GOVERNMENT OF PUERTO RICO
PUBLIC SERVICE REGULATORY BOARD
PUERTO RICO ENERGY BUREAU

IN RE:

IMPLEMENTATION OF THE PUERTO RICO ELECTRIC POWER AUTHORITY INTEGRATED RESOURCE PLAN AND MODIFIED ACTION PLAN

CASE NO.: NEPR-MI-2020-0012

SUBJECT:

Draft Procurement Plan

MOTION SUBMITTING DRAFT PROCUREMENT PLAN

TO THE HONORABLE PUERTO RICO ENERGY BUREAU:

COMES NOW the Puerto Rico Electric Power Authority through the undersigned legal representation and respectfully submits and requests as follows:

1. On August 24, 2020, the Energy Bureau of the Public Service Regulatory Board (the "Energy Bureau") entered the *Final Resolution and Order on the Puerto Rico Electric Power Authority's Integrated Resource Plan* (the "IRP Order").[1]

2. In compliance with the IRP Order, on September 23, 2020 the Puerto Rico Electric Power Authority ("PREPA") submitted a status report on the development of its Draft Procurement Plan (the "Status Report") and requested the scheduling of a technical conference.

3. Thereafter, and in response to PREPA's request, on October 9, 2020 the Energy Bureau held a technical conference where PREPA's personnel and consultants had the opportunity to exchange information and receive feedback from the Energy Bureau Commissioners and its consultants regarding the status report submitted.

[1] IRP Order, pags. 266-269, ¶¶ 860-867.

4. After taking into consideration the IRP Order and the feedback received during the October 9, 2020 technical conference, PREPA hereby submits the Draft Procurement Plan. *See*, Exhibit A.

WHEREFORE, PREPA requests the Energy Bureau to find PREPA in compliance with the IRP Order.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 23rd day of October 2020.

/s Maraliz Vázquez Marrero
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TSPR 16,187

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CERTIFICATE OF SERVICE

It is hereby certified that, on this same date I have filed the above motion using the Energy Bureau's Electronic Filing System, at the following address: http://radicacion.energia.pr.gov.

In San Juan, Puerto Rico, this 23rd day of October 2020.

/s Maraliz Vázquez Marrero
Maraliz Vázquez Marrero

Exhibit A

Draft Procurement Plan

RENEWABLE RESOURCE AND BATTERY ENERGY STORAGE RESOURCE PROCUREMENT PLAN [DRAFT]

Submission to the Puerto Rico Energy Bureau

Date Issued: October 23, 2020

Table of Contents

Executive Summary

Following the devastation caused by Hurricanes Irma and Maria, the Puerto Rico Energy Bureau (Energy Bureau) issued a March 15, 2018 Resolution and Order that directed the Puerto Rico Electric Power Authority (PREPA) to file an updated Integrated Resource Plan (IRP). The impacts that the hurricanes had on Puerto Rico and PREPA led to an IRP that sought supply and delivery infrastructure improvements to ensure that the utility was much better prepared for future weather events. The experience of these disasters has focused PREPA on the need to increase the resiliency and survivability of its systems, with due consideration to system hardening, distributed generation, decreased dependence on fuel oil, and increased reliance on renewable energy resources.

As directed by the Energy Bureau, and as required under Puerto Rico Act 57 of May 27, 2014 (Act 57-2014), PREPA prepared an IRP intended to consider all reasonable resources to satisfy the demand for electrical services over a twenty (20) year planning horizon. On February 13, 2019, PREPA filed its IRP along with supporting workpapers and other documentation with the Energy Bureau. This IRP was subsequently amended and refiled on June 7, 2019.

On August 24, 2020, the Energy Bureau issued a "*Final Resolution and Order on the Puerto Rico Electric Power Authority's Integrated Resource Plan*" (hereinafter "Final Order") that approved, in part, and rejected, in part, PREPA's proposed IRP. The Final Order modified PREPA's Action Plan and ordered that PREPA adopt and implement the Modified Action Plan. In the Final Order, the Energy Bureau found:

- *that increased deployment of solar photovoltaic (PV) and battery resources should be pursued if the results of procurement processes produce costs that reflect the parameters associated with Scenario S3S2 (for all loading levels under that scenario) and if those resources are available for faster installation than was assumed for PREPA's ESM Plan.*
- *that a Modified Preferred Resource Plan for the purpose of initial procurement planning includes the solar PV and battery energy storage quantities contained in Scenario S3S2B for the first five years of the Action Plan period.*

The Final Order's Modified Action Plan contains specific directives and requirements. A key directive is the formulation of a Renewable Resource and Battery Energy Storage Resource Procurement Plan (Procurement Plan). As summarized in Section A3 of the Final Order, the Energy Bureau Ordered:

- *Development by PREPA, with the Energy Bureau's guidance and approval, of a detailed procurement plan for renewable resources and battery energy storage. to achieve compliance with the renewable portfolio standard (RPS);*
- *PREPA to issue a series of RFPs for provision of renewable energy in support of Act 82's RPS goals, and for the provision of battery energy storage in support of capacity requirements needed to meet PREPA's peak load requirements and in support of integration requirements for renewable energy generation.*
- *that competitive procurements to obtain Power Purchase and Operating Agreements (PPOA) for these resources must be open to all forms of renewable energy, including, but not limited to wind, hydro, solar PV, Virtual Power Plant (VPP), and storage…that PREPA should not unnecessarily limit the level of overall procurement to 250 MW blocks, but rather needs to*

pursue a strategy that attempts to procure the amount of resources required under S3S2B.

- *PREPA to on or before sixty (60) days from the notification date of this Final Resolution and Order, submit a draft renewable resource and battery energy storage resource procurement plan (Procurement Plan) to the Energy Bureau.*

The purpose of this Procurement Plan is to satisfy the requirements of the Final Order and to provide a thoughtful approach to building out future renewable resources in accordance with the requirements of Act 82. This Procurement Plan follows the format indirectly specified in Section IV, Subsection D(4)(b) of the Final Order:

1. **Procurement Plan Description**
   - A detailed description of the entire Procurement Plan.
2. **Counter-Party Risk**
   - A discussion of how the Procurement Plan considers a means to minimize counter-party risk and thus potentially incentivize bidders to offer lower prices, given PREPA's current financial status. This would include consideration of staging the RFP processes to not lock-in higher prices earlier, if later-staged RFPs can better ensure lower bid prices while still meeting RPS requirements.
3. **Request for Proposals (RFP) Template**
   - A template for RFPs. A discussion is provided in Section 3, and key provisions of the RFP are included as Appendix 1.
4. **Power Purchase and Operating Agreement (PPOA) Template**
   - A template of a PPOA for the provision of energy and dispatchable capacity for sale to PREPA. A discussion is provided in Section 4, and key provisions of the PPOA are included as Appendix 2.
     - Alternative contract provisions and contract payment structures depending on the specific service provided (i.e., curtailment and flexible dispatch, ancillary services, peak shaving, etc.) and needs of the electrical system may be considered for each of the different options.
5. **Procurement Flexibility**
   - The Procurement Plan must allow for PREPA to choose to select resources for PPOAs in excess of the 1,000 MW minimum (solar PV or energy- equivalent other renewable) or 500 MW minimum (battery energy storage, 4-hour duration equivalent, with consideration for 2 and 6-hour storage) for either or both renewable energy and battery storage capacity if cost-effective economically and if installation feasibility allows.
   - The Procurement Plan may contemplate contracting a lower quantity of resources than the minimum solicitation amount, depending on the responses received and the results of the ongoing renewable integration studies.
6. **Planned Installation Timeline**
   - The Procurement Plan must indicate the planned installation timeline for resources, based on the estimation of the amount of time required between contracting and installation periods.
7. **RFP Schedule**
   - The Procurement Plan must be transparent in communicating the expected timeline of the release of subsequent RFPs to be issued in sequence (e.g., every six months, over the next three years for a total of 6 tranches of RFP releases). The procurement of resources may be

front-loaded within the five-year period in order to allow time for construction, interconnections, and commissioning within the five-year Action Plan period.

- The schedule of minimum RFP quantities is laid out in the Final Order and summarized in this section.

8. Adjustments to Procurement Plan to Reflect Distributed Generation

- Quantities of tranches subsequent to the first two tranches may be adjusted if or as necessary to account for installations of distributed generation (DG) that contribute to meeting overall quantities in the Modified Preferred Resource Plan, and for resources that PREPA identifies and contracts with in excess of the minimum amounts required in each of the earlier RFPs.

9. Evaluation Parameters

- The Final Order provides a listing of proposal evaluation parameters that are discussed in this section.

10. Other Considerations

- PREPA can and should select more than 1000 MW of renewable energy or 500 MW of battery storage capacity resources in response to the initial RFPs if cost-effective, and if the installation pace is feasible, thus accelerating the level of installations that would otherwise arise from subsequent RFPs.
- Battery energy storage bids can include MW and MWh from existing resources currently not contracted to PREPA, if they meet technical requirements for visibility, control, or other related technical needs.
- All resources and storage amounts can be aggregates of smaller installations (that is, Virtual Power Plants (VPP) are explicitly allowed and must be able to compete on fair terms).
    - For the purposes of the Procurement Plan, DG renewable resources are resources that are typically built and operated by PREPA's customers. They tend to be built to offset consumption and benefit from PREPA's net-metering programs.
    - VPPs are aggregations of DG renewable resources such that the VPP behaves, from the utility's perspective, as a single renewable energy resource. VPPs would not participate in PREPA's net-metering programs, as they would be subject to the terms and conditions of a PPOA through the competitive procurement process described herein.
- Combined or individual bids for renewable generation, battery, or combinations of renewable generation and battery resources are permitted.
- The Energy Bureau NOTIFIES PREPA that explicit performance incentive metrics related to the timeliness and effectiveness of PREPA procurement and interconnection of resources may be included as part of ongoing metrics reporting requirements under Case No. NEPR-MI-2019-0007.
- PREPA has commissioned a renewable generation integration study that will assess the current capability of PREPA's power grid to accommodate increased levels of renewable generation capacity. The renewable generation integration analysis assesses the penetration of the maximum PV generation and energy storage system to comply with the RPS guidelines of 40% renewable energy penetration by 2025 and includes both electrical and production cost/economic dispatch analyses. The renewable generation integration study will also identify, at a high-level, preferred interconnection locations on PREPA's T&D based on the current capacity of the system and needed electrical system upgrades, in addition to providing a modeling basis for transmission Feasibility, System Impact, and Facility Studies

(described later). The relevant findings from the study will be included in the Renewables RFP to assist the responders in their proposals. The analysis is ongoing, but the preliminary finding of the analysis indicates that for the existing grid, the maximum acceptable penetration of renewable generation would be around 650 MW (existing plus new projects) before major system upgrades must be undertaken by PREPA. This is using the current topology of the power grid without any additional electrical support. A more detailed draft analysis is expected by end of the year. The PREPA proposed revised 1st Tranche will allow PREPA time to assess technical limitations of the existing transmission and distribution system

- Please note that when reference is made to "Battery Energy Storage Systems (BESS)," PREPA acknowledges that technologies, other than batteries, may become viable storage options for PREPA. Therefore, reference to BESS systems are intended to include other forms of storage technologies.

With the submission of this DRAFT Procurement Plan, PREPA welcomes the review and commentary that will be provided by the Energy Bureau and its expert consultants. Given the nature of this draft document and the fact that PREPA has a number of studies underway to understand system impacts associated with new renewable resources and methodologies to mitigate those impacts, there are some open items and issues within the Procurement Plan. PREPA expects that, through an iterative process with the Energy Bureau, these issues will be resolved in the near future as we work towards the publication of the 1st Tranche in a series of renewable energy RFPs.

1 Procurement Plan Description

The Energy Bureau has endorsed PREPA's plan to use Request for Proposals (RFPs) to solicit new generation resources, and to engage selected proponents through the negotiation and execution of PPOAs. PREPA is in agreement with the Energy Bureau's directive that the Procurement Plan consist of a series of RFPs that are spaced over a three-year timeline. There are a number of benefits to this approach:

1. It allows PREPA an opportunity to model the renewable integration and the Transmission and Distribution (T&D) System to determine any needed system upgrades and the preferred interconnection locations to which projects can be connected (minimizing system impacts). These locations are expected to evolve, over time, as improvements are made to the T&D System.
2. It allows PREPA and the future T&D System operator to plan for system improvements that support large-scale renewable energy and battery energy storage system (BESS) integration.
3. It allows for PPOAs and associated pricing to be staggered over time. In other words, PREPA does not lock-in all energy requirements up-front and can advantage itself should future technological gains result in reduced capacity and energy pricing.
4. It allows time for PREPA to improve its credit position as it navigates the Title III process. PREPA expects that renewable capacity and energy pricing will improve as its credit position improves.

The Final Order has provided guidance on minimum renewable energy quantities, referred to as RFP Tranches, and the associated timing of RFPs. The following table summarizes the Final Order's guidance.

Table 1-1 - Guidance for Solar PV/Renewables, and Battery Energy Storage RFP Tranches

		Solar PV or equivalent other energy, MW		4-hr. Battery Storage equivalent, MW[1]	
RFP Target Release Date	**Procurement Tranche**	**Minimum**	**Cumulative**	**Minimum**	**Cumulative**
Dec-20	1	1000	1000	500	500
Jun-21	2	500	1500	250	750
Dec-21	3	500	2000	250	1000
Jun-22	4	500	2500	250	1250
Dec-22	5	500	3000	125	1375
Jun-23	6	750	3750	125	1500

1) Other storage durations (i.e. 2-hour and 6-hour) will be considered.

As further discussed in Section 7, PREPA has identified some potential issues related to the size of the 1st RFP Tranche. PREPA has engaged the services of Sargent & Lundy to evaluate system impacts associated with new renewable energy resources, identify needed system upgrades, determine an approximate capacity value that results in minimal system impacts, and provide an initial screening for preferred interconnection locations. PREPA is concerned that the power grid, which was not designed for large-scale penetration levels of renewable energy resources and

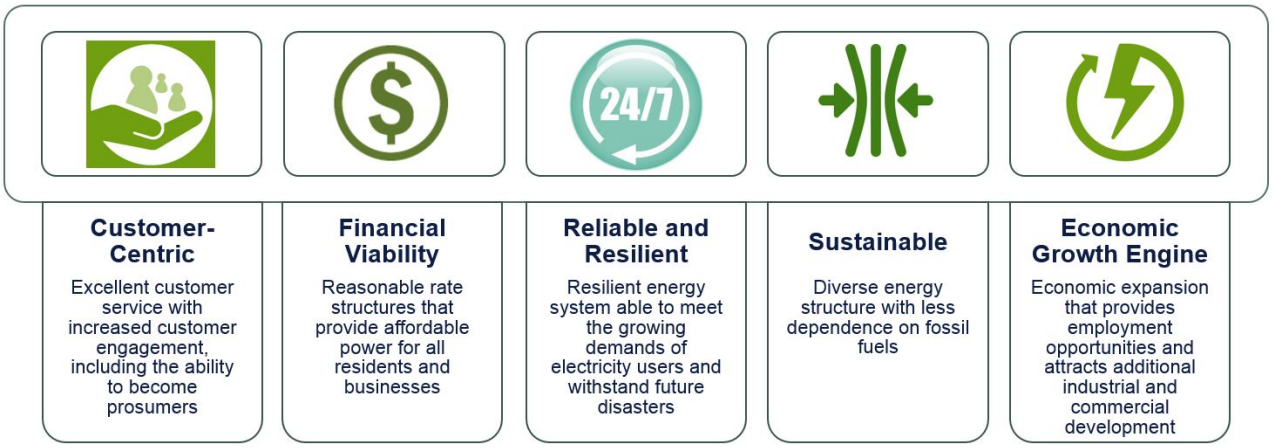
inverter-based generation, will not support 1000 MWs in the near-term, as proposed by the Energy Bureau for Tranche 1, without system improvements and potentially unique PPOA provisions and payment structures to increase PREPA's operational and dispatch flexibility. Through the Sargent & Lundy study, PREPA will be able to determine the scale and scope of these system improvements and can schedule such improvements to support the future RFP Tranches summarized above.

The following provides a discussion of PREPA Vision Statement, key regulatory drivers, the procurement process, acceptable renewable energy resources, the status of the development of an RFP and PPOA, and uncertainties and unknowns.

1.1 PREPA Vision Statement

Noting the need for an efficient and resilient system, on February 1, 2018, the PREPA Governing Board released its vision statement to guide the future of the utility.

Figure 1-2 – PREPA's Five Pillars



The Governing Board's vision addressed the reliability and resilience of the system, the transition to a sustainable system – both financially and environmentally sustainable – and its importance in acting as an economic growth engine for Puerto Rico. These elements were noted and factored into the structuring of the IRP submissions. The resultant Procurement Plan is a positive step towards realizing this vision through the procurement of renewable energy resources designed to be reliable and resilient, and that will reduce PREPA's dependence upon fossil fuel resources. The Vision Statement, as approved, is presented in the following table.

Table 1-3 – 2018 Governing Board Vision Statement

Pillar	Summary
System is Customer-Centric	The system serves the customer with affordable, reliable power, with transparent metrics for quality of service and with equitable consideration across all customers. Quality/Reliability can be differentiated for customers in a manner that serves their total cost and risk objectives. Customers are engaged by innovative products and value-added services that provide choice among rate plan and risk management options and provide access to wholesale contracting options for large customers. Customers are empowered with behind-the-meter alternatives for energy efficiency, demand management, and distributed generation, with the ability to become prosumers if they so choose.
System Promotes Financial Viability	The system is premised on positive economics on both sides of the meter. Rates are reasonable and create value for the customer, while pricing is sufficient to cover costs. Rate and market design create incentives to purchase, consume or produce energy in a manner that benefits the entire system. Subsidies are minimized, and those that remain have a non-distortionary impact. Operational excellence and sound long-term planning reduce the cost to serve. Rates are affordable within a model that allows the utility to earn a reasonable rate of return and service its debt. The business model is robust to changes such as outmigration and reduction in energy demand and does not create disincentives for adoption of cheaper energy resources, either at the grid level or at the customer premises.
System is Reliable and Resilient	The grid is thoughtfully planned, well maintained and safely operated to achieve defined reliability and resiliency goals. There is visibility into the system at all levels, and control where appropriate. Standards for recoverability create a measure for resilience. The choice of architecture (distributed vs. regionalized vs. centralized) is intentionally made to balance reliability/resilience and cost objectives while also taking advantage of advancements in technology and innovation.
System is a Model of Sustainability	There is a progressive focus on diversifying energy resources and reducing the carbon intensity of the power sector, in both primary generation and backup generation. Power generation is efficient and minimizes emissions. Customers have incentives to use energy wisely and to generate their own clean energy. The grid and grid systems are designed to take maximum advantage of increasingly cost-effective renewable power generation alternatives and to integrate emerging technologies.
System serves as an Economic Growth Engine for Puerto Rico	The quality, reliability, and cost of power attracts new commercial and industrial development to Puerto Rico and encourages existing commercial and industrial customers to expand their operations. Transformation and reinvestment in the power system creates new jobs. Innovation in the generation and delivery of power creates a local ecosystem of businesses that provide for evolving needs for equipment, technology and services in Puerto Rico and beyond.

1.2 Key Regulatory Drivers

The Final Order provided a summary of Puerto Rico's laws and regulations as they apply to the IRP and the Modified Action Plan. These "regulatory drivers" are **restated** here, in part, to reinforce the importance these legislative initiatives. PREPA accepts that the Modified Action Plan is structured to support compliance with these laws are regulations, and has developed this Draft Procurement Plan in accordance with the Modified Action Plan.

1.2.1 Act 82-2010

Act 82-2010, as amended (Act 82), known as the Puerto Rico Energy Diversification Policy through Sustainable and Alternative Renewable Energy Act, established the first renewable energy portfolio standard in Puerto Rico and required that a retail energy provider procure twelve percent (12%) of its power needs through renewable energy by 2015, fifteen percent (15%) by 2020 with a goal of reaching twenty percent (20%) by 2035. Act 82 was amended in 2019 to, among other things, establish new RPS milestones: twenty percent (20%) by 2022, forty percent (40%) by 2025, sixty percent (60%) by 2040 and one hundred percent (100%) by 2050. Act 82 created Renewable Energy Certificates (RECs) that encompassed all the environmental and social attributes of one megawatt-hour (MWh) of electricity and that could be traded beyond the borders of Puerto Rico.

