

EVALUATION REPORT

**Evaluation of Proposals Received on
March 12, 2019 in Response to a Request for
Proposals for a Developer of a Photovoltaic System to
be Located on Facilities and Lands Owned by
Hammonton Public School District Board of
Education, Atlantic County, New Jersey**



Prepared for:

Hammonton Public School District Board of Education

By:

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Dated:

April 30, 2019

Evaluation Report

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Executive Summary

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

The purpose of the Evaluation Report is to provide the Hammonton Public School District Board of Education (hereafter referred to as “Hammonton BOE” or “BOE”), with an evaluation of proposals received for its planned solar project and to provide a recommendation to the BOE.

The goal of the BOE is to implement a solar energy project that is environmentally responsible, educational and economically beneficial to the BOE. To this end, on February 7, 2019, the BOE issued a Request for Proposals (“RFP”), as amended, for a Power Purchase Agreement (“PPA”) for the purchase by the BOE of electricity generated by photovoltaic solar energy systems (“Systems”) implemented by a proposing firm (“Respondent”) to the RFP, at its sole cost and expense (the Respondent to be awarded the project will be referred to as the “Successful Respondent”), to be located on facilities and lands owned by the Hammonton Public School District Board of Education, in Atlantic County, New Jersey.

Pursuant to the RFP, the Successful Respondent will finance, design, permit, construct, install, operate and maintain the System, all in accordance with the terms set forth in the RFP including the terms proposed on the Successful Respondent’s PPA Price Quotation Proposal Forms. The Successful Respondent will also have all ownership rights to the potential tax benefits and Solar Renewable Energy Certificates (“SRECs”) generated by the Systems at each facility and will monetize the SRECs.

The RFP contained technical, site specific requirements and the results of the preliminary feasibility assessment performed by the BOE’s energy consultant, Gabel Associates, which defined and estimated the technical potential for the System at the BOE’s. The RFP encouraged respondents to include educational and curriculum-based content as part of the proposed solution.

The RFP included four proposal options; one mandatory and three elective proposal options. . The mandatory proposal, “Option 1” as set forth in Article II of the RFP, included ground-mounted systems that would be interconnected to the High School and the Early Childhood Education Center. For Option 1, the RFP identified five areas available for the installation of solar arrays; the field between the High School and Old Forks Road, the field between the Road to Excellence and the western property line and north of the entrance to the teacher’s parking lot, a strip of land between the High School and White Horse Pike, and the retention basin adjacent to the athletic field for the potential High School solar array, and a triangle area in the field adjacent to the maintenance barn and auxiliary parking lot for the Early Childhood Education Center.

Hammonton BOE also encouraged, but did not require, Respondents to submit proposals for two additional, elective proposal options. For Option 2, the RFP identified two alternative locations for the solar arrays at the High School, a larger portion of the field between the High School and Old Forks Road and the field between the Road to Excellence and the western property line and north of the entrance to the teacher’s parking lot, and Option 2 included the available area identified in Option 1 adjacent to the maintenance barn and auxiliary parking lot for the Early Childhood Education Center potential system. Option 3 consisted of all of the areas identified in Option 1 or Option 2, and additionally included potential ground mounted array in the rear of the Warren E. Sooy Jr. Elementary School. Option 4 consisted of all of the areas identified in Option 1 or Option 2, and additionally included potential roof mounted array at the Warren E. Sooy Jr. Elementary School.

Additionally, Respondents were permitted to provide additional, alternative proposals based on their own due diligence, feasibility assessments, and alternative strategies, as long as the Respondents included a proposal on the mandatory proposal Option 1. Under the RFP, the BOE retained sole discretion to select the proposal option under which the PPA, if any, will be awarded.

As set forth in the RFP, the Successful Respondent and the BOE will enter into a 15-year PPA under which the BOE will purchase all electricity produced from the System at a rate per kWh. Production will be guaranteed by the Successful Respondent. Pursuant to law, the PPA price must be lower than the delivered cost of power from the local electric utility company; i.e. Atlantic City Electric (“ACE”). This PPA structure provides the BOE with a reduction in its energy expenditures and minimizes the uncertainty that may result from price increases in the electricity market during the 15-year term of the PPA, in addition to other environmental and educational benefits that may be realized by the BOE. At the conclusion of the PPA Term, the BOE will have three options; the default option is for the Successful Respondent or system owner to remove the system at their cost, the BOE will have the option to purchase the systems at a fair market value, and, if the law allows, an option for continued or renewed PPA. These last two options are likely to result in significant long-term savings for the remaining life of the equipment.

To evaluate proposals, the BOE organized an evaluation team comprised of Administration personnel and supporting legal and energy professionals (collectively, “Evaluation Team”). The Evaluation Team developed the RFP and evaluation criteria, administered the procurement process (including site visits, RFP addenda, and written Q&A), determined legal completeness and technical compliance of the proposals received, conducted interviews with proposing teams, completed a detailed economic analysis, performed a collective evaluation and proposal ranking by consensus, and drafted this consensus-based Evaluation Report for consideration by the BOE in making an award decision. Evaluation of the proposals was based on point-ranking in a variety of categories, including financial benefits, technical design and approach factors, Respondent experience, and other factors as defined in the Evaluation Matrix included in the RFP¹.

¹ In accordance with the Competitive Contracting requirements of the Public School Contracts Law, the Evaluation Matrix was developed and published prior to the receipt of proposals in response to the RFP.

The BOE received proposals from four (4) solution providers (hereafter referred to as "Respondents") on September 21, 2018 in response to the RFP, including:

- HESP Solar
- Sol Systems / Pro Tech Energy Solutions
- National Energy Partners / Pro-Circuit Electrical
- Clean Energy Ventures / Miller Brothers

Following a legal and preliminary economic review, the proposal submitted by Clean Energy Ventures / Miller Brothers was deemed non-compliant because it was “non-binding” and therefore not considered any further during this evaluation. All other proposals were considered complete and legally compliant with the requirements of the RFP. The Evaluation Team completed interviews of all three (3) Respondents. The Evaluation Team conducted a detailed technical and economic analysis, experience review, formal ranking of the proposals as per the evaluation criteria published in the RFP, and development of this Evaluation Report.

The Evaluation Team developed a consensus ranking of each proposal within each evaluation category, leading to an overall score for each proposal between 0 and 100. The proposal with the highest score represents the strongest weighted-balance of all factors considered. Based on information contained within the proposals, and additional information collected during the oral interviews, the Evaluation Team scored the three (3) proposals in accordance with the evaluation criteria specified in the RFP. Table 1 below summarizes the scores for each of the proposals:

Table 1: Evaluation of Proposals

Respondent	Option	PPA Rate (\$/kWh)	Annual Escalation Rate	Score
HESP	1	\$0.0690	1.50%	79.2
HESP	2	\$0.0640	1.50%	89.92
HESP	3	\$0.0650	1.50%	92.81
Sol Systems	1	\$0.0559	0.00%	88
Sol Systems	2	\$0.0539	0.00%	86
NEP	1	\$0.06000	2.00%	73.36
NEP	2	\$0.05750	2.00%	84.66
NEP	3	\$0.05500	2.00%	93

Economic merit, particularly regarding savings through reduced utility bill payments, was evaluated in detail for each proposal. All proposals under the mandatory Option 1 and the elective Options 2 & 3 provide savings, measured as the difference between the solar PPA rate and what it would cost to purchase the same electricity from the utility.

