

Solar Proposal Evaluation Report

Somerset County Renewable Energy Program Proposals of June 1, 2011

**Prepared for
Somerset County Improvement Authority**

Prepared by:
Somerset County Evaluation Team
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Somerset County Improvement Authority

Somerset County Renewable Energy Program

1. Executive Summary

This Report is being provided pursuant to the requirements of the competitive contracting provisions of the Local Public Contracts Law (N.J.S.A. 40A:11-4.1(k)), Public School Contracts Law, specifically, (N.J.S.A. 18A:18A-4.1(k)); Local Finance Board Notice 2008-20, December 3, 2008, *Contracting for Renewable Energy Services* (LFB Notice 2008-20); the Board of Public Utilities (BPU) protocol for measuring energy savings in PPA agreements (*Public Entity Energy Efficiency and Renewable Energy Cost Savings Guidelines, Dated February 20, 2009*), and Local Finance Board Notice 2009-10, dated June 12, 2009, *Contracting for Renewable Energy Services: Update on Power Purchase Agreements* (LFB Notice 2009-10).

On March 15, 2011, Somerset County Improvement Authority (SCIA) issued a Request for Proposals (RFP), as amended, for a Power Purchase Agreement (PPA) for the design, acquisition, installation, tax ownership, commissioning, operation, and maintenance of solar systems (Solar Systems) to be located at certain County and local government facilities (Local Unit Facilities) across Somerset County. Below is a complete list of all participating Local Units included in the RFP:

1. Township of Bedminster
2. Township of Bernards
3. Borough of Bernardsville
4. Bridgewater Township
5. Bridgewater Raritan Regional School District
6. Franklin Township
7. Montgomery BOE
8. Morris-Union Jointure
9. North Plainfield School District
10. Borough of North Plainfield
11. Borough of Peapack and Gladstone
12. Somerset County
13. Somerset County Park Commission
14. Somerset County Vocational Board of Education
15. Somerset Hills School District
16. Warren School District
17. Warren Township
18. Watchung Board of Education

The goal of the SCIA is to implement solar renewable energy projects that are environmentally responsible and economically beneficial to the County, its Local Units, and its citizens.

SCIA intends to enter into a long-term (fifteen (15) year) PPA with the Successful Solar Respondent (Successful Respondent) to purchase solar electric power produced from installed renewable energy projects located at certain RFP Local Unit Facilities for the Local Units identified above. Under a PPA, a developer designs and installs solar projects and the site energy user purchases the electricity produced at a fixed rate per kilowatt hour (kWh). A county or local government can only enter into a PPA if the PPA price is lower than the delivered cost of power from the local electric utility company; i.e. Public Service Electric and Gas (PSE&G) or Jersey Central Power and Light (JCP&L). Through a PPA, typically a Local Unit will, for a portion of its energy needs, save on its energy bills, and will be, to the greatest extent possible, insulated from energy market fluctuation, construction risks, operational risks, and financial risks.

The Somerset Evaluation Team (Evaluation Team) is comprised of: Yvonne Childress of the SCIA; Steve Pearlman, Esq. of Inglesino, Pearlman, Wyciskala & Taylor, LLC; Ryan Scerbo, Esq. of DeCotiis, FitzPatrick & Cole, LLP; Dan Swayze and Jessica Vogel, of Birdsall Services Group; Anthony Inverso, of Phoenix Advisors, LLC; and Alexis Kennedy, Joe Santaiti, and Steven Gabel of Gabel Associates. The Evaluation Team assisted in developing and implementing the RFP, and administered the procurement process as well as a comprehensive evaluation of qualified proposals on the basis of price and non-price criteria.

This process was undertaken in accordance with competitive contracting provisions of the Local Public Contracts Law (N.J.S.A. 40A:11-4.1(k)) and on behalf of the board of education Local Units, the Public Schools Contracts Law (N.J.S.A. 18A:18A-4.1(k)) of the State of New Jersey (the "State"), all pursuant to (i) Local Finance Board Notice 2008-20, December 3, 2008, Contracting for Renewable Energy Services, (ii) the Board of Public Utilities protocol for measuring energy savings in PPA agreements (Public Entity Energy Efficiency and Renewable Energy Cost Savings Guidelines, Dated February 20, 2009), (iii) Local Finance Board Notice 2009-10 dated June 12, 2009, Contracting for Renewable Energy Services: Update on Power Purchase Agreements and applicable law.

SCIA received proposals from four (4) Solar Respondents (Respondents): Borrego Solar (Borrego); SunLight General Capital and Power Partners MasTec (SunLight/MasTec); Tioga Energy, Inc. (Tioga); and, Vanguard Energy Partners, LLC (Vanguard).

All four (4) Respondents submitted the required RFP documents and, based on Phase I requirements (compliance with the minimum terms of the RFP), were deemed compliant. All four proposals, therefore, qualified to be further evaluated under Phase II (technical and economic evaluation) and Phase III (interview) requirements. The Evaluation Team has undertaken an economic and technical review of the proposals to

evaluate them in accordance with established criteria under Phase II evaluation. The Evaluation Team considered and weighed the following:

- Financial benefits;
- Technical design;
- Project experience;
- Vendor qualifications; and,
- Financial strength.

After reviewing all aspects of the submitted proposals, the Evaluation Team conducted interviews with all four (4) Respondents in accordance with Phase III evaluation. Based on the results of the Phase II and Phase III evaluation, the Evaluation Team recommends that the proposal of SunLight/MasTec be accepted (see **Attachment 2** for the Evaluation Matrix). The SunLight/MasTec proposal results in significant savings on energy costs for the participating Local Units, and stronger financial protections for the SCIA and the County that distinguish it from the other proposals.

All four (4) Respondents that submitted proposals were deemed compliant and therefore qualified for Phase II review. All four Respondents possess high quality management, installation capabilities, and sound solar development experience. However, SunLight/MasTec's proposal differentiated itself in four (4) key areas:

1. It provides substantial direct energy cost savings that are materially greater than the proposal of Vanguard and Tioga;
2. It provides the Local Units with the potential for additional savings through the sharing of revenues from the sale of Solar Renewable Energy Certificates (SRECs) and other environmental benefits;
3. It provides the strongest protection for the SCIA (and the County) from financial risk; and,
4. It includes a restoration security providing for additional Local Unit, SCIA and County protection at the end of PPA term.

Over the fifteen (15) years of the PPA, the SunLight/MasTec proposal yields nominal benefits of \$12.5 million or net present value (NPV) benefits of \$9 million.

While each Respondent provided a financial structure limiting the financial risk to the SCIA and the County, the SunLight/MasTec proposal provided the strongest financial protections. By offering to self-finance a substantial portion of the overall cost of the renewable energy projects in the amount of \$12.4 million, the SunLight/MasTec proposal allows the SCIA to significantly reduce its bond size. The SCIA's \$25.5 million in bonds will be combined with SunLight/MasTec's \$12.4 million self-financing to finance the total project cost (\$37.9 million). The SunLight/MasTec proposal also protects the SCIA and the County (which will be providing its guaranty on SCIA bonds) from the

potential risk of reductions in the price of SRECs. Moreover, by self-financing a portion of the total cost of the project (and making these funds available at SCIA bond closing), this protection has a very high degree of certainty. In addition, SunLight/MasTec proposed to post a \$1.43 million reserve, funded with an equity contribution from the company, to provide additional financial protection to SCIA and the County.

The Evaluation Team recognizes the lower PPA price proposed by Borrego may provide more savings than the SunLight/MasTec proposal, but this differential must be viewed relative to the risks to and protection of the County, its guaranty and its bond rating. The preservation of this bond rating provides future economic benefits to the County and its citizens and businesses by allowing the County to borrow money at low interest rates due to its "Aaa/AAA" rating. Accordingly, a high premium is placed on its protection. The financial protections of the SunLight/MasTec proposal, including a significant reduction in the size of the SCIA bond amounts, provides a strong and distinguishing level of protection which, in combination with other factors considered, lead to the recommended selection.

The evaluation of "price and non-price" factors allowed by law permits and supports this recommendation.

The scoring in the Evaluation Matrix (see **Attachment 2**) identified SunLight/MasTec as the Respondent providing the greatest overall value to SCIA. The evaluation indicated that SunLight/MasTec's proposal scored 94 out of 100 points while the next closest score, Borrego, had a score of 89 out of 100 points. Accordingly, the Evaluation Team recommends that the SCIA select SunLight/MasTec as the Successful Respondent.