1.2.2 Act 83-2010

Act 83-2010, as amended (Act 83), known as the Puerto Rico Green Energy Incentives Act, was established to among other things: achieve the diversification of energy sources; reduce the dependency on fossil fuels; reduce and stabilize energy costs; reduce the flight of capital caused by the import of fossil fuels; and preserve and improve the environment. Act 83 also created a Green Energy Fund to fund the development of sustainable energy systems that further energy use savings and efficiency. The legislation also contained Green Energy Initiatives and tax benefits to encourage consumers and businesses to use renewable energy.

1.2.3 Act 120-2018

Act 120-2018, as amended (Act 120), known as the Puerto Rico Electric Power System Transformation Act, created the legal framework required for the sale, disposition, and/or transfer of the assets, operations, functions, and services of PREPA…Under Act 120, any contract related to a PREPA Transaction has to obtain an Energy Compliance Certificate from the Energy Bureau. Moreover, the legislation grants PREPA and the Public Private Partnership Authority (P3) the authority to sell PREPA assets related to electric power generation and to transfer or delegate any of PREPA's operations, functions, or services. The legislation also notes, however, that the regulatory framework must be consistent with the new realities in Puerto Rico and the energy industry; it must therefore, among other things, allow for the use of DG, microgrids, and more renewable energy. The Legislature also notes that the electric system must be resilient to weather events and the effects of climate change on the Island. Act 120- 2018 also points out "…the importance of regulating the energy industry and the need to have an independent regulatory entity that carries out its duties firmly and resolutely."

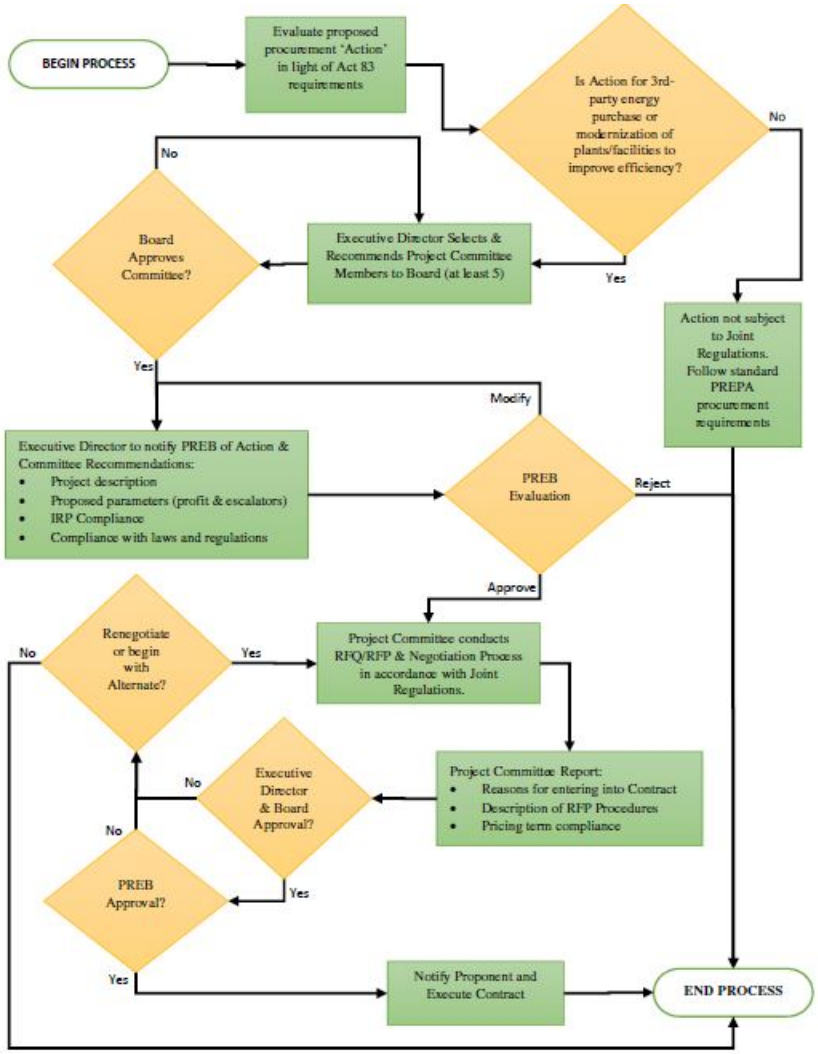
1.2.4 Act 17-2019,

Act 17-2019 (Act 17) known as the Puerto Rico Energy Public Policy Act, built upon the foundation created for integrated resource planning in Act 57 and sharpened the focus on accelerated renewable energy provision, energy conservation and efficiency, DR, and DG. In so doing, Act 17 increased the renewable portfolio to a minimum of twenty percent (20%) by 2022, forty percent (40%) by 2025, sixty percent (60%) by 2040 and one hundred percent (100%) by 2050 and created an energy efficiency target of thirty percent (30%) by 2040. Act 17 also emphasizes the role of "prosumer" generation, and envisions an enhanced role for microgrids. Further, Act 17 reinforces the authority of the Energy Bureau to conduct IRP proceedings. Act 17 also states that the IRP will be prepared by the electric power company responsible for the operations of the electrical system and shall be approved by the Energy Bureau. Allowance for preparation by an entity other than PREPA acknowledges the changes contemplated under future IRPs as a result of the implementation of Act 120. The legislation also set forth more detail than that contained within Act 57 on the content of the IRP, but the content requirements are consistent with the Energy Bureau's IRP requirements contained in Regulation 9021. A central point throughout the legislation is that actions taken regarding generation and related matters must conform to the approved IRP, thereby highlighting the importance of the IRP as a central planning tool. Any changes or amendments to the IRP shall be approved by the Energy Bureau.

1.3 Procurement Process

The Final Order addressed the Procurement Process by referencing Regulation 8815. As stated in the Final Order, "*PREPA or the T&D Operator, with oversight by the Energy Bureau under the processes of Regulation 8815, shall run all competitive auctions in accordance with this Modified Action Plan*." Regulation 8815, also known as the *Joint Regulation for the Procurement, Evaluation, Selection, Negotiation, and Award of Contracts for the Purchase of Energy and for the Procurement, Evaluation, Selection, Negotiation, and Award Process for the Modernization of the Generation Fleet* (Joint Regulations 8815), governs the processes for contracting with third parties for the purchase of energy and is attached for convenience as Appendix 3. The following flowchart represents a high-level summary of the procurement process required by Joint Regulations 8815.

Figure 1-4 – Summary Procurement Process - Joint Regulations 8815



Joint Regulations 8815 was developed and promulgated by PREPA and Puerto Rico Energy Commission - the predecessor to the Energy Bureau, in 2016. The regulations address the formation of a Project Committee, Process to Issue RFQs/RFPs, Evaluation and Selection Process, Selection of Proponents, Contract Award, and Reconsideration and Review. The following is a high-level summary of the key components of the Joint Regulations 8815 as it applies to the Procurement Plan.

1.3.1 Project Committee

The Procurement Plan will be managed by a Project Committee with at least five members, appointed by the Executive Director and approved by PREPA's Governing Board. The purpose of the Project Committee is to assist in the preparation of Requests for Qualifications (RFQs) and RFPs, evaluate and select Proponents, and negotiate the terms of the contract.

1.3.2 RFQ/RFP Issuance

The Project Committee, at the direction of the Governing Board, may conduct an RFQ process to identify prospective Proponents that satisfy minimum standards of financial and bonding condition and technical and professional capabilities. The RFQ shall be announced by means of public notice. Alternatively, the Project Committee may elect to qualify prospective Proponents as part of an RFP process. PREPA intends to combine the RFQ into the RFP process.

For the issuance of an RFP, the Project Committee shall advertise the RFP by means of a public notice in one newspaper of general circulation, the internet sites for PREPA and the Energy Bureau, and, at the discretion of the Project Committee, in one or more national or international journals. The RFP shall include the following provisions:

a) A description of the Project and its importance based on the IRP;
b) A description of the proposed schedule for the procurement process;
c) A due date, time, and method for submission of requests for clarification(s) and proposals (and the place for submission of proposals);
d) Instructions as to the format of proposals and the information required for a proposal to be considered complete;
e) Any options or alternative proposals allowed;
f) Applicable proponent eligibility requirements, scoring criteria, and minimum resource size;
g) Applicable proposal evaluation criteria that will be used to evaluate proposals and proponents;
h) Applicable proposal security;
i) A statement regarding funding contingencies or other conditions, contingencies, approvals, authorizations, or certifications which are required to award a Contract;
j) A draft of the proposed Contract or summaries of key terms and conditions;
k) Parameters approved by the Energy Bureau in connection with profit margins and pricing escalators;
l) PREPA's authorized representative for RFP communications;
m) Policy statements encouraging local participation; and
n) Other applicable terms and conditions as determined by the Governing Board.

Proposals received on or before the due date set in the RFP will be stamped (date and time of receipt) and will be kept in the custody of PREPA. The proposals will not be read publicly and only members of the Project Committee, the Energy Bureau, and other members designated by the Governing Board or Executive Director shall have access to the proposals during the selection and evaluation period.

1.3.3 Evaluation and Selection Process

Joint Regulations 8815 establishes a three-phase selection process: 1) quality control review, 2) project committee review and recommendation, and 3) negotiation. The purpose of the quality control review is to determine which proposals satisfy the minimum requirements outlined in the RFP. Each proponent shall be notified whether its proposal passed the quality control review and whether it will be advanced to phase 2.

During phase two, the Project Committee will review and evaluate each proposal in accordance with the selection criteria. The Project Committee may select one or more proposals to advance to phase three. For the Procurement Plan, it is anticipated that the Project Committee will select more than one proponent. Therefore, the Project Committee will make recommendations to the Executive Director and the Governing Board to carry out discussions and negotiations with more than one proponent at the same time for proposals that fall within a competitive range as defined in the regulations.

Assuming negotiations with more than one Proponent, during phase three, each proponent will receive written notification containing the details and describing the following procedures:

i. No statement or action shall bind PREPA. Only the Contract, when effective in accordance with its terms, will be binding on PREPA.
ii. Each proponent may be invited to one or more meetings to discuss and answer questions.
iii. The content and scope of each meeting will be determined by the Project Committee.
iv. If any meetings are held with a proponent who falls within the competitive range, then all proponents who fall within the competitive range will be given an opportunity to discuss and review their proposals with the authorized representative.
v. The Project Committee shall establish procedures and schedules to control meetings, advise proponents on deficiencies and allow an opportunity to cure, resolve uncertainties or otherwise clarify the terms and conditions of the proposal, address any suspected mistakes, provide an opportunity to modify economic terms, technical aspects, or other aspects which may result from the discussions, and keep a record of the date, time, place, and attendees of the meetings.
vi. May require proponents to submit, in writing, confirmation of any clarification of a proposal
vii. Negotiations may be carried out in whole or in part through written or telephone communications, at the discretion of the Project Committee.
viii. May request “Best and Final Offers” or proceed to negotiations with one (or more) proponents within the competitive range.
ix. Additional negotiations may follow receipt of Best and Final Offers.

Subject to PREPA’s right to reject any or all Proposals, PREPA shall select the proposal(s) considered most advantageous to PREPA, PREPA’s customers, and Puerto Rico. By most advantageous, PREPA means that the proposal(s) meets minimum requirements and demonstrates economic benefits, reliability, and resiliency. The RFP evaluation process will last no more than 90 days unless circumstances require that it be extended. Proposals will be evaluated on price/cost and relevant system upgrade costs as well as non-price terms such as construction and operational experience, risks and mitigations, and other pertinent criteria. The respective scoring system of all evaluation criteria shall be clearly defined in the RFP.

1.3.4 Selection of Proponents

Joint Regulations 8815 prohibit the Project Committee from selecting proponents that have been convicted of any of the offenses set forth in Act 458-2000. Other grounds for disqualification include when a proponent:

a) Is insolvent or bankrupt;

b) Makes a formal, public announcement that it is unable or intends not to pay its debts and obligations;
c) Has been convicted of any of the criminal offenses set forth in Act 428-2004;
d) Has not fulfilled its obligations relating to the payment of taxes under the laws of the Commonwealth or the relevant jurisdiction in which it maintains its principal operations;
e) Has engaged in collusive acts or is guilty of serious misrepresentations;
f) Has experienced material changes its business;
g) Fails to comply with substantive requirements of the RFP; or
h) Is otherwise in material breach of Joint Regulation 8815.

When assessing the financial condition of a proponent, PREPA may consider bank statements, financial statements (3 fiscal years), or other information that would allow the proponent to demonstrate its financial condition. The Project Committee shall specify in the RFQ/RFP the financial information which the proponent must provide to comply with the applicable minimum standards of financial condition.

1.3.5 Approval of Contract

Upon completion of the negotiation for the Contract(s), the Project Committee shall prepare a report which shall include the reasons for entering into the Contract, the reasons for selecting the proponent(s), a description of the procedures followed, and other information pertinent to the procedures followed and the evaluations conducted. The report and proposed contract shall be presented to the Executive Director and the Governing Board within 30 days for approval. The Governing Board shall have the right to reject, accept, or return the proposed contract for negotiations.

If the Governing Board approves the report and contract(s), a copy of the report and contract will be provided to the Energy Bureau for its evaluation and approval. If the Energy Bureau approves the contract, the Project Committee will notify proponents of the RFP results. Once approved by the Energy Bureau, the contract or scope of the project may not be modified without the approval of the Energy Bureau. Subject to approval by the Governing Board and the Energy Bureau, the contract may be executed.

1.3.6 Reconsideration and Review

Proponents may request PREPA to reconsider its determination of the final awarding of a Contract in accordance with Administrative Law. PREPA shall notify such reconsideration and judicial review rights in the notifications it sends to proponents.

1.4 Forms of Renewable Resources

In the Final Order, the Energy Bureau ruled that competitive procurements to obtain PPOAs must be open to all forms of renewable energy, including, but not limited to wind, hydro, solar PV, VPPs, and energy storage. The Final Order requires that PREPA not unnecessarily limit the level of overall procurement to 250 MW blocks, but rather pursue a strategy that attempts to procure the amount of

resources required under S3S2B.

PREPA will seek proposals from companies and consortia interested in designing, constructing, installing, operating and maintaining renewable energy projects, to be installed at one or more sites across the island of Puerto Rico. In accordance with the Final Order, PREPA affirmatively states that the RFP will be open to all forms of renewable energy including solar photovoltaic, wind, energy storage, hydro, VPPs, or any combination of these mentioned technologies.

Projects must comply with PREPA's appropriate Minimum Technical Requirements (MTR's) and current Interconnection Standards and Requirements. Compliance with MTRs and interconnection requirements will be part of the RFP selection criteria.

For all projects, except VPPs, PREPA will request the submission of all-inclusive turnkey proposals. Utility scale renewable energy projects(PV Solar and Wind) shall have a minimum of 20 MW of renewable generation capacity to be installed at one or more sites within the main island of Puerto Rico, paired and integrated with battery energy storage at a capacity and hours storage compliant with the respective PREPA MTR. Options for additional storage (in excess of MTR requirements) from utility scale renewable projects will also be considered. For the alternative of standalone energy storage, such offerings will have a minimum nominal rating of 20 MW and 4 hours of storage. Alternates for 2 hours and 6 hours will also be considered. BESS is not required for hydro.

VPPs will be subject to the same selection criteria as other utility scale renewable energy resources except that the minimum capacity requirement will be reduced to 5MWs. Energy and Capacity for VPPs may be sourced from existing facilities that do not currently sell such Energy and Capacity to PREPA. Proponents for VPPs will be responsible for all metering, SCADA, and other forms of telemetry to create the VPP. VPPs will be required to comply with applicable MTRs and interconnection standards. Resources that serve VPPs will not be allowed to participate in any "net-metering" programs offered by PREPA. The following is a listing of other considerations applicable to VPPs:

- The VPP must use existing proven technology.
- Preference will be given to VPPs whose resources are located within a relatively close geographical area.
- The performance characteristics of the VPPs must be the same as those required from other utility scale renewable energy resources, as applicable.
- VPP projects will be responsible for all required changes/additions to the distribution and transmission system required by the project

For a Project, the Proponents shall enter into a PPOA and an Interconnection Agreement under which the Proponent would sell, and PREPA would purchase: (a) the net electric output of the Renewable Generation, subject to specific energy delivery guarantees; (b) products of the BESS, subject to specific energy delivery and operating guarantees; and (c) associated rights, benefits and credits of the Project, including environmental attributes (or RECS). The Renewable Generation and BESS facilities may be co-located and integrated on a single project site. Alternate pricing including energy payment basis and capacity payment basis may be considered by PREPA, pending its determination for the final RFP.

1.5 Procurement Schedule

As specified in Final Resolution and Order on PREPA's IRP, the Procurement Plan must be transparent in communicating the expected timeline of the release of subsequent RFPs to be issued in sequence (e.g., every six months, over the next three years for a total of 6 tranches of RFP releases). The procurement of resources may be front- loaded within the five-year period in order to allow time for construction, interconnections, and commissioning within the five-year Action Plan period.

As required by the Energy Bureau, PREPA plans to issue a series of RFPs (RFP Tranches) for provision of renewable energy in support of Act 82's RPS goals, and for the provision of battery energy storage in support of capacity requirements needed to meet PREPA's peak load requirements and in support of integration requirements for renewable energy generation.

The schedule, as proposed by the Energy Bureau, of minimum RFP quantities is as follows, in conformance with target quantities in the Modified Preferred Resource Plan;

- **1st Tranche**: at least 1,000 MW solar PV (or energy-equivalent other renewable), at least 500 MW (2,000 MWh or equivalent) battery energy storage.
- **2nd Tranche**: at least 500 MW solar PV (or energy-equivalent other renewable), at least 250 MW (1,000 MWh or equivalent) battery energy storage.
- **3rd Tranche**: at least 500 MW solar PV (or energy-equivalent other renewable), 250 MW (1,000 MWh or equivalent) battery energy storage.
- **4th Tranche**: at least 500 MW solar PV (or energy-equivalent other renewable), 250 MW (1,000 MWh or equivalent) battery energy storage.
- **5th Tranche**: 500 MW solar PV (or energy-equivalent other renewable), 125 MW (500 MWh or equivalent) battery energy storage.
- **6th Tranche**: 750 MW solar PV (or energy-equivalent other renewable), 125 MW (500 MWh or equivalent) battery energy storage.

Table 1-5 - Guidance for Solar PV/Renewables, and Battery Energy Storage RFP Tranches

		Solar PV or equivalent other energy, MW		4-hr. Battery Storage equivalent, MW[1]	
RFP Target Release Date	**Procurement Tranche**	**Minimum**	**Cumulative**	**Minimum**	**Cumulative**
Dec-20	1	1000	1000	500	500
Jun-21	2	500	1500	250	750
Dec-21	3	500	2000	250	1000
Jun-22	4	500	2500	250	1250
Dec-22	5	500	3000	125	1375
Jun-23	6	750	3750	125	1500

1) Other storage durations (i.e. 2-hour and 6-hour) will be considered.

The RFP for the 1st Tranche will be issued in December 2020. The expected timeline of the release

of subsequent RFPs will be six (6) month intervals to be issued in sequence (e.g., every six months, over the next three years for a total of 6 tranches of RFP releases). The procurement of resources may be front- loaded within the five-year period in order to allow time for construction, interconnections, and commissioning within the five-year Action Plan.

1.6 Uncertainties and unknowns

As part of a competitive procurement plan PREPA must further describe internal or external staffing resources, constraints, and potential solutions to any constraints, as required, in order to meet the renewable energy and battery storage resource levels in the Modified Preferred Resource Plan.

PREPA does not currently have the internal capability and staff to evaluate project feasibility, system impacts, or facility requirements. It is PREPA's intention to rely on external staffing resources until PREPA has hired or otherwise secure alternate capabilities. As part of PREPA's transformation process, the P3 has selected LUMA to manage the operations and maintenance of the T&D system. Upon the culmination of this transformation, LUMA may be able to provide the required study and modeling capabilities.

As further discussed in Section 7, PREPA has raised some issues related to the size of the 1st RFP Tranche. PREPA does not yet know whether the existing power grid can support 1,000 MWs of renewable energy capacity without significant system upgrades. Given this uncertainty, PREPA has engaged the services of Sargent & Lundy to evaluate system impacts associated with new renewable energy resources, identify needed system upgrades, determine an approximate capacity value that results in minimal system impacts, and provide an initial screening for preferred interconnection locations.. PREPA will communicate the results of the studies with the Energy Bureau once they become available.