Based on the Evaluation Matrix included in the RFP, the Evaluation Team reached the following conclusions:

- The highest ranked proposal under mandatory Option 1, from Sol Systems, provides savings of approximately \$93,475 in the first year, approximately \$98,561 in the second year, and an approximate 15-year net present value (NPV) of savings of \$1,134,356. Unfortunately, Sol Systems did not generate confidence, among the Evaluation Team members, in their experience or ability to navigate the Pineland Commission process.
- The highest ranked proposal under elective Option 2, from HESP Solar, provides savings of approximately \$76,468 in the first year, approximately \$79,743 in the second year, and an approximate 15-year NPV of savings of \$830,012.
- The highest ranked proposal under elective Option 3, from NEP, provides savings of approximately \$99,823 in the first year, approximately \$105,970 in the second year, and an approximate 15-year NPV of savings of \$1,078,655.

The Evaluation Team finds that the proposals received deliver meaningful savings for the BOE, are competitive with current market practice, and provide education and environmental benefits that are significant. There are different risks and variations in approach from each Respondent as noted in this Evaluation Report. The BOE will be best positioned if their counterparty is unlikely to change during the term and to have a counterparty that provided pricing inclusive of the SREC, ACE, and Pinelands risks, as well as all of the costs associated with the project including all of the maintenance within the project fence. All compliant proposals were ranked by the Evaluation Team, based on the Evaluation Matrix published in the RFP. However, the BOE may place more importance and value on certain provisions of each proposal than the Evaluation Team, therefore the BOE may conclude that a different Respondent than the highest ranked by the Evaluation Team has the best proposal for the District.

1. Overview of the RFP

On February 7, 2019, Hammonton BOE issued an RFP for a PPA for electricity generated by the System to be financed, designed, installed, owned, operated and maintained by the Successful Respondent at three locations on the Hammonton Public School District's Campus. The BOE sought proposals for photovoltaic solar renewable energy systems that would provide up to eighty percent of the electrical usage for the High School, Early Childhood Education Center, and/or Warren E. Sooy Jr. Elementary School.

The RFP included four proposal options; one mandatory and three elective proposal options. The mandatory proposal, "Option 1" as set forth in Article II of the RFP, included ground-mounted systems that would be interconnected to the High School and the Early Childhood Education Center. For Option 1, the RFP identified five areas available for the installation of solar arrays; the field between the High School and Old Forks Road, the field between the Road to Excellence and the western property line and north of the entrance to the teacher's parking lot, a strip of land between the High School and White Horse Pike, and the retention basin adjacent to the athletic field for the potential High School solar array, and a triangle area in the field adjacent to the maintenance barn and auxiliary parking lot for the Early Childhood Education Center.

Hammonton BOE also encouraged, but did not require, Respondents to submit proposals for two additional, elective proposal options. For Option 2, the RFP identified two alternative locations for the solar arrays at the High School, a larger portion of the field between the High School and Old Forks Road and the field between the Road to Excellence and the western property line and north of the entrance to the teacher's parking lot, and Option 2 included the available area identified in Option 1 adjacent to the maintenance barn and auxiliary parking lot for the Early Childhood Education Center potential system. Option 3 consisted of all of the areas identified in Option 1 or Option 2, and additionally included potential ground mounted array in the rear of the Warren E. Sooy Jr. Elementary School. Option 4 consisted of all of the areas identified in Option 1 or Option 2, and additionally included potential roof mounted array at the Warren E. Sooy Jr. Elementary School.

The Successful Respondent and the BOE will enter into a PPA for 15 years, the maximum duration permitted by State law, under which Hammonton BOE will purchase the electricity produced from the System at a fixed rate per kWh. The PPA rate must be less than the local utility electric tariff in the initial year of the term for the project to be awarded. It is anticipated that the Successful Respondent will finance the project through a combination of revenues derived from the sale to the BOE of the electrical output of the System, the sale of Solar Renewable Energy Certificates ("SRECs") in the competitive SREC market (or the capture of incentives through the available incentive program from the State), federal tax benefits (i.e. both investment tax credits and accelerated depreciation) and investor capital. At the end of the PPA term, the BOE will have the three options; (a) have the System removed at the Successful Respondent's expense; or (b) renegotiation of an extension of the PPA, if allowable by law; or (c) purchase the System by the BOE at fair market value ("FMV").

In May 2018, the State passed the Clean Energy Act which included a requirement that the current solar incentive program, the SREC Registration Program (SRP), close once the 5.1% of all

electricity sold in the State is generated from operating solar projects. The requires that the Board of Public Utilities (BPU) develop a new incentive program for solar by June 2021. Historically, solar development in New Jersey exceeds expectations and meets State goals sooner than expected. This current market transition is no different. Developers are rushing to complete projects prior to the end of the current SRP. The BPU recently released a notice for a new stakeholder session to provide input on a “transition incentive program” and the required new incentive program for 2021. The solar market expects that solar energy generation will meet the 5.1% threshold sometime between now and spring 2020, which has created the need for a “transition incentive program” to support the continued growth of solar to meet the Governors 50% renewable energy by 2030 goal. The details of this transition program and timing of implantation are unknown at this time. The RFP included the requirement that all proposal PPA price include the risk associated with the Hammonton BOE solar projects not making into the current SRP before the closure of the program and instead the solar projects could be included in the transition program. This insulates the BOE from the risk of increasing the PPA price or terminating the contract due to the Successful Respondents inability to finance without the current SREC market.

Proposals were to be evaluated on the basis of price and non-price criteria, in accordance with competitive contracting provisions of the Public School Contracts Law, specifically, N.J.S.A. 18A:18A-4.1(k); LFN 2008-20, dated December 3, 2008, *Contracting for Renewable Energy Services*; BPU protocol for measuring energy savings in PPA agreements (*Public Entity Energy Efficiency and Renewable Energy Cost Savings Guidelines, dated February 20, 2009*); LFN 2009-10, dated June 12, 2009, *Contracting for Renewable Energy Services: Update on Power Purchase Agreements*, and all other applicable law. Components of the RFP are as follows:

a) Solar Systems Size

A preliminary feasibility assessment was performed by the BOE’s energy consultant, Gabel Associates, to identify the technical potential for a solar system at the Hammonton BOE. Based upon this conservative, preliminary assessment, the Systems were estimated to have a total potential maximum capacity of approximately 2.9 MW DC depending on the areas included and design approach it could be less. The preliminary system size was capped at 80% of each facility’s previous 12 months of electricity usage. The RFP required that all proposals not exceed this 80% of the Baseline Annual Usage cap.