SunLight/MasTec has proposed to install and operate solar systems at thirty-five Local Unit Facilities. The basic terms and benefits of the SunLight/MasTec proposal are as follows:

1. A fifteen (15) year PPA, with a first year rate of \$0.059 per kWh and annual escalation of 3% which results in a final price of \$0.10 in Year 15.
2. A 7.056 MW solar system. This will generate approximately 8.1 million kWh per year. The solar energy will serve approximately 26% of the combined load for all Local Unit Facilities (see **Attachment 4**).
3. Participating Local Unit Facilities will realize, in aggregate, an annual energy cost savings of approximately \$684,291 in the first year and these savings are expected to grow to approximately \$1,020,883 in the last year of the PPA (see **Attachment 3**).
4. Over the fifteen year term of the PPA, the Local Units, in aggregate, will realize \$12.5 million in energy cost savings on a nominal basis (\$9 million on a NPV basis) (see **Attachment 5**).

5. Participating Local Unit Facilities will realize an average rate reduction, for the portion of their electricity purchased through this program, of 23% relative to utility delivered power in the first year.
6. A significant reduction in the amount of SCIA bonds required to fund the renewable energy projects, to an amount of approximately \$25.5 million; which creates significant financial security to the SCIA and the County.
7. A \$1.43 million reserve fund, funded with an equity contribution from the company, provides additional financial protection to the SCIA.
8. A stable and known cost of electricity for fifteen years allows for budgetary certainty for the participating Local Units.
9. Partial use of the locally manufactured solar panels of MX Solar, a Somerset County based solar panel company.
10. Restoration Security of \$375,000 to provide additional protection to the Local Units that will be set aside to cover the cost of system removal at the end of the term if such option is selected.
11. Sharing of SREC revenue benefits.
12. An educational component with the ability to access operational data for the solar systems via a web enabled system.

The above benefits will be recalculated after the sale of the SCIA County-guaranteed bonds and may likely increase due to the conservative assumptions used in this analysis. These conservative assumptions are outlined in Section 8.a.

2. Overview of the Somerset County Renewable Energy Program

The following is a brief synopsis describing the Somerset County Renewable Energy Program (Solar Initiative) as outlined in the RFP.

SCIA issued a RFP dated March 15, 2011, as amended, for a PPA for the design, permit, acquisition, construction, installation, tax ownership, commissioning, operation, and maintenance of Solar Systems to be located at thirty-five Local Unit Facilities (See Section 4 for a list of the final participating Local Units and Local Unit Facilities).

The goal of the SCIA is to implement Renewable Energy Projects including Solar Systems that are both environmentally responsible and economically beneficial.

The RFP's total size (kW dc) of the Solar Systems at the SCIA's eighteen (18) local units and thirty-five (35) Local Unit Facilities was estimated to be 7.17 MW thus, reducing the carbon footprints of the Local Unit Facilities for the term of the agreement and, potentially, beyond.

The SCIA intends to enter into a long-term (fifteen (15) year) PPA with the Successful Respondent to purchase solar electric power produced from installations located on some, or all, of the Local Unit Facilities identified above. The SCIA does not intend to enter into a PPA unless the cost of the PPA is lower than the delivered cost of power from the local electric utility companies, PSE&G or JCP&L.

In evaluating proposals, the Evaluation Team used a Proposal Evaluation Matrix (Matrix) to rank Respondents (see **Attachment 2**). The Matrix includes a three step process:

1. Phase I is a checklist to determine if the Respondent has included all required documentation and information in their proposal. Once all requirements have been met, a Respondent is deemed compliant and qualifies to move to the Phase II of the evaluation. As the RFP makes clear, if a Respondent does not meet the Phase I requirements, it does not receive further consideration.
2. Phase II is a weighted rating of the value provided by the proposal across several categories (financial benefits, technical design, experience, qualifications and financial strength) and evaluation factors within those categories.
3. Phase III is an interview of all Respondents and final evaluation.

The Respondent with the top ranking in Phase II and III, after being determined to be in compliance with the requirements of Phase I, will be recommended for award as the Successful Respondent. The purpose of this Evaluation Report is to provide the SCIA with a full evaluation of qualified proposals, and to recommend which proposal provides the greatest value to the County, the SCIA, and the Local Units.

3. Financial Structure for the Somerset County Renewable Energy Program

The following is a brief synopsis of the financial structure as provided in the RFP.

The SCIA will issue Somerset County guaranteed taxable bonds to finance the solar systems to be designed and installed by a private solar developer for the benefit of the Local Units. This structure offers the opportunity for the Successful Respondent to maintain the tax ownership of the investment and will allow them to access the low cost of capital available in the public markets, through Somerset County's "Aaa/AAA" credit rating.

The benefits of the federal tax benefits (which the SCIA cannot take as a public entity) and low cost county debt have been combined in SCIA's Solar Initiative.

This structure provides the Successful Respondent with the opportunity to take advantage of federal tax benefits (such as the 1603 Treasure Grant or the 30% renewable energy investment tax credit and five year accelerated depreciation). The Successful Respondent will also own and monetize SRECs realized through New Jersey's Renewable Portfolio Standard (RPS) Program. The value realized from the sale of SRECs in the competitive market is a major component supporting the financing of a solar project. The Successful Respondent will take on the responsibility and risk of managing SREC sales.

SCIA will enter into a series of license agreements with the local governments that want renewable energy, to gain access to their roof and/or ground space and parking lots for the installation of solar panels. After SCIA issues its Aaa rated County guaranteed bonds to finance the solar projects, SCIA will lease the solar panels to the competitively procured Successful Respondent, structuring that lease in such a way as to provide the Successful Respondent with an opportunity to become the tax owner of the solar projects.

The Successful Respondent, in turn, makes lease payments to SCIA to fully pay the debt service on the SCIA bonds. Through a PPA, the Successful Respondent sells the electricity generated by the solar projects through SCIA back to the local government entities at a rate below the local utility tariff. The Successful Respondent must either provide some form of security to SCIA, or eliminate the need for it. As part of the RFP process, the Respondents had to include either a County Security Amount (CSA), or an alternate structure that would minimize or eliminate the CSA, to provide security that the lease payments will be made and that the SCIA and County have adequate financial protection.¹ The CSA calculates the difference between the lease payments and the revenue the Successful Respondent earns through SREC sales and PPA payments. This is to ensure that if the Successful Respondent defaults in any year during the fifteen year contract, the SCIA will have sufficient reserve in the form of the CSA, together with

¹ See page 12 of the RFP Section 1.1(G)(4).

remaining SREC and PPA revenues, to pay the remaining debt service (assuming the continuation of certain conservatively estimated SREC and PPA payment revenue streams).

The RFP also permitted Respondents to propose alternate structures using their own sources of financing.

This financing structure, in effect, allows the Successful Respondent to design, construct, own and operate the solar systems, assume the burdens of the project (pay the debt service and provide security), and embed its costs and revenue streams into a fixed, indexed sales price for the solar energy generated.

The program allows Local Units to demonstrate environmental responsibility while realizing economic benefits. The PPA offers a reduction in current energy costs for a portion of the Local Units energy needs and long term stability of energy prices.

4. RFP Preliminary Solar System Size

The original RFP, as released on March 15, 2011, contained the results of a preliminary feasibility assessment, as performed by SCIA's Energy Consultants. This assessment estimated the technical potential for Solar Systems at fourteen (14) Local Units and twenty-eight (28) Local Unit Facilities. Released on April 21, 2011, May 17, 2011, and May 20, 2011 Addendum 1, Addendum 3, and Addendum 4 provided changes to the original Local Unit Facility list and system sizes. The tranche list as included in the original RFP was as follows:

1. Bedminster Township
 - a. Municipal Building (Canopy 82.8 kW)
 - b. Clarence Dillon Library (Canopy 55.2 kW)
2. Bernards Township
 - a. DPW/Engineering Services Building (Roof 66.93 kW)
3. Bernardsville Public Library
 - a. Bernardsville Public Library (Roof 45.31 kW)
4. Borough of North Plainfield
 - a. Memorial Library (Roof 7.59 kW)
5. Borough of Peapack and Gladstone
 - a. Municipal Building-Gymnasium (Roof 26.45 kW)
6. Warren Township
 - a. Warren Township Public Works (Roof 46.69 kW)
 - b. Warren Township Municipal Building (Canopy 48.3 kW)
7. Bernards Township Board of Education Ridge High School (Roof 538.2 kW)
 - a. Wm. Annin Middle School (Roof 273.01 kW; Canopy 400.2 kW)
 - b. Mount Prospect School (Roof 212.06 kW; Canopy 312.8 kW)
 - c. Cedar Hill Elementary School (Roof 245.87 kW)
 - d. Oak Street Elementary School (Roof 83.03 kW)
 - e. Liberty Corner Elementary School (Roof 67.62 kW)
8. North Plainfield Board of Education
 - a. High School/Middle School (Roof 251.16 kW)
 - b. Somerset School (Roof 79.81 kW)
 - c. East End School (Roof 54.74 kW)
 - d. Stony Brook School (Roof 64.63 kW)
 - e. West End School (Roof 68.08 kW)
9. Somerset Hills Board of Education
 - a. Bernards High School (Roof 292.1 kW)

