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**CONSIDERATIONS FOR BOTH
SUCCESSFUL RFP RESPONSES AND FOR
THE NEGOTIATION AND DELIVERY OF
RENEWABLE ENERGY PROJECTS**

- 1) The origin of the renewable electric energy paradigm utilized by SCPPA and how this was developed.
- 2) Threshold Considerations: The RFP criteria should be followed in setting forth the proposed financial terms:
 - (a) Threshold price for wind energy.
 - (b) Threshold price for geothermal energy.
 - (c) Threshold price for solar energy.
- 3) POU's are very sensitive to price because these prices must be passed directly through to the POU's customers who in most cases elect the POU's governing bodies. IOU's need only obtain CPUC approval to pass through the costs to their customers.
- 4) Authority of the proposer to propose the project and the underlying interests which would be responsible for the development and implementation of the project.

- 5) Proposers should not attempt to propose speculative or research types of project proposals but should demonstrate tangible, completely constructible projects which are fully capable of being financed and developed.
- 6) If the project is an operating project a proposed PPA will be subject to review to assure compliance with California environmental laws.
- 7) If the project is an operating project the proposer may be required to provide a letter of credit securing the proposer's performance of the PPA terms and conditions.
- 8) If the project is a proposed but as yet undeveloped project, California Environmental Quality Act (CEQA) requirements will normally be applicable and for in state projects can in some cases require full environmental review by way of a full Environmental Impact Report.
- 9) Certain limited CEQA exceptions may be applicable to out of state projects.
- 10) If the project is yet to be constructed, the potential PPA may require the proposer to post a letter of credit which will assure that certain milestone dates will be achieved in the development and construction of the project. The letter of credit will be such that it can be drawn upon in the event of the failure to achieve any of these milestones.

- 11) A potential PPA may require that the project deliver a certain specified amount of guaranteed generation. Should the facility fail to deliver such guaranteed generation the Seller may be required to make up this renewable energy or pay a penalty to the Buyer.
- 12) Specified percentage debt to equity ratio.
- 13) A potential PPA may also require other security measures such as a Guarantee by a rated entity having a certain credit rating, or in the alternative provision of a second mortgage on the facility.
- 14) The potential PPA may also contain certain bankruptcy remote provisions or special purpose entity requirements.
- 15) Waiver of sovereign immunity provisions.
- 16) Purchase Option.