The Respondents were provided with twelve (12) months of electric usage data and utility tariff information for the facilities included. The RFP also included conceptual layouts designated the areas of the ground and roof that are available for the installation of solar arrays based on discussion with the BOE and its professionals.

b) Pricing and Other Commercial Requirements

The RFP required the Respondents to propose with system sizes, production guarantees, a PPA Price, and an annual escalation rate, if any, for every proposal submitted. In addition, all Respondents were required to provide a price adjustment factor to account for any increase in project development cost and unforeseen electrical interconnection or structural improvement

costs. These adjustment factors provide a controlled way for unforeseen cost changes to be handled after award, if required.

Proposals were required to include the following information about each Respondent:

- Proposal Option 1 - PPA Price Quotation Sheets
- Respondent Information/Cover Letter
- Consent of Surety
- Form of Construction Performance Bond
- Agreement for Proposal Security in Lieu of Proposal Bond
- Proposal Bond
- Ownership Disclosure Statement
- Non-Collusion Affidavit
- Consent to Investigation
- Statement of Respondent's Qualifications
- Acknowledgement of Receipt of Addenda
- Affirmative Action Compliance Notice/Mandatory EEO Language
- Disclosure of Investment Activities in Iran
- Proposal Checklist
- Political Contribution Form C. 271
- Public Works Contractor Certificate (*N.J.S.A 34:11 56.51*)
- Notice of Classification (*RFP Section 4.14*)
- Total Amount of Uncompleted Contracts Form DPMC701 (*RFP Section 4.14*)
- Business Registration Certificate (*RFP Section 4.12*)

The RFP also contained specific standard terms that were to be included in the PPA agreement, as well as standard requirements for proposal and construction bonding, insurance, etc.

c) Technical Requirements

The RFP provided technical requirements as well as special site conditions as a preliminary guide for the Respondents' proposed System. These Exhibits were used as the minimum requirements to satisfy the RFP.

Prior to the release of the RFP, the BOE's energy consultant, Gabel Associates, reviewed the Restricted Circuit Map made available by the local electric distribution company, Atlantic City Electric (ACE), to review the potential for interconnection difficulty. ACE's Restricted Circuit Map at that time showed that there was capacity for 50 kW AC to be interconnected at the BOE's facilities' locations. This is a preliminary finding and not definitive; the only way to determine whether a solar project can be interconnected is to file an interconnection application once detailed designs are prepared. The RFP included this potential interconnection limit for information purposes and not as a cap on system size.

The RFP included information about the existing switchgear and utility services. The Successful Respondent is responsible for designing, engineering, identifying and attaining all necessary permits and approvals. This includes Pineland Commission approval as indicated in the RFP.

d) Evaluation Process

To evaluate proposals, the BOE organized an evaluation team comprised of: Ms. Robin Chieco, Superintendent of Schools; Barbara Prettyman, Business Administrator/Board Secretary; Richard H. Walker, Jr., Esq., of Cooper Levenson; Andrew Conte and Bojan Mitrovic of Gabel Associates (collectively, "Evaluation Team"). The Board's Buildings & Grounds Committee assisted with the development of the RFP and provided support during the evaluation process. The Evaluation Team developed the RFP, administered the procurement process (including site visits, RFP addenda, and written Q&A), determined legal completeness and technical compliance of the proposals received, conducted oral interviews with proposing teams, completed a detailed evaluation and proposal ranking, and drafted this consensus Evaluation Report for consideration by the BOE in making an award decision.

The following milestones summarize the RFP development and evaluation process:

- 2/7/19 – RFP Issued
- 2/7/19 – Q&A Issued No. 1
- 2/12/19 – Q&A Issued No. 2
- 2/13/19 – Pre-proposal Conference and Site Tours
- 2/27/19 - Q&A Issued No. 3
- 3/7/19 – Formal Written Addenda No. 1 & Q&A No. 4
- 3/12/19 – Proposals Received
- 4/24/19 – Oral Interviews with Compliant Respondents
- 4/24/19 – Meeting of Evaluation Team to Rank Proposals
- 4/29/19 – Meeting with the Buildings and Ground Committee
- 4/30/19 – Evaluation Report Issued

2. Responses to the RFP

The BOE received four (4) and evaluated three (3) compliant proposals in response to the RFP as outlined in Table 2. One proposal that was received from Miller Brothers and Clean Energy Ventures was “non-binding” and Each Respondent consisted of a team made up of, at a minimum, a project developer (typically the PPA Provider) and an Engineering, Procurement and Construction ("EPC") company. Under this structure, the PPA Provider is responsible for the financing, design, permitting, acquisition, construction, installation, operation and maintenance of the Systems. To accomplish this task, the PPA Provider will contract with an EPC to complete the required engineering and construction work.

Table 2: Overview of Respondent Teams

PPA Provider	EPC
HESP Solar (HESP)	HESP Construction (HESP)
Sol Systems	Pro-Tech
National Energy Partners (NEP)	Pro-Circuit

The proposals provided all the necessary documentation as required of Respondents by the RFP. Table 3 provides an overview of the proposals that were submitted to the BOE.

Table 3: Overview of Received Proposals

Respondent	Option	Total Size (kW DC)	PPA Rate (\$/kWh)	Annual Escalation Rate
HESP	1	1,756.13	\$0.06900	1.5%
HESP	1 ALT*	2,461.50	\$0.06400	1.5%
HESP	2	1,756.13	\$0.06400	1.5%
HESP	2 ALT*	2,634.75	\$0.06400	1.5%
HESP	3	2,087.63	\$0.06500	1.5%
Sol Systems	1	1,728.00	\$0.05590	0.0%
Sol Systems	1 ALT*	1,505.00	\$0.05450	0.0%
Sol Systems	2	1,458.00	\$0.05390	0.0%
Sol Systems	2 ALT*	1,215.00	\$0.05080	0.0%
NEP	1	1,613.92	\$0.06000	2.0%
NEP	2	1,759.45	\$0.05750	2.0%
NEP	3	2,131.36	\$0.05500	2.0%

**Indicates alternative proposals. The Evaluation Team did not evaluate alternative proposals.*

Attachment 1 is a detailed summary of the key information from the proposal submitted by each responsive proposing team.

3. Decision Making Strategy and Proposal Evaluation Matrix

Evaluation of the proposals was based on point-ranking in a variety of categories, including financial benefits, technical design factors, Respondent experience, commercial factors, and educational materials. The full Evaluation Team developed a consensus ranking of each proposal within each evaluation category, leading to an overall score for each proposal between 0 and 100. The proposal with the highest score represents the strongest weighted-balance of all factors considered.