- b. Bedwell Elementary School (Roof 245.41 kW)
10. Warren Township Schools
 - a. Angelo L. Tomaso E.S. (Roof 170.2 kW, Canopy 104.88 kW)
 - b. Warren Middle School (Roof 421.36 kW, Canopy 165.6 kW)
 - c. Central E.S. (Roof 75.9 kW, Canopy 131.1 kW)
 11. Watchung Borough Board of Education
 - a. Bayberry Elementary School (Roof 185.84 kW, Canopy 69 kW)
 - b. Valley View Middle School (Roof 96.14 kW; Canopy 70.84 kW)
 12. Watchung Hills Regional Board of Education High School
 - a. Regional High School (Ground 125.12 kW)
 13. Somerset County Park Commission
 - a. Environmental Education Center (Roof 36.8 kW)
 14. Somerset County Vocational Board of Education
 - a. SCVTS Building A (Roof 56.58 kW)
 - b. SCVTS Building B (Technology) (Roof 103.96 kW)
 - c. SCVTS Building F (Classrooms and Shops) (Roof 71.99 kW)
 - d. Building B Parking Lot (Canopy 427.8 kW)
 - e. Building H Parking Lot (Canopy 296.7 kW)

The total system size across the above fourteen (14) local units was 6.18 MW. However, Addendum 1, Addendum 3, and Addendum 4, released on April 21, 2011, May 17, 2011, and May 20, 2011 respectively increased the system size from 6.18 MW to 7.17 MW. The following Local Unit Facilities were **removed** from the original RFP:

1. Bernard's BOE
 - a. Ridge High School
 - b. Wm. Annin Middle School
 - c. Mount Prospect School
 - d. Cedar Hill Elementary School
 - e. Oak Street Elementary School
 - f. Liberty Corner Elementary School
2. Warren Township
 - a. Municipal Building
3. Watchung Hills Regional BOE
 - a. Watchung Hills Regional High School

In addition, as outlined in Addendum 1, Addendum 3, and Addendum 4, the proposed Renewable Energy Projects for the following Local Unit Facilities were **revised**:

1. Somerset County Vo-Tech School Building A increased from 56.68 kW to 115.69 kW
2. Somerset Hills Bernards High School decreased to 167.44 kW
3. Somerset Hills Bedwell decreased to 225.17 kW

Finally, the following new Local Unit Facilities were **added** to the original RFP tranche list through Addendum 1:

1. Bedminster
 - a. DPW Garage (Carport 33.1 kW)
2. Bridgewater Raritan Board of Education
 - a. Milltown School (Roof 99.59 kW)
 - b. Bridgewater Raritan High School Teacher's Back Lot (Carport 314.18 kW)
 - c. Bridgewater Raritan Middle School Side Lot (Carport 213.9 kW)
3. Bridgewater Township
 - a. Municipal Complex (Carport 306.36 kW)
4. Franklin Township
 - a. DPW Garage (Roof 104 kW)
5. Montgomery BOE
 - a. Lower Middle School (Carport 289.9 kW)
6. Somerset County
 - a. Patriots Stadium (Carport 972.9 kW)
 - b. Administration Building Parking Deck (Carport 266.8 kW)
 - c. Bridgewater Central Maintenance (Carport 303.6 kW)
7. Morris-Union Jointure Commission
 - a. Morris-Union Jointure in Warren (Carport 480.2 kW)

Therefore, after the above changes were included as part of the RFP through the posting of Addendum 1, Addendum 3, and Addendum 4, the total system size of the SCIA Solar Initiative, which included eighteen (18) Local Units and thirty-five (35) Local Unit Facilities, increased to 7.17 MW.

5. PPA Pricing Design

SCIA requested one PPA Price and index from the Respondents for the entire project. Respondents are required to insure that every Local Unit Facility is included in the response. Respondents that provided base proposals in accordance with the RFP were also permitted to submit alternate proposals. Respondents were also required to provide two price adjustment factors to be used to adjust PPA rates upward or downward based on the final project development costs and the final interest rate on the debt service determined at the closing of project finance.

6. Respondent Response to RFP

SCIA received proposals in response to the RFP from the following four Respondents:

1. Borrego Solar (Borrego)
2. SunLight General Capital and Power Partners MasTec (SunLight/MasTec)
3. Tioga Energy, Inc. (Tioga)
4. Vanguard Energy Partners, LLC (Vanguard)

All four proposals were determined by counsel to SCIA to have met the Phase I requirements of the RFP and were further evaluated under the Phase II and III evaluation.²

Key information from the four conforming proposals submitted by Borrego, SunLight/MasTec, Vanguard, and Tioga is summarized below.

Borrego

Borrego proposed a fifteen (15) year PPA term to install solar at all thirty-five (35) Local Unit Facilities. In addition, Borrego proposed a private financing alternate fifteen (15) year PPA. The total size of the solar systems to be installed is 6.814 MW dc. The total project cost is \$33.7 million.

Borrego's first year PPA price for the Authority financing proposal is \$0.051 per kWh.³ Borrego's first year PPA price for the private financing alternate proposal is \$0.08 per kWh. The annual escalation rate for both proposals is 2.75%. Borrego did not offer any SREC sharing but did include an accelerated payment schedule to the SCIA. The accelerated payment schedule includes a large first year payment to be offset with an equity contribution from the company once projects are completed. In addition, Borrego included a Buy America option to manufacture panels in the United States through SunTech. This option adds \$0.015 per kWh to the PPA prices of the Authority financing proposal and the private financing alternate proposal.

SunLight/MasTec

² One Respondent was asked to clarify a technical issue associated with its Proposal Bond and did so in a during the evaluation process.

³ In its proposal, Borrego provided a sliding scale of PPA prices based upon varying amounts of project development costs. The PPA price of \$0.046 per kWh that was read aloud at the proposal opening was based upon a project development cost of \$1.5 million instead of the required \$1.95 million. Therefore, Borrego's PPA rate was increased from \$0.046 per kWh to \$0.051 per kWh based on the development adjustment factor provided in their proposal.

SunLight/MasTec proposed a fifteen (15) year PPA term to install solar at all thirty-five (35) Local Unit Facilities. The total size of the solar systems to be installed is 7.056 MW dc. The total project cost is \$37.8 million although SunLight/MasTec offered to reduce the bond size to \$25.5 million through a \$12.4 million capital investment in the project. The capital investment would be provided in conjunction with the issuance of the SCIA bonds.

SunLight/MasTec's first year PPA price is \$0.059 per kWh.⁴ The annual escalation rate is 3%. SunLight/MasTec offered SREC sharing 60% of the upside on SRECs above \$400 after Year 5 to maturity, a reserve of \$1.43 million, and restoration security of \$375,000.

Tioga Energy

Tioga proposed a fifteen (15) year PPA term to install solar at all thirty-five (35) Local Unit Facilities. The total size of the solar systems to be installed is 7.254 MW dc. The total project cost is \$40.3 million.

Tioga's first year PPA price is \$0.1175 per kWh. The annual escalation rate is 2.75%.

Tioga offered SREC sharing of: 50% of the revenue from SRECs sold at a price above \$300 in Year 1 through Year 5; 50% of the revenue from SRECs sold at a price above \$350 in Year 6 through Year 10; and, 50% of the revenue from SRECs sold at a price above \$200 in Year 6 through Year 15. Tioga also included an accelerated payment schedule to the SCIA.

Vanguard

Vanguard proposed a fifteen (15) year PPA term to install solar at all thirty-five (35) Local Unit Facilities. The total size of the solar systems to be installed is 6.778 MW dc. The total project cost is \$41.2 million.

Vanguard's first year PPA price is \$0.097 per kWh. The annual escalation rate is 2.75%. Vanguard did not offer any SREC sharing but did include an accelerated payment schedule to the SCIA.

⁴ There shall be no fees payable to the Successful Respondent as all fees have already been included in the transaction through the PPA price, although the Successful Respondent shall recover \$400,000 through the SCIA bonds.