VPP projects may require further regulation prior to developing appropriate PPOA's for implementation. Pending further clarification, including interaction with RPS goals, as well as assessment of impact of VPP projects on the transmission system, VPP proposed options may be better suited for consideration after the initial two RFP tranches.

2 Counter-Party Risk

PREPA's current credit rating of CA is a non -investment grade rating reflecting PREPA's Title III bankruptcy. The credit rating is a significant factor in the determination of contract prices because a lower credit rating indicates a higher counter party risk that developers will factor into their cost of capital calculations. This results in higher cost of capital and a higher levelized cost of energy (LCOE) than if PREPA had a better credit rating, all else held equal. The LCOE is usually the basis for a contract price. As the credit rating improves, particularly as it improves to an investment grade rating, it would be expected that the cost of capital will decrease and the LCOE would decrease as well, all else held equal. It is expected that PREPA's credit rating will increase upon emergence from Title III bankruptcy.

As such it is important that PREPA consider the impact of its credit rating on the potential contract prices it may receive from bidders and try to manage the process to minimize the impact of counter-party risk on those prices, to the best it is able. Therefore, as part of its procurement plan, PREPA will consider the timing of the tranches to reflect that PPOA's signed after emergence should reflect better pricing, all else held equal. For earlier tranches, which may be entered into prior to emergence, PREPA will give preference in its evaluation to bidders whose contracts consider the future emergence and contain a price adjustment for better credit quality at such time.

3 Request for Proposals ("RFP") Template

PREPA will be requesting combined Statements of Qualifications (SOQs) and responses to a RFP from companies and consortia interested in designing, constructing, installing, operating and maintaining renewable energy projects, to be installed at one or more sites across the island of Puerto Rico. The renewable energy projects may include but are not limited to solar PV, wind, energy storage, hydro, VPPs, or any combination of these mentioned technologies. The utility-scale renewable energy projects for solar PV and wind generation will have a minimum nominal rating of 20 MW. The renewable energy projects for VPP generation will have a minimum nominal rating of 5 MW. The standalone BESS offerings will have a minimum nominal rating of 20 MW and 4 hours storage. Alternates for 2 hours and 6 hours will also be considered. All technologies will be required to comply with respective PREPA MTRs which shall be included in the RFQ/RFP. In the event that the utility-scale solar PV or Wind generation projects offer to provide energy storage in excess of requirements of the respective MTR's, the additional energy storage for these projects will be considered as an option (i.e. combination renewable generation and energy storage.)

Attached to the Plan as Appendix 1 is the current working draft RFQ/RFP template for Renewable Energy Projects. These draft documents are in the process of being finalized and may be subject to change.

3.1 Purpose of RFP for Renewable Energy Resources

PREPA plans to solicit proposals for the design, permitting, construction, operation, and maintenance of renewable energy resources, to achieve the following objectives for PREPA's generation system:

- increase the availability of renewable energy resources as part of PREPA's generation system;
- reduce energy prices to levels consistent with the 2020 Certified Fiscal Plan projections
- meet PREPA's goal, as set forth in the recently approved Puerto Rico Electric Power Authority's IRP to increase PREPA's grid resiliency.

This RFP is being issued to identify potential Respondents that meet the minimum requirements necessary to carry out the developing renewable energy resources in compliance with Act 120 and the PPP Act, particularly Respondents that demonstrate:

- capability and experience developing, constructing, installing, testing, and operating renewable energy resources
- capability and experience managing renewable energy and energy storage technology
- financial strength and capital resources engaged for project funding
- strong technical expertise, with a track record of high-quality operations
- experience complying with regulatory and permitting approvals in Puerto Rico.

Respondents will be encouraged to review the following documents which provide further technical background:

1. **PREPA Integrated Resource Plan**: https://aeepr.com/es-pr/QuienesSomos/Paginas/ley57/Plan-Integrado-de-Recursos.aspx

2. **Energy Bureau Ruling on the PREPA IRP**: https://energia.pr.gov/wp-content/uploads/2020/08/AP20180001-IRP-Final-Resolution-and-Order.pdf

Respondents will also be encouraged to review the following documents, which are available for download on the at http://www.p3.pr.gov, for further background and the legal framework:

- PREPA Organic Act, Act No. 83-1941, as amended;
- Public-Private Partnership Authority Act, Act No. 29-2009, as amended (the "PPP Act");
- Regulation for the Procurement, Evaluation, Selection, Negotiation and Award of Participatory Public-Private Partnerships Contracts under Act No. 29-2009, as amended (the "PPP Regulation");
- Puerto Rico Energy Transformation and RELIEF Act, Act No. 57-2014, as amended;
- PREPA Revitalization Act, Act No. 4-2016, as amended; and
- Puerto Rico Electric System Transformation Act, Act No. 120-2018, as amended (or "Act 120").

3.2 IRP

The Energy Bureau issued its Final Resolution of PREPA's IRP on August 24, 2020 and established the ruling to be followed by PREPA for the next years, including the insertion of renewables to its power system and the retirement of its combustion generating units. With this RFP process, PREPA seeks to comply with the requirements of the IRP and the Energy Bureau's Final Resolution with the procurement of renewables and PPOA signing. The Energy Bureau's Final Resolution includes some of the guidelines for the renewables PPOAs, including LCOE thresholds for renewables such as PV and wind projects, which shall define the target pricing parameter of PREPA's PPOA's under this RFP process.

3.2.1 Renewable Implementation Timeline

Act 82-2010, as amended, demands from PREPA to procure renewable energy in the following milestones: 20% by 2022, 40% by 2025, 60% by 2040, and 100% by 2050. In order to accomplish the established targets, PREPA will be seeking proposals that can reach its commercial operation date within 36 months from the contract's execution date. This timeline is intended to provide the Respondent with enough time to finalize all its agreements required to proceed including:

a) Site Control
b) Transmission Interconnect
c) Permitting and Licensing
d) Environmental Assessment
e) Engineer, Procure, & Construct (EPC) contract
f) Financial Closure

and with enough time to execute the work required to install the project to achieve commercial operation including:

g) Final engineering and design

h) Equipment procurement, fabrication and delivery
i) Construction
j) Startup and commissioning

Proposals that can demonstrate an ability to achieve commercial operation in a timeframe shorter than 36 months may be given more favorable consideration.

3.2.2 Proposal Submission Requirements

Respondents for Utility Scale Renewable Energy projects including PV Solar, Wind and BESS will be requested to provide a project description covering the following:

- Basic project description, including (a) project name; (b) site location (including map and site layout); (c) technology; (d) generating capacity; (e) MTR compliance strategy; (f) grid connection point and electrical one-line diagrams; (g) ancillary service capabilities; (h) commercial operation date; and (i) ownership structure.
- Site ownership, usage, and development status.
- Current permitting and licensing status, including water rights.
- Environmental permitting plan addressing all potentially applicable environmental permits (federal and local) including the following, as applicable:
    - List of potentially applicable permits evaluated or to be evaluated;
    - Result of applicability analysis for each potentially applicable permit or status of evaluation; and
    - Planned approach to obtain applicable permits including the following:
        - List of key activities necessary to obtain each applicable permit(s) and associated timing;
        - Identification of key individuals or consultants; and
        - Experience of those individuals in specific jurisdictions of project.
- Transmission upgrade plans including:
    - status of interconnection or transmission service requests, and status of related transmission agreements and approvals.
    - A detailed description and drawings of transmission and substation facilities associated with the resource, and descriptions of any special protection schemes associated with the resource and their use.
    - A demonstration that a new project offers PREPA operational flexibility. Respondent shall be required to provide a detailed description of the scheduling or dispatch process, ramp rates, automatic generation control, existing or planned Inter-Control Center Protocol ties to PREPA and any energy magnitude and duration limitations. Also, Respondent shall describe the capability, if any, of the new project to provide reactive support ancillary service and dynamic reactive reserve.
- Respondent's design and development experience with the proposed technology.
- Respondent's operating experience with the proposed technology.
- Financing plan, including (a) sources of debt and equity; (b) equity percentage by sponsor; (c) financing rates and other terms; (d) level of commitment by potential lenders for construction financing and permanent financing; and (e) tax credit qualifications

- Respondent's management team and key individuals for permitting, financing, design, construction, and operation.
- Major milestone schedule, including provisions for (a) site acquisition, control, and development; (b) permitting and licensing; (c) transmission upgrades and interconnection; (d) financing; (e) engineering, procurement, and construction; and (f) testing.
- For each of the above categories, Respondents shall provide references to any supporting documents or attachments. Respondent's design and development experience and operating experience with the proposed technology shall include a list with the following information:
    - plant name,
    - plant location,
    - technology configuration and capacity,
    - major equipment manufacturers,
    - engineering, procurement, and construction contractor, and
    - commercial operation year.
- The pricing shall be broken into three components:
    - MTR-Compliant Renewable Energy: This shall be the cost for the MTR-compliant energy resource less interconnection costs and any additional energy storage.
    - Additional Energy Storage: This shall be the cost for any energy storage in excess of the MTR requirements.
    - Project Interconnection Costs: This shall be the cost for transmission infrastructure necessary to deliver the energy to the PREPA transmission system. This shall be all inclusive of transmission facilities and network upgrade costs required to integrate the project into the PREPA transmission system.
- The pricing shall indicate:
    - PPOA Start Date
    - PPOA Term (25 years or 10 years for VPPs)
    - MTR-Compliant Renewable Energy
    - Indexed Payments
        - Energy payments ($/MWh, first year value, and escalation index)
    - Non-Indexed Payments
        - Energy payments ($/MWh, specified by Respondent for each year)
- Additional Energy Storage
    - Indexed Payments
        - Energy payments ($/MWh, first year value, and escalation index)
    - Non-Indexed Payments
        - Energy payments ($/MWh, specified by Respondent for each year)
- Alternative pricing arrangements, including capacity only payments, may be considered as part of the evaluation process.
    - Indexed Tolling Arrangement
        - Capacity Payments ($/kW, first year value, and escalation index)
        - Variable Energy Charge ($/MWh, first year value, and escalation index)
    - Non-Indexed Tolling Arrangement
        - Capacity Payments ($/kW, specified by Respondent for each year)
        - Variable Energy Charge ($/MWh, specified by Respondent for each year)
- Project Interconnection Costs

- Respondents shall specify performance for the project:

For renewable energy generation proposals, the Energy Production Forecast shall indicate the forecasted P10, P50, and P90 annual energy forecast in MWh for each day and hour (8,760 entries). The forecasted values shall account for long-term performance degradation.

For stand-alone and optional combination energy storage proposals, the guaranteed performance shall indicate:

- Guaranteed Capacity (MW / MWh)
- Peak Charging Time (hours)
- Peak Discharging Time (hours)
- AC-AC Round Trip Efficiency (%)
- Equivalent Availability Factor (%)

The guaranteed values shall account for long-term performance degradation.

3.2.3 Virtual Power Plants

As specified in the Final Resolution and Order on PREPA's IRP, quantities of tranches subsequent to the first two tranches may be adjusted if or as necessary to account for installations of DG that contribute to meeting overall quantities in the Modified Preferred Resource Plan. To that end, PREPA will support the deployment of distributed generation resources under existing programs. In addition, the RFP will be structured such that all resources and storage amounts can be aggregates of smaller installations (also known as VPPs). As specified in the Resolution and Order, VPPs are explicitly allowed and must be able to compete on fair terms. The RFP will allow for Proponents of VPPs to submit responses, with the assumption that the characteristics of the VPPs including pricing and reliability, will be comparable to those provided on a utility-scale,

VPPs will be subject to the same selection criteria as other utility scale renewable energy resources except that the minimum capacity requirement will be reduced to 5MWs. Energy and Capacity for VPPs may be sourced from existing facilities that do not currently sell such Energy and Capacity to PREPA. Proponents for VPPs will be responsible for all metering, SCADA, and other forms of telemetry to create the VPP. VPPs will be required to comply with applicable MTRs and interconnection standards. Resources that serve VPPs will not be allowed to participate in any "net-metering" programs offered by PREPA. The following is a listing of other considerations applicable to VPPs:

- The VPP must use existing proven technology.
- Preference may be given to VPPs whose resources are located within a relatively close geographical area.
- The performance characteristics of the VPPs must be the same as those required from other utility scale renewable energy resources, as applicable.
- VPP Projects will be responsible for the cost of all upgrades and additions required to the distribution and transmission system to accommodate the project

PREPA will consider VPP proposals under a PPOA. PREPA will only consider proposals for VPPs

with the following characteristics:

- The VPP PPOA term must be a minimum of 10 years.
- The facility must be complete, commercially operable, and available to commence commercial operation within a maximum of 36 months.
- The VPP must use existing proven technology.
- VPP respondent shall provide:
    - a description of the aggregation of the program participants, and expected load drop values (MW), equipment, and technology.
    - a description of the Respondent's plans for recruiting, engaging, and maintaining program participants.
    - the experience, qualifications, and financial strength of the Respondent and other key contributors. Responses should indicate whether the Respondent has ever been assessed a performance penalty in association with the resource and, if so, when any penalties were assessed.
- For Curtailment Events initiated by PREPA the Respondent shall agree to and be capable of meeting, throughout the entire term of the PPOA term, the capacity/load reduction capability within the response time indicated by the Respondent in its response
- PREPA prefers resources that can provide a more rapid response and/or ramp up or down in response to specific control signals. Respondents will be urged to detail the full, demonstrated capability of the proposed resource.
- The Respondent shall be responsible for managing load reductions, including all notices, communications, controls, equipment, or other processes required. Communication terms shall be at the discretion of PREPA.
- Costs of any property and local taxes and tax abatements shall be identified and included.
- The financing plan shall include either the Respondent's or guarantors' senior unsecured debt and/or corporate issuer ratings documentation from Fitch, Moody's and Standard & Poor's showing the name of the rating agency, the type of rating, and the rating of the Respondent or guarantor.
- Any material actions, suits, claims, or proceedings (threatened or pending) against the Respondent or involving the VPP shall be identified.
- Performance guarantees indicated in the proposal shall be subject to performance tests and remedies such as liquidated damages to be negotiated with PREPA.

4 Power Purchase and Operating Agreement ("PPOA") Template

PREPA is seeking proposals for turn-key systems that will be fully operational upon commissioning and, if successful, contracted to PREPA via a PPOA. Respondents will be responsible for the procurement, installation, and operation of all facilities necessary to interconnect to PREPA's transmission system. This includes all necessary transmission facilities. PREPA intends to enter into 25-year PPOAs (10-year for VPPs) with Respondent under which Respondent will further provide operation, maintenance, and monitoring services for the renewable facilities. For PPOA proposals, PREPA will only consider proposals for facilities with the following characteristics:

- The PPOA term must be 25 years and 10 years for VPPs.
- Proposal must be site-specific.
- The energy resource must qualify as a renewable energy resource.
- The utility scale generation resource (PV Solar and Wind) must have a minimum nominal capacity of 20 MW. The VPP generation resource must have a minimum nominal capacity of 5 MW. Standalone battery energy storage systems must have a minimum nominal capacity of 20 MW and 4 hours storage. Please note that PREPA may consider proposals that offer different storage durations (2, 4, 6, etc.), if it is deemed to be advantageous.
- The facility will comply with PREPA respective MTR's for the technology.
- Specific point(s) of interconnection shall be identified and Interconnect Agreement with PREPA shall be executed.
- Costs of any property and local taxes and tax abatements shall be identified and included.
- The facility and the facility site shall be owned (or leased pursuant to: a Sale Leaseback Financing; a Substitution of Leasehold Property; or any other lease arrangement meeting the Site Control requirements and otherwise acceptable to PREPA) by Respondent during all periods of the PPOA Term from and after the Construction Commencement Milestone.
- The facility must be complete, commercially operable, and available for commercial operation within a maximum term of 36 months.
- The asset must use an existing proven technology.
- Any identified environmental liabilities (e.g., potential site remediation requirements) shall be explained.
- Any material actions, suits, claims, or proceedings (threatened or pending) against the Respondent shall be identified.
- The PPOA pricing shall be inclusive of all costs associated with constructing and operating a completed generating asset for which full output will be accredited to the delivery point.
- The financing plan shall include either the Respondent's or guarantors' senior unsecured debt and/or corporate issuer ratings documentation from Fitch, Moody's and Standard & Poor's showing the name of the rating agency, the type of rating, and the rating of the Respondent or guarantor.
- Production forecasts for renewable energy facilities and performance guarantees shall be subject to performance tests and remedies such as liquidated damages to be negotiated with PREPA. Supporting energy production reports (PVsyst, wind resource assessment, hydro assessment, etc.) documenting assumptions used in the production forecasts must be provided.

4.1 PPOA Draft

A draft for a PPOA will be included in the RFP.

4.2 PPOA negotiation of Exception and Clarifications

PREPA and the Respondent(s) with proposals selected for contract negotiation shall use this draft PPOA, along with any proposed changes and alternative contract language by the Respondent(s), as a basis for contract negotiations. Selection of a proposal for contract negotiations shall not be construed as a commitment by PREPA to execute an agreement. Execution of any agreement will be contingent upon PREPA receiving all required regulatory approvals.

4.3 Interconnect Agreement Negotiations

During the proposal evaluation, PREPA will independently model interconnection and system upgrade costs:

1. A Feasibility Study will be performed for short-list candidate projects to assess order-of-magnitude costs
2. Respondents will be allowed to adjust pricing to reflect study results
3. Feasibility Study results will influence the selection of a final short-list of projects, and may be iterative.
4. A System Impact Study followed by a Facilities Study will be required for short-listed projects.

PREPA's study costs shall be borne by the Respondent. Additionally, the Respondent will be responsible for the procurement and installation of all equipment necessary to interconnect the proposed facility to PREPA's transmission system. PREPA and the Respondent shall execute a Transmission Interconnect Agreement that reflects study results in coordination with the execution of the PPOA. PREPA expects to use a proforma interconnection agreement, where the primary points of negotiation will be related to the physical interconnection requirements.

4.4 Execution of Agreements

Subject to Joint Regulation 8815, execution of agreement will be premised on approval from PREPA's Executive Director, the Governing Board, and the Energy Bureau.

5 Procurement Flexibility

The Final Order requires flexibility in the award of renewable energy contracts. As stated in the Final Order *"The Procurement Plan must allow for PREPA to choose to select resources for PPOAs in excess of the 1,000 MW minimum (solar PV or energy- equivalent other renewable) or 500 MW minimum (battery energy storage, 4-hour duration equivalent) for either or both renewable energy and battery storage capacity if cost-effective economically and if installation feasibility allows.The Procurement Plan may contemplate contracting a lower quantity of resources than the minimum solicitation amount, depending on the responses received."*

PREPA will strive to meet the minimum quantities of renewable and BESS resources, and if circumstances warrant, will present opportunities to the Governing Board and the Energy Bureau, in accordance with Joint Regulations 8815, to exceed the minimum quantities. Further, if PREPA's transmission studies indicate that significant system upgrades are requires to support the Tranche 1 and 2 RFPs, these costs and upgrades will be communicated to the Energy Bureau. Adverse study results may result in a lower quantity of resources than the minimum solicitation amount.

6 Planned Installation Timeline

As described in Section 3.2.1, PREPA will be seeking proposals that can reach its commercial operation date within 36 months from the contract's execution date. Proposals that can demonstrate an ability to achieve commercial operation in a shorter timeline may be given more favorable consideration.

7 RFP Schedule

As described in Section 1.5, PREPA is proceeding to develop, with the Energy Bureau's guidance and approval, a series of RFPs to comply with the Modified Action Plan for renewable generation resources and BESS to achieve compliance with the renewable portfolio standard (RPS). As required by the Energy Bureau, PREPA plans to issue a series of RFPs (RFP Tranches) for provision of renewable energy in support of Act 82's RPS goals, and for the provision of battery energy storage in support of capacity requirements needed to meet PREPA's peak load requirements and in support of integration requirements for renewable energy generation.

The RFP for the 1st Tranche will be issued in December 2020. The expected timeline of the release of subsequent RFPs will be six (6) month intervals to be issued in sequence (e.g., every six months, over the next three years for a total of 6 tranches of RFP releases). The procurement of resources may be front- loaded within the five-year period in order to allow time for construction, interconnections, and commissioning within the five-year Action Plan.

A phased approach offers numerous benefits:

- Allows developers time to plan and develop projects to bid-ready stage
- Each successful round will build confidence in the process and attracts more competition
- Well-developed projects and increased competition will yield lower pricing offers
- Improvements in counter-party risk and expected reductions in price proposals as PREPA emerges from Title III and gains improved Credit Rating
- PREPA grid system upgrades for renewable project interconnections can be well planned and managed over time
- A phased RFP approach allows PREPA to adapt to the everchanging needs of the PREPA grid
- Flexibility built into the process, PREPA will procure more MWs if there are enough favorable bids that can be successfully integrated
- at least 450 MW solar PV (or energy-equivalent other renewable), at least 225 MW (900 MWh or equivalent) BESS (as described further in Section 7.1).