Economic merit, as determined by projected net savings realized by the project, was a dominant factor in the evaluation. As allowed by Competitive Contracting law, it is not the only factor considered in the evaluation. Other considerations, such as risk, design merit, and experience, as well as educational value, are also part of the evaluation. The strongest ranked proposal is based on a combination of relative economic strength along with these other factors.

The Evaluation Matrix used for proposal ranking, which was also included in the RFP, is as follows:

CATEGORY	EVALUATION FACTOR	WEIGHTING
Financial Benefits	NPV of Benefits	50
Design & Approach	Design Strategy	10
	Technical Approach	15
Respondent's Experience	Proposal Team Experience	15
Commercial Factors	Financial Capability & Commercial Term	7
Educational Value	Educational Materials	3
Total Proposal		100

The Evaluation Matrix scoring for each proposal Option and alternatives are provided in **Attachment 2**. The following sections of this Evaluation Report provide a review of the evaluation criteria for each Respondent and its associated proposal.

4. Evaluation: Financial Benefits

The BOE realizes economic benefits from the installation of a solar project through the energy costs savings generated by purchasing electricity from the solar project through a PPA at a cost lower than the cost of electricity that would otherwise be delivered by and/or purchased from the local electric utility (otherwise referred to as ‘grid-sourced’ electricity).

To calculate the estimated energy cost savings for the BOE, Gabel Associates prepared a forecast of delivery rates under the local utility tariff rate for ACE and added the forecasted electricity supply costs. Supply costs were evaluated based on both forecasted third-party supplier rates and Basic Generation Service rates (“BGS” or default service). The forecasted total electricity costs calculated as if the BOE continued the current purchasing strategy over the next fifteen (15) years was compared to the total electricity costs calculated if the BOE were to move ahead with the solar project inclusive of the PPA rates proposed by each Respondent and the reduced, remaining utility & third-party supplier electricity purchases.

Gabel Associates’ forecasts of the local utility delivery tariff rates and the cost of grid-sourced power is the result of a detailed analysis of the delivery tariff and the market costs for power supply, by component, over the term of the PPA. The BOE currently purchases electricity through a third-party supplier through the Alliance for Competitive Energy Services (“ACES”) cooperative pricing system, and the economic analysis has included the current contract costs as well as forecasted third-party supplier costs over the term. This detailed analysis takes into account the following factors:

1. The components of the utility delivery tariff rate that are not avoided as a result of the solar installation. For example, the customer charge and the major portion of the demand charges are not avoided through the purchase of solar energy generated by the System.
2. The components of grid-sourced power supply costs that are only partially avoided by a solar installation; for example, peak capacity and transmission obligations.
3. The most recent energy market fundamentals (i.e., New York Mercantile Exchange (“NYMEX”) futures, Energy Information Administration (“EIA”) long term escalation rates, and environmental and Renewable Portfolio Standard (“RPS”) programs such as the SREC program) are incorporated to provide the best indication of future energy market prices.
4. The expiration date of the current third-party supplier ACES contract and future third-party supply rate trends. Third party supply rates after the expiration of the ACES contract were calculated as a discount from BGS rates to conservatively estimate the potential savings from a third-party supplier contract (as compared to BGS). The third-party supply rate discount in our analysis reflects an expectation of a diminishing disparity between the two rates over time.
5. The impact of future energy costs as a result of national, state, and regional environmental initiatives.
6. The impact that general energy market escalations will have upon long-term energy prices.
7. The facilities historic energy usage and the proposed system size, guaranteed production, PPA rates and escalator.

All Proposal Options were evaluated based on the Net Present Value (“NPV”) of the total savings over the PPA term, which is a widely adopted methodology that recognizes the time value of money and the opportunity cost of money, to the BOE. To calculate the NPV benefits provided by each proposal, Gabel Associates utilized the Respondent’s proposed guaranteed amount of estimated solar production (ranged from 75%-90%) during the term of the PPA multiplied by the per-kwh savings (difference between the solar PPA rate and the average cost of grid-sourced power avoided by on-site solar generation – otherwise referred to as the ‘solar price-to-compare’). All savings in future years are discounted back to present value using a 5% discount rate, consistent with standard accounting practices for NPV calculations. Note that NPV is a function not just of the first year PPA rate and the annual escalator, but also of the size of the System and the fraction of the utility purchase displaced by solar generation.

Gabel Associates’ economic evaluation, based on the sources and factors listed above, utilized current utility tariff prices and current energy market conditions and applied assumed annual escalation rates for different portions of the distribution tariff and grid-sourced power supply components, in order to compare each of the PPA pricing proposals to electricity costs under a ‘non-solar’ electricity price scenario. All proposals were benchmarked against the same ‘non-solar’ electricity price scenario. In preparation of the forecast of the future prices for grid-sourced electricity, the annual escalation rates applied to the various cost components range conservatively from a low of 0.0% (flat) to as high as 3.0%. The economic evaluation considered first and second-year and annual nominal (non-discounted) savings, as well as the NPV of total savings over the full 15-year term. Please see Attachment 3 for a summary of the economic analysis results.

It is important to note that there are certain charges in the BOE’s electricity utility tariffs that will not be impacted in the first year but will be in the second year of operation. This mostly relates to capacity, transmission, and other demand-based charges that are set based on the maximum measurement from the previous 12-months. As such, it takes 12-months for the reduction from the installed solar project to impact the electricity bills. This is difference between the first- and second-year savings is shown in Attachment 3 and below.

As noted previously, the ACES contract is expected to expire at the end of November 2020, eleven (11) months after the estimated installation of the System. Once the solar project is in service, it may be prudent to review the BOE’s participation in ACES for third-party supply for these particular electric accounts and consider a transition of these accounts back to default supply (known as BGS) at the end of the BOE’s current contract commitment. While the cost benefit analysis suggests that this would be the best course of action for the BOE to maximize savings from net metering, the final decision can be made as the project nears commercial operation. The savings calculated from the economic analysis was determined based on the most likely scenario: a comparison of forecasted BGS supply costs for the remaining electricity purchased by the BOE after the installation of solar to forecasted third party supply costs for electricity (calculated as discount from forecasted BGS supply rates), if the BOE continued the current purchasing strategy without solar.

The Evaluation Matrix contains 50 points for Financial Benefits, which are awarded proportionally based on 15-year NPV of the solar price compare analysis of the proposed system sizes and guaranteed production values. The proposal with the highest NPV is awarded the full 50 points for

economic merit, and the remaining projects are awarded points in proportion to their savings NPV relative to the best proposal in the group.

The BOE received; three (3) proposal submissions for the mandatory Option 1, three (3) proposal submissions for Option 2, two (2) proposal submissions for Option 3, none for Option 4. For reasons further explained in the following sections, the alternative proposals were not considered.

