Any documents or emails provided by the consultant to the State are considered public records under Vermont law and, absent an exemption to the Vermont Public Records law applying to a particular document or email, would need to be produced if requested.

### **State of Vermont Contracting Process**

For any contract with a dollar value greater than \$15,000, the contract must be approved by the Vermont Attorney General's Office. Although such review is typically completed within two weeks, the timing of the contract start date may be delayed if the Attorney General's Office identifies specific issues.

### **[Will performance measures be required?]**

All consultants under contract with the State of Vermont must abide by the conditions of the State Standard Contract Agreement, available at:

[http://bgs.vermont.gov/sites/bgs/files/pdfs/purchasing/Multi-Use%20ATTACHMENT%20C\\_Contracts\\_Grants\\_rev\\_11-07-2012R.pdf](http://bgs.vermont.gov/sites/bgs/files/pdfs/purchasing/Multi-Use%20ATTACHMENT%20C_Contracts_Grants_rev_11-07-2012R.pdf).

### **Information Required in the Response to this RFP**

Proposals must include at minimum the following information:

Identification of Organization - State the full name and address of the organization and, if applicable, other subcontractors that will perform, or assist in performing, the work. Include a brief description of the organization's history, structure, and size.

Authorized Negotiators - Include the names and phone numbers of personnel authorized to negotiate the proposed contract with the State. All proposals must be signed by a duly authorized representative of the party (or parties) submitting the proposal.

Implementation of the Scope of Services - Discuss the consultant's proposed implementation of the Scope of Services described above. Give particular attention to describing the methods and resources you will use and how you will accomplish the tasks involved. If subcontractors are involved, clearly identify the work each will perform.

Prior Experience - List recent work performed, especially that which is similar to the RFP Scope of Services. Please provide the name and telephone number of a reference person familiar with the applicant's work.

Potential Conflicts of Interest - Please disclose any known or potential conflicts in representing the State of Vermont. A declaratory statement regarding the responding consultant's past, current and anticipated relationships, obligations and commitments with any entity engaged in developing, constructing, operating, maintaining, and/or monitoring any utility facilities in Vermont. If the consultant is involved in any way in any litigation, arbitration, mediation, or other dispute resolution process to which the State of Vermont is a party, please identify the matter (including docket number) and describe the involvement.

Personnel - Each organization submitting a proposal under this RFP shall have demonstrable knowledge, skills and experience as it relates to the required work. The proposal must identify all persons that will be employed in the proposed work by skill and qualifications. Identify key personnel by name and title and provide a resume for each. Subcontractors must be listed, including the firm name and address, contact person, and complete description of work to be subcontracted. Include descriptive information concerning subcontractor's organization and abilities.

Budget Considerations - The maximum budget for the work conducted by the consultant will be \$250,000. Applicants must submit a proposed detailed fee schedule and include narrative explanations. The following cost elements should be included:

- Personnel (position, rate, hours)
- Travel (include mileage rate, lodging, etc.)
- Supplies & Material charges
- Other (specify)
- Any Indirect Costs (may not exceed 22.94% of direct costs)

The cost proposal shall include the costs necessary for the Bidder to fully comply with the contract terms and conditions and RFP requirements.

No costs related to the preparation of the proposal for this RFP or to the negotiation of the contract with the State may be included in the proposal. Only costs to be incurred after the

contract effective date that are specifically related to the implementation or operation of contracted services may be included.

Reimbursement for time and materials will be by voucher based upon the actual staff time assigned at the rates provided, and upon actual costs incurred based upon documentation acceptable to the State.

Additional Information and Comments - Include any other information that is believed to be pertinent, but not specifically requested elsewhere in this RFP.

Signature – A signature from the authorized negotiator is needed to indicate that you have read and acknowledge all of the conditions of this request for proposals, and that, to the best of your knowledge, the information you have supplied is accurate.

### **Selection Criteria**

The State will evaluate all proposals received based upon reasonableness of cost, completeness and quality of the proposal, qualifications of the individuals proposed to perform the work, relevance of previous experience, and any other criteria it deems relevant. Acceptance or rejection of any or all proposals will be determined by the exercise of the State's sole discretion. All proposals are subject to an evaluation by the State. The State reserves the right (but in no way is obligated) to interview the top prospective candidates to aid in the selection process.

### **General Terms and Conditions**

1. The State reserves the right to reject any and all proposals received as a result of this solicitation, to negotiate with any qualified source, to waive any formality and technicalities, or to cancel this RFP in part or in its entirety if it is in the best interests of the State.
2. All parties submitting proposals shall be Equal Opportunity Employers. During the duration of the performance of the contract, the consultants will be expected to comply with all federal, state, and local laws respecting non-discrimination in employment.
3. News releases pertaining to this RFP, contract award, or the project shall not be made without prior written approval from the State.
4. All proposals and deliverables become the property of the State upon submission. Unselected proposals may be destroyed or returned to the bidder at the State's discretion. This solicitation for proposals in no way obligates the State to award a contract.
5. The State assumes no liability in any fashion with respect to this RFP or any matters related thereto. All prospective consultants and their subcontractors or successors, by their participation in the RFP process, shall indemnify, save and hold the State and its employees and agents free and harmless from all lawsuits, causes of action, debts, rights, judgments, claims, demands, damages, losses and expenses or whatsoever kind of law or equity known

or unknown, foreseen or unforeseen, arising from or out of this RFP and/or any subsequent acts related thereto, including but not limited to the recommendation of a consultant and any action brought by an unsuccessful respondent.

6. The selected consultants shall furnish any available information in their possession to the DPS upon request, if relevant to the project.

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## **Potential Consultants**

Compass Lexecon

<http://www.compasslexecon.com/>

Synapse Energy Economics

<http://www.synapse-energy.com/>

MWH Global

<http://www.mwhglobal.com/>

Daymark Energy Advisors

<http://daymarkea.com/?welcome=true#>

[Note – Daymark was the consultant for the Rockingham dam in the state’s litigation involving the economic value of the dam for tax purposes, and the Attorney General’s Office may have concerns with using them for this purpose.]

Concentric Energy Advisors

<http://ceadvisors.com/>

[Note – this is where the lead staff from the 2003 study now works. However, Concentric also lists TransCanada as a client.]

ESAI Power

<http://www.esaipower.com/power/power.php>

London Economics

<http://www.londoneconomics.com/>