7.1 PREPA Proposed Tranche 1 Schedule

As described in Section 1.5 and as required by PREB, in December, 2020, PREPA plans to issue the Tranche 1 RFP for renewable energy in support of Act 82's RPS goals, and for the provision of battery energy storage in support of capacity requirements needed to meet PREPA's peak load requirements and in support of integration requirements for renewable energy generation. However, for the reasons stated below, PREPA’s proposes to modify the Tranche 1 minimum RFP quantities as follows:

1st Tranche: at least 450 MW solar PV (or energy-equivalent other renewable), at least 225 MW (900 MWh or equivalent) battery energy storage

PREPA proposes to satisfy the Energy Bureau's proposed 1st Tranche quantities by a combination of proceeding with certain existing proposed "Shovel Ready" Solar PV projects, previously approved by the Energy Bureau and PREPA for PPOA's plus a revised new renewable RFP solicitation 1st Tranche (as described above).

The final amount of solar PV (or energy-equivalent other renewable) resulting from the 1st Tranche will be dependent upon the amount of shovel-ready projects allowed on the system as well as the technical limitation of the existing T&D system.

PREPA's proposed revised Tranche 1 quantities considers the following:

- As of September 10, 2020, the Energy Bureau has authorized 593.5 MWs of new Solar PV projects, commonly referred to as "shovel-ready projects."
- On August 17, 2020, the FOMB informed PREPA that the proposed shovel-ready *"contracts are inconsistent with the requirements of the 2020 Fiscal Plan" …and that "…the total renewable energy capacity developed through the Proposed Contracts be no more than 150MWs."* The FOMB action has introduced significant uncertainty in the procurement process for the shovel-ready projects, and PREPA is working to resolve the issue and seek clarity around which projects satisfy their 150MW limit.
- In response to FOMB's August 17, 2020 letter, on September 22, 2020 PREPA filed motions to withdraw the shovel-ready projects without prejudice for PREPA's re-filling approvals in the future.
- PREPA has commissioned a renewable generation integration study that will assess the current capability of PREPA's power grid to accommodate increased levels of renewable generation capacity. The renewable generation integration analysis assesses the penetration of the maximum PV generation and energy storage system to comply with the RPS guidelines of 40% renewable energy penetration by 2025 and includes both electrical and production cost/economic dispatch analyses. The renewable generation integration study will also identify, at a high-level, preferred interconnection locations on PREPA's T&D based on the current capacity of the system and needed electrical system upgrades, in addition to providing a modeling basis for transmission Feasibility, System Impact, and Facility Studies (described later). The relevant findings from the study will be included in the Renewables RFP to assist the responders in their proposals. The analysis is ongoing, but the preliminary finding of the analysis indicates that for the existing grid, the maximum acceptable penetration of renewable generation would be around 650 MW (existing plus new projects) before major system upgrades must be undertaken by PREPA. This is using the current topology of the power grid without any additional electrical support. A more detailed draft analysis is expected by end of the year. The PREPA proposed revised 1st Tranche will allow PREPA time to assess technical limitations of the existing transmission and distribution system.
- .

PREPA can and should target the selection of 1000 MW of renewable energy or 500 MW of battery storage capacity resources (PREPA proposed 1st Tranche plus Shovel Ready Projects-Total) in response to the initial RFPs if cost-effective, technically feasible, and if the installation pace is

feasible, thus accelerating the level of installations that would otherwise arise from subsequent RFPs.

8 Adjustments to Procurement Plan to Reflect Distributed Generation (DG)

As specified in the Final Resolution and Order on PREPA's IRP, quantities of tranches subsequent to the first two tranches may be adjusted if or as necessary to account for installations of DG that contribute to meeting overall quantities in the Modified Preferred Resource Plan, and for resources that PREPA identifies and contracts with in excess of the minimum amounts required in each of the earlier RFPs. For purposes of the Procurement Plan, DG resources are resources added to the system outside of the RFP process.

PREPA will support the deployment of distributed generation resources under existing programs (i.e. net metering). In addition, the renewables RFP will be structured such that all resources and storage amounts can be aggregates of smaller installations (that is, VPPs are explicitly allowed and must be able to compete on fair terms). PREPA agrees that as long as PREPA has visibility into the VPP, and the characteristics of the distributed resource, including pricing and reliability, are comparable to those provided on a utility-scale, there is no reason VPPs cannot compete with utility-scale resources for provision of energy and storage capacity. Such resources may respond to the RFP.

Quantities of tranches subsequent to the first two tranches may be adjusted if or as necessary to account for installations of DG that contribute to meeting overall quantities in the Modified Preferred Resource Plan, and for resources that PREPA identifies and contracts with in excess of the minimum amounts required in each of the earlier RFPs.

9 Evaluation Parameters

The Final Order and Resolution on PREPA's IRP specified certain evaluation parameters for respondents to the RFP. The Procurement Plan shall indicate the proposed RFP tranche, and shall include, but not be limited to, the following evaluation parameters:

- Least-cost, energy basis.
- Least-cost, capacity basis. Capacity basis to directly reflect possible provision of ancillary services (frequency response, operating reserve, reactive support) in addition to capacity to meet peak load.
- Recognition of T&D system loss benefits for DG/storage bids.
- Recognition of potential for additional resiliency benefits.
- Estimated timeline for completing installation of resources.
- Technical superiority of location for interconnection purposes.
- Adherence to locational preferences closer to load.
- Locational diversity around the Islands of Puerto Rico in proportion to load, within each MiniGrid region, and especially in MiniGrid regions exhibiting relatively less existing capacity in proportion to existing peak load.

9.1 Minimum Requirements of RFP Response

9.1.1 General

As a minimum, Proposals will be expected to clearly identify their pricing structure, estimate the project's connection costs and impacts to the existing T&D System, and provide a timeline for completing installation as described herein.

9.1.2 Technical and Operational Capabilities Minimum Criteria

Respondents must be able to demonstrate the following:

- Experience with the design, installation, operations, and maintenance of utility scale renewable energy and/or energy storage systems;
- For utility scale projects, history of delivering a successful customer experience in behind utility renewable energy and/or energy storage systems. Evidence of experience as a developer in execution of at least two independent power projects with related scope with minimum installed nominal capacity of 20 MW each;
    - with no less than 35% shareholding in the Project Company;
    - and are currently operational;
- For VPP projects, history of delivering a successful customer experience in behind utility renewable energy and/or energy storage systems. Evidence of experience as a developer in execution of at least two independent power projects with related scope with minimum installed nominal capacity of 5 MW each;
    - with no less than 35% shareholding in the Project Company;
    - and are currently operational;
- Ability to source lowest-cost, effective technology;

- Certification of no significant or sustained environmental regulation violations; and
- A demonstrable history of compliance with energy related policies, practices, and regulations from a state, commission, or other regulatory body.
- Evidence and tenor of operations and management experience in electric power generation (including experience with operating agreements).
- Ability to comply with the projected timeline.
- Highlight where the Respondent has performed industry-specific work similar in nature & relevant to the RFQ. Include:
    - experience with deploying similar solutions designed for the requirements of island grids or isolated mid-size power grids;
    - experience with renewable energy resources projects integrated to systems with high penetration of renewable generation;
    - experience with renewable energy resources projects connected to systems that required additional support from the renewable power plant (such as frequency response/control, voltage regulation, ramp rate control)

9.1.3 Interconnection Requirements

The transmission system interconnection plan will be a crucial factor in evaluating the delivery risk associated with any proposal. The Respondent's capability to develop a transmission system interconnection plan will be a crucial factor in evaluating the delivery risk associated with any proposal submitted as part of the RFP.

Respondents must consider the following factors in any proposal submitted pursuant to this RFP:

- The physical delivery limitations of energy to the PREPA transmission system.
    - Projects can interconnect to either the PREPA 38 kV system or the 115 kV system.
    - Projects connecting to the 38 kV system cannot exceed 25 MW.
- System upgrade costs required by the additional energy injected onto the grid by the proposed resource.
- Right-of-ways necessary to be able to construct the transmission lines and interconnection facilities needed to connect the proposed resource to the PREPA transmission system.

It is expected that Respondents provide a detailed transmission system interconnection plan with their proposal. Respondents must ensure that all requirements of the PREPA MTRs are met when developing a transmission system interconnection plan. It is expected that Respondents make their best effort to provide an accurate estimate of the transmission system interconnection and network upgrade costs.

Projects that will form part of a VPP and are to be interconnected at distribution voltage levels cannot exceed 1 MW, and shall comply with the corresponding interconnectin regulations. Preference to projects interconnected at 13.2 kV feeders will be given, as this is the highest distribution voltage on the island and is better able to handle DG/DER resources. In addition to this, PREPA's plans call for the eventual conversion of most of the distribution circuits to this voltage level. Respondents must include a detailed interconnection plan with their proposals.

During the proposal evaluation, PREPA will independently model interconnection and system

upgrade costs. PREPA will evaluate the impact of the proposed resource on the PREPA T&D system and identify to the Respondent where additional network upgrades are required. It is expected that the Respondent's offer will be inclusive of all estimated interconnection and network upgrade costs.

During the evaluation, for short-listed candidates, the following will be performed:

- A Feasibility Study will be performed to assess order-of-magnitude costs
- Respondents will be allowed to adjust pricing to reflect study results
- Feasibility Study results will influence the selection of a final short-list of projects and may be iterative.
- A System Impact Study followed by a Facilities Study will be required for final short-listed projects.

PREPA's study costs shall be borne by the Respondent. Additionally, the Respondent will be responsible for the procurement and installation of all equipment necessary to interconnect the proposed facility to PREPA's transmission system. PREPA will assist the Respondent, as appropriate, in reviewing necessary rights-of-way. PREPA and the Respondent shall execute an Interconnect Agreement that reflects study results in coordination with the execution of the PPOA.

9.1.3.1 Minimum Specific Interconnect Requirements for Projects

PREPA will prepare MTR's describing minimum technical requirements required for transmission interconnection of each alternate technology and include the MTR's in the RFP including:

- Utility-Scale Solar
- Wind
- Virtual Power Plants (VPP)
- Battery Energy Storage System

9.1.4 Financial Minimum Criteria

- Financial Capacity of Team: Respondent must demonstrate adequate financial wherewithal to fulfill the development.
- Financial Capability of Team: Respondent must demonstrate adequate financial wherewithal to fulfill the terms of the PPOA and Interconnect Contracts.

9.2 Phase I Quality Control Review

As described in Section 1.3.3, Joint Regulations 8815 establishes a three-phase selection process: 1) quality control review, 2) project committee review and recommendation, and 3) negotiation.

The purpose of the quality control review is to determine which proposals satisfy the minimum requirements outlined in the RFP. Each proponent shall be notified whether its proposal passed the quality control review and whether it will be advanced to phase 2.

9.3 Phase II Project Committee Review and Recommendation

As described in Section 1.3.3, during phase two, the PREPA Project Committee will review and evaluate each proposal in accordance with the selection criteria. The Project Committee may select one or more proposals to advance to phase three. For the Procurement Plan, it is anticipated that the Project Committee will select more than one proponent.

9.3.1 Phase IIA – Initial Screening and Shortlist

The initial screening and shortlisting of proposals in Phase IIA will be performed by PREPA's Project Committee according to a qualitative and initial pricing evaluation. The evaluation will consist of the following steps:

- Verify that the Respondent has provided all information listed in the Proposal Completeness Checklist
- Organize the proposals into groups according to the proposed technology
- Review the information supplied by the Respondent in the proposal data forms
- Assure compliance with PREPA MTR's for respective generation technology, as well as proposed interconnect
- Develop an initial qualitative score according to the information supplied by the Respondent for the proposed technology. The qualitative score will be based on technical viability, development status, developer experience, and financing plan and qualifications
- Calculate the LCOE for each proposal
- Determine the composite Phase IIA score from the weighted qualitative score and LCOE
- Develop a list of preferred proposals from the highest scoring proposals within each technology category

The following table is provided for illustrative purposes only. It provides an example of how evaluation parameters might be considered and weighted. The actual scoring parameters and weighting will be included in the final draft RFP and will be provided to the Energy Bureau for review.

Table 9-1 — Phase IIA Scoring

Category	Points Available
LCOE	350
Technical Viability	100
Development Status	200
Developer Experience	200
Financing Plan and Qualifications	150
Total	1,000

Phase IIA scoring may be subject to change prior to issuing the RFP.

The Phase IIA pricing evaluation will consider the all-in costs that each proposal is expected to impose on PREPA's customers, to the extent that the evaluation team is able to quantify such costs. These will include:

- Power Purchase and Operating Agreement charges, including pass through costs
- Costs for required transmission reinforcements
- Costs for required distribution reinforcement
- System impacts including, but not limited to, impact on transmission transfer capability, and PREPA capacity requirements and deliverability

The LCOE is defined as the present value of the estimated annual costs of a proposal or cost component of a proposal over the evaluation period (25 years) divided by the equivalent present value of the energy (or capacity) that resource is estimated to produce over the same period. Levelized cost is expressed in $/MWh or $/kW-year. The lowest LCOE within each technology category will receive 100% of the LCOE points available (350 points). The remaining proposals within the technology category will each receive a fraction of the LCOE points available, the fraction calculated as lowest LCOE divided by the LCOE of each proposal.

The Phase IIA qualitative evaluation will consider the technical viability (100 points maximum), development status (200 points maximum), developer experience (200 points maximum), and financing plan and qualifications (150 points maximum).

During the screening process, the Project Committee may request additional information or clarifications from the Respondents. These requests, and any communications with a Respondent during the evaluation process, shall not be construed as contract negotiations. Requests made by the Project Committee for additional information or clarifications will be in writing via email. Proposals with outstanding requests beyond the response period may be removed from consideration and further evaluation.

At the conclusion of the Phase I evaluation, Respondents will be notified as to whether their proposals were shortlisted for further evaluation in Phase IIB.

9.3.2 Phase IIB – Final Pricing Evaluation

The Phase IIB pricing evaluation will refine the Phase IIA pricing evaluation and determine the cost effectiveness of the shortlisted proposals. The Phase IIB detailed pricing evaluation will include and reflect information received in response to any clarifying questions, interviews, site visits, and other due diligence. This may include an assessment of cost effectiveness of portfolios of shortlisted proposals evaluated using PREPA's production cost model.

The Phase IIB qualitative evaluation will consider the following criteria:

Table 9-2 — Phase IIB Qualitative Criteria

Item	Category/Criteria
A	Technical Viability
B	Development and Schedule Risk
C	Permitting Risk
D	Environmental Impacts
E	Contractor Experience
F	Financing Plan and Qualifications
G	T&D System Integration
H	Site Control
I	Community Impacts and Acceptance
J	Operations and Maintenance Plan
K	Exceptions to Agreements

The Phase IIB qualitative evaluation will refine the Phase IIA qualitative evaluation, using the information supplied by the Respondent in the proposal data forms and term sheets contained in the RFP Appendices, considering the following criteria:

1. **Technical Viability**: The evaluation team will review each proposal for conformance to the technical requirements in the RFP including compliance with appropriate PREPA MTRs.
2. **Development and Schedule Risk**: The evaluation team will assess the completeness and feasibility of the proposed project implementation and evaluate the likelihood of meeting the milestone dates and expected performance.
3. **Permitting Risk**: The evaluation team will examine the Respondent's permitting plan and schedule and the likelihood that the Respondent can obtain required permits. This examination will include whether the Respondent has identified the relevant permits and approvals necessary for construction and operation of the proposed project.
4. **Environmental Impacts**: The evaluation team will assess the overall impact on the environment, whether the project will likely result in potentially significant environmental impacts, and the degree to which potential impacts can be satisfactorily mitigated. This will include an examination of any known sensitive environmental features on or adjacent to the site such as waterways, wetlands, floodplains, archaeology and architectural resources, historic properties, degraded ambient air quality, contamination, ongoing hazardous materials remediation, threatened and endangered species, airports, residences or other sensitive noise receptors, and a discussion of storm-resistant features and other reliability features to determine the suitability of the project at the proposed site location.
5. **Contractor Experience**: The evaluation team will evaluate the proposed contractor's

experience and success in developing projects of a similar design and size to the proposed project.

6. **Financing Plan and Qualifications**: The evaluation team will evaluate the Respondent's proposed financing plan and experience in successfully financing projects of a similar size and complexity. The evaluation will also determine if the Proposer has any financing commitment for the project that will be provided by a creditworthy entity that is likely to be acceptable in form and substance to PREPA.
7. **T&D System Integration**: The project's technical characteristics will be evaluated to identify those projects that address PREPA's system needs as defined in the RFP and PREPA's Integrated Resource Plan. The evaluation team will evaluate risk to reliability (voltage control, reactive capability, protection coordination, frequency response, etc.) and deliverability to the PREPA transmission system.
8. **Site Control**: Issues to be considered with respect to the project site include: whether the site is owned or leased (and for what term) by the Respondent or, if not, whether the Respondent has executed an option to lease/purchase, a Memorandum of Understanding (MOU) or a Letter Of Intent (LOI) for the project site; and whether there are any significant issues that could prevent the Respondent from obtaining timely site control or beginning construction on the proposed site.
9. **Community Impacts and Acceptance**: The evaluation team will review the proposal for potential socioeconomic benefits and harm to the community. The committee will assess known community support or opposition of a Respondent's project including the Respondent's plan to manage community relations.
10. **Operations and Maintenance Plan**: Respondents are asked in Appendix C, Schedule A of the RFP to provide information about their operations and maintenance plan, as applicable, including contract term, scope, experience, and pricing.
11. **Exceptions to Agreements**: Respondents are asked to review PREPA's draft PPOA and Interconnect Agreement and provide alternative contract language to any proposed exceptions. The evaluation team will review the proposed changes and alternative contract language to assess the number and extent of exceptions, the benefits and risks such exceptions impose on PREPA and the likelihood that PREPA would be able to negotiate an acceptable agreement with the Respondent.

Following completion of the Phase IIB qualitative and pricing evaluations, the Project Committee will recommend proposals to proceed with Phase III contract negotiations as described in Section 1.3.3. Selection of a proposal for contract negotiations shall not be construed as a commitment by PREPA to execute an agreement. During the period between PREPA's selection of proposals that shall proceed with contract negotiations and the date of execution of any agreement, PREPA will conduct additional due diligence on the proposals which may include, but not be limited to, onsite visits, management interviews, environmental, legal and regulatory due diligence, detailed engineering assessments, and facility dispatch modeling.

10 Other Considerations

PREPA can and should select more than 1000 MW of renewable energy or 500 MW of battery storage capacity resources in response to the initial RFPs if cost-effective, and if the installation pace is feasible, thus accelerating the level of installations that would otherwise arise from subsequent RFPs.

Battery energy storage bids can include MW and MWh from existing resources currently not contracted to PREPA, if they meet technical requirements for visibility, control, or other related technical needs.

All resources and storage amounts can be aggregates of smaller installations (that is, VPPs are explicitly allowed and must be able to compete on fair terms).

Combined or individual bids for renewable generation, battery, or combinations of renewable generation and battery resources are permitted. Options for additional energy storage beyond requirements of MTR's will be considered for combinations of renewable generation and battery resources.

The Energy Bureau NOTIFIES PREPA that explicit performance incentive metrics related to the timeliness and effectiveness of PREPA procurement and interconnection of resources may be included as part of ongoing metrics reporting requirements under Case No. NEPR-MI-2019-0007

11 [RESERVED]

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Appendices
Appendix 1. RFP Draft Template

Attached are key provisions of the Renewable Energy RFP

Appendix 2. PPOA Draft Template

Attached are key provisions of the Draft PPOA

Appendix 3. Joint Regulations 8815

Attached, for convenience, is a copy of Joint Regulations 8815 as obtained from the Energy Bureau's website.