7. Proposal Evaluation Matrix

Once the proposals were deemed compliant based on Phase I requirements, the proposals were subject to Phase II and III evaluation in accordance with the process defined in the RFP. The evaluation was conducted in accordance with an evaluation matrix, which is based on a total potential score of 100. The Matrix is broken into the following criteria and weighting factors:

Financial Benefits (50)	NPV of Benefits Option - Sharing of Benefits Non-Material Changes to Program Documents
Technical Design/Approach (10)	Output Guarantee (kWh) Design Strategy Project Team Approach O&M Plan and Approach
Respondent Experience (10)	Project Management Contractor Expertise Project Experience New Jersey Experience
Financial Strength (20)	Financial Capability/Strength of Provider County Security/Deficiency Amount Restoration Performance Security
Oral Interview Evaluation (10)	Presentation Explanation Key Factors Understanding Financial Factors/SREC Market

8. Financial Benefits Evaluation

Below is a summary of the financial benefits section of the Phase II evaluation. Proposals were evaluated and awarded points in the Matrix based on their responses to the following criteria: NPV of benefits; sharing of benefits; and, non-material changes to documents.

a. NPV of Benefits

Local Units realize economic benefits from the installation of renewable energy projects through the savings in energy costs by purchasing electricity from the solar project rather than from the local electric utility.

In calculating energy cost savings, the Evaluation Team compares a forecast of the cost of the local utility tariff rate electricity delivered to the Local Unit Facility that is avoided by purchasing the solar generation from the renewable energy projects at the PPA rate proposed by the Respondent and multiplies the difference by the expected solar output. This yields the projected savings in energy costs realized through the installation of the renewable energy projects.

The forecast of the avoided cost of the local utility tariff rate is the result of a detailed analysis of each utility tariff by each of its components over the fifteen year term of the PPA. This detailed analysis takes into account many factors, including the following:

1. Those components of the utility tariff rate that are not avoided as a result of the solar installation. For example, the customer charge and a portion of demand charges are not avoided through the purchase of solar energy generated by the solar systems.
2. The most recent energy market fundamentals (ex. New York Mercantile Exchange futures, Energy Information Administration long term escalation rates and environmental and RPS programs such as the SREC program) are incorporated to provide the best indication of future energy market costs.
3. The impact on future energy costs of national, state and regional environmental initiatives currently being considered (ex. carbon credits). The forecast includes the low Environmental Protection Agency estimate for carbon legislation originally slated to start in 2012 but pushed out to 2015.
4. The impact that general energy market escalation will have upon long-term energy prices.

To calculate the NPV benefits provided by each proposal, guaranteed production values were used. In addition, a 5.15% discount rate was assumed to calculate NPV of benefits; which was the assumed interest cost of the SCIA bonds in the RFP. This also assumes an average retail electric escalation of 3.7%.

Attachment 1 summarizes the PPA pricing (first year PPA price and annual escalation) proposed by the conforming Respondents.

The PPA pricing offered by all four proposals are less than the avoided utility cost for all Local Unit Facilities.

SCIA's energy cost savings are also shown in **Attachment 1**. The savings calculations in **Attachment 1** are shown in both NPV and nominal dollars, however, the most appropriate way to compare the value of projects is on a NPV basis to recognize the time value of money and the opportunity cost of capital.

On a NPV basis, the SCIA energy savings offered by the Borrego proposal with public financing is approximately \$10 million; the energy savings offered by the SunLight/MasTec proposal is approximately \$9 million; the energy savings by the Vanguard proposal is approximately \$5.7 million; and, the energy savings by the Tioga proposal is approximately \$3.6 million.

The Respondent with the highest NPV of benefits (Borrego) earned the maximum number of points (40) in the Matrix for this criterion. The Respondent with the second highest NPV of benefits (SunLight/MasTec) was awarded points proportionately to the difference between the first and second highest NPV of benefits. The third (Vanguard) and fourth (Tioga) Respondents were awarded points based on this same formula.

However, as discussed in Section 11 overall, the SunLight/MasTec proposal offered the most financial security to the SCIA in two significant ways; 1) it requires the issuance of less debt than required to build the solar project; and, 2) it posts an additional \$1.43 million in security.

The reduced debt service amount enables the County to have sufficient project generated revenue (PPA payments and SRECs) in each year even with very conservative SREC values, so that the need to fund a CSA is eliminated (see Section 3 for more information about the CSA). As stated above, SunLight/MasTec proposed to post \$1.43 million in an escrow account to provide additional protection. As such, SunLight/MasTec's proposal provides the SCIA and the County with the greatest financial security, protecting the County's guarantee and bond rating against significant reductions in project reserves.

A sensitivity analysis of NPV benefits around the average electric rate escalation was also conducted and is provided in **Attachment 5**, to determine whether benefits were realized for different levels of electric price escalation.

b. Option – Sharing of Benefits

As provided in the RFP responses and then confirmed during the interview process, the Evaluation Team asked the Respondents whether they would be willing to share SREC value with SCIA.

The level of this potential benefit and the probability of it occurring are very difficult to determine since it depends on future SREC prices. SREC prices will depend on the level of SREC supply and the cost and efficiency of new solar projects at that time. Scoring was based on whether or not SREC sharing was proposed and how beneficial the sharing was to the County.

Borrego

Borrego mentioned sharing in SRECs in its proposal but did not provide any concrete proposal with numbers or percentages and as such was given one point for SREC sharing.⁵

SunLight/MasTec

SunLight/MasTec offered SREC sharing in the amount of 60% of the upside of SRECs above \$400 after Year 5. In addition, should other environmental attributes arise in the future from these projects, SunLight/MasTec proposed to share in 60% of such attributes. SunLight/MasTec was awarded three points for this sharing proposal.

Tioga

Tioga offered an SREC sharing option in its proposal. Tioga offered sharing 50% of the SRECs in Year 1 through Year 5 of the PPA to the extent the value of SRECs exceeds \$300 per SREC in any such year. During Years 6-10 of the PPA, Tioga will share 50% of the revenue from sales of SRECs at a price above \$350 per SREC, and during Years 11-15 Tioga will share 50% of revenue from sales of SRECs at a price above \$200 per SREC. This SREC sharing proposal provides the SCIA with the potential for the greatest financial reward to the SCIA and as such, Tioga received the maximum points (5) in this section of the Matrix.

Vanguard

Vanguard did not offer any SREC sharing options in its proposal and was rated accordingly.

c. Non-Material Changes to Program Documents

⁵ Criteria for sharing were proposed at Borrego's interview, but cannot be accepted under applicable law since it was not specified in its proposal.

SunLight/MasTec and Vanguard proposed no changes to the program documents and received the maximum number of points in this section of the Matrix.

Borrego and Tioga proposed some changes to the program documents and were rated accordingly with a one point deduction in the Matrix.

9. Technical Design/Approach

The evaluation of the technical design/approach has several elements including output guarantees, construction schedules, project team approach, and operation and maintenance plans. Below is a technical review of the proposals. Proposals were evaluated and awarded points in the Matrix based on their responses to the following criteria: output guarantee, design strategy, project team approach, and operations and maintenance (O&M) plan and approach.

a. Output Guarantee (MWH)

All four Respondents provided the output guarantees required in the RFP of 90% and were therefore awarded maximum points for this requirement. Below is a description of each Respondents design strategy including their total system size and output.

Borrego

Total System Size	Total System Output
6.814 MW	8.327 MWh

Borrego's proposed capacity was compared with the conceptual site plans provided in the RFP. These indicate a 5% reduction in kW, which is acceptable.

The Bedminster DPW Garage 32.2 kW system appears to be oversized based upon the annual consumption of the site. Usage data provided in the RFP documents states that the annual consumption of the facility is 41,280 kWh. Borrego's system is estimated to produce 41,975 kWh annually. Borrego's 32.2 kW system must be slightly downsized so that Solar System production does not exceed facility annual consumption. The kWh/kW ratio at this site seems very high and could be the cause of this issue.

The Warren Central Elementary School 209.3 kW system appears to be oversized based upon the annual consumption of the site. Usage data provided in the RFP documents states that the annual consumption of the facility is 251,200 kWh. Borrego's system is estimated to produce 255,149 kWh annually. Borrego's 209.3 kW system must be slightly downsized so that Solar System production does not exceed facility annual consumption. The kWh/kW ration at this site seems very high and could be the cause of this issue.

The Warren Angelo Tomaso Elementary School 276.92 kW system appears to be oversized based upon the annual consumption of the site. Usage data provided in the RFP documents states that the annual consumption of the facility is 290,000 kWh. Borrego's system is estimated to produce 345,336 kWh annually. Borrego's 276.92 kW system must be greatly downsized so that Solar System production does not exceed facility annual consumption.

With regard to the Somerset County Bridgewater Central Maintenance Facility, the RFP layout was for a canopy sized at 303.6 kW. Borrego proposed a roof mounted system at 161 kW. This is unacceptable and must be modified. During the oral interview process, Borrego stated they would hold the PPA price and change the system from roof to carport. This was deemed acceptable by the Evaluation Team.

