

Request for Proposals to Supply Electric Power



Prepared for:
**City of Hagerstown, MD
and Towns of Thurmont, MD
& Williamsport, MD**

April 27th, 2016

Prepared by:
GDS Associates, Inc.

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City of Hagerstown, MD and Towns of Thurmont, MD & Williamsport, MD Load Following Energy RFP

The City of Hagerstown and the Towns of Thurmont, and Williamsport (collectively, “Cities”) located in Maryland intend to acquire a load following energy contract to fulfill their total energy requirements, beginning June 1, 2017. The Cities’ aggregate annual peak load is approximately 93 MW, and the Cities’ aggregate 2015 load was approximately 416,000 MWh.

| | Peak Load (MW) | Annual Energy (MWh) |
|---------------------|-----------------------|----------------------------|
| Hagerstown | 66 | 311,500 |
| Thurmont | 22 | 83,000 |
| Williamsport | 5 | 21,500 |

Additionally, Hagerstown is engaging in battery storage development with two companies. Three battery storage units totaling 12 MW are anticipated to be online by Summer 2016. These units will be used on a continuous basis for PJM regulation and frequency response. The units are capable of 15-30 minute injections and require 15-30 minutes for recharging. With the exception of losses, the units are expected to be utilized in a fashion that results in approximately no load difference. Currently, the Cities do not own, purchase or contemplate participation in any other resources.

The Cities’ electric power requirements are currently being served by First Energy Solutions through a load following energy agreement, which will expire on May 31, 2017. In addition to providing load following energy, the current agreement provides all services required to fulfill Maryland’s Renewable Portfolio Standard (“RPS”) and includes a majority of the costs and credits associated with PJM billing, including Capacity, Transmission, Ancillaries, and Auction Revenue Rights/Financial Transmission Rights (“ARR/FTRs”).

The primary power supply products being sought in this RFP are intended to fulfill, in whole or in part, the Cities’ energy requirements with delivery to the APS Residual Aggregate for an initial requested pricing indication of a 3 or 5 year term, beginning June 1st, 2017. Additionally, the Cities request that the chosen supplier provide 24-hour day-ahead load forecasting and scheduling services within the respective City’s PJM account. The Cities would also like to consider purchasing PJM costs/credits and Maryland RPS requirements at a fixed rate. These PJM components could include, but are not limited to: Capacity, Network Transmission, Ancillary Services, and ARR/FTRs.

The Cities are requesting indicative pricing specific to each city and are open to considering variations in the load following structure as are common. The Cities will evaluate and consider all alternative concepts that are proposed. All proposal pricing should specifically exclude any potential impacts of future or currently contemplated environmental policy and regulations, as pricing is intended to be Firm, Liquidated Damages (LD). From the outset of the process, indicative pricing should assume a non-margining credit arrangement without collateral thresholds, and the Cities prefer that the Seller include a performance guarantee from a parent company.

Product pricing should be provided on June 1, 2016 and be based on the market close of business on May 31, 2016. All questions or other communication regarding this RFP should be submitted to the Cities' engineering consultants at GDS Associates, Inc. headquartered in Marietta, Georgia:

GDS Associates, Inc.
1850 Parkway Place, Suite 800
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City of Hagerstown, MD and Towns of Thurmont, MD & Williamsport, MD

Load Following Energy RFP Term Sheet Summary

I. Primary Product: Energy-only, load following product

1. Energy Product Description

- a. **100% Load Following:** Marketer provides 100% of energy requirements for full term
 - i. June 1, 2017 – May 31, 2020 (Three years)
 - ii. June 1, 2017 – May 31, 2022 (Five years)

- b. **Net Load Following:** Marketer provides 100% of energy requirements for 3 years (June 1, 2017 – May 31, 2020). Beginning June 1, 2020 through May 31, 2022, Marketer provides 100% of energy, net of 7x24 annual block. Please refer to the table below for the 7x24 annual block sizes associated with each city.

| CITY | BLOCK SIZE |
|--------------|------------|
| Hagerstown | 18 MW |
| Thurmont | 5 MW |
| Williamsport | 1 MW |

- 2. **Scheduling Services:** Load following entity would provide day-ahead load forecasting, demand bids, and scheduling services

- 3. **Delivery Location:** APS Residual Aggregate (PNode: 116472931)

II. Secondary Products: PJM & RPS Components

- Please provide indicative pricing for any/all of the PJM & RPS components, assuming the following terms:
 - i. June 1, 2017 – May 31, 2020 (Three years)
 - ii. June 1, 2017 – May 31, 2022 (Five years)

| COST COMPONENT | PRICING DESCRIPTION |
|----------------------------|--|
| PJM Capacity | At the time of RFP issuance, Base Residual Auctions (BRA) have cleared through the 2018/2019 planning year and prior to the pricing deadline, the 2019/2020 planning year will also clear. This should provide a strong indication of future prices on a \$/MW-day basis. We request indicative prices be quoted on a \$/MW-day basis or a \$/MWh basis. \$/MWh indicative bids are expected to include volumetric risk. |
| PJM Transmission | Please provide pricing on a \$/MWh basis. |
| PJM Ancillary costs | Please provide pricing on a \$/MWh basis. |
| ARRs/FTRs | Please provide pricing on a \$/MWh basis. |
| Maryland RPS | Pricing should assume supplier is responsible for ensuring all Maryland Renewable Portfolio Standard requirements, REC costs, and reporting standards are fulfilled according to the Public Service Commission of Maryland regulations. |

III. Anticipated Pricing Matrix

| | | 3 YEAR TERM | 5 YEAR TERM |
|----------------------------|-----------|-------------|-------------|
| Primary Products | | | |
| 100% Load Following | \$/MWh | | |
| Net Load Following | \$/MWh | N/A | |
| Secondary Products | | | |
| Capacity | \$/MW-day | | |
| | \$/MWh | | |
| Transmission | \$/MWh | | |
| Ancillary | \$/MWh | | |
| ARRs/FTRs | \$/MWh | | |
| Maryland RPS | \$/MWh | | |

IV. Deadline for Proposal Submission: 1:00 pm ET on June 1, 2016

- Pricing should be delivered by electronic mail to GDS Associates, Inc. with attention to GDS consultants, Mr. Garrett Cole and Ms. Erin Shealy.
- Pricing should be based on market close of business on May 31, 2016.