Autoridad de Energía Eléctrica

REQUEST FOR PROPOSALS

Renewable Energy Generation Resources and Energy Storage Systems

Puerto Rico Electric Power Authority

DATE ISSUED: [INSERT DATE]

RESPONSES DUE DATE: [INSERT DATE]

CONTENTS

CONTENTS

APPENDIXES

TABLES

LIST OF ABBREVIATIONS/ACRONYMS

Abbreviation/Acronym	Term
COD	commercial operation date
FOMB	Financial Oversight and Management Board
IRP	Integrated Resource Plan
ITC	Investment Tax Credits
LCOE	Levelized Cost of Electricity
LOI	Letter of Intent
MERs	Minimum Eligibility Requirements
MTR	Minimum Technical Requirements
MOU	Memorandum of Understanding
OSHA	Occupational Safety and Health Administration
P3A	Puerto Rico Public-Private Partnerships Authority
PPOA	Power Purchase and Operating Agreement
PPP	public-private partnership
PREB	Puerto Rico Energy Bureau
PREPA	Puerto Rico Electric Power Authority
PTC	Production Tax Credits
PV	Photovoltaic
RFP	Request for Proposals
SOQ	Statement of Qualifications
T&D	Transmission and Distribution
UFLS	Under Frequency Load Shedding
VPP	Virtual Power Plant

1. INTRODUCTION

1.1 PURPOSE OF THE REQUEST FOR PROPOSAL

The Puerto Rico Electric Power Authority (PREPA), is issuing this request for proposals (RFP) to developers for the design, construction, installation, operation and maintenance of renewable energy generation and energy storage resources to be installed at one or more sites across the island of Puerto Rico compliant with the PREPA minimum technical requirements (MTRs). The renewable energy projects may include but are not limited to solar PV, wind, energy storage, hydro, VPPs, or any combination of these mentioned technologies. The utility-scale renewable energy projects for solar PV and wind generation will have a minimum nominal rating of 20 MW. The standalone BESS offerings will have a minimum nominal rating of 20 MW and 4 hours storage. Alternates for 2 hours and 6 hours will also be considered. PREPA desires to consider the long-term purchase for at least 450 MW of renewable energy capacity, at least 225 MW (900 MWh or equivalent) BESS, and associated environmental credits from renewable energy resources.

This RFP will help PREPA achieve the following objectives for its generation system:

- increase the availability of renewable energy resources as part of PREPA's generation system;
- reduce energy prices to levels consistent with the 2020 Certified Fiscal Plan projections;
- meet PREPA's goal, as set forth in the recently approved Puerto Rico Electric Power Authority's Integrated Resource Plan (IRP) to increase PREPA's grid resiliency.

The Puerto Rico Energy Bureau (PREB) issued its Final Resolution of PREPA's IRP on August 24, 2020 and established the ruling to be followed by PREPA for the next years, including the insertion of renewables to its power system and the retirement of its combustion generating units. This RFP process is one of several that PREPA will undergo as it seeks to comply with the requirements of the IRP and PREB's Final Resolution with the procurement of renewables and PPOA signing.

PREB's Final Resolution includes some of the guidelines for the renewables PPOAs, including levelized cost of electricity (LCOE) thresholds for renewables such as PV and wind projects, which shall define the pricing parameter of the contracts.

Act 82-2010, as amended, demands from PREPA to procure renewable energy in the following milestones: 20% by 2022, 40% by 2025, 60% by 2040, and 100% by 2050. In order to accomplish the established targets, PREPA is seeking proposals that can reach its commercial operation date in up to 36 months from the contract's execution date, with preference to those proposals that can achieve commercial operation in a shorter timeframe.

1.2 BACKGROUND

1.2.1 Puerto Rico Electric Power Authority

Founded in 1941, the Puerto Rico Electric Power Authority is the sole provider of electricity for 1.5 million customers in Puerto Rico. For almost 70 years, PREPA has been producing, transmitting, distributing and selling electricity.

PREPA will be the initial contracting party in connection with this RFP. PREPA is a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico, created pursuant to Act 83 of May 2, 1941, as amended, with the duty of providing electric power in a reliable manner, contributing to the general welfare and the sustainable future of Puerto Rico, maximizing the benefits and minimizing the social, environmental, and economic impacts.

1.2.2 Historical Context

In September 2017, Hurricane Irma (or "Irma") and Hurricane Maria (or "Maria") made landfall in Puerto Rico. Irma made landfall as a Category 5 storm followed two weeks later by Maria which made landfall as a Category 4 storm. The hurricanes caused massive infrastructure, property damage, and loss of life.

On September 5 and 17, 2017, the governor of Puerto Rico requested separate federal declarations of emergency and disaster for Puerto Rico which were approved by the President of the United States. On October 26, 2017, the President of the United States signed the Additional Supplemental Appropriations for Disaster Relief Requirements Act 2017, which provides $36.5 billion in FY2018 of emergency supplemental appropriations for Puerto Rico in connection to Irma and Maria disaster recovery efforts.

Prior to the impact of Irma and Maria, Puerto Rico already had an inherently deficient energy infrastructure. In particular, the planning, design, and operation of an isolated island-based electricity system imposes on PREPA significant challenges with respect to system stability and reliability. Puerto Rico's sensitivity to system load variations and significant system frequency fluctuations can trigger under frequency load shedding (UFLS) within seconds of generation outages or the activation of transmission system contingencies.

Respondents are encouraged to review the following documents which provide further technical background:

- **PREPA Integrated Resource Plan:** https://aeepr.com/es-pr/QuienesSomos/Paginas/ley57/Plan-Integrado-de-Recursos.aspx
- **PREB Ruling on the PREPA IRP:** https://energia.pr.gov/wp-content/uploads/2020/08/AP20180001-IRP-Final-Resolution-and-Order.pdf

Respondents are also encouraged to review the following documents, which are available for download at http://www.p3.pr.gov, for further background and the legal framework:

- PREPA Organic Act, Act No. 83-1941, as amended;

- Public-Private Partnership Authority Act, Act No. 29-2009, as amended (the "PPP Act");
- Regulation for the Procurement, Evaluation, Selection, Negotiation and Award of Participatory Public-Private Partnerships Contracts under Act No. 29-2009, as amended (the "PPP Regulation");
- Puerto Rico Energy Transformation and RELIEF Act, Act No. 57-2014, as amended;
- PREPA Revitalization Act, Act No. 4-2016, as amended; and
- Puerto Rico Electric System Transformation Act, Act No. 120-2018, as amended (or "Act 120").

Prospective Respondents should carefully review Act 120, the PPP Act and the PPP Regulation (each of which is available at the website: http://www.p3.pr.gov) and should ensure that, in addition to the terms and conditions of this RFP, they comply with all applicable provisions set out therein.

1.3 RFP SCOPE OF SUPPLY

PREPA desires to procure approximately at least 450 MW of renewable energy capacity, at least 225 MW (900 MWh or equivalent) BESS, and associated environmental credits from renewable energy resources in the form of Power Purchase and Operation Agreements (PPOA). Proposals will be accepted for all or a portion of the energy needs. Proposed energy resources may be new or existing resources.

This RFP is being issued for all types of energy resources which qualify as renewable energy. The renewable energy projects may include but are not limited to solar PV, wind, energy storage, hydro, VPPs, or any combination of these mentioned technologies. The utility-scale renewable energy projects for solar PV and wind generation will have a minimum nominal rating of 20 MW. The standalone BESS offerings will have a minimum nominal rating of 20 MW and 4 hours storage. Alternates for 2 hours and 6 hours will also be considered. Proposed energy resources must include all costs for transmission infrastructure required to connect the proposed energy resource into the PREPA system.

All proposed energy resources must be compliant with the PREPA minimum technical requirements (MTRs), as applicable. The MTRs are included for reference in Appendix G of this RFP document.

1.4 GENERAL REQUIREMENTS

Respondents are requested to submit Statements of Qualifications (SOQs) in the format indicated in Section 4. Respondents' proposals must be provided in the format required by Section 6 and otherwise conform to the content and other requirements of this RFP. PREPA requests that all attachments, documents, schedules, etc. submitted as a part of a proposal be clearly labeled and organized in a fashion that facilitates easy location and review.

All proposed resources must be certified as being in full compliance with all applicable federal and local laws and regulations, and requirements of Puerto Rico.

Respondents may submit more than one proposal if they are identified separately in accordance with Section 5. The pricing contained in each proposal shall reflect compliance with all applicable federal and local environmental laws and regulations currently in effect. PREPA reserves the right to estimate the expected impacts of future environmental laws and regulations on Respondents' proposals. PREPA will not be responsible for any environmental costs or expenses not expressly included in the pricing proposal provided by Respondent. Similarly, PREPA will not be responsible for any costs or expenses incurred by or on behalf of Respondent because of any change in law or regulation applicable to Respondent or the resource or the sale of capacity and associated energy from the resource. Respondents are advised that prior to PREPA signing definitive documentation, Respondent will be required to provide evidence of their ability to provide required credit support.

Project capacity must be defined as the maximum of the P50 energy production forecast for the energy resource.

1.4.1 Interconnection Requirements

The transmission system interconnection plan will be a crucial factor in evaluating the delivery risk associated with any proposal. Respondents must consider the following factors in any proposal submitted pursuant to this RFP:

- The physical delivery limitations of energy to the PREPA transmission system.
    - Projects can interconnect to either the PREPA 38 kV system or the 115 kV system.
    - Projects connecting to the 38 kV system cannot exceed 25 MW.
- System upgrade costs required by the additional energy injected onto the grid by the proposed resource.
- Right-of-ways necessary to be able to construct the transmission lines and interconnection facilities needed to connect the proposed resource to the PREPA transmission system.

It is expected that Respondents provide a detailed transmission system interconnection plan with their proposal. Respondents must ensure that all requirements of the PREPA MTRs are met when developing a transmission system interconnection plan.

It is expected that Respondents make their best effort to provide an accurate estimate of the transmission system interconnection and network upgrade costs. During the proposal evaluation process, PREPA will evaluate the impact of the proposed resource on the PREPA transmission system and identify to the Respondent where additional network upgrades are required. It is expected that the Respondent's offer will be inclusive of all transmission system interconnection and network upgrade costs. Therefore, after PREPA completes their analysis and provides results, the Respondent will be given the opportunity to incorporate any additional costs identified and provide a best and final offer.

2. INSTRUCTIONS TO RESPONDENTS

2.1 COMMUNICATION

All questions or other communications regarding this RFP should be submitted via the question form located at **[_____]** Questions submitted through the question form will be sent directly to PREPA for response. PREPA will not accept questions or comments in any other form.

This RFP and all subsequent revisions, including responses to questions and other supplementary information, will be available on **[_____]**. Potential Respondents are responsible for checking the RFP website for subsequent updates, notices, and postings.

2.2 SCHEDULE

Table 2-1 — Milestone Schedule

No.	Milestone	Date
1	RFP Released to Public	
2	Respondent Notice of Intent Due	
3	Respondent Clarification Submittal Deadline	
4	Respondent SOQ and Proposal Submission Deadline	
5	Proposal Evaluation Period	
6	Selection of Proposals for Contract Negotiation	
7	Due Diligence and Negotiation Period	
8	PPOA Executed with Selected Respondent(s)	

2.3 NOTICE OF INTENT TO RESPOND

Each Respondent shall advise PREPA by the date shown in Section 2.2 of its intent to submit a proposal by submitting a Notice of Intent to Respond using the form in 0. Respondents will be required to submit the form by **[_____]**. Respondents will be required to include a contact name, email address, and company name. Notices of intent will not be accepted after the submission deadline.

2.4 DEADLINE AND METHOD FOR SUBMITTING PROPOSALS

Proposals must be submitted in the complete name of the party expecting to execute any resulting definitive documentation with PREPA. The proposal must be executed by a person who is duly authorized to bind the Respondent.

All proposals submitted in response to this RFP must be received by PREPA no later than 11:59 pm Atlantic Standard Time on the date shown in Section 2.2. **PREPA will not accept proposals received after the specified date and time and said proposals will be disqualified from further evaluation.**

Respondents shall submit all documentation via [_____]. Respondents will be required to include a contact name, email address, and company name. The uploaded documents will be automatically sorted by this information.

2.5 QUESTIONS AND INTERPRETATION OF RFP

Respondents shall submit any questions or clarification requests through the question form **[_____]**. Written responses to all submitted questions will be submitted via **[_____]**. PREPA will not be responsible for other explanations or interpretations of this RFP. Questions will be accepted up to seven business days before the proposal submittal date identified in Section 2.2. Respondents should check the **[_____]** periodically for updates and postings. Please note that such questions will not be treated as confidential. Questions and answers that are posted **[_____]** will be scrubbed of information identifying the party that originally asked the question.

Respondents are responsible to identify any conflicting statements, need for clarification, or omissions of pertinent data from this RFP to PREPA before proposals are due. Any questions not resolved by the proposal submittal date identified in Section 2.2 shall be identified in the proposal and a statement made as to the basis of the unresolved question(s).

Under no circumstance should Respondents attempt to contact any individual from PREPA or any other entities involved in the administration of the RFP directly with any matters related to this RFP. Directly communicating with PREPA or any other entities involved in the administration of the RFP will result in immediate disqualification from the RFP. All communication regarding the RFP should be made using the formal communication method identified in Section 2.1.

3. RESPONDENT QUALIFICATION REQUIREMENTS

As part of the proposal, Respondent must submit a detailed Statement of Qualifications (SOQ) by the Proposal Submission Deadline as specified in Section 2.2.

The SOQ will help PREPA identify those Respondents that meet the minimum requirements necessary to carry out the developing renewable energy resources in compliance with Act 120 and the PPP Act, particularly Respondents that demonstrate:

- capability and experience developing, constructing, installing, testing, and operating renewable energy resources
- capability and experience managing renewable energy and energy storage technology
- financial strength and capital resources engaged for project funding
- strong technical expertise, with a track record of high-quality operations
- experience complying with regulatory and permitting approvals in Puerto Rico.

In evaluating Respondents, PREPA may disqualify a Respondent for any of the reasons stated in Section 6.3 (Disqualification of Proposal) and the PPP Regulation, or if the Respondent:

- is ineligible to submit a proposal on one or more grounds specified in Act 120, the PPP Act, or the PPP Regulation;
- fails to satisfy the standards established by the PREPA with respect to the Respondent's required financial condition, or technical or professional ability and experience (as set forth in Section 4 of this RFP);
- fails to comply with the requirements of Sections 9(a) (Applicable Requirements and Conditions for those who wish to be considered as Proponents) and/or 9(d) (Consortia) of the PPP Act, as applicable.

3.1 QUALIFICATION REQUIREMENTS

The Respondent, or if the Respondent is a consortium, each consortium member, must be a business organization existing and duly registered in good standing under the laws of its country of incorporation.

A consortium shall not contain a member that is a member or has an affiliate who is a member of more than one consortium responding to this RFP. Respondent should note that this provision shall not restrict supplier of equipment and services from supporting more than one Respondent.

3.1.1 Professional Background and Experience

Respondents should describe their Industry Experience in the following areas:

- Outline of their company, financial condition, and the products/services offered
- Highlight where their company has performed industry-specific work similar in nature & relevant to the RFP

- Provide a detailed list of the portfolio of projects they have developed including, but not limited to, energy resource projects, including the year they achieved COD (or if they have not achieved COD, the estimated COD), the location, technology type and installed capacity.

3.2 MINIMUM ELEGIBILITY REQUIREMENTS

The SOQ submitted by the Respondent will be evaluated based on the Minimum Eligibility Requirements (MERs). The Respondent must demonstrate its technical and operational capabilities to develop the renewable energy or energy storage project. The Respondent should satisfy all the MERs listed below and provide detailed evidence on the following criteria:

Table 3-1 — Minimum Eligibility Requirements

Type	Description
Technical and Operational Capabilities Criteria	• Experience with the design, installation, operations, and maintenance of utility scale renewable energy and/or energy storage systems; • History of delivering a successful customer experience in behind utility renewable energy and/or energy storage systems. Evidence of experience as a developer in execution of at least two independent power projects with related scope with minimum installed nominal capacity of 20 MW each; - with no less than 35% shareholding in the Project Company; - and are currently operational; • Ability to source lowest-cost, effective technology; • Certification of no significant or sustained environmental regulation violations; and • A demonstrable history of compliance with energy related policies, practices, and regulations from a state, commission, or other regulatory body. • Evidence and tenor of operations and management experience in electric power generation (including experience with operating agreements). • Ability to comply with the projected timeline. • Highlight where the Respondent has performed industry-specific work similar in nature & relevant to the RFP. Include: - experience with deploying similar solutions designed for the requirements of island grids or isolated mid-size power grids; - experience with renewable energy resources projects integrated to systems with high penetration of renewable generation; - experience with renewable energy resources projects connected to systems that required additional support from the renewable power plant (such as frequency response/control, voltage regulation, ramp rate control)
Financial Criteria	• Financial Capability of Team: Respondent must demonstrate adequate financial wherewithal to fulfill the terms of the PPP Contract. Each Respondent or, if a consortium, at least one Team Member, must provide evidence as described in Section 4.5. • Financial Capacity of Team: Respondent must demonstrate adequate financial wherewithal to fulfill the development. Each Respondent or, if a consortium, at least one Team Member, must provide evidence as described in Section 4.5.

4. SOQ SUBMISSION REQUIREMENTS

4.1 INTRODUCTION

The SOQ must be prepared in English and follow the format outlined in Table 4-1.

Table 4-1 — SOQ Format

Sections	Content
Section One	Executive Summary
Section Two	Corporate Structure
Section Three	Technical Capability
Section Four	Financial Capability
Section Five	Additional Capability
Section Six	Timeline
Section Seven	Safety Performance
Section Eight	Project Development Summary *(if applicable)*

4.2 SECTION ONE: EXECUTIVE SUMMARY

The Executive Summary section of the SOQ should include a brief description of:

- The Respondent's qualifications for the Project as highlighted in Section 3;
- The Respondent's corporate structure and history and, if a consortium, the identification of all entities within the consortium, levels of participation thereof and the identity of the Lead Member and Other Members, together with summaries of their corporate structures and histories; and
- Envisaged use (if any) of any sub-contractors.

4.3 SECTION TWO: CORPORATE STRUCTURE

The Corporate Structure section of the SOQ must comprise of the information mentioned below:

4.3.1 Contact Information

- Information of Respondent entity (subsidiary or joint venture as the case may be)
- Contact Person
- Registered Address
- Telephone
- e-mail

4.3.2 Parent Companies of Individual Consortium Members

- Contact Person
- Registered Address
- Telephone
- e-mail

4.3.3 Local Company (if any)

- Contact Person
- Registered Address
- Telephone
- e-mail

4.3.4 Summary Corporate Information

Following information should be provided for the Respondent (or each consortium member in case of a consortium):

- Year established;
- Company profile (summary description) along with role of the company, i.e., Lead member or Other Member;

To the extent that the financial obligations of a Respondent or consortium member are to be guaranteed by a parent company or Affiliate, following key financial information needs to be provided;

- Current market capitalization (if listed);
- Current long-term unsecured Parent Company credit rating (S&P, Moody's, and Fitch); and
- Identity of company auditor(s)

4.3.5 Organizational Structure

This sub-section must contain the following:

- A description and/or organizational chart of the organizational and corporate structure(s) of the Respondent (i.e., identity of intermediate shareholders, levels of shareholding and ultimate parent company) and in the case of a consortium of each entity within the consortium (including, for example, distribution of shareholdings, apportionment of roles and responsibilities within the Consortium, envisaged intra-member agreements and the degree to which a formal relationship exists among the entities within the Consortium at the date of the SOQ etc.);
- A description of the technical, operational, and managerial resources available to entities identified in the relevant organization chart in the period up to the closing date of the Project; and
- A description of the level of commitment presently displayed by envisaged O&M contractors and/or EPC contractors and/or equipment suppliers.
- Key individuals of the Respondent team and their roles.

- A list of technical, financial, legal, accounting, or other advisors that Respondent or any Team Member has engaged or intends to engage in connection with the Project;
- Resumes (indicating overall experience and any specific relevant experience) for the key individuals. It is expected that the anticipated management team will be comprised of individuals with at least ten years of relevant electric generation managerial experience for all executive-level positions.

4.4 SECTION THREE: TECHNICAL AND OPERATIONAL CAPABILITY

Each Respondent and, if the Respondent is a consortium, the Lead Member and/or Other Member(s), shall submit a comprehensive set of information regarding their experience and capability in project development set in Section 3 of this RFP.

Provide names of the locations where the Respondent or subcontractors have performed similar work and the telephone number, email address and name of the reference that is familiar with the works performed by the Respondent.

Details of the above experience shall be based on eligible project references, as detailed in the Evaluation Criteria (Section 3). Respondents are encouraged to add additional relevant documents in support of the above form sheets. Respondent should aim to provide sufficient evidence to demonstrate an intimate understanding of the utility scale renewable power generation, especially as it applies to owning, operating and dispatching. Operations, dispatch, maintenance, improvements, vegetation management, customer service, community relations, safety and environmental responsibility should each be a key focus.