Using PV Watts calculations, Borrego’s kWh/kW ratio is 5.5% and considered high but acceptable.

SunLight/MasTec

Total System Size	Total System Output
7.056 MW	8,171 MWh

SunLight/MasTec’s proposed capacity was compared with the conceptual site plans provided in the RFP. These indicate a 1.6% decrease in kW, which is acceptable.

The Bedminster DPW Garage 36 kW system appears to be oversized based upon the annual consumption of the site. Usage data provided in the RFP documents states that the annual consumption of the facility is 41,280 kWh. Sunlight/MasTec’s system is estimated to produce 42,735 kWh annually. Sunlight/MasTec’s 36 kW system must be slightly downsized so that Solar System production does not exceed facility annual consumption.

The Bedminster Municipal Building 108 kW system appears to be oversized based upon the annual consumption of the site. Usage data provided in the RFP documents states that the annual consumption of the facility is 126,106 kWh. Sunlight/MasTec’s system is estimated to produce 129,853 kWh annually. Sunlight/MasTec’s 108 kW system must be slightly downsized so that Solar System production does not exceed facility annual consumption.

The Angelo Tomaso Elementary School 294 kW system appears to be oversized based upon the annual consumption of the site. Usage data provided in the RFP documents states that the annual consumption of the facility is 290,000 kWh. Sunlight/MasTec’s system is estimated to produce 343,175 kWh annually. Sunlight/MasTec’s 294 kW system must be greatly downsized so that Solar System production does not exceed facility annual consumption.

Tioga

Total System Size	Total System Output
7.254 MW	8.279 MWh

Tioga’s proposed capacity was compared with the conceptual site plans provided in the RFP. These indicate a 1.2% increase in kW, which is acceptable.

Tioga did not include the Watchung Borough BOE Valley View Middle School canopy; Tioga only included an 86.94 kW system on the roof. In the oral interview Tioga stated this project was not put in the proposal because it would not be a cost effective project. This is unacceptable; the RFP clearly states the Proposer cannot pick and choose the sites/projects. Tioga stated in its oral interview that it would hold the PPA price and include the system on the roof. This was deemed acceptable by the Evaluation Team.

The Angelo Tomaso Elementary School 256.62 kW system appears to be oversized based upon the annual consumption of the site. Usage data provided in the RFP documents states that the annual consumption of the facility is 290,000 kWh. Tioga system is estimated to produce 295,663 kWh annually. Tioga’s 256.62 kW system must be slightly downsized so that Solar System production does not exceed facility annually consumption.

The Central Elementary School 210.56 kW system appears to be oversized based upon the annual consumption of the site. Usage data provided in the RFP documents states that the annual consumption of the facility is 251,200 kWh. Tioga system is estimated to produce 253,453 kWh annually. Tioga’s 210.56 kW system must be slightly downsized so that Solar System production does not exceed facility annual consumption.

Using PV Watts calculations, Tioga’s kWh/kW ratio is acceptable and considered reasonable.

Vanguard

Total System Size	Total System Output
6.778 MW	8,551 MWh

Vanguard’s proposed capacity was compared with the conceptual site plans provided in the RFP. These indicate a 5.5% decrease in kW, which is acceptable.

The proposal kWh chart states the solar installation on the Warren Township BOE Middle School roof meets the consumption needs of the school; therefore the installation of the solar canopy is not required at this site. This Proposal specifically states the 187.2 kW system will produce 226,328 kWh. The total consumption for the site is 740,640 kWh. Vanguard’s assumption is incorrect. The canopy system described in the RFP should be included to attempt to match the annual production of the site. The removal of this canopy is unacceptable. After the oral interview process, Vanguard provided the missing canopy layout of 205.92 kW with a 257,152 kWh annual production. This was deemed acceptable by the Evaluation Team.

Using PV Watts calculations, Vanguard’s kWh/kW ratio is 11.3% higher than the ratio in the RFP and is therefore considered unreasonable. In the oral interview process Vanguard explained their Solar Systems have historically produced kWh matching 0.87 derate values, not the standard 0.77 used by the RFP. Vanguard also stated they

performed several studies on this matter and feel comfortable standing behind the 90% guarantee provided.

b. Design Strategy

Below is a description of each proposal’s design strategy. Respondents were evaluated based on the major system components and all four Respondents were awarded maximum points for this requirement.

Borrego

Below is a description of the major system components that Borrego proposed. Information about the canopy system manufacturer and the data acquisition system (DAS system) was not included in the proposal but was provided in the oral interview. During the interview, Borrego stated that they would be willing to provide the solar carport style/design of the County’s choice. Based on this response, the Evaluation Team accepts Borrego revised design.

System Component	Manufacturer	Compliance with Project Technical Specifications
PV Modules	Yingli 230 Watt or Suntech for \$0.015/kWh more	Yes
Inverters	Satcon & SMA & PV Powered	Yes
Mounting Systems	Sunlink	Yes
Canopy System	Cantilever Design – use Campbell steel	Yes
DAS	Fat Spaniel & Power Dash	Yes

SunLight/MasTec

SunLight/MasTec designed an acceptable Solar System. Below is a description of the major system components that SunLight/MasTec proposed. Information about the DAS system was not included in the proposal but was provided in the oral interview. The Evaluation Team accepts SunLight/MasTec’s design.

System Component	Manufacturer	Compliance with Project Technical Specifications
PV Modules	Trina 230 Watt TSM-230 PC05 & MX Solar USA	Yes

Inverters	SMA - Sunny Central 500HE-US	Yes
Mounting Systems	Sunlink, DPW, PowerGuard, Power Tilt, SolarDoc, Panel Claw, and S-5 Clips	Yes
Canopy System	Baja Construction	Yes
DAS	Deck Monitoring	Yes

Tioga

Tioga designed an acceptable Solar System. Below is a description of the major system components that Tioga proposed. During the oral interview Tioga stated that they would be willing to provide the solar carport style/design of the County’s choice. The Evaluation Team accepts Tioga’s design.

System Component	Manufacturer	Compliance with Project Technical Specifications
PV Modules	Yingli 230 Watt & 235 Watt	Yes
Inverters	Advanced Energy and PV Powered	Yes
Mounting Systems	Panel Claw Ballasted & Unirac pitched mounting system	Yes
Canopy System	Aesthetically pleasing with functionality with ease of maintenance – Baja Parking lot	Yes
DAS	Energy ReCommerce	Yes

Vanguard

Below is a description of the major system components that Vanguard proposed. The proposed canopy system does not comply with Part 2 Products - Section 2.9 Mounting System B. of the RFP that states, “All parking lot canopy systems shall be designed as to not impede parking movements or reduce parking spaces. Designs with minimal column supports (Cantilever Designs) are preferred over systems with multiple columns.” During the interview, Vanguard stated that they would be willing to provide the solar carport style/design of the County’s choice. Based on this clarification, the Evaluation team accepts Vanguard revised design.

System Component	Manufacturer	Compliance with Project Technical Specifications
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PV Modules	LG 240 Watt	Yes
Inverters	PV Powered and SMA Sunnyboy	Yes
Mounting Systems	UNIRAC RapidRAC, AET Rayport, and S-5 Clamps	Yes
Canopy System	Vanguard Custom Canopy Galvanized steel structure or SCIA choice	Yes
DAS	SunFlow Monitor also show Data Sheet of Noveda	Yes

c. Project Team Approach

Below is a description of each proposal’s project team approach. Based on their responses, all Respondents were awarded the maximum points for this requirement.

Borrego

The Borrego project team has been working successfully together for several years and is very experienced in the construction of large multifaceted solar projects; in the oral interview they indicated that they had undertaken similar projects in Colorado and San Diego.

Although a written construction schedule or project timeline was not included in the proposal, the following clarification was provided during the oral interview process: the construction could be completed in two phases, the first assuming no delays, the second assuming engineering and weather delays – both within the 12 month construction period. Each task would include: structural and engineering design, permitting, construction, utility inspections. Each site will have its own project manager, supervisor, engineer, project coordinator, and quality control inspector.

SunLight/MasTec

The Sunlight/MasTec project team approach is well organized and developed. They have an experienced team which has completed large complicated projects. All of the design and engineering will be completed by MasTec, and maintenance of these PV systems will be performed by BAM Electricians.

Although a written construction schedule or project timeline was not included in the proposal, the following clarification was provided during the oral interview process: the construction of the project will be broken down into several tasks. The main tasks include: survey ground and roof sites; create electrical and structural drawings for permit; develop construction schedule to County; install racking/materials; and, conduit, testing and commissioning.