Of the three (3) proposal submissions the BOE received for the mandatory Option 1, Sol Systems had the highest NPV and was awarded the maximum 50 points for this category and Option. NEP had the second best NPV and was awarded 31.36 points, closely followed by HESP with 31.2 points for this category and Option.

Of the three (3) proposal submissions the BOE received for Option 2, Sol Systems had the highest NPV and was awarded the maximum 50 points for this category and Option. HESP had the second best NPV and was awarded 41.92 points, closely followed by NEP with 41.66 points for this category and Option.

Of the two (2) proposal the BOE received submissions for Option 3, NEP had the highest NPV and was awarded the maximum 50 points for this category and Option. HESP had the second best NPV and was awarded 44.81 points.

5. Evaluation: Technical Design & Approach

The evaluation of the Technical Design & Approach has several criteria including:

- Design Strategy
- Technical Approach

Each of these areas will be discussed, reviewed, and rated for each of the respondents' proposals.

A) Design Strategy

The design strategy in each of the proposals were evaluated based on reviewing the preliminary system layout, locations selected, sizing and production as well as the major system components. This includes evaluation whether the proposed system sizes are 80% or less of the historic electricity usage and whether the proposed production to system size ratio is within the typical values seen in New Jersey. This section includes a table for each Respondent along with an overview of the system components that are utilized in each Respondent's preliminary solar design.

HESP Solar:

The Evaluation Team compared the total system size for Option 1 and Option 2 of 1,756.125 kW DC, Option 3 of 2,087,625 kW DC, Alt. Option 1 of 2,461.500 kW DC, and Alt. Option 2 of 2,634.750 kW DC. Alternative Option 1 and Alternative Option 2 from HESP include arrays on the roof of the Warren E. Sooy Jr. Elementary School and a carport canopy in the parking lot of the Elementary School in addition to ground-mounted arrays in the rear of the Elementary School. The Evaluation Team determined that the likelihood of having to repair the roof under during the PPA term is too high to allow for the consideration of solar on the roofs without significant improvements or risk. The potential carport canopy area proposed by HESP in Alternative Option 2 is planned for use in future projects. As such, the Evaluation Team decided not to evaluate the alternative proposal options from HESP.

The HESP Solar's proposed Option 1 and Option 2 systems are the same size systems with the High School arrays in different locations. Both have an expected output of 2,460,331 kWh, and Option 3 system has an expected output of 2,904,210 kWh. HESP Solar provided the PVWatts calculations for the Systems substantiating the production calculations, below is a summary of the estimated production in their proposal.

Proposal Option	Total System Size (kW DC)	Expected Total System Output (kWh)	Guaranteed Total System Output (kWh)
Option 1	1,756.13	2,460,331	2,214,298
Option 2	1,756.13	2,460,331	2,214,298
Option 3	2,087.63	2,904,210	2,613,789

HESP Solar's proposed equipment from the proposal are as follows:

HESP Solar: Major System Components

System Component	Manufacturer	Compliance with Project Technical Specifications
PV Modules	Trina Solar – TSM-DE14A(11) PERC MONO – 375W	Yes
Inverters	Yaskawa-Solectria – PVI – String Inverters	Yes
Rapid Shutdown	Tigo – TS4-F	Yes
Racking System	Patriot Solar Group – Driven Post Ground Array	Yes
DAS	Locus Energy/Also Energy	Yes

HESP Solar confirmed the use of Tier 1 materials, either those listed above or equivalent. HESP acknowledged that Patriot Solar racking systems are their preferred racking system, but Patriot Solar Group filed for bankruptcy recently and given the concerns about their ability to support their warranties, HESP stated that only warrantied racking systems will be used. HESP will utilize an equivalent racking system if Patriot Solar racking systems are unavailable or unsupported.

HESP Solar’s equipment selection complied with the RFP. HESP Solar’s proposed system layouts, locations, production (output) estimates, and production ratios were compared to the descriptions that were provided as part of the RFP and were found to be compliant and feasible for Options 1, 2 & 3. While the system sizes proposed are larger than the available capacity on the current Restricted Circuit Map from ACE, HESP proposes to work with ACE to find an engineered solution that allows for interconnection and an economically viable project. HESP Solar was awarded the maximum ten (10) out of the ten (10) points for this category for all proposal Options.

National Energy Partners:

NEP proposed a total system size for Option 1 of 1,613.92 kW DC, Option 2 of 1,759.45 kW DC, and Option 3 of 2,131.36 kW DC. The NEP proposed Option 1 has an expected output of 2,222,953 kWh, Option 2 system has an expected output of 2,423,402 kWh, and Option 3 system has an expected output of 2,948,025 kWh. Options 2 & 3 from NEP have the solar arrays servicing the High School in the same configuration. Conversely, Option 1 from NEP has less arrays in the field between the High School and Old Forks Road. NEP used PVwatts for their production estimates, below is a summary of the estimated production in their proposal.

Proposal Option	Total System Size: (kW DC)	Expected Total System Output: (kWh)	Guaranteed Total System Output: (kWh)
Option 1	1,613.92	2,222,953	1,667,215
Option 2	1,759.45	2,423,402	1,817,552
Option 3	2,131.36	2,948,025	2,211,019

National Energy Partners/Pro Circuit’s proposed equipment from the proposal are as follows:

National Energy Partners/Pro Circuit Electrical: Major System Components

System Component	Manufacturer	Compliance with Project Technical Specifications
PV Modules	Jinko Solar – JKM385M-72L-V – 385W	Yes
Inverters	Chint Power Systems – String Inverter	Yes
Racking System	RBI Solar – Ground Mount Solar Racking System	Yes
DAS	Locus Energy/Also Energy	Yes

NEP confirmed the use of Tier 1 materials, either those listed above or equivalent.

NEP proposed system layouts were compared to the conceptual site plan layouts that were provided as part of the RFP. National Energy Partners/Pro Circuit Electrical Option 1 layout proposed modules in an area which was not included in the RFP. All other proposed layouts complied with the conceptual site plan layouts. NEP’s equipment selection complied with the RFP. NEP’s proposed production (output) estimates, and production ratios were compared to the descriptions that were provided as part of the RFP and were found to be compliant and feasible for Options 1, 2 & 3. While the system sizes proposed are larger than the available capacity on the current Restricted Circuit Map from ACE, NEP proposes to work with ACE to find an engineered solution that allows for interconnection and an economically viable project. For these reasons the National Energy Partners/Pro Circuit Electrical team was awarded nine (9) out of the ten (10) points for this category for Option 1 and the maximum ten (10) out of ten (10) points for this category for Options 2 & 3.

