



## **Request for Proposal Related to the NY Prize Community Grid Competition Award**

**Submission required by 4PM, Monday March 2<sup>nd</sup> (more specific requirements below).**

### **Background**

In February 2015, Governor Cuomo launched the NY Prize Community Grid Competition award (NYSERDA RFP 3044) to fund feasibility studies for communities to develop micro-grids. As noted in RFP 3044, a community micro-grid exists “for the purpose of maintaining electric services for the participating customers/facilities and the community at large ... at times when weather events or other emergencies severely disrupt the capacity of the local distribution and transmission system to serve essential customer needs.”<sup>1</sup> Essentially, a micro-grid should be able to operate independent of the power grid as a whole, for extended periods of time.

Sustainable Westchester is a tax exempt, non-profit membership organization, comprised of 42 municipal members in Westchester County<sup>2</sup>. Each member city, town or village pays annual dues to Sustainable Westchester. The members have a collective population of 900,000 residents, representing over 90% of the County at this time.

The organization’s mission statement is compelling: “Sustainable Westchester is a consortium of Westchester County local governments that facilitates effective sustainability initiatives, engages community stakeholders, and shares tools, resources, and incentives to create healthier, and more vibrant and attractive communities, now and in the future.”<sup>3</sup>

For reasons examined below, Sustainable Westchester members are in an excellent position to deploy successful community micro-grids. Over the past four years, member municipalities of Sustainable Westchester have expressed serious interest in and commitment to exploring the feasibility of community micro-grids. Therefore, Sustainable Westchester is preparing to assist its members in applying for Feasibility Studies in Stage 1 of the NY Prize competition.

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<sup>1</sup> <http://www.nyserda.ny.gov/All-Programs/Programs/NY-Prize>

<sup>2</sup> Sustainable Westchester was formed as an effective merger between the Northern Westchester Energy Action Consortium (“NWEAC”) and the Southern Westchester Energy Action Coalition (“SWEAC”)

<sup>3</sup> For more on Sustainable Westchester, see <http://sustainablewestchester.org>

Westchester County is a critical region for state-wide reliability for several reasons. First, the transmission corridor through the County is one of the more constrained load control areas in the state. These grid constraints create a bottleneck for upstate energy reaching the large New York City marketplace, while hindering power quality within the County as well. Second, local power supply is limited. The County's only major base-load power source is Entergy's Indian Point Energy Center, nuclear facility that faces considerable pressure on its continuing operations. In 2013, the New York PSC initiated related proceedings to upgrade the transmission system and develop a "Reliability Contingency Plan" to address electric system operations in the event of the closure of the Indian Point Energy Center.<sup>4</sup> Third, the County is extremely vulnerable to power disruptions. We have experienced three extensive black-outs from recent storms Lee and Irene (both in 2011) and Sandy (2013). More than half of Sustainable Westchester's member cities, towns and villages experienced severe flooding and have critical infrastructure located within flood plains affected by storm surges in the Long Island Sound and the Hudson River.

Sustainable Westchester members have demonstrated substantial action and thought leadership in the micro-grid arena.

This leadership includes the submission of a multi-stakeholder micro-grid grant proposal to the ARRA program in 2009, the acquisition from utilities of system maps for several feeder systems in the region, submission of proposals to NYSERDA in 2011 to build on foundational preparatory work to develop two micro-grid plans based on the first multi-stakeholder micro-grids in the state, and seminal designs to incorporate all electricity system cash flows in order to create private sector funding models for micro-grids.

Sustainable Westchester volunteers were very active in preparing the Mid-Hudson Regional Sustainability Plan (2013), especially in the Energy Working group, as Co-Chairs, Technical Advisors, and in other key roles.<sup>6</sup>

The Energy chapter of the Mid-Hudson Plan enumerates priorities for energy resilience and specifically identifies Community Energy Districts as a priority for the region:

"Community Energy Districts (CEDs) will stimulate private investment, helping to achieve energy resilience and economic development, with very modest levels of public investment. A CED aggregates supply and demand opportunities within a specific neighborhood or cluster of facilities. Energy districts have proven highly effective at both raising participation rates and lowering costs by delivering economies of scale to each neighboring building owner. While quite flexible, CEDs, by definition, pool the interests of a diverse set of co-located property owners and operator."