Tioga

The Tioga project team has been working successfully together for several years and is very experienced in the construction of large multifaceted solar projects; one major example is the Morris County Improvement Authority Tranche 1 Solar Initiative. The majority of the project construction team will be employees of Tioga and Sundurance and all of the engineering and design will be done in-house.

Although a written construction schedule or project timeline was not included in the proposal, the following clarification was provided during the oral interview process: The construction of the project will be phased and managed out of approximately four construction field office "home bases" based logistically around four geographical zones. The construction window timeframe is estimated to be six months and does include the two sites in the RFP with specified additional time for construction.

Vanguard

The Vanguard project team approach is well organized and developed. They have an experienced team which has completed large complicated projects including SCIA Tranche 1 Solar Initiative. All of the design, engineering, and maintenance of Solar Systems will be done in-house.

A written construction schedule and project timeline was included in the proposal. The timeline, although preliminary, is applicable to this multi-site project, is broken down by North and South sites, and shows a logical progression of construction to the completion goal in one year. A note was also provided stating the schedule assumes that carport permitting is accomplished within a 90 day zoning process, and that DOE approval and roofs are ready for solar installations.

d. Operations and Maintenance Plan and Approach

Below is a description of each proposal's O&M plan and approach. Based on their responses, all Respondents were awarded the maximum points for this requirement.

Borrego

Although a written O&M section was not provided in the proposal, clarification was provided during the oral interview process. Upon completion of construction, on-site training will be provided to service personnel. Borrego will also provide an annual preventative maintenance service, a 24 hour alert capability, rapid incident response, active monitoring of the system's production, and actual versus expected performance ranking.

SunLight/MasTec

Although a written O&M section was not provided in the proposal, clarification was provided during the oral interview process. All sites will be 100% monitored by two local facilities personnel who will provide a 24 hour response time.

Tioga

A written O&M section was provided in the proposal. Although all of the O&M will be provided by Tioga, each site will be provided with an individualized O&M manual and a training session will be held to instruct the onsite staff on basic O&M procedures.

Vanguard

The maintenance process will be monitored by the SunFlow Monitor system. If issues arise, two Vanguard maintenance people with two separate maintenance vehicles will be dedicated to provide continuous maintenance to the Solar Systems.

10. Respondent Experience

The evaluation of respondent experience has several elements including project management; contractor experience; project experience; and, New Jersey experience. Below is a summary of the Respondents' proposals.

a. Project Management

All four Respondents demonstrated their ability to successfully manage the project through the involvement of well qualified management, supervisory, and key staff. Each Respondent was awarded maximum points for this requirement.

b. Contractor Experience

With respect to contractor experience, Borrego did not identify electrical contractors for the project. Therefore, the Evaluation Team could not evaluate all contractors' experience. As such, one point was deducted for this requirement. SunLight/MasTec, Vanguard, and Tioga received the maximum number of points for this section of the evaluation matrix as all three Respondents have teamed with very experienced EPCs (Power Partners MasTec, Vanguard, and the Sundurance respectively).

c. Project Experience

All four Respondents demonstrated extensive project experience with respect to project types, similar types of projects, number of projects, and years of experience. Each Respondent was awarded the maximum points for this requirement.

d. New Jersey Experience

Borrego was deducted a point under this category due to lack of local experience with New Jersey's permitting authorities and limited number of New Jersey projects. SunLight/MasTec, Vanguard and Tioga received the maximum number of points for this section of the evaluation matrix based on their New Jersey experience.

11. Financial Strength

The evaluation of the financial strength of the proposals has several elements including financial capability/strength of provider; county security/deficiency amount; and, restoration performance security. Below is a summary of the Respondents' proposals.

a. Financial Capability/Strength of Respondent

Below is a description of the financial capability and the financial strength of each Respondent. All four Respondents received the maximum amount of points for this section.

Borrego

Borrego is a wholly owned subsidiary of a \$5 billion parent company, Walsin Lihwa, with no debt on its balance sheet. They have installed more than 25 megawatts of solar, of which 4.5 MW were under PPAs. In July 2009, Walsin Lihwa executed a commitment with Borrego for \$30 million in equity financing. The capital established Green Lake Capital as the financing arm for Borrego Solar. Borrego Solar has provided sufficient financial information and an adequate finance package.

SunLight/MasTec

SunLight has financed 2.5 MW of projects since 2009 and has an additional 1.5 MW scheduled for this year. SunLight's current equity is \$10 million and they recently launched the SunLight General Solar Fund Two in the amount of \$30 million. They also have a joint venture with Toshiba Corporation to co-develop six 120 MW grid connected projects in the Northeast. Power Partners MasTec, LLC is a wholly-owned subsidiary of MasTec, Inc. a minority business enterprise with over 9,000 employees and annual revenues of \$2 billion. MasTec will provide the construction bond for the project installation. SunLight/MasTec has provided sufficient financial information and an adequate finance package.

Tioga

Tioga was the PPA provider for the first county wide solar initiative at the Morris County Improvement Authority and has a deep understanding of the program and related financing structure. Tioga is receiving a dual obligee bond from Sundurance, its subcontractor, and the SCIA will be a beneficiary of that bond. Sundurance is an affiliate of the Conti Group (with over \$300 million in annual revenue), which has been performing construction and construction management services since 1906, and has sufficient annual revenues. Tioga has provided sufficient financial information and an adequate financing package.

Vanguard

The Vanguard proposal relies, in large part, on a \$19.5 million equity contribution of Section 1603 proceeds, Vanguard Equity Infusion, and private equity. Individual projects will be tracked and accounted for separately. As each project contract is fulfilled, 1603 applications will be submitted throughout the construction period, accelerating receipt of 1603 proceeds. As 1603 proceeds are received, they will be escrowed and ready for the lease payment. Vanguard equity infusion is guaranteed jointly by Vanguard Energy, Ferreira Construction, and Nelson Ferreira. Vanguard has provided sufficient financial information and an adequate finance package.

b. County Security/Deficiency Amount

All four Respondents provided strong financial packages which effectively eliminated the need to fund a County Security Amount (CSA). Under each financial package, due to either an accelerated amortization schedule or a reduced bond size, the sum of the PPA payments to be made by the Local Units, plus a modest SREC value eliminates the need for any CSA in those last fourteen years of the transaction. Accordingly, each Respondent has effectively eliminated the need to fund a CSA, thereby earning high scores for this category. However as described below SunLight/MasTec's proposal provided for additional security further reducing the County risk and as such received the highest score for this category.

Borrego

Borrego's County Security Reserve is funded through a pledge of its 1603 Treasury Grant and Tax Equity contribution (\$15 million) as an accelerated payment of the County Bond. This would provide a great deal of security to the County. This contribution would buy down the bond within 60 to 90 days of when the project construction is complete. This approach is a satisfactory CSA approach. However, Borrego clarified in its interview that the SCIA bond pay down is not a hard payment date set at bond closing, but rather is a conditional prepayment of bonds once the projects were built. As such, in comparison to the approaches of the other Respondents (in particular the uncertainty of the initial accelerated SCIA bond payment date), as described below, this approach offers the least amount of security to the County. Therefore, Borrego was awarded six out of ten points.

SunLight/MasTec

The SunLight/MasTec Proposal reduced the SCIA bond size from \$37.9 million to approximately \$25.5 million by proposing to self finance \$12.4 million, which will be funded at SCIA bond closing. This approach reduces financial risk to SCIA and the County in a manner superior to the other proposals by reducing the amount of the SCIA bond to approximately \$25.5 million. The smaller size of the SCIA bond, as compared to the other Respondents, reduces SCIA and County exposure and provides strong SREC price risk protection as the balance of transaction revenues (i.e. SRECs and PPA payments) should this Respondent default, are estimated to be fully sufficient to make

all debt service payments on the SCIA bonds. In addition, the SunLight/MasTec proposal includes a \$1.43 million reserve fund to provide additional financial protection to the County. Accordingly, this approach has reduced, more than any other Respondent, the County's exposure on its Authority Bond Guaranty, thereby providing the County with the greatest security. For this reason, SunLight/MasTec was the only Respondent to receive the total amount of points for this category.

Tioga

Tioga proposed to pre-pay 30% of the bonds in the first year. Tioga wants to have an equity partner in this deal. Tioga's proposed a prepayment of the bond payment resulting in a CSA calculation of \$0. Tioga conducted sensitivity analysis to see how far SREC prices had to decrease before the SREC revenues in conjunction with the PPA revenues are not sufficient to cover the county debt. SRECs would need to decrease to 82% of the conservative SREC schedule provided in the RFP to require the need for a CSA amount. This approach is a satisfactory CSA approach. However, in comparison to the approach of SunLight/MasTec, as described above, this approach offers less security to the County. In particular, the County must provide its guarantee until the initial SCIA bond payment is made, after which point remaining transaction revenues are expected to be sufficient to pay SCIA bond debt service in the event the Respondent defaults. Under the SunLight/MasTec approach, there is no need for the County guarantee (and accompanying risk) on this portion of the SCIA bonds for this period. Therefore, Tioga was awarded seven out of ten points.