Sol Systems:

The Evaluation Team compared the total system size for Option 1 of 1,728.000 kW DC, and Option 2 of 1,458.000 kW DC, Alt. Option 1 of 1,505.000 kW DC, and Alt. Option 2 of 1,215.000 kW DC. Alternative Option 1 and Alternative Option 2 from Sol Systems include arrays servicing only the High School in different configurations and designs. Since these proposals did not provide the potential for greater savings and did not include the other schools, the Evaluation Team decided not to evaluate the alternative proposal options from Sol Systems.

The Sol Systems’ proposed Option 1 systems have an expected output of 2,436,932 kWh, and Option 2 systems have an expected output of 2,087,856 kWh. The Option 1 proposal from Sol Systems included an array in the retention basin. The Option 2 proposal from Sol Systems did not include an array servicing the Early Childhood Education Center. Sol Systems provided the PVsyst for their production estimate, below is a summary of the estimated production in their proposal.

Proposal Option	Total System Size: (kW DC)	Expected Total System Output: (kWh)	Guaranteed Total System Output: (kWh)
Option 1	1,728.000	2,436,932	2,193,238
Option 2	1,458.000	2,087,856	1,879,070

Sol Systems’ proposed equipment from the proposal are as follows:

Sol Systems: Major System Components

System Component	Manufacturer	Compliance with Project Technical Specifications
PV Modules	JA Solar – JAM72S01-375 – 375W	Yes
Inverters	Chint Power Systems – String Inverter	Yes
Racking System	RBI Solar – Ground Mount Solar Racking System Alt. Option 2 Tracker - NEXTracker	Yes
DAS	Locus Energy	Yes

Sol Systems’ confirmed the use of Tier 1 materials, either those listed above or equivalent.

Sol Systems’ proposed system layouts were compared to the conceptual site plan layouts that were provided as part of the RFP and were found to be within the defined boundaries. As stated above, Sol Systems’ Option 1 included an array in the retention basin. The RFP did include this area for potential inclusion. During the Evaluation Team’s interview with Sol Systems, as explained in the part b of this section, it was revealed that Sol Systems had not considered the potential permitting difficulty associated with locating an array in a retention basin in the Pinelands Region. Sol Systems’ Option 2 proposal did not include the Early Childhood Education. For these reasons, the Sol Systems’ team was awarded nine (9) out of the ten (10) points for this category for Option 1 and seven (7) points for this category for Option 2. Sol Systems did not provide an Option 3 proposal.

B) Technical Approach

The technical approach section of the report will evaluate the proposers project management approach, construction ability, and operations and maintenance plan as well as each proposed system’s compliance with the site specific and technical requirements from the RFP Appendices B and C.

HESP Solar:

HESP Solar indicated that they will be providing the project management services for this project. HESP Solar indicated that HESP Construction will be performing the EPC scope of work and hiring the necessary subcontractors for this project. HESP Solar has verifiable experience with completing projects. Both HESP Solar and HESP Construction will have project managers who

will be responsible for the successful completion of the project. HESP Solar indicated they would participate in meetings during construction to review the project's status.

HESP Solar indicated they will be self-performing the operation and maintenance for this project. They will be using their real-time monitoring system to track key performance indicators and will respond quickly in the event of a component failure. HESP Solar anticipates a minimum of two service inspections per year and maintaining the grass within the array fences at a visual pleasing level rather than letting it grow until it reaches the bottom of the modules.

HESP's proposal is consistent with the site specific and technical requirements of the RFP. During the interview process, HESP stated they would be using their own direct boring equipment rather than cutting open the driveways or walkaways around the High School and that they intend to use a vibrating post driver to install the racking system rather than a hydraulic hammer post driver. HESP also indicated that they had budgeted some landscaping costs within their estimated system costs for the proposal.

The Evaluation Team determined that HESP's proposed project management organization, operations and maintenance activities, and approach to construction would be least disruptive and most preferred of the proposal received, therefore HESP Solar was awarded the maximum fifteen (15) out of the fifteen (15) points for this category for all Options.

National Energy Partners/Pro Circuit Electrical:

NEP indicated they will be providing multi-layered project management services for this project. There will be project managers involved from NEP as well as their EPC firm and subcontractors. NEP will be using Pro Circuits Electrical as the EPC. National Energy Partners will schedule weekly construction update meetings and will provide staging plans prior to the start of construction.

NEP indicated that PV Pros will be performing the operation and maintenance for this project. They will be using their real-time monitoring system to track key performance indicators and will respond quickly in the event of a component failure. NEP anticipates quarterly visual inspections and preventative maintenance site visits two times per year. During the interview process it was revealed by NEP that they do not anticipate having to mow or take on the mowing of the array areas within the fence. NEP did not indicate whether this was due to the expected growth mix, an expectation that they would place gravel or some other ground cover to prevent growth, or if they expected the BOE to be responsible for mowing.

National Energy Partners proposal indicates their previous school projects have taken approximately a year and a half from PPA execution to substantial completion. In addition, National Energy Partners' technical approach includes road cuts and trenching at the High School and does not include landscaping or vegetated screening around the array fences. For these reasons, National Energy Partners/Pro Circuit Electrical was awarded twelve (12) out of the possible fifteen (15) points for this category for all Options.

Sol Systems:

The Sol Systems will be providing a project manager and outsourcing the construction management and subcontracting services for this project to their EPC firm. The Sol Systems team will be using Pro-Tech Energy Solutions to provide the EPC function on this project. Pro-Tech indicated they will have a multi-layered project management organization with a combination of on-site and office personnel. Pro-Tech has verifiable experience with completing projects in a timely manner and maintaining project schedules. Sol Systems will work with their EPC to schedule weekly meetings and provide traffic, health & safety, and staging plans prior to the start of construction.

Sol Systems indicated that they will be responsible for the operations and maintenance and they may bring on a separate firm to provide these services during the term. They will be using their real-time monitoring system to track key performance indicators and will respond quickly in the event of a component failure. Sol Systems anticipates one service inspection per year and maintaining the grass within the array fences three to six times a mowing season. Sol Systems' technical approach included two road cuts and trenching at the High School and did include a small allowance for landscaping/visual screening costs.

Sol Systems' proposal is consistent with the site specific and technical requirements of the RFP. The Evaluation Team is concerned with the amount of the project management responsibility that would be outsourced by Sol Systems. For this reason, Sol Systems was awarded fourteen (14) out of the fifteen (15) possible points for this category for all Options.

6. Evaluation: Respondent's Experience

The Respondents all proposed as a part of a team comprised of PPA providers, engineering, procurement and construction (EPC) firms, and other engineering or trade specific subcontractors. The Respondent's Experience/Proposal Team Experience category focuses on the Proposal Teams' experiences both together and as separate entities as well as the team's experience with Atlantic City Electric's (ACE) interconnection process, Pinelands Commission approvals, and New Jersey Department of Education (DOE) applications.

