



DATE: June 16, 2009

TO: All Interested Responders

SUBJECT: REQUEST FOR INFORMATION (RFI) ON PROVIDING ELECTRICAL ENERGY GENERATED FROM FUEL CELLS AT VARIOUS STATE OWNED FACILITIES

INTRODUCTION

The Department of General Services (DGS) is releasing this Request for Information (RFI) to gather data and information on the current market conditions for electrical energy generated from fuel cell energy generating technologies and sold under a power purchase agreement to various state-owned facilities. It is anticipated that these fuel cell energy systems would be located at the same facility to which the electrical energy is sold. It is further anticipated that the fuel cell energy systems being contemplated by this RFI are larger commercial scale systems, greater than 100 kWac in generation capacity.

Note: *The cost for developing a response to this RFI is entirely the responder's responsibility and shall not be chargeable to the State of California, Department of General Services (DGS).*

OBJECTIVE OF THIS RFI

The overall goal of this Request for Information (RFI) is to collect information from service providers on the requirements and services in the third party fuel cell energy power purchase agreement market place, and to gather responses to the Questionnaire beginning on page five of this RFI. PD will use this information to determine the feasibility of issuing subsequent solicitations for pursuing the installation of fuel cell energy systems at state-owned facilities which would be operated under a third party ownership business model that includes a power purchase agreement.

KEY ACTION DATES (ANTICIPATED)

Release of the RFI	6/16/2009
Last Day to Submit Questions/Suggestions on RFI	6/26/2009
Written responses to questions	7/1/2009
Final date to submit response	7/10/2009

BACKGROUND

The State of California through the Department of General Services and other agencies, have entered into contracts with third parties to provide electrical energy produced from third party-owned solar power systems. A third party has a license for land from the State, obtains financing, performs the installation and operates the solar system. Electrical energy is then sold to the State agency who operates the State-owned facility upon which the solar system was installed. The price for the electrical

energy is based on a price formula which is less than or equal to the price the department would pay to the utility under its tariffs.

The State is considering the use of a similar contractual structure for electrical energy to be provided by on-site electrical energy generation utilizing fuel cell technologies. The State is seeking information about the technology and interest of potential service providers in order to identify state-owned sites for a future Request For Proposals (RFP). Interested parties should state in their response that they would be willing to sell electrical energy at a price **equal to or less** than the price paid by a state facility to its utility provider. In no case would a department be willing to purchase electrical energy at a premium to the otherwise applicable utility tariff price.

DISCUSSION

State-owned facilities being contemplated for the installation of large commercial fuel cell energy generating systems are either large commercial office buildings and/or complexes, and institutions, including state prisons, mental hospitals, and veteran's homes. These institutions are typically larger campus type facilities comprised of administration and housing buildings, which may include other facility related operations such as a physical plant for heating and cooling, laundry operations, kitchens, and waste water treatment plants.

These facilities are also dispersed throughout the breadth and scope of California. As a result, state-owned facilities are located in a variety of geographic areas, climate zones, proximity to major transportation, and more importantly, utility service territories. Most of these facilities are on time of use (TOU) utility tariff rates. Therefore, it is important to understand that the state pays for its electricity under a number of different utility tariff rates. Any third party PPA service provider must understand how TOU bills are generated for any given utility in California since the State will be requesting this type of billing service.

The PPA that is currently utilized by the Solar Power Purchase Program requires that the invoices generated and submitted by the third party service provider accurately reflect the applicable utility tariff rate for each billing period. For TOU tariff rates, the measurement and establishment of the demand charges is critical. Since the state will pay no more than otherwise would have been paid under the applicable utility tariff for the same amount of electricity as would be provided by the local utility, it is important to be able to demonstrate a command of metering and billing under a TOU tariff rate for the amount of electricity delivered to the state host facility. This would include any net energy metering (NEM) tariffs if this tariff rate were to be applicable for any given installation. The State is not interested in feed in tariffs since this tariff does not help the state achieve its energy policy goals and objectives.

Finally, with respect to the thermal energy given off by fuel cell systems, the state recognizes the importance of having a certain amount of this thermal energy being utilized in a meaningful manner. However, it has been the state's experience with other combined heat and power distributed generation systems and large third party cogeneration operations that the separate metering and billing of thermal energy is prone to problems, higher accounting and billing costs, and inaccuracies. Therefore, respondents to this RFI should indicate if they are willing to provide some thermal energy at no cost (essentially include the economic benefit of the thermal energy in the price for electricity under a PPA), and/or also describe how they have or would resolve problems associated with the separate metering and billing of thermal energy.