4.5 SECTION FOUR: FINANCIAL CAPABILITY

The Financial Capability section of the SOQ must consist of the following in respect of the Respondent and in the case of a consortium each entity within the consortium. To the extent that the financial obligations of a Respondent or consortium member are to be guaranteed by a parent company or affiliate, this should be clearly stated, and the following information should also be provided for such parent company or affiliate.

- Provision of audited financial statements for the Respondent's for the last three financial years. The financial statements shall include a consolidated balance sheet, consolidated income statement and consolidated cash flow statement of the Respondent and any financial partner;
- If applicable, details of Respondent's credit rating;
- In respect of potential equity contributions by the Respondent, details of the level and source of funds available for investment in the Project Company (whether through contributions of cash equity or through shareholder loans);
- Evidence of experience with formal regulatory proceedings or similar rate justification proceedings in a U.S. or similar regulatory jurisdiction (may be full rate case proceedings or a private rate case settlement);
- Evidence of experience developing structured transactions for power generation projects and financing projects;

- Any proposed form of guarantee or letter of credit (if applicable); and
- Copies of audited financial statements, Form 10-Ks or similar types of annual reports for the past two years, together with any other relevant financial information.

4.5.1 The Ability to Raise Financing

Respondent must provide specific evidence demonstrating their ability to raise financing. Specific factors that will be assessed include:

- Capability of raising significant quantities of debt and equity in the current capital markets;
- Evidence of experience raising project finance to support renewable energy and/or energy storage development, including in Puerto Rico;
- The number and size of past relevant transactions;
- Specific experiences on past relevant transactions;
- Experience with Investment Tax Credits (ITC) or Production Tax Credits (PTC) for utility renewable energy; and
- Letters from financial partners confirming its interest to fund the project.

The financial information to be provided in the form sheets as attached in Appendix C.

4.6 SECTION FIVE: ADDITIONAL CAPABILITY

Provided that the minimum requirements specified in the RFP are complied with, Respondents are free to submit any other information they feel would be useful to PREPA in respect of its evaluation of their corporate structure, organizational, technical or financial capability and experience.

4.7 SECTION SIX: TIMELINE

Respondents shall describe its plan to reach a commercial operation date (COD) in the targeted time described in Section 1.1. A monthly-based schedule showing the most important tasks of the project from the contract execution to the COD shall be submitted, along with its plan description.

4.8 SECTION SEVEN: SAFETY PERFORMANCE

Respondent and Team Member(s) must demonstrate (a) their ability to address and resolve safety issues and (b) their knowledge of safety strategies and methodologies. Respondent and Team Member(s) must submit copies of the Occupational Safety and Health Administration (OSHA) 300 forms for the past three years, only as related to electric utility operations. If not applicable, Respondent and Team Member(s) must present a document explaining the reasons for not submitting the form.

4.9 SECTION EIGHT: PROJECT DEVELOPMENT SUMMARY

If a Respondent has begun developing a renewable energy project in Puerto Rico, PREPA requests that the Respondent provide a high-level description and summary of the project. See Appendix C Schedule A for the project summary data form. Any information provided is considered non-binding and for information purposes only.

5. PROPOSED PROJECT EVALUATION

Respondent proposals will be evaluated in three phases:

- **Phase I:** Quality Control Review
- **Phase II:** Project Committee Review and Recommendation
    - **Phase IIA** - Initial Screening and Shortlisting of Proposals Based on Qualitative and Initial Pricing Evaluation
    - **Phase IIB** – Final Pricing Evaluation

The evaluation will use the information supplied by the Respondent in the proposal data forms and term sheets contained in the RFP appendices.

The Respondent must provide the information listed in the Proposal Completeness Checklist by the proposal submittal date to be included in the evaluation. The proposal evaluation process is described in the following sections.

5.1.1 Phase I: Quality Control Review

The purpose of the quality control review is to determine which proposals satisfy the minimum requirements outlined in the RFP. Each Proponent shall be notified whether its proposal passed the quality control review and whether it will be advanced to Phase II.

5.1.2 Phase IIA: Initial Screening and Shortlising of Proposals

The initial screening and shortlisting of proposals in Phase IIA will be performed by PREPA according to a qualitative and initial pricing evaluation. The evaluation will consist of the following steps:

- Verify that the Respondent has provided all information listed in the Proposal Completeness Checklist
- Organize the proposals into groups according to the proposed technology
- Review the information supplied by the Respondent in the proposal data forms, Appendix C, Schedules A through G
- Develop an initial qualitative score according to the information supplied by the Respondent in Appendix C, Schedule B for the proposed technology. The qualitative score will be based on technical viability, development status, developer experience, and financing plan and qualifications
- Calculate the LCOE for each proposal
- Determine the composite Phase IIA score from the weighted qualitative score and LCOE
- Develop a list of preferred proposals from the highest scoring proposals within each technology category

The Phase IIA scoring will be weighted as follows:

Table 5-1 — Phase IIA Scoring

Category	Points Available
LCOE	350
Technical Viability	100
Development Status	200
Developer Experience	200
Financing Plan and Qualifications	150
Total	1,000

The Phase IIA pricing evaluation will consider the all-in costs that each proposal is expected to impose on PREPA's customers, to the extent that the evaluation team is able to quantify such costs. These will include:

- Power Purchase and Operating Agreement charges, including pass through costs
- Costs for required transmission reinforcements
- Costs for required distribution reinforcement
- System impacts including, but not limited to, impact on transmission transfer capability, and PREPA capacity requirements and deliverability

The LCOE is defined as the present value of the estimated annual costs of a proposal or cost component of a proposal over the evaluation period (25 years) divided by the equivalent present value of the energy (or capacity) that resource is estimated to produce over the same period. Levelized cost is expressed in $/MWh or $/kW-year. The lowest LCOE within each technology category will receive 100% of the LCOE points available (350 points). The remaining proposals within the technology category will each receive a fraction of the LCOE points available, the fraction calculated as lowest LCOE divided by the LCOE of each proposal.

The Phase IIA qualitative evaluation will consider the technical viability (100 points maximum), development status (200 points maximum), developer experience (200 points maximum), and financing plan and qualifications (150 points maximum). The scoring for each category will be based on the Respondent's information provided in Appendix C, Schedule B – Qualitative Assessment for the applicable technology.

During the screening process, PREPA may request additional information or clarifications from the Respondents. These requests, and any communications with a Respondent during the evaluation process, shall not be construed as contract negotiations. Requests made by PREPA for additional information or clarifications will be in writing via email **[**_____**]** and Respondents shall have five business days from the transmission of each request to respond. Proposals with outstanding requests beyond the response period may be removed from consideration and further evaluation.

At the conclusion of the Phase IIA evaluation, Respondents will be notified as to whether their proposals were shortlisted for further evaluation in Phase IIB.

5.1.3 Phase IIB: Final Pricing Evaluation

The Phase IIB pricing evaluation will refine the Phase IIA pricing evaluation and determine the cost effectiveness of the shortlisted proposals. The Phase IIB detailed pricing evaluation will include and reflect information received in response to any clarifying questions, interviews, site visits, and other due diligence. This may include an assessment of cost effectiveness of portfolios of shortlisted proposals evaluated using PREPA's production cost model.

The Phase IIB qualitative evaluation will consider the following criteria:

Table 5-2 — Phase IIB Qualitative Criteria

Item	Category/Criteria
A	Technical Viability
B	Development and Schedule Risk
C	Permitting Risk
D	Environmental Impacts
E	Contractor Experience
F	Financing Plan and Qualifications
G	T&D System Integration
H	Site Control
I	Community Impacts and Acceptance
J	Operations and Maintenance Plan
K	Exceptions to Agreements

The Phase IIB qualitative evaluation will refine the Phase IIA qualitative evaluation, using the information supplied by the Respondent in the proposal data forms and term sheets contained in the RFP Appendices, considering the following criteria:

1. **Technical Viability:** The evaluation team will review each proposal for conformance to the technical requirements in the RFP.
2. **Development and Schedule Risk:** The evaluation team will assess the completeness and feasibility of the proposed project implementation and evaluate the likelihood of meeting the milestone dates and expected performance.
3. **Permitting Risk:** The evaluation team will examine the Respondent's permitting plan and schedule and the likelihood that the Respondent can obtain required permits. This examination will include whether the Respondent has identified the relevant permits and approvals necessary for construction and operation of the proposed project.

4. **Environmental Impacts:** The evaluation team will assess the overall impact on the environment, whether the project will likely result in potentially significant environmental impacts, and the degree to which potential impacts can be satisfactorily mitigated. This will include an examination of any known sensitive environmental features on or adjacent to the site such as waterways, wetlands, floodplains, archaeology and architectural resources, historic properties, degraded ambient air quality, contamination, ongoing hazardous materials remediation, threatened and endangered species, airports, residences or other sensitive noise receptors, and a discussion of storm-resistant features and other reliability features to determine the suitability of the project at the proposed site location.
5. **Contractor Experience:** The evaluation team will evaluate the proposed contractor's experience and success in developing projects of a similar design and size to the proposed project.
6. **Financing Plan and Qualifications:** The evaluation team will evaluate the Respondent's proposed financing plan and experience in successfully financing projects of a similar size and complexity. The evaluation will also determine if the Proposer has any financing commitment for the project that will be provided by a creditworthy entity that is likely to be acceptable in form and substance to PREPA.
7. **T&D System Integration:** The project's technical characteristics will be evaluated to identify those projects that address PREPA's system needs as defined in the RFP and PREPA's Integrated Resource Plan. The evaluation team will evaluate risk to reliability (voltage control, reactive capability, protection coordination, frequency response, etc.) and deliverability to the PREPA transmission system.
8. **Site Control:** Issues to be considered with respect to the project site include: whether the site is owned or leased (and for what term) by the Respondent or, if not, whether the Respondent has executed an option to lease/purchase, a Memorandum of Understanding (MOU) or a Letter Of Intent (LOI) for the project site; and whether there are any significant issues that could prevent the Respondent from obtaining timely site control or beginning construction on the proposed site.
9. **Community Impacts and Acceptance:** The evaluation team will review the proposal for potential socioeconomic benefits and harm to the community. The committee will assess known community support or opposition of a Respondent's project including the Respondent's plan to manage community relations.
10. **Operations and Maintenance Plan:** Respondents are asked in Appendix C, Schedule A of the RFP to provide information about their operations and maintenance plan, as applicable, including contract term, scope, experience, and pricing.
11. **Exceptions to Agreements:** Respondents are asked to review the term sheet in the RFP Appendix E and provide alternative contract language to any proposed exceptions. The evaluation team will review the proposed changes and alternative contract language to assess the number and extent of exceptions, the benefits and risks such exceptions impose on PREPA and the likelihood that PREPA would be able to negotiate an acceptable agreement with the Respondent.

Following completion of the Phase IIB qualitative and pricing evaluations, the evaluation team will recommend proposals to proceed with contract negotiations. Selection of a proposal for contract negotiations shall not be construed as a commitment by PREPA to execute an agreement. During the period between PREPA's selection of proposals that shall proceed with contract negotiations and the date of execution of any agreement, PREPA will conduct additional due diligence on the proposals which may include, but not be limited to, onsite visits,

management interviews, environmental, legal and regulatory due diligence, detailed engineering assessments, and facility dispatch modeling.

5.2 PROPOSAL DATA FORMS

The evaluation will use the information supplied by the Respondent in the proposal data forms and term sheets contained in the RFP Appendices:

- 0 – Notice of Intent to Respond
- Appendix B – Proposal Completeness Checklist
- Appendix C – Proposal Data Forms
    - Schedule A – Project Description
    - Schedule B – Qualitative Assessment
    - Schedule C – Pricing Proposal
    - Schedule D – Energy Production Forecast
    - Schedule E – Guaranteed Performance
    - Schedule F – Suppliers for Major Plant Equipment
    - Schedule G – Financial Data Form
- Appendix D – Non-Disclosure Agreement
- Appendix E – Power Purchase and Operating Agreement Term Sheet
- Appendix F – Credit Application

The following sections describe PREPA's requirements for the proposal content as they relate to PPOAs.

5.2.1 Power Purchase and Operating Agreement Proposal Requirements

PREPA is seeking proposals for turn-key systems that will be fully operational upon commissioning. Respondents will be responsible for the procurement, installation, and operation of all facilities necessary to interconnect to PREPA's transmission system. This includes all necessary transmission facilities. PREPA intends to enter into 25-year PPOAs with Respondent under which Respondent will further provide operation, maintenance, and monitoring services for the renewable facilities. For PPOA proposals, PREPA will only consider proposals for facilities with the following characteristics:

- The PPOA term must be 25 years.
- Proposal must be site-specific.
- The energy resource must qualify as a renewable energy resource.
- The utility scale generation resource (PV Solar and Wind) must have a minimum nominal capacity of 20 MW. Standalone battery energy storage systems must have a minimum nominal capacity of 20 MW and

4 hours storage. Please note that PREPA may consider proposals that offer different storage durations (2, 4, 6, etc.), if it is deemed to be advantageous.

- Specific point(s) of interconnection shall be identified.
- Costs of any property and local taxes and tax abatements shall be identified and included.
- The facility and the facility site shall be owned (or leased pursuant to: a Sale Leaseback Financing; a Substitution of Leasehold Property; or any other lease arrangement meeting the Site Control requirements and otherwise acceptable to PREPA) by Respondent during all periods of the PPOA Term from and after the Construction Commencement Milestone.
- The facility must be complete, commercially operable, and available for commercial operation within a maximum term of 36 months.
- The asset must use an existing proven technology.
- Any identified environmental liabilities (e.g., potential site remediation requirements) shall be explained.
- Any material actions, suits, claims, or proceedings (threatened or pending) against the Respondent shall be identified.
- The PPOA pricing indicated in Appendix C, Schedule C shall be inclusive of all costs associated with constructing and operating a completed generating asset for which full output will be accredited to the delivery point.
- The financing plan indicated in Appendix C, Schedule A shall include either the Respondent's or guarantors' senior unsecured debt and/or corporate issuer ratings documentation from Fitch, Moody's and Standard & Poor's showing the name of the rating agency, the type of rating, and the rating of the Respondent or guarantor.
- Production forecasts for renewable energy facilities indicated in Appendix C, Schedule D and performance guarantees indicated in Appendix C, Schedule E shall be subject to performance tests and remedies such as liquidated damages to be negotiated with PREPA. Supporting energy production reports (PVsyst, wind resource assessment, hydro assessment, etc.) documenting assumptions used in the production forecasts must be provided.

A term sheet for a PPOA is included in the RFP Appendix E. PREPA and the Respondent(s) with proposals selected for contract negotiation shall use this term sheet, along with any proposed changes and alternative contract language by the Respondent(s), as a basis for contract negotiations. Selection of a proposal for contract negotiations shall not be construed as a commitment by PREPA to execute an agreement. Execution of any agreement is contingent upon PREPA receiving all required regulatory approvals.

5.3 PROPOSAL EVALUATION FEE

Respondents may submit up to three proposals at no cost in response to this RFP. Respondents submitting more than three responses will incur a proposal evaluation fee for each additional proposal submitted. PREPA will have sole discretion to determine whether a submission is deemed a single or multiple proposal.

Respondents shall contact PREPA at **[**_____**]** for proposal fee payment instructions.

5.4 CREDIT TERMS AND CONDITIONS

To Be Defined

5.5 RESERVATION OF RIGHTS

Nothing contained in this RFP shall be construed to require or obligate PREPA to select any proposals or limit PREPA's ability to reject all proposals in its sole and exclusive discretion. PREPA further reserves the right to withdraw and terminate this RFP at any time prior to the proposal submittal date, selection of bids, or execution of a contract. PREPA also reserves the right to solicit additional proposals it deems necessary and the right to submit additional information requests to Respondents during the proposal evaluation process. All final contracts will be contingent on regulatory approvals including the Puerto Rico Energy Bureau and the Financial Oversight and Management Board (FOMB).

All proposals submitted to PREPA pursuant to this RFP shall become the exclusive property of PREPA and may be used by PREPA for any reasonable purpose. PREPA shall consider materials provided by Respondent in response to this RFP to be confidential only if such materials are clearly designated as *confidential*. Respondents 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 PREPA. Respondents may be required to justify the requested confidential treatment under the provisions of a protective order issued in such proceedings. If required by an order of an agency or court of competent jurisdiction, PREPA may produce the material in response to such order without prior consultation with the Respondent.

This RFP shall not, by itself, give any right to any party for any claim against PREPA. Furthermore, by submitting a proposal, the Respondent shall be deemed to have acknowledged that PREPA assumes no liability with respect to this RFP or any matters related thereto. Respondent acknowledges and agrees that PREPA may terminate this RFP at any time and for its convenience without liability to Respondents, its advisors, consultants, and agents. By submission of a proposal, the Respondent, for itself as well as for its successors and assignees (if any), agrees that, as between Respondent and PREPA, Respondent is to be solely responsible for all claims, demands, accounts, damages, costs, losses, and expenses of whatsoever kind in law or equity, known or unknown, foreseeable or unforeseeable, arising from or out of this RFP or its proposal.

PREPA reserves the right to modify this RFP for any reason and at any time. Such changes prior to bidding will be communicated to Respondents who submit a valid Notice of Intent to Respond.

5.6 CONTINGENCIES AND REGULATORY APPROVAL

Pursuant to the terms of the definitive agreement(s), the Respondent will agree to use its reasonable best efforts including, if necessary, providing data and testimony to obtain any and all local, federal, or other regulatory approvals required for the consummation of the transaction.

Approval by PREB and the FOMB be required before the transaction can be consummated between the selected Respondent and PREPA. As part of the regulatory process, responses to the RFP may be provided to parties who have executed a non-disclosure agreement/confidentiality agreement, specifically acknowledging that they are neither affiliated with any party responding to the RFP or serving as a conduit for any party responding to the RFP.

6. PROPOSAL SUBMISSION

PREPA shall not reimburse Respondent, and Respondent is responsible for any cost incurred in the preparation or submission of a proposal(s), in negotiations for an agreement, and/or any other activity contemplated by the proposal(s) submitted in connection with this RFP. The information provided in this RFP or on PREPA's RFP website has been prepared to assist Respondents in evaluating this RFP. It does not purport to contain all the information that may be relevant to Respondent in satisfying its due diligence efforts.

6.1 PROPOSAL ORGANIZATION

Respondent understands that PREPA will rely on the representations contained in Respondent's proposal in its evaluation and consideration of proposals submitted pursuant to this RFP. Respondent further understands that its inability to substantiate and verify any such representations may result in the termination of further consideration and/or evaluation of its proposal. All such representations made in the proposal shall be true, accurate, and complete to the best of Respondent's knowledge and belief.

All Proposals shall include the following minimum components in the order provided:

1. Notice of Intent to Respond (see Appendix A)
2. Proposal Completeness Checklist (see Appendix B)
3. Project Description (see Appendix C, Schedule A)
4. Qualitative Assessment (see Appendix C, Schedule B)
5. Pricing Proposal (see Appendix C, Schedule C)
6. Energy Production Forecast (see Appendix C, Schedule D)
7. Guaranteed Performance (see Appendix C, Schedule E)
8. Suppliers for Major Plant Equipment (see Appendix C, Schedule F)
9. Financial Data Form (see Appendix C, Schedule G)
10. Non-Disclosure Agreement (see Appendix D)
11. Power Purchase and Operating Agreement Term Sheet (see Appendix E)
12. Credit Application (see Appendix F)

6.2 PROPOSAL CONTENT

For consideration in the evaluation process, proposals must contain the information outlined in the following sections, as applicable.