Vanguard

Vanguard proposed an accelerated amortization of the bond payment resulting in a County Security Amount of \$0 for the duration of the project, thus providing significant security to the County. The Vanguard approach to the CSA included making a large upfront payment to the Bonds (roughly half of the principal amount of the Bonds) at the Respondent's first lease payment obligation date, approximately thirteen months from the date of Bond issue. This effectively eliminates any remaining deficiency for the balance of the amortization of the Bond issue. This approach is a satisfactory CSA approach. In comparison to the approach of SunLight/MasTec, as described above, this approach offers less security to the County. In particular, that the County must provide its guarantee until the initial SCIA bond payment is made, after which point remaining transaction revenues are expected to be sufficient to pay SCIA bond debt service in the event the Respondent defaults. Under the SunLight/MasTec approach, there is no need for the County guarantee (and accompanying risk) on this portion of the SCIA bonds for this period. Therefore, Vanguard was awarded seven out of ten points.

c. Restoration Performance Security

Below is a description of the restoration performance security as proposed by each Respondent.

Borrego

Borrego discussed posting a performance security no later than six months prior to the end of the term. At this time, Borrego shall provide SCIA with an estimate of the cost to remove the systems and restore the facilities at the end of the term. Once the cost is agreed upon by Borrego and the SCIA, Borrego will either provide a performance bond in the amount of the agreed upon cost; an investment or deposit amount in the full amount; or, a guarantee or letter of credit issued by a financial institution reasonably satisfactory to the SCIA. Such funds will be released to Borrego when the facilities restoration is accepted by the SCIA. Borrego received the maximum number of points for providing an acceptable proposal for performance security.

SunLight/MasTec

The SunLight/MasTec proposal offered a performance security of \$375,000 which would be built up through setting aside \$75,000 a year for five years beginning in Year 11. SunLight/MasTec received the maximum number of points for providing an acceptable proposal for performance security.

Tioga

The Tioga proposal did not provide any restoration performance security, and was graded accordingly.

Vanguard

The Vanguard proposal did not provide any restoration performance security, and was graded accordingly.

12. Phase III Evaluation

Respondents who were qualified to be interviewed were evaluated with respect to their presentation and answers in the interview. This included evaluation of their presentation, explanation of key factors and understanding of financial factors.

All four Respondents did an excellent job during their presentations and were able to explain all key issues as well as demonstrating an understanding of financial matters. As such, each received the maximum number of points for this criteria of the Evaluation Matrix.

13. Recommendation – Successful Respondent

In recommending a Successful Respondent, the Evaluation Team used the Proposal Evaluation Matrix to rank the Respondents.

All four Respondents that submitted proposals that qualified for Phase II review, possess high quality management and installation resources and sound solar development experience. However, the proposal of SunLight/MasTec differentiated itself in several areas:

1. It provides substantial direct energy cost savings that are materially greater than those offered by the Vanguard and Tioga proposals;
2. It provides the Local Units the potential for additional savings through the sharing of revenues from the sale of Solar Renewable Energy Certificates (SRECs) and other environmental benefits;
3. Due to Sunlight's proposed capital investment, which reduces the required size of the SCIA bonds, it provides the strongest protection for the SCIA (and the County) from financial risk; and,
4. It includes a restoration security providing for additional Local Unit protection at the end of contract.

The overall Matrix scoring identified SunLight/MasTec as the Respondent providing the greatest value. Based on the above discussions, the evaluation indicates that SunLight/MasTec's proposal scored 94 out of a total of 100 points which is a higher overall score than Borrego's proposals which scored 89; Vanguard's proposal which scored 73; and, Tioga's proposal which scored 69. The proposal scoring is shown in **Attachment 4**.

The SunLight/MasTec proposal yields nominal benefits of \$12.5 million or net present value (NPV) benefits of \$9 million.

While each Respondent provided a financial structure limiting the financial risk to the SCIA and the County, the SunLight/MasTec proposal provided the strongest financial protections. By offering to self-finance a substantial portion of the overall cost of the renewable energy projects in the amount of \$12.4 million, the SunLight/MasTec proposal allows the SCIA to significantly reduce its bond size. The SCIA's approximately \$25.5 million in bonds will be combined with SunLight/MasTec's \$12.4 million self-financing to finance the total project cost (\$37.9 million). The SunLight/MasTec proposal also protects the SCIA from the potential risk of reductions in the price of SRECs. Moreover, by self-financing a portion of the total cost of the project, this protection has a very high degree of certainty. In addition, SunLight/MasTec proposed to post a \$1.43 million reserve, funded with an equity contribution from the company, to provide additional financial protection to SCIA and the County.

The Evaluation Team recognizes the lower PPA prices proposed by Borrego may provide more savings than the SunLight/MasTec proposal, but this differential must be viewed relative to the risks to and protections of the County, its guaranty and its bond rating. The preservation of this bond rating provides future economic benefits to the County and its citizens and businesses by allowing the County to borrow money at low interest rates due to its "Aaa/AAA" rating. Accordingly, a high premium is placed on its protection. The financial protections of the SunLight/MasTec proposal, including a significant reduction in the size of the SCIA bond amount, provides a strong and distinguishing level of protection which, in combination with other factors considered, lead to the recommended selection.

The evaluation of "price and non-price" factors allowed by law permits and supports this recommendation.

Accordingly, the Evaluation Team recommends that the SCIA select SunLight/MasTec as the Successful Respondent. This will result in estimated aggregate annual benefits of \$684,291 in the first year, total savings of \$9 million (NPV) over the life of the PPA, and average rate reductions for electricity purchased through this program of 23% relative to utility delivered power. These benefits will be recalculated after the sale of bonds and may likely increase due to the conservative assumptions used in this analysis.

Attachment 1

SCIA Program Solar Savings Summary

Somerset County Improvement Authority Solar Initiative Tranche 2 Estimated Savings Summary Respondent Comparison

Respondent	System Size (kW)	PPA Rate	Escalation	Solar Savings	
				Nominal (\$)	NPV (\$)
Borrego Public	6814	\$0.0503	2.75%	\$13,904,252	\$9,961,360
SunLight Capital	7056	\$0.0590	3.00%	\$12,499,662	\$8,960,947
Borrego Public wt. Buy America	6814	\$0.0652	2.75%	\$12,038,529	\$8,625,770
Borrego Private	6814	\$0.0800	2.75%	\$10,006,895	\$7,141,515
Borrego Private wt. Buy America	6814	\$0.0950	2.75%	\$8,141,173	\$5,805,925
Vanguard	6778	\$0.0970	2.75%	\$7,998,808	\$5,686,882
Tioga	7254	\$0.1175	2.75%	\$5,107,894	\$3,597,302

Attachment 2

Evaluation Matrix

Somerset County Improvement Authority
Solar II Initiative
Proposal Evaluation Matrix

Phase I - RFP Requirements Checklist
 Phase II - Proposal Evaluation
 Phase III - Short List Evaluation

Phase II Category	Evaluation Factor	WEIGHTING				SunLight	Borrego	Vanguard	Tioga
Financial Benefits (50)	NPV of Benefits		40		36	40	23	14	
	Option - Sharing of Benefits		5		3	1	0	5	
	Non-Material Changes to Program Documents		5		5	4	5	4	
Technical Design / Approach (10)	Output Guarantee (KWH)		3		3	3	3	3	
	Design Strategy		3		3	3	3	3	
	Project Team Approach		2		2	2	2	2	
Respondent Experience (10)	O&M Plan and Approach		2		2	2	2	2	
	Project Management		2		2	2	2	2	
	Contractor Expertise		3		3	2	3	3	
Financial Strength (20)	Project Experience		3		3	3	3	3	
	New Jersey Experience		2		2	1	2	2	
	Financial Capability / Strength of Provider		8		8	8	8	8	
TOTAL PHASE II	County Security / Deficiency Amount		10		10	6	7	7	
	Restoration Performance Security		2		2	2	0	1	
			90		84	79	63	59	

All proposers that submit complete proposals will be required to take part in an interview that will be scored on a 10 point basis.