SCOPE

It is anticipated that depending on the feasibility, the State of California through the Department of General Services and other agencies will propose to enter into a contractual agreement with qualified fuel cell energy service providers for the following services:

- Site evaluation and assessment for on-site fuel cell energy generation technologies and systems including project scope and economic feasibility. The State will make no warranty or guarantees concerning the technical and economic feasibility of operating fuel cell systems at state-owned facilities that would participate in an RFP.
- The financing of proposed fuel cell energy generating systems. This includes the project administration costs that would be incurred by the State. Project administration costs include due diligence, project management, environmental review, plan review and approval, construction inspection and guarding costs (prisons only).
- The design, engineering, construction and installation of the fuel cell systems. This includes responsibility of the interconnection system, as well as the equipment necessary to transfer thermal energy to the facility.
- Operations and maintenance during the entire term of the agreement.
- Removal and disposal of the fuel cell system, and restoration of the licensed area to pre-installation conditions (accounting for normal wear and tear) at the end of the term of the agreement, if the option to terminate the agreement is exercised.
- All required metering and billing. Revenue metering occurs at the Point of Electrical Interconnection. Billing will be required to follow a format that will be similar to the billing format requirement for the Solar Power Purchase Program, Phase II solar PV projects. Metered data is to be made available in real time via a password protected web site.

INFORMATION BEING REQUESTED

DGS requests that providers submit information regarding their ability and desire to provide the services as outlined above. At a minimum, providers should respond to all the questions contained in the attachment below. Any additional information not specifically requested, but which the provider deems important and relevant to the project is also solicited.

Examples of the site license and power purchase agreements and billing requirements used in the Solar Power Purchase Program and which will likely be utilized for this program can be obtained at www.green.ca.gov/EnergyPrograms/FuelCells.htm .

PROCUREMENT APPROACH

This Request for Information (RFI) is the first step in researching services for the DGS. Depending on the determination of feasibility, DGS may issue an RFP whereby bidders will propose a complete solution that meets the DGS requirements. There is no currently targeted release date for such an RFP.

RESPONDING TO THIS RFI

The provider shall include a cover page to the response that identifies: the company name, company address, and point of contact's information (name, telephone and fax number, and e-mail address).

In addition to the information in the cover page, include information on other partners or team members that would likely participate in a response to any future RFP issuances and what their role would be.

All questions submitted in regards to this RFI shall be submitted in writing to the contact listed below.

Providers are not required to submit a response to the questionnaire below in order to participate in any future RFP issuances.

Note: This does not constitute a solicitation for entering into any agreement with the State of California. The Department of General Services, Green Team is investigating the opportunities for an individual or company to provide electrical energy from fuel cells at a variety of state facilities using a power purchase agreement model. The intent is to issue a future request for proposals for sites that best meet feasibility criteria based on the information submitted in response to this RFI.

Upon opening of the responses, all documents submitted in response to this RFI will become the property of the State of California, and will be regarded as public records under the California Public Records Act (Government Code Section 6250 et seq.) and subject to review by the public. The State cannot prevent the disclosure of public documents.

Please submit your questions and/or response to:

Department of General Services
Green Team
Attn: Patrick McCoy
707 3rd Street, 4th Floor
West Sacramento, CA 95605

You may e-mail your response to: Patrick.McCoy@dgs.ca.gov

For questions or concerns, please call Patrick McCoy at (916) 375-5988, fax number (916) 375-4466.

Thank you.

FUEL CELL ENERGY SYSTEM POWER PURCHASE AGREEMENT SERVICES REQUEST FOR INFORMATION (RFI) QUESTIONNAIRE

Background/Experience

1. Provide a description of the types of services and number of years your company has been in business providing fuel cell energy generating system services.
2. Provide a description of the third party power purchase agreement services offered. If this service is currently not offered, please provide a description of how you would provide these services, including partners or other team members and the types of business relationships necessary for success.
3. Provide a description of the fuel cell equipment that would be proposed. Include all auxiliary equipment necessary for the complete operation of the fuel cell system.

Requirements

4. Describe the necessary site conditions that would be required of a customer host facility. Include the minimum thermal energy demand necessary to ensure that efficiency requirements are met. Also include all utilities (i.e. water, sewer) that would be required.
5. Describe the required maintenance activities, including space needs and access requirements.
6. Describe any environmental issues or site related constraints that would be detrimental to siting and operating a fuel cell system.
7. Describe how the fuel cell system would be constructed and installed. Include information on the operations and operational requirements of the fuel cell system.

Billing and Pricing

8. After reviewing the pricing formula in the solar Power Purchase Agreement describe how you believe the pricing formula should read for a fuel cell application, and provide any other relevant information related to the issue of price calculations. Describe how you would meet the billing requirements as outlined in this RFI. Provide information on past and/or current billing practices.
9. Describe how you would meter and bill for thermal energy. Provide information on past and/or current billing practices.
10. Describe how you would meet the requirements to provide interval metered generation data via a password protected website.

Customer Service/Support

11. Describe how you would provide customer support services, meaning services to respond to questions regarding billing and operations, request for information, and emergency services.