6.2.1 Project Description

Respondents shall provide a project description using the forms in Appendix C, Schedule A, covering the following categories:

- Basic project description, including (a) project name; (b) site location (including map and site layout); (c) technology; (d) generating capacity; (e) MTR compliance strategy; (f) grid connection point and electrical one-line diagrams; (g) ancillary service capabilities; (h) commercial operation date; and (i) ownership structure.
- Site ownership, usage, and development status.
- Current permitting and licensing status, including water rights.
- Environmental permitting plan addressing all potentially applicable environmental permits (federal and local) including the following, as applicable:
    - List of potentially applicable permits evaluated or to be evaluated;
    - Result of applicability analysis for each potentially applicable permit or status of evaluation; and
    - Planned approach to obtain applicable permits including the following:
        - List of key activities necessary to obtain each applicable permit(s) and associated timing;
        - Identification of key individuals or consultants; and
        - Experience of those individuals in specific jurisdictions of project.
- Transmission upgrade plans, status of interconnection or transmission service requests, and status of related agreements and approvals.
- A detailed description and drawings of transmission and substation facilities associated with the resource, and descriptions of any special protection schemes associated with the resource and their use.
    - PREPA requires resources that offer operational flexibility. Respondent must provide a detailed description of the scheduling or dispatch process, ramp rates, automatic generation control, existing or planned Inter-Control Center Protocol ties to PREPA and any energy magnitude and duration limitations. Describe the capability, if any, of the Resource to provide reactive support ancillary service and dynamic reactive reserve.
- Respondent's design and development experience with the proposed technology.
- Respondent's operating experience with the proposed technology.
- Financing plan, including (a) sources of debt and equity; (b) equity percentage by sponsor; (c) financing rates and other terms; (d) level of commitment by potential lenders for construction financing and permanent financing; and (e) tax credit qualifications
- Respondent's management team and key individuals for permitting, financing, design, construction, and operation.
- Major milestone schedule, including provisions for (a) site acquisition, control, and development; (b) permitting and licensing; (c) transmission upgrades and interconnection; (d) financing; (e) engineering, procurement, and construction; and (f) testing.
- For each of the above categories, Respondents shall provide references to any supporting documents or attachments. Respondent’s design and development experience and operating experience with the proposed technology shall include a list with the following information:

- plant name,
- plant location,
- technology configuration and capacity,
- major equipment manufacturers,
- engineering, procurement, and construction contractor, and
- commercial operation year.

6.2.2 Initial Scoring Criteria

Respondents shall complete the initial scoring criteria form in Appendix C, Schedule B, for the applicable technology being proposed.

6.2.3 Pricing Proposal

Respondents shall complete the forms in Appendix C, Schedule C, Pricing Proposal.

The pricing shall be broken into three components:

1. MTR-Compliant Renewable Energy: This shall be the cost for the MTR-compliant energy resource less interconnection costs and any additional energy storage.
2. Additional Energy Storage: This shall be the cost for any energy storage in excess of the MTR requirements.
3. Project Interconnection Costs: This shall be the cost for transmission infrastructure necessary to deliver the energy to the PREPA transmission system. This shall be all inclusive of transmission facilities and network upgrade costs required to integrate the project into the PREPA transmission system.

6.2.3.1 Power Purchase and Operating Agreement Pricing

For PPOA proposals, the pricing in Appendix C, Schedule C shall indicate:

- PPOA Start Date
- PPOA Term (25 years)
- MTR-Compliant Renewable Energy
    - Indexed Payments
        - Energy payments ($/MWh, first year value, and escalation index)

    OR

    - Non-Indexed Payments
        - Energy payments ($/MWh, specified by Respondent for each year)
- Additional Energy Storage
    - Indexed Payments
        - Energy payments ($/MWh, first year value, and escalation index)

OR

- Non-Indexed Payments
  - Energy payments ($/MWh, specified by Respondent for each year)
- Indexed Tolling Arrangement
  - Capacity Payments ($/kW, first year value, and escalation index)
  - Variable Energy Charge ($/MWh, first year value, and escalation index)

OR

- Non-Indexed Tolling Arrangement
  - Capacity Payments ($/kW, specified by Respondent for each year)
  - Variable Energy Charge ($/MWh, specified by Respondent for each year)

- Project Interconnection Costs

6.2.4 Performance

Respondents shall specify performance for the project using the forms in Appendix C, Schedule D and Schedule E, as applicable.

6.2.4.1 Renewable Resources

For renewable energy resources, the Energy Production Forecast in Appendix C, Schedule D shall indicate the forecasted P10, P50, and P90 annual energy forecast in MWh for each day and hour (8,760 entries). The forecasted values shall account for long-term performance degradation.

6.2.4.2 Energy Storage

For energy storage proposals, the guaranteed performance in Appendix C, Schedule E shall indicate:

- Guaranteed Capacity (MW / MWh)
- Peak Charging Time (hours)
- Peak Discharging Time (hours)
- AC-AC Round Trip Efficiency (%)
- Equivalent Availability Factor (%)

The guaranteed values shall account for long-term performance degradation.

6.2.5 Suppliers for Major Plant Equipment

Respondents shall indicate the anticipated suppliers, models, and countries of manufacture for major plant equipment using the forms in Appendix C, Schedule F.

6.2.6 Financing

Respondents must provide specific evidence demonstrating their ability to raise financing using the forms in Appendix C, Schedule G.

6.3 DISQUALIFICATION OF PROPOSAL

PREPA reserves the right, without qualification and in its sole discretion, to reject any and/or all proposals and to consider alternatives outside of this solicitation.

PREPA may disqualify or reject a Respondent's Proposal for any reason at PREPA's sole discretion including but not limited to the following:

- Failure to comply with any of the requirements of the RFP, including timelines, form sheets or any other requirements.
- Any misrepresentation, intentional non-disclosure or withholding of information in the SOQ.
- Any effort towards influencing the process of qualification or in relation to decision concerning the qualifications of Respondents.
- Failure to disclose additional information relating to the Respondent's experience, even upon reasonable request and such information being deemed necessary to properly evaluate the Respondent's qualifications.
- Failure in reporting any material changes in information provided in the SOQ following submission thereof.
- If PREPA determines that Respondent is prohibited from doing business on grounds which may include but are not limited to public policy or national interest.
- If the Respondent has overdue debts (in a material amount) or significant contingent liabilities.
- The Respondent has gone bankrupt or being wound up or its affairs are being administered by the court or it has entered into an arrangement with creditors or has suspended business activities.
- The Respondent is the subject of proceedings for a declaration of bankruptcy, for an order for compulsory winding up or administration by the court of for an arrangement with creditors or has suffered any other analogous event.
- The Respondent has been convicted of an offence that concerns its professional misconduct in the course of its business or profession.
- The Respondent has stake in any member of the advisors or consultants supporting PREPA, or the FOMB.

- Non-declaration of a conflict of interest or potential conflict of interest resulting from previous or existing contracts or relationships, which affects, or may affect, its potential participation.

Where any Respondent is a new company specifically incorporated for participating in the Project, the basis for disqualification shall be applicable to the shareholders of the new company rather than to the company itself.

A proposal may be disqualified at any point in the evaluation process if PREPA determines, at their discretion, that the bidder has attempted to gain an advantage through conduct deemed as unethical, a conflict of interest, by interference, or any such means.

By submitting a proposal in response to this RFP, the Respondent certifies that the Respondent has not divulged, discussed, or compared its proposal with other Respondents and has not colluded whatsoever with any other Respondent or parties with respect to this or other proposals. PREPA may reject any proposal if it is perceived that this criterion has been violated.

Appendix A. Notice of Intent to Respond

Company Name	
Company Mailing Address	
Primary Contact Information	
Name	
Title	
Phone	
Email	

Respondent's Signature Date

Appendix B. Proposal Completeness Checklist

Please check the following boxes to indicate that your proposal is complete and meets the minimum requirements for the RFP. This completed checklist should be submitted with your proposal.

☐ Appendix C

- ☐ Appendix C, Schedule A – Project Description
- ☐ Appendix C, Schedule B – Qualitative Assessment
- ☐ Appendix C, Schedule C – Pricing Proposal
- ☐ Appendix C, Schedule D –Energy Production Forecast
- ☐ Appendix C, Schedule E – Guaranteed Performance
- ☐ Appendix C, Schedule F – Suppliers for Major Equipment
- ☐ Appendix C, Schedule G – Financial Data Form

☐ Appendix D, Non-Disclosure Agreement

☐ Appendix E, Power Purchase and Operating Term Sheet

☐ Appendix F, Credit Application

☐ Summary of all legal proceedings, claims, actions, or suits against the Respondent, Guarantor, or involving the facility or site

☐ Proposal Evaluation Fee (if required)

Appendix C. Proposal Data Forms

(see technology specific file *Appendix C. Proposal Data Forms.xlsx*)

- Schedule A – Project Description
- Schedule B – Qualitative Assessment
- Schedule C – Pricing Proposal
- Schedule D – Energy Production Forecast
- Schedule E – Guaranteed Performance
- Schedule F – Suppliers for Major Plant Equipment

Appendix D. Non-Disclosure Agreement

[pending]

Appendix E. Power Purchase and Operating Agreement Term Sheet

[pending]

Appendix F. Credit Application

[pending]

Appendix G. Minimum Technical Requirements

[pending]

Appendix 2

Draft Renewable Power Purchase and Operating Agreement

Summary of Relevant Provisions

Article 2. Sale and Purchase of Energy

PREPA will purchase all of the Production (energy, Ancilliary Services and Green Credits) from the Facility.

Article 4. Pre-Operation Period

Preliminary Information:

- Within 90 days of the execution of the PPOA (Effective Date), Seller will provide to PREPA:
  - Energy Yield Assessment Report
  - Facility licensing and milestone construction schedules
  - Preliminary engineering design of the facility and the PREPA Interconnection Facilities
  - Proposed relay protection scheme
  - Appendix B, Part III data including a PSS/e mathematical model of the Facility, manufacturer's performance data and expected output curves
- Seller shall provide a monthly status report on the development, financing and construction of the Facility

Interconnection Study and Facility Study:

- Within 60 days after receiving information required from Seller, PREPA shall perform the evaluations and studies required for the integration of the Facility's anticipated Net Electrical Output into the Grid System, including an Interconnection Study and Facility Study in accordance with Prudent Utility Practices, and provide the results of such studies to Seller for preparation of the Final Design of the Facility.

Performance

- The Draft PPOA will establish a term, known as the Guaranteed FNTP date by which Seller must achieve all necessary actions to begin construction of the facility, including securing all permits, financing and equity, entered into construction contracts and received PREPA's confirmation of approval of the design of the facility.

- Seller must also achieve commercial operation of the Facility within a certain date defined as the Guaranteed Commercial Operation Date.

- Works to be performed at an existing PREPA facility can be performed by PREPA (and/or its contractor) or by Seller and its contractor in coordination with PREPA, in all cases at Seller's expense.

- Seller shall transfer to PREPA, at Sellers expense, any facilities necessary for the interconnection of the Facility that are located in PREPA's side of the interconnection point. These facilities are known as the PREPA Interconnection Facilities. This transfer shall include all contracts, remaining warranties, rights-of-way, easements, permits, etc.

Extensions of Time

- Each Party shall have the right to an extension of the time for completion or occurrence of any obligation under this Article 4 where the party is delayed due to a breach of a material obligation under their Agreement by the other Party, any unreasonable delay by the other Party in the performance of a material obligation under the Agreement, any Force Majeure event or a Legal Challenge. Any extension shall be for the number of days equal to the time during which the event giving rise to the delay prevented the First Party from performing such obligation.

Protocols and Procedures

- PREPA shall deliver to Seller (a) Testing Protocols and (b) Operating Procedures that shall be the procedures as to how to integrate the Net Electrical Output of the Facility into the Grid System. Topics covered shall include, but not necessarily be limited to method of day-to-day communications, key personnel lists for both Seller and PREPA's dispatching centers, clearances and switching practices, outage scheduling, daily available capacity and energy reports, a redacted and otherwise scaled down version of the Facility's complex operations log, reactive power support and Emergency procedures, including policies for the delivery by PREPA to Seller of prompt written notice of the occurrence of all Emergency and follow-up and frequent status reports on any ongoing Emergency. Prior to the Initial Synchronization Date, the parties shall agree to the Testing Protocols and Operating Procedures.

Article 5. Term

- The Term of the Agreement shall be 25 years, with one possible 5 year extension by mutual agreement of the parties, and approval from the Puerto Rico Energy Bureau.

Article 7. Dispatching

Curtailments and Disconnections

- PREPA may require Seller to curtail, reduce or increase (subject to Facility limitations) the Net Power Output, or to disconnect or connect the Facility, for any reason in accordance with Prudent Utility Practices, subject to the provisions of Article 8.

- PREPA may curtail or reduce the Net Power Output, or disconnect the Facility, without liability for Deemed NEO or otherwise, when the Facility (a) fails to comply with Article 12 or the MTRs, (b) Seller does not perform the MTR tests required under Article 12 and (c) Seller fails to keep the PSS/e mathematical model current with future versions of the PSS/e software. Any curtailment, reduction or disconnection due to (a) and (b) may be of an extended or permanent nature if not cured by Seller in a timely manner, and shall end, as instructed by PREPA, promptly after Seller cures such non-compliance

Production Estimates

- For each Day following the Commercial Operation Date, Seller shall provide to PREPA written estimates of short term, next Day and next week Expected NEO and expected average and peak Net Power Output for expected operating hours.

Article 8. Control and Operation of the Facility

Facility Outages

- Seller shall, at least 60 Days prior to the Commercial Operation Date, submit a Scheduled Outage Program for the remaining portion of the first Year of the Facility's operations and, if the Commercial Operation Date occurs after September 1, for the following one (1) Year, setting forth the proposed Scheduled Outage periods. Thereafter, Seller shall submit to PREPA, in writing, by September 1 of each Year, its proposed Scheduled Outage Program for the next Year.

- Seller shall make reasonable efforts to notify PREPA of any Non-Scheduled outage at least 24 hours in advance.

- If the Facility has an outage (scheduled or not scheduled) coincident with an Emergency, PREPA may request Seller to reschedule the outage (if it has not occurred) or expedite the completion of the outage.

PREPA Required Curtailments or Disconnections

- If PREPA requires SELLER to curtail or reduce the Net Power Output, or disconnect the Facility, under Article 7.1 then (a) the Facility will remain in such state until SELLER has received permission to reconnect or resume production from PREPA. To the extent caused by an Emergency or operating problem, any such curtailment, reduction or disconnection shall be of no greater scope and of no longer duration than as required consistent with Prudent Utility Practices, and PREPA shall diligently use all commercially reasonable efforts to remedy the Emergency or operating problem. PREPA shall treat the Facility no less favorably than other similarly situated facilities connected to the Grid System.

- PREPA shall have no liability to SELLER in connection with any disconnection, curtailment or other reduction in, or failure by PREPA to take, net electrical output at the Interconnection Point, during any Billing Period, for any reason whatsoever, other than payment for Deemed NEO in accordance with this Article. PREPA shall pay for Deemed NEO in respect of:

    - Any Grid System Event Interval that occurs during an Agreement Year if the Equivalent Grid System Derated Hours accumulated to date during such Agreement Year exceed the Grid System Waiting Period applicable to such year.

    - Any Event Interval in which a PREPA Risk Event occurs pursuant to a breach by PREPA of this Agreement.

- PREPA's liability pursuant to this Article for any single disconnection, curtailment or other reduction resulting in a Deemed NEO Period shall be offset by any insurance proceeds actually received by Seller from any insurance policy that Seller may obtain in respect of PREPA Risk Events.

Production Shortfalls

- If for any Agreement Year, the aggregate Net Electrical Output of such Agreement Year falls below 85% of the Expected Annual NEO for such Agreement Year, then Seller shall grant PREPA a credit of an amount equal to the product of (a) $0.005/kWh multiplied by (b) the total shortfall volume (expressed in kWh) described above that falls below eighty-five percent (85%) of the Expected Annual NEO for such Agreement Year. PREPA may use such credit to offset future payment obligations. If by the end of the Term there remains credit in favor of PREPA, Seller shall pay PREPA an amount equal to such unapplied credit.

Facility Communication Requirements:

- Seller shall provide (and be responsible for the installation, commission and any repair or replacement) the following equipment subject to PREPA approval:
    - One Remote Terminal Unit (RTU) that meets PREPA specifications
    - Two independent communication circuits: one voice grade to link the SCADA system to the Facility RTU using DNP protocol; and a fiber optic circuit to access protection equipment, revenue meters and the dynamic system monitor (DSM) through a ruggedcom device to be specified by PREPA.
    - Voice telephone extension for communication with the PREPA control centers.
    - Provision of equipment to transmit and receive emails to confirm oral communications between the parties
    - A Dynamic System Monitor (DSM)compliant with PREPA requirements

Testing Certification

- Seller shall provide certifications of tests and inspections of the electric and protection equipment, which may impact the Grid System. PREPA shall have the right to visit and visually monitor the Facility during operation and testing, including any Performance Tests.

Article 9. Facilities Design and Interconnection

- The Facility will be interconnected to the Grid System at the Interconnection Point in accordance with the terms of this Agreement.

Protection Relays and Control

- No later than 90 Days prior to the Proposed Initial Synchronization Date, Seller shall provide PREPA with complete protection systems, including relay devices and settings, for review and inspection by PREPA. The protection requirements shall be submitted in three stages: design, protection report (settings that shall be performed) and the tests that shall be performed with the approved settings.
- If not acceptable to PREPA, Seller shall comply with PREPA's required changes prior to the Initial Synchronization Date.

Final Design

- No later than 120 Days after receiving PREPA's Interconnection Study, Facility Study and the information required from PREPA under Article 4, Seller shall submit to PREPA the final engineering design of the Facility and the PREPA Interconnection Facilities (Final Design). This Final Design shall be consistent with the Interconnection Study, Facility Study, Interconnection Facility Requirements, MTRs and Prudent Utility Practices. Seller shall install equipment necessary to comply with the MTRs.
- No later than 30 Days following Seller's delivery of the Final Design, PREPA shall complete its review of the Final Design and notify Seller that it either accepts the Final Design (Approved Design) or does not accept the Final Design, in which case it will provide Seller with a detailed list of PREPA's objections and required modifications (Technical Input). Once Seller has provided PREPA with a revised design, PREPA shall review such revised design within 10 Days and provide feedback to Seller whether it accepts the revised Design (where the revised design will be the Approved Design) or shall provide additional Technical Input. This process shall be repeated until an Approved Design is achieved. The parties agree to make reasonable efforts to achieve an Approved Design within 60 Days of Seller first receiving Technical Input.

Interconnection Facilities Testing

- Prior to the Initial Synchronization Date, Seller shall retain a contractor, approved by PREPA, to carry out the acceptance testing of the Interconnection Facilities pursuant to the Testing

Protocols provided by PREPA. Seller shall give no less than 10 Days previous notice to PREPA of the date of the tests and PREPA shall have a representative witness and evaluate the testing.

- No later than 30 Days following the completion of the testing and submission to PREPA of the testing book generated by the contractor, PREPA shall review the testing book and notify Seller accepts the testing book or does not accept the testing book, providing a detailed list of objections to the testing book and required modifications. No later than 5 days following delivery to PREPA of the revised testing book, PREPA shall review such revised testing book within 5 Days and provide feedback to Seller whether it accepts the revised testing book or shall require additional modifications to the testing book. This process shall be repeated until the testing book is approved by PREPA. The parties agree to make reasonable efforts to achieve an approved testing book within 15 Days of Seller first delivering to PREPA a revised testing book.

- In order to interconnect to the Grid System, Seller shall complete the testing of the Interconnection Facilities and provide PREPA written notice (including a copy of the red line drawing of the Interconnection Facilities) that the Interconnection Facilities and the remainder of the Facility have been substantially completed and tested. Within 5 business days, PREPA shall inspect the Interconnection Facilities to confirm they were constructed in accordance with the Approved Design. If PREPA confirms that the Interconnection Facilities and/or the remainder of the Facility have not been constructed in accordance with the Approved Design, it shall advise so to Seller in writing and Seller shall be required to correct any such deviation prior to interconnecting the Facility. If PREPA determines that the Interconnection Facilities and the Facility have been constructed in accordance with the Approved Design, then the parties shall proceed with testing and initial synchronization.

- Seller shall provide PREPA with as-built drawings of the Interconnection Facilities and the Facility within 90 Days after the Commercial Operation Date and within 90 Days of any material modifications to the Interconnection Facilities or the Facility to the extent such drawings are affected.

- Seller shall provide acceptable relay settings and protection scheme prior to the Initial Synchronization Date, and the control and protection scheme parameters shall be consistent with the MTRs.

- Seller shall own and be responsible for, at its own cost and expense, the safe and adequate operation and maintenance of all Additional Interconnection Facilities including the transmission line and breaker that interconnect the Facility to the Grid System. After transfer to PREPA, PREPA shall own and be responsible for the safe and adequate operation and maintenance of the PREPA Interconnection Facilities.