And "Micro-grid development is ... a logical result of a CED. A micro-grid is a localized grouping of electricity generation, energy storage, and consumers that typically operate connected to a

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<sup>4</sup> See NYISO Power Trends 2014 available at <http://www.nyiso.com/>

<sup>6</sup> See full Mid-Hudson Regional Sustainability Plan (2013) here: <http://hudsonvalleyregionalcouncil.org/mid-hudson-regional-sustainability-plan/>

traditional centralized grid, but can also operate independently, if necessary. Micro-grids are a critical tool to enable local business districts to collaborate in curbing electricity costs and capture value from the electricity markets that are inaccessible to most without the shared investment in a micro-grid.”<sup>7</sup>

As an added attraction, Sustainable Westchester’s member municipalities are poised to be the very first in the state to gain approval of Community Choice Aggregation. In late 2014, Sustainable Westchester filed a petition with the NYS Public Service Commission outlining a detailed plan to enable Community Choice Aggregation for our member communities.<sup>8</sup> As soon as the Commission issues an order based on the current proposed order, work in Westchester on aggregating municipal energy will begin immediately—specifically, Sustainable Westchester will take a lead role in explaining the potential benefits of aggregation to our member municipalities. A critical benefit to be deployed is the potential from this purchasing approach in creating cost-effective local power and ultimately, cost-effective micro-grids. Each municipality-wide aggregation program will create the electricity purchasing base to enable bi-lateral agreements between merchant power and local consumers. These bi-laterals will support the economic viability of local micro-grids by providing better returns for merchant power. Among the joint benefits created by local power marketing to local consumers are avoided transmission loss penalties.

### **Request & Orientation to Process**

Sustainable Westchester intends to be part of a Community Grid Feasibility Study proposal that is led by another, as yet unidentified party. We intend to identify a consistent team that will successfully submit micro-grid proposals to NYSERDA in May 2015. We also intend to include at fewest six (6) and up to twelve (12) different micro-grids locations in the County as part of our Feasibility Study application. More importantly, we intend to develop viable projects that win the next stage of the competition for design work. Ultimately, we intend to develop several completed micro-grids that operate reliably and cost-effectively, easing the load on the state and regional transmission system and driving job growth, promoting economic development, while improving efficiency, cost-savings and reliability.

We expect that economies of scale will make these proposals more attractive submissions for the NYSERDA evaluation team. Beyond eventual economies of scale in design and implementation, working on multiple micro-grids clustered within relatively close proximity allows for more efficient project management across all the involved stakeholders—from local governments and utility staff to technology and finance partners.

We also will consider offering tiered rates to NYSERDA, depending upon how many projects are approved for feasibility studies. Whether these proposals will be submitted as separately or as one

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<sup>7</sup> See Section 5.5.2, “Create Community Energy Districts,” in the Mid-Hudson Regional Sustainability Plan (2013).

<sup>8</sup> See PSC Case 14-M-0224, Proceeding on Motion of the Commission to Enable Community Choice Aggregation Programs, here: <http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterSeq=45621&MNO=14-M-0224>

unified package, with or without tiered rates, will depend on both a closer reading of NYSEERDA's issued Request for Proposals (RFP) 3044 and on the advice of our winning project team members.

Prior to issuance of RFP 3044, these intents were vetted with NYSEERDA leadership . Leadership has confirmed that (conceptually at least) the approach would be attractive to evaluators, due to economies of scale in the feasibility study process.

Sustainable Westchester's intended role is to engage municipalities and their leadership with the micro-grid opportunity, to obtain the submission of the needed information, to orient members and the grass-roots prior to submission of NYSEERDA proposals, and to organize public and private-sector participation in the process, in concert with the winning team, as feasibility studies are prepared.

While Sustainable Westchester is a non-profit organization with many strengths, we have limited resources. As such, we invite submissions from potential project partners that will fill out the necessary roles and competencies that we do not retain in-house.