Phase III Category	Evaluation Factor	SunLight	Borrego	Vanguard	Tioga
Short List Evaluation (10)	Presentation	2	2	2	2
	Explanation Key Factors	3	3	3	3
	Understanding Financial Factors / SREC Market	5	5	5	5
TOTAL PHASE III		10	10	10	10
TOTAL PHASE II and III		100	94	73	69

Attachment 3

Savings by Local Unit Facility

Somerset County Improvement Authority
 Solar Initiative Tranche 2
 SunLight General Capital
 Forecasted Energy Cost Savings by Local Unit Facility

Local Unit Facility	Life of Project		Life of Project		Annual Savings		Nominal Savings on Solar Energy Purchased		Nominal Savings		
	Nominal Savings	NPV Savings	NPV Savings	Project Savings	Year 1	Year 15	Year 1	Year 15	Year 1	Year 15	
Bedminster Clarence Dillon	\$80,033		\$57,396		\$4,434		\$6,492		62%		12%
Bedminster DPW	\$64,575		\$46,046		\$3,207		\$5,379		46%		43%
Bedminster Municipal Building	\$193,868		\$137,816		\$8,883		\$16,447		46%		43%
Bernards DPW	\$118,603		\$84,883		\$6,491		\$9,763		58%		24%
Bernardsville Library	\$119,415		\$85,602		\$6,598		\$9,718		61%		9%
Bridgewater Municipal Complex	\$580,231		\$416,781		\$33,090		\$47,112		60%		19%
Bridgewater Raritan HS	\$624,336		\$448,675		\$35,678		\$50,542		69%		6%
Bridgewater Raritan Milltown PS	\$207,196		\$148,640		\$11,500		\$16,771		60%		12%
Bridgewater Raritan MS	\$296,987		\$213,427		\$16,971		\$24,042		56%		8%
Franklin DPW	\$210,957		\$151,508		\$11,637		\$16,994		59%		42%
Montgomery Lower MS	\$615,326		\$442,239		\$34,119		\$49,327		65%		13%
North Plainfield East End	\$67,738		\$48,677		\$3,757		\$5,433		63%		6%
North Plainfield HS	\$526,951		\$378,603		\$30,121		\$42,697		65%		10%
North Plainfield Library	\$15,388		\$11,056		\$851		\$1,236		15%		8%
North Plainfield Somerset	\$110,639		\$79,496		\$6,325		\$8,962		61%		4%
North Plainfield Stony Brook	\$72,743		\$52,265		\$4,030		\$5,840		60%		19%
North Plainfield West End	\$91,970		\$66,093		\$5,102		\$7,374		60%		8%
Peapack Municipal Building	\$11,467		\$8,198		\$625		\$948		51%		2%
SCVTS	\$1,427,198		\$1,025,456		\$81,526		\$115,663		66%		14%
Somerset County Administration Bldg	\$525,074		\$377,356		\$30,007		\$42,496		64%		6%
Somerset County Central Maintenance	\$591,248		\$423,934		\$31,154		\$47,928		57%		49%
Somerset County Patriots Stadium	\$1,565,301		\$1,116,619		\$76,085		\$131,035		44%		37%
Somerset Hills Bedwell	\$356,814		\$255,829		\$19,755		\$28,987		61%		17%
Somerset Hills Bernards HS	\$351,807		\$252,326		\$19,520		\$28,509		59%		6%
Somerset Park Education Center	\$27,674		\$19,821		\$1,523		\$2,263		55%		6%
Warren Angelo T. Tomosso	\$453,763		\$325,405		\$24,957		\$37,097		45%		42%
Warren Central ES	\$181,717		\$130,253		\$10,047		\$14,789		57%		23%
Warren MS	\$1,100,525		\$785,855		\$59,211		\$91,952		54%		47%
Warren Public Works	\$80,872		\$57,747		\$4,336		\$6,757		52%		45%
Warren Union Jointure	\$1,018,402		\$730,373		\$56,414		\$82,625		65%		11%
Watchung BOE Bayberry	\$421,047		\$302,505		\$24,056		\$34,124		50%		24%
Watchung BOE Valley View	\$389,796		\$280,069		\$22,281		\$31,579		53%		20%
TOTAL		\$12,499,662		\$8,960,947		\$684,291		\$1,020,883		58%	23%

Attachment 4

Load Served by Solar by Local Unit Facility

**Somerset County Improvement Authority
Solar Initiative Tranche 2
SunLight General Capital
Local Unit Facility - Solar Statistics**

Local Unit	Solar System Size		Annual Consumption (kWh)	Electric Load Served by Solar Generation (%)
	Annual Generation (kW)	(kWh)		
Bedminster Clarence Dillon	43	48,974	230,400	21%
Bedminster DPW*	36	41,280	41,280	100%
Bedminster Municipal Building*	108	126,106	126,106	100%
Bernards DPW	63	75,002	160,640	47%
Bernardsville Library	59	73,174	451,360	16%
Bridgewater Municipal Complex	330	375,870	1,075,320	35%
Bridgewater Raritan HS	347	395,357	3,943,124	10%
Bridgewater Raritan Milltown PS	110	124,229	573,120	22%
Bridgewater Raritan MS	165	188,100	1,268,480	15%
Franklin DPW	114	133,848	245,174	55%
Montgomery Lower MS	319	372,973	1,661,600	22%
North Plainfield East End	35	41,140	369,760	11%
North Plainfield HS	288	336,586	1,979,040	17%
North Plainfield Library	8	9,376	16,050	58%
North Plainfield Somerset	61	70,374	859,200	8%
North Plainfield Stony Brook	38	44,571	125,520	36%
North Plainfield West End	48	55,611	360,320	15%
Peapack Municipal Building	7	8,372	162,880	5%
SCVTS	775	917,074	3,686,312	25%
Somerset County Administration Bldg	294	331,294	3,047,861	11%
Somerset County Central Maintenance	333	379,629	392,620	97%
Somerset County Patriots Stadium	1073	1,222,650	1,300,151	94%
Somerset Hills Bedwell	193	215,149	693,280	31%
Somerset Hills Bernards HS	182	210,687	2,796,676	8%
Somerset Park Education Center	15	18,064	146,480	12%
Warren Angelo T. Tomosso*	294	290,000	290,000	100%
Warren Central ES	95	110,692	251,200	44%
Warren MS	609	716,555	740,640	97%
Warren Public Works	45	53,590	55,680	96%
Warren Union Jointure	517	610,137	3,168,300	19%
Watchung BOE Bayberry	237	267,967	494,640	54%
Watchung BOE Valley View	215	248,175	603,840	41%
Total	7,056	8,112,606	31,317,054	26%

*SunLight General Capital oversized the solar systems at the Bedminster DPW, the Bedminster Municipal Building and the Warren Angelo L. Tomosso Elementary School. These systems were decreased to fit within 100% of the total annual electric consumption at each site. Final system sizes are likely to change based on further due diligence.

Attachment 5

Sensitivity Analysis

Somerset County Improvement Authority Solar Initiative Tranche 2 Estimated Savings Summary Sensitivity Analysis

Discount Rate of 5.15%, Average Retail Electricity Escalation of 3.7%

Respondent	Solar Savings	
	Nominal (\$)	NPV (\$)
Borrego Public	\$13,904,252	\$9,961,360
SunLight Capital	\$12,499,662	\$8,960,947
Borrego Public wt. Buy America	\$12,038,529	\$8,625,770
Borrego Private	\$10,006,895	\$7,141,515
Borrego Private wt. Buy America	\$8,141,173	\$5,805,925
Vanguard	\$7,998,808	\$5,686,882
Tioga	\$5,107,894	\$3,597,302

Discount Rate of 5.15%, Average Retail Electricity Escalation of 6.5%

Respondent	Solar Savings	
	Nominal (\$)	NPV (\$)
Borrego Public	\$14,586,254	\$10,444,248
SunLight Capital	\$13,169,076	\$9,434,796
Borrego Public wt. Buy America	\$12,720,531	\$9,108,658
Borrego Private	\$10,688,897	\$7,624,403
Borrego Private wt. Buy America	\$8,823,175	\$6,288,813
Vanguard	\$8,698,773	\$6,182,185
Tioga	\$5,780,941	\$4,073,554

Discount Rate of 5.15%, Average Retail Electricity Escalation of 0%

Respondent	Solar Savings	
	Nominal (\$)	NPV (\$)
Borrego Public	\$13,258,121	\$9,511,111
SunLight Capital	\$11,867,774	\$8,520,454
Borrego Public wt. Buy America	\$11,392,398	\$8,175,521
Borrego Private	\$9,360,765	\$6,691,266
Borrego Private wt. Buy America	\$7,495,042	\$5,355,676
Vanguard	\$7,337,397	\$5,225,643
Tioga	\$4,469,386	\$3,152,073