Changes to the MTRs

- Seller acknowledges and agrees that it has reviewed and accepted the document entitled "Minimum Technical Requirements for Interconnection of _____ Facilities". PREPA reserves the right to change the MTRs in conformance with Prudent Utility Practices from time to time, provided that it has received written notice from PREPA and that PREPA can demonstrate that were it not for such change, imminent and substantial harm to human life, property, or the Grid System, specifically as it relates to reliability and safety margins, would result. In the event that Seller is obligated to implement any such change, Seller shall assume the cost of any required modifications to the Facility, up to a total cost which, when added to any costs previously required by PREPA and incurred by Seller pursuant to changes to the MTRs, Protection Scheme, or modeling, as further discussed below, does not exceed the Modification Limit. In the event that such change reduces the Facility's ability to make available Net Electrical Output, the Parties shall treat that portion of Seller's reasonably projected lost revenue under this Agreement arising out of such reduction as a cost of such change. If Seller's costs from such change (as reasonably determined and evidenced in writing to PREPA), when added to any costs previously incurred by Seller pursuant to changes to the MTRs, Protection Scheme, or modeling, exceed the Modification Limit, then PREPA shall increase the Base Tariff to allow Seller to recover that portion of the cost in excess of the Modification Limit in Monthly installments (a) in respect of modifications to the Facility, over a term of eighteen (18) months (and automatically reduce such Base Tariff back to the pre-increase level once Seller has received the value of such excess) or (b) for a reduction of NEO, over the remaining Term as long as the reduction in NEO persists. If PREPA has changed the MTRs, and such change applies to the Facility in accordance with this Article, such change shall not become effective until Seller has had a reasonable period of time to comply with any such amended requirement.

Changes to Protection Scheme

- PREPA reserves the right to modify or expand its requirements for protective devices in the Interconnection Facilities in conformance with Prudent Electrical Practices. If PREPA desires to change its requirements for protective devices in consideration of imminent and substantial harm to human life, property, or PREPA's system or as those changes relate to reliability and safety margins, then Seller shall implement such change. In the event that Seller is obligated to implement any such change, Seller shall assume the cost of any required modifications to the Facility, up to a total cost which, when added to any costs previously required by PREPA and incurred by Seller pursuant to changes to the MTRs, Protection Scheme, or modeling, does not exceed the Modification Limit. In the event that such change reduces the Facility's ability to make available Net Electrical Output, the Parties shall treat that portion of Seller's reasonably projected lost revenue under this Agreement arising out of such reduction as a cost of such change. If Seller's costs (as reasonably determined and evidenced in writing to PREPA) when added to any costs previously incurred by Seller pursuant to changes to the MTRs, Protection Scheme, or modeling exceed the Modification Limit, then PREPA shall increase the Base Tariff to allow Seller to recover that portion of the cost in excess of the Modification Limit in Monthly installments (a) for modifications to the Facility, over a term of eighteen (18) months (and automatically reduce such Base Tariff back to the pre-increase level once SELLER has received

the value of such excess) or (b) for a reduction of NEO, over the remaining Term as long as the reduction in NEO persists.

Modelling

- Seller agrees to keep the Facility PSS/E mathematical models current with the future versions of the PSS/E program and the Facility Performance Model up to date. Current PSS/E mathematical models shall be provided to PREPA not later than thirty (30) Days after a PSS/E version upgrade is notified in writing. Costs incurred by Seller in excess of the Modification Limit in connection with changes to the PSS/E mathematical model resulting from changes to the MTRs or the protection relays after the Effective Date shall be borne by PREPA as provided for under this Article.

Article 10. Metering

- Seller shall install all meters and metering devices, including meters and metering devices used to determine the Net Electrical Output delivered to PREPA, and Sellers backup meters and metering equipment as part of the Additional Interconnection Facilities. PREPA shall own and maintain the meters and metering equipment used to determine the Net Electrical Output for payment purposes. All meters and metering devices shall be subject to PREPA approval.

- Meters and metering equipment shall be sealed. Seals can only be broken by PREPA when meters are to be inspected, tested or adjusted, and with previous written notice to Seller. Seller may elect to have a representative present during the process.

- Meters shall be tested at least annually, in accordance with the provisions for meter testing established by ANSI C12.16. If the meter is found to be outside the range specified by the standard, (a) the meter shall be adjusted, repaired, replaced, and/or recalibrated as near as practicable to a condition of zero (0) error by the Party owning such defective or inaccurate device at that Party's expense; and (b) PREPA will use the backup meters to calculate the correct amount of Net Electrical Output delivered to PREPA for the actual period during which inaccurate measurements were made.

- PREPA shall read the meters at least 12 times each Year to determine the Net Electrical Output delivered to PREPA by the Facility. Each Billing Period shall be defined as a Month. PREPA shall provide Seller with the reading details within 10 Days following the end of each Billing Period.

Article 11. Payments and Billings

- Seller shall provide PREPA with a written invoice for the Monthly Payment of a Billing Period within 15 Days following the end of such Billing Period or within 5 Days after receiving the meter reading data if such data is received after 10 days following the end of the Billing Period. PREPA shall pay the undisputed portion of each invoice within 47 Days after the end of the corresponding Billing Period.

- Payments to a Party shall be made by wire transfer to an account with a bank to be specified by such Party in writing, which specification shall be notified to the other Party at least thirty (30) Days prior to the Initial Synchronization Date, or with such other banks as may thereafter be specified by a Party in writing at least ten (10) Days prior to the date in which payment is due. Either Party may, by written notice to the other, change the address to which such payments to the notifying Party are to be sent.

Article 12. Testing and Initial Synchronization

Capacity Limit

- The maximum Generating Capacity of the Facility at commencement of commercial operations is expected to be sufficient to meet the Nominal Capacity under reasonably expected Ambient Conditions. Seller acknowledges and agrees that, to remain interconnected to the Grid System, the Net Power Output of the Facility at the Interconnection Point shall not exceed the Nominal Capacity at any time under any Ambient Conditions, unless required by the MTRs.

Testing

- Seller shall perform tests to verify that the Facility complies with each of the MTRs and other criteria set out in the Testing Protocol, establish the Generating Capacity and power curve of the Facility under various Ambient Conditions, and confirm that the maximum Net Power Output under any such conditions does not exceed the Nominal Capacity (unless required by the MTRs), in each case in accordance with Testing Protocol (Performance Tests).
- Seller shall submit to PREPA, for evaluation and approval, the results of the Performance Tests evidencing that the Facility meets each of the MTRs.
- These tests shall be repeated annually, no later than July 1st during each Agreement Year, in order to maintain the Facility interconnected to the Grid System.
- Seller shall provide PREPA with at least thirty (30) Days' advance written notice of all Performance Tests, field tests or other matters that PREPA is entitled to witness hereunder. The Parties shall cooperate in good faith to determine mutually acceptable dates for such testing, and PREPA may have an eyewitness during the performance of the tests.
- If the Performance Tests of the Facility establishes that the maximum Generating Capacity of the Facility (as adjusted for Ambient Conditions at the time of testing in accordance with the

Testing Protocol and without exceeding the limits of the Approved Design) falls more than 15% below the Nominal Capacity, or otherwise fails to comply with the MTRs or criteria set out in the Testing Protocol, then Seller shall exercise its best efforts to improve the performance of the Facility, and the Parties shall repeat such tests as soon practicable until satisfying the MTRs and criteria set out in Testing Protocol.

- If upon retesting the maximum Generating Capacity of the Facility demonstrated by Performance Tests (as adjusted for Ambient Conditions at the time of testing in accordance with the Testing Protocol and without exceeding the limits of the Approved Design) remains more than 15% below the Nominal Capacity, then, as a condition to the occurrence of the Commercial Operation Date, PREPA shall receive a credit of $200/kW for each kW of such Generating Capacity shortfall below eighty-five percent (85%) of the Nominal Capacity, as a liquidated damage, that PREPA can use to offset future payments under this Agreement, and the Parties shall amend the Nominal Capacity under this Agreement (and the Energy Yield Assessment Report) to reflect the results of such testing.
- Following the successful completion of the initial set of Performance Tests of the Facility, Seller shall notify PREPA in writing of the test results, the Base Design Capacity and the Commercial Operation Date by issuing a certificate thereof, confirming that the Performance Tests demonstrate that the Facility meets al technical requirements for the Commercial Operation Date, Seller has obtained all Permits required for the construction and operation of the Facility, and the Facility and PREPA Interconnection Facilities comply in all material respects with Applicable Law. PREPA shall confirm and countersign such notification. If the demonstrated Base Design Capacity falls below Nominal Capacity, then subject to the terms presented above, the Parties shall amend this Agreement to reduce the Nominal Capacity accordingly.
- Seller shall submit a revised PSS/e mathematical model that represents the as-built Facility, which shall include all necessary functionality to properly model the Facility for both steady-state and dynamic simulations, and a Facility PSS/E Validation Report that shows model compliance with MTRs and includes final adjustments and parameter settings of MTR and commissioning field tests as required in the Agreement.

Completion of PREPA Interconnection Facilities

- On the Commercial Operation Date, Seller:
    - Shall execute and deliver to PREPA a deed that confirms that:
        - it transfers good and valid legal title of the PREPA Interconnection Facilities and associated PIF Land Rights to PREPA free and clear of all liens and any Claims by third parties (including a Constitución de Servidumbre de Paso de Líneas Eléctricas y Otros Fines, Cesión Traspaso y Garantía or deed by notary public as applicable)
        - Agrees that PREPA shall take over such facilities
        - releases, and forever discharges, PREPA and its respective officers, directors, agents, and employees, and all lands, PIF Land Rights, chattels and other real and personal property connected with or a part of the site of the PREPA

Interconnection Facilities from any and all contractual liens and any other liens arising by operation of Applicable Law or otherwise in connection with, or arising out of, the performance of SELLER's obligations under this Agreement

- specifically waives and releases any lien, right, security interest or encumbrance of any kind in connection with this Agreement, the Interconnection Construction Contract or Applicable Law, established by SELLER, its contractors at any tier, materialmen, laborers and all other persons or entities furnishing services, labor or materials in connection with SELLER's obligations under this Agreement and all other interests therein and all improvements and materials placed on such site or machinery furnished in connection with such work

- Shall be deemed to represent and warrant to PREPA that (i) the design, engineering, procurement, construction and completion of the PREPA Interconnection Facilities conform in all material respects with this Agreement, the Approved Design and all Applicable Law; (ii) the PREPA Interconnection Facilities are fit for their intended purpose and free from material defects and deficiencies of any kind, and designed, engineered and constructed in accordance with those practices, methods, techniques, standards and procedures which are generally accepted and followed by prudent, diligent, skilled and experienced contractors with respect to the procurement, erection and installation of equipment at, and the engineering, design and construction of, electrical transmission lines of a similar nature and magnitude; (iii) PREPA owns good and valid title to the entirety of the PREPA Interconnection Facilities and PIF Land Rights free and clear of any lien or Claim and SELLER has not received nor become aware of any notice of intention to claim a lien, or proceeding to establish a lien, arising out of or in connection with such facilities or SELLER's work related thereto; and (iv) SELLER has complied with the requirements of Part IV of Appendix B.

- From the Commercial Operation Date until seven hundred thirty (730) Days thereafter (the "Defects Liability Period"), Seller shall repair or replace any defect of any part of the PREPA Interconnection Facilities (and any physical damage to any other part caused thereby), which may appear during the Defects Liability Period. For any portion of such facilities which Seller repairs or replaces during the Defects Liability Period, the Defects Liability Period for such portion shall extend for a period of seven hundred thirty (730) Days after the date on which Seller completes such repair or replacement. In the event that Seller fails to carry out, or commence, such repair or replacement work, PREPA shall have the right to engage and pay other persons to carry out the same and all reasonable, documented costs incurred by PREPA in connection therewith shall be recoverable from Seller and may, at the election of PREPA, be deducted from any monies due or that become due to Seller under this Agreement or drawn on the Operation Security.

Article 14. Indemnification

Delay Liquidated Damages

- If the Commercial Operation Date does not occur by the Guaranteed Commercial Operation Date due to PREPA's failure to complete one or more of its obligations under Article 4 by the required time, as extended under Article 4, and the Facility is otherwise ready to commence the Performance Tests and achieve commercial operations on a continuous basis, then PREPA shall pay to SELLER, as SELLER's sole and exclusive remedy in respect of such delay, an amount equal to:

    - for each Day of delay after the Guaranteed Commercial Operation Date until the earlier to occur of (i) the Day that PREPA completes such obligation(s), and (ii) the Long-Stop Date, the product of (A) $[]/kW multiplied by (B) the Nominal Capacity, less any payments actually received from PREPA during this period; and

    - for each Day of delay after the Long-Stop Date until the earlier to occur of (i) the Day that PREPA completes such obligation(s), and (ii) the Termination Date, the product of (A) the Base Tariff multiplied by (B) the Expected NEO for such Day, determined in accordance with Appendix F, less any payments actually received from PREPA during this period;

  in each case, as liquidated damages (the "PREPA Delay LDs"); provided that (x) upon the occurrence of Commercial Operation Date, if the Base Design Capacity established by the initial Performance Tests falls below Nominal Capacity, as applicable thereof, then the Parties shall reduce the PREPA Delay LDs, and SELLER shall credit PREPA's account for any overpayment, according to the ratio that such Base Design Capacity bears to the Nominal Capacity; and (y) the Term shall be reduced by one (1) Day for each Day that PREPA pays PREPA Delay LDs under Article 14; and

- If the Commercial Operation Date does not occur by the Guaranteed Commercial Operation Date other than in respect of any Day for which PREPA owes PREPA Delay LDs in accordance with Article 14 above, for each Day of delay after the Guaranteed Commercial Operation Date until the earlier of (i) the Commercial Operation Date, and (ii) the Long-Stop Date, Seller shall pay to PREPA, as PREPA's sole and exclusive remedy in respect of such delay, an amount equal to the product of (i) $[] /kW multiplied by (ii) the Nominal Capacity, as liquidated damages (the "SELLER Delay LDs").

- Each Party acknowledges and agrees that the PREPA Delay LDs and Seller Delay LDs set forth in this Article 14 represent a fair and reasonable estimate of the losses which SELLER and PREPA will respectively suffer if the Commercial Operation Date does not occur by the Guaranteed Commercial Operation Date, and accordingly hereby waives its right to dispute the validity of this Article 14.

Article 15. Force Majeure

- "Force Majeure" means any event beyond the reasonable control of the affected Party (the "Affected Party") not resulting from the fault or negligence of the Affected Party claiming the Force Majeure. The Affected Party claiming the Force Majeure shall be excused from performing hereunder and shall not be liable for damages or otherwise to the extent the non-performance or inability to perform is due to a Force Majeure event, except for the obligation of to make any payments, when due, to the other Party. The burden of proof as to whether a Force Majeure event has occurred and caused a non-performance or inability to perform shall be on the Affected Party claiming the Force Majeure. The suspension of performance shall be of no greater scope and of no longer duration than is required by the Force Majeure event, consistent with Prudent Utility Practices.

- Force Majeure events may include the following: acts of God, strikes, industrial disturbances, acts of public or foreign enemy, war, blockades, boycotts, riots, insurrections, epidemics, earthquakes, storms, sabotage, works to rule, go-slows and other public agitation, other than by employees of the Affected Party or its contractors or suppliers; invasion, terrorism, rebellion, plague, lightning, hurricane, natural calamity, floods, civil disturbances, lockouts, fires, serial defects, explosions, interruptions of services due to the act or failure to act of any Governmental Authority (other than PREPA); Pending Permit Delays (provided that the Affected Party's performance may be excused for no more than three hundred sixty-five (365) Days); and failure of any subcontractor or supplier of the Affected Party to perform as a result of an event that would constitute a Force Majeure hereunder.

- A Party claiming excuse due to Force Majeure shall, within ten (10) Days after the occurrence of the Force Majeure, give the other Party written notice describing the particulars of the occurrence and, if possible, its estimated duration and shall diligently use all commercially reasonable efforts, consistent with Prudent Utility Practices, to remedy its inability to perform and resume its performance under this Agreement.

- If a Party Disputes the other Party's claim of Force Majeure, such Dispute shall be resolved pursuant to the Dispute Resolution process of Article 22.

Article 16. Termination

Termination Date

- The Agreement shall terminate on the earliest date (Termination Date) to occur of the following:
    - Expiration of the Term
    - Date of mutual written consent of the Parties
    - The date identified in a written notice by the non-defaulting Party following the occurrence of a Breach under Article 17, provided that (i) such date shall occur no earlier than 30 Days after the issuance of such notice, and (ii) if such Breach is curable, (A) it remains uncured on the identified date and (B) such date shall be extended by up

to 90 Days after the issuance of such notice so long as the Party in Breach diligently pursues a cure.

- The date identified by PREPA in a written notice following any failure by Seller to achieve the FNTP Date by the Guaranteed FNTP Date; or
- The date that SELLER's liability to PREPA under this Agreement with respect to any and all Claims or causes of action equals or exceeds the SELLER Liability Cap

The deadlines due to occurrences of Breach or Sellers failure to achieve FNTP Date shall each be extended on a day-for-day basis for any delay in achieving such deadline due to a Force Majeure event, Legal Challenge or any delay caused by any act or omission of the Party seeking to terminate this Agreement, but in no event longer than forty-eight (48) Months, as extended by any delay caused by any act or omission of the Party seeking to terminate this Agreement. With the exception of item dealing with termination following the occurrence of a Breach, the termination of this Agreement pursuant to the above items shall not give rise to liability or other obligation against either Party.

- If PREPA terminates this Agreement in accordance with Article 16 as a result of a Breach by Seller not completing the Interconnection Facilities by the Guaranteed Interconnection Date, not achieving Commercial Operation Date by the Long-Stop Date, causing Development Abandonment or Permanent Closing, then Seller shall, within thirty (30) Days following such termination, reimburse PREPA for any and all costs and expenses incurred by PREPA in connection with the PREPA Interconnection Facilities, failing which PREPA shall have the right to draw on the Operation Security for such amount.

- Following the Termination Date, SELLER shall be entirely responsible (at its sole cost, risk and expense) for owning, operating, maintaining and ultimately removing the Facility and related equipment at the end of their useful life in accordance with all Applicable Laws.

Article 22. Miscelaneous Provisions

Dispute Resolution

- If a dispute arises between the Parties regarding the application, interpretation, enforceability, validity, performance, or breach of this Agreement or matters arising therefrom or relating thereto, whether sounding in contract, tort, unfair competition, law, equity or any other legal form (a "Dispute"), then such Dispute shall be resolved solely through the Mediation and Arbitration Procedures implemented by PREB pursuant to Act 57-2014, as amended. In the event of a Dispute under this Agreement, the disputing Party may promptly provide written notice of the Dispute (a "Dispute Notice") to the other Party. Following delivery of the Dispute Notice, the Parties shall proceed as directed by Regulation 8558, Regulation on Mediation and Arbitration Procedures of the Puerto Rico Energy Bureau as may be amended from time to time.

List of PPOA Sections:

ARTICLE 1. DEFINITIONS AND INTERPRETATION

ARTICLE 2. SALE AND PURCHASE OF ENERGY

ARTICLE 3. NOTICES

ARTICLE 4. PRE-OPERATION PERIOD

ARTICLE 5. TERM

ARTICLE 6. REPRESENTATIONS, WARRANTIES, AND COVENANTS

ARTICLE 7. DISPATCHING

ARTICLE 8. CONTROL AND OPERATION OF THE FACILITY

ARTICLE 9. FACILITIES DESIGN AND INTERCONNECTION

ARTICLE 10. METERING

ARTICLE 11. PAYMENT AND BILLINGS

ARTICLE 12. TESTING AND INITIAL SYNCHRONIZATION

ARTICLE 13. LIABILITY

ARTICLE 14. INDEMNIFICATION

ARTICLE 15. FORCE MAJEURE

ARTICLE 16. TERMINATION

ARTICLE 17. BREACH OF AGREEMENT, DELAYS AND SECURITY

ARTICLE 18. TAXES AND ENVIRONMENTAL COSTS

ARTICLE 19. INSURANCE

ARTICLE 20. ASSIGNMENT

ARTICLE 21. INTENTIONALLY LEFT BLANK

ARTICLE 22. MISCELLANEOUS PROVISIONS

ARTICLE 23. CHOICE OF LAW AND VENUE

APPENDIX A	HOLIDAYS
APPENDIX B	INTERCONNECTION
APPENDIX C	COMPENSATION AND EXAMPLE OF PRICE CALCULATION
APPENDIX D	TECHNICAL SPECIFICATIONS FOR THE DYNAMIC SYSTEM MONITOR
APPENDIX E	TECHNICAL REQUIREMENTS FOR OPERATION, PROTECTION, AND CONTROL
APPENDIX F	DETERMINATION OF DEEMED NEO