**Competencies sought in partner organizations:**

- A. Engineering expertise and experience with grid-level architecture and challenges (generation and transmission/distribution) related to the toggle between island and interconnected modes;
- B. Engineering expertise and experience with behind-the-meter architecture and challenges related to interconnection and to the coordination of multiple resources that either reduce consumption or act as "prosumers" who feed power into a local grid;
- C. Financial expertise with respect to the various streams of value in the electricity and natural gas markets and with respect to the ability to optimize these streams of value;
- D. Regulatory expertise with respect to the ability to monetize all streams of value (i.e. M&V requirements, application procedures, etc.);
- E. Regulatory expertise with respect to municipal, regional, state, and national-level challenges and barriers to developing and deploying micro-grids (i.e. rights-of-way, utility law, qualifying facility processes, etc.);
- F. Financial expertise and resources, with respect to the development of large micro-grid projects and with respect to the development of contracts and term sheets that could prospectively finance control systems, storage systems, generation systems, grid and behind-the-meter power transport systems, etc.;
- G. Should you identify a competency not listed above that would be helpful to the project, please bring that to our attention.

In the feasibility study stage, please understand that Sustainable Westchester will remain agnostic on specific technologies. We are NOT awarding specific technologies yet. As such, while we value engineering capability, we will also value the willingness and commitment of engineering resources to price and fairly evaluate technologies that may be competitive to their own. Likewise, we value financing expertise that can not only prospectively bring its own dollars to the table, but ideally will engage other financial resources, or, at a minimum, commit to sharing the financing with other qualified financiers at a later stage.

No party need come to the table with a complete team in place. If you are proposing to be a member of a team that Sustainable Westchester assembles, please comment on the following topics critical in our evaluation.

#### **Questions for responding organizations:**

1. **Identity:** Full name, address, contact information, incorporation status, and web address of your organization.
2. **Team members:** Who in your organization would be the chief contact/project leader? Who else will be the team members from your organization? Please provide very brief (one paragraph) biographies.
3. **Lead agency:** Is your organization willing to act as the contracting party with NYSERDA? Please explain the degree of commitment (time, expertise) that you are willing to offer to the process, in the preparation of proposals for feasibility studies.
4. **Intended role/work scope:** What portions of the proposal writing process and the feasibility study process is your organization capable of providing with excellence? See the list of “Competencies sought in partner organizations” above.
5. **Required inputs:** What you will need, and from whom, in order to successfully fulfill your intended role?
6. **Estimated budget:** What is the budget you will require to complete your part in the submission process? (Gratis contributions for the proposal preparation is strongly preferred.) What is the budget that you expect to require to complete your intended role in the feasibility studies?
7. **Other partners:** Can you identify any other organizations to work in other areas of the submission? Why would they be a good fit? Have you collaborated with them before?
8. **Openness to other solutions:** Please describe the process that you will follow to ensure that opportunities remain open in the design phase for other technologies and/or professional/financial services firms.
9. **Prior experience:** What recent prior experience, if any, does your organization have in creating value in public-private partnerships and in working under contract or sub-contract to a state funding agency such as NYSERDA?

#### **Submission Requirements**

Responses are due to Sustainable Westchester by 4 pm EDT on Monday, March 2<sup>nd</sup>, 2015. All responses must be emailed in an Adobe PDF file format to Nancy Gold and to Sara Goddard. All inquiries must be directed to [marketing@thegoldstandard.com](mailto:marketing@thegoldstandard.com) and to [goddardsw@gmail.com](mailto:goddardsw@gmail.com). Content-related questions may be directed to Mike Gordon, at [mgordon@jouleassets.com](mailto:mgordon@jouleassets.com). Please Title that e-mail: “Content Question; Sustainable Westchester Micro-grid RFP.”

Responses that are tailored to Sustainable Westchester’s needs and the specifics of the RFP 3044 opportunity will be favored over those responses that are generic.

Responses should in the form of answers to the above list of “Questions for responding organizations.” Respondents need not answer all the questions. Responses should not exceed five pages and should use a font of 10 points in size.