HESP Solar:

HESP Solar will act as the PPA provider and indicated that HESP Construction will be the EPC firm for this project. HESP Construction is a recently created company that provides EPC services solely to HESP Solar and will serve as a project manager, oversee engineering and construction. Additional work is proposed to be completed by KMB Design Group (structural and electrical engineering) and other subcontractors not yet identified for the construction of certain portions of the project, i.e. a separate fencing contractor.

HESP Construction, due to the time it has been in the market, completed less projects than HESP Solar. HESP Solar has completed a multitude of school installation projects in New Jersey including the following:

- South Brunswick School District, South Brunswick, NJ (14 Schools)
- Stafford School District, Stafford, NJ (5 Schools)
- Jackson Landfill, Jackson NJ
- Tenafly School District, Tenafly, NJ (3 Schools)
- Plumsted School District, New Egypt, NJ (2 Schools)
- Manchester & Haledon School Districts, Haledon, NJ (2 Schools)
- Elizabeth School District, Elizabeth, NJ (2 Schools, currently under construction)

While HESP indicates they have experience with Pineland's approvals and have demonstrated experience with DOE applications, HESP Solar's response to their experience with ACE interconnection raised some concern from the Evaluation Team. Therefore, HESP Solar was awarded fourteen (14) points out of the possible fifteen (15) points in this category for all Options.

National Energy Partners:

National Energy Partners will act as the PPA provider using Pro Circuit Electrical as the EPC and small number of subcontractors for other scopes and services related to construction. National Energy Partners has completed several New Jersey school projects including the following:

- Pennsauken School District (9 schools)
- Winslow Township School District (8 schools)
- West Deptford School District (4 schools)
- Andover Township Schools (2 schools)

Pro Circuits Electrical, based on the information available, have installed one solar project at a New Jersey school: Kingsway School, Voorhees, NJ. Pro Circuits was contracted to remove, store, and reinstall the solar PV system at West Brook Middle School, Paramus, NJ. Pro Circuits Electrical was contracted to decommission the solar PV system at Washington Community School, Bayonne, NJ. Pro Circuits Electrical has completed several non-solar PV system projects in New Jersey schools as follows:

- Ridgedale Middle School, Florham Park, NJ (New Electric service)
- Flemington/Raritan BOE, NJ (Security System Upgrades)
- Wallington BOE, Wallington, NJ (Exterior Lighting)

The National Energy Partners and Pro Circuits Electrical team has not been awarded any public solar PPA projects as a team. While NEP has experience with Pineland's approvals and experience with DOE applications, NEP's response to their experience with ACE interconnection raised some concern from the Evaluation Team. For these reasons, National Energy Partners/Pro Circuit Electrical was awarded thirteen (13) out of the possible fifteen (15) points for this category.

Sol Systems:

Sol Systems will act as the PPA provider. Sol Systems proposal indicated that they would be using Pro-Tech Energy Solutions as their EPC firm. Sol Systems indicated they will manage the EPC contractor throughout the whole construction process. Sol Systems is relatively unknown in the New Jersey public school solar market. Sol Systems has completed private projects in New Jersey for Amazon (5 sites).

Pro-Tech Energy Solutions has experience with New Jersey schools, but this experience is from several years ago. This experience includes a multitude of schools in Union County as a part of the County's 2012 aggregation project.

The Sol System team has not been awarded any solar PPA projects and has not entered into any PPAs with any public schools in New Jersey, therefore, as a team, they have not demonstrated experience with New Jersey public school solar project experience. Sol Systems and their team indicated they have low or no experience with Pineland's approvals and have aged experience with DOE applications. HESP Solar's response to their experience with ACE interconnection raised some concern from the Evaluation Team. For these reasons, Sol Systems was awarded ten (10) out of the possible fifteen (15) points for this category.

7. Evaluation: Commercial Factors

Each Respondent was evaluated on commercial factors, which include the following:

- Commercial Terms
- Financial Capability

The Financial Capability evaluation focuses specifically on whether the Respondent provided enough information (audited financials, bank letters, etc.) for the Evaluation Team to determine whether the proposing team is financially capable building the project. NEP and Sol Systems were able to provide letters from banks or capital funds indicating their creditworthiness. HESP's preferred racking manufacturer is going through a bankruptcy proceeding and HESP is involved, while it is unlikely that this could cause HESP to go out of business, it is concerning to the Evaluation Team that this situation exists.

Each of the Respondents were asked to provide a production guaranty. In the industry it is typical for PPA providers to provide a ninety percent (90%) production guarantee (however, some market participants offer higher production guarantees) that is "trued-up" periodically over the term of the PPA. Some PPA providers will provide a schedule of guaranteed production over the term and some will offer a 90% weather-normalized guarantee, in which case the weather-normalization occurs during the true-up calculation and thus potentially reduces the actual percentage below 90%.

HESP offered an industry standard 90% of expected output guarantee that would not be weather normalized. Sol Systems offered an industry standard 90% of expected output guarantee that would be weather normalized during the true up period. NEP offered a 75% of expected output guarantee, well below the industry standard.

The Evaluation Team agreed that the best contracting structure would be for the BOE to enter into the PPA with a counterparty that will own the project for the full term and will keep the project on their balance sheet. Often solar project developers will look to "flip" a project and sell or assign the project to a different party before or during construction. All of the Respondents indicated that they would be bringing in tax equity partners or financing entities and would need an estoppel agreement and the right to assign for financing purposes when the time comes.

HESP indicated they would own the projects for the term, and they would bring in a tax equity investor near the end of construction. NEP indicated a similar plan as HESP, but instead of signing the PPA with NEP, the BOE would be signing the PPA with a special purpose entity (SPE) created solely for this project and wholly owned by NEP. Sol Systems indicated they would likely not keep the project on their balance sheet, they would likely form a SPE and transfer ownership of the project to either a capital fund or an unknown buyer early in the projects development.

For the reasons described above, HESP was awarded six (6) out of the possible seven (7) points, NEP was awarded five (5) out of the possible seven (7) points, and Sol Systems was awarded four (4) out of the possible (7) points in this category for all Options.

8. Evaluation: Education Value

The BOE recognized that the solar system could serve as a significant asset for enhancing student learning and community engagement. Solar energy systems are particularly helpful for supporting enhanced curriculum and project work for Science, Technology, Engineering, and Mathematics (“STEM”) programs. The RFP encouraged Respondents to highlight educational content as part of their proposal. The Evaluation Team assessed the merit of this educational content by considering the value of displays, presentations, and outreach programs, as well as specific content for enhancing curriculum.

All three Respondents provided descriptions of the types of education materials that they will make available for the BOE as part of their proposal. All three Respondents indicated that the BOE Administration and the BOE’s STEM programs will have access to the raw data from the data acquisition systems and weather station as part of this project as well as various:

- Presentations
- Staff Training
- Assemblies for the students

Two (2) Respondents, NEP and HESP, received the maximum three (3) for this category for offering curriculum materials, flexibility to develop materials at the BOE’s request, and HESP offered to fund a renewable energy science fair. The Evaluation Team determined that Sol Systems’ proposed educational materials were lacking when compared to these Respondents. Therefore, Sol Systems received one (1) point due the Evaluation Teams consensus that their educational offerings were of less value than the other Respondents.

9. Trade-Offs Between Options

As described in the previous sections of this report, the RFP included four proposal options; one mandatory and three elective proposal options. The mandatory proposal, "Option 1" as set forth in Article II of the RFP, included ground-mounted systems that would be interconnected to the High School and the Early Childhood Education Center. For Option 1, the RFP identified five areas available for the installation of solar arrays; the field between the High School and Old Forks Road, the field between the Road to Excellence and the western property line and north of the entrance to the teacher's parking lot, a strip of land between the High School and White Horse Pike, and the retention basin adjacent to the athletic field for the potential High School solar array, and a triangle area in the field adjacent to the maintenance barn and auxiliary parking lot for the Early Childhood Education Center.

Hammonton BOE also encouraged, but did not require, Respondents to submit proposals for two additional, elective proposal options. For Option 2, the RFP identified two alternative locations for the solar arrays at the High School, a larger portion of the field between the High School and Old Forks Road and the field between the Road to Excellence and the western property line and north of the entrance to the teacher's parking lot, and Option 2 included the available area identified in Option 1 adjacent to the maintenance barn and auxiliary parking lot for the Early Childhood Education Center potential system. Option 3 consisted of all of the areas identified in Option 1 or Option 2, and additionally included potential ground mounted array in the rear of the Warren E. Sooy Jr. Elementary School. Option 4 consisted of all of the areas identified in Option 1 or Option 2, and additionally included potential roof mounted array at the Warren E. Sooy Jr. Elementary School.

Two (2) out of the three (3) Respondents avoided locating solar modules within the retention basin included in Option 1. The BOE is located within the Pinelands National Preserve and the jurisdiction of the Pineland Commission. Historically, increasing the impervious surface within retention basins within the Pinelands area has been difficult. While it is not the solar modules themselves, but the racking system posts or footings that create the new impervious surface, there are often concerns from land use boards about altering retention basins and the aesthetics of solar within them. Option 1 includes arrays surrounding the High School and spreads the visual impact of solar over a larger area. The layouts proposed for Option 2 that include the Early Childhood Education Center, (Sol Systems proposal does not include the ECEC) provide greater savings potential from less area. Option 2 consolidates the High School arrays into two (2) areas rather than the four (4) included in Option 1. This lessens the area required for visual screening of the arrays and creates a more economical project.

Option 3 includes ground mounted systems at all three locations including a ground mounted array at the Warren E. Sooy Jr. Elementary School that would buffer the school from the residential property to the north. The array at the Elementary School may encounter opposition from the adjacent residences which could lead to increased landscaping costs to visual screen the project. Option 3 proposal provided greater economic benefit than Option 2 proposals. None of the Respondents provided proposals for Option 4 as described in the RFP. The limited remaining life of the roof warranty increases the risk of roof leaks and the likelihood of replacing the roof during the PPA term. These represent significant risks to both Respondents and the BOE alike.

10. Conclusions

The RFP process attracted a competitive range of proposals. Following a legal and technical review, three (3) proposals were determined to be complete and legally and technically compliant with the requirements of the RFP.

The economic analysis indicates that the solar project will provide significant savings to the BOE, compared with continuing the current purchase strategy for electricity over the 15-year term. If the BOE decides to purchase the system at the end of the term (based on a fair market value determination), there will likely be strong economic value for the remaining operating life of the equipment (estimated to be an additional 10 years or more). The relatively predictable price of solar electricity also provides a hedge against future price increases of utility supply. Based on these economic considerations, the Evaluation Team believes that the implementation of a solar project would be beneficial for the BOE. All proposals under the mandatory Option 1, the elective Option 2, and elective Option 3 provide a savings.

In addition to economics, there will be other benefits to the BOE, including reduced carbon footprint, points in the Sustainable Jersey for Schools program, and a unique asset for student and community engagement. Proposals included educational content, including public displays, outreach efforts, and curriculum content.

Based on the Evaluation Matrix included in the RFP, the Evaluation Team reached the following conclusions:

- The highest ranked proposal under mandatory Option 1, from Sol Systems, provides savings of approximately \$93,475 in the first year, approximately \$98,561 in the second year, and an approximate 15-year net present value (NPV) of savings of \$1,134,356. Unfortunately, Sol Systems did not generate confidence, among the Evaluation Team members, in their experience or ability to navigate the Pineland Commission process.
- The highest ranked proposal under elective Option 2, from HESP Solar, provides savings of approximately \$76,468 in the first year, approximately \$79,743 in the second year, and an approximate 15-year NPV of savings of \$830,012.
- The highest ranked proposal under elective Option 3, from NEP, provides savings of approximately \$99,823 in the first year, approximately \$105,970 in the second year, and an approximate 15-year NPV of savings of \$1,078,655.

The Evaluation Team finds that the proposals received deliver meaningful savings for the BOE, are competitive with current market practice, and provide education and environmental benefits that are significant. There are different risks and variations in approach from each Respondent as noted in this Evaluation Report. The BOE will be best positioned if their counterparty is unlikely to change during the term and to have a counterparty that provided pricing inclusive of the SREC, ACE, and Pinelands risks, as well as all of the costs associated with the project including all of the maintenance within the project fence. All compliant proposals were ranked by the Evaluation

Team, based on the Evaluation Matrix published in the RFP. However, the BOE may place more importance and value on certain provisions of each proposal than the Evaluation Team, therefore the BOE may conclude that a different Respondent than the highest ranked by the Evaluation Team has the best proposal for the District.

Attachment 1

Solar Proposal Summary

Reponent	Option	PPA Rate (\$/kWh)	Escalation Rate	System Size (KW)	Expected Output (kWh)	Unforseen Costs Adjustment Factor (\$/kWh)		Project Development Costs Adjustment Factor (\$/kWh)	School	System Size/School kW DC	Expected Output / School	Guaranteed Production / School
HESP Solar	1	\$ 0.0690	1.5%	1756.13	2,460,331	\$50,000-\$99,999.99	\$0.0002	\$0.000200	High School	1,534	2,148,784	1,933,905
						\$100,000-\$149,999.99	\$0.0004					
						\$150,000 and above	\$0.0006		Early Childhood	222	311,547	280,393
	ALT	\$ 0.0640	1.5%	2461.50	3367815	\$50,000-\$99,999.99	\$0.0002	\$0.000200	High School	1,534	2,148,784	1,933,905
						\$100,000-\$149,999.99	\$0.0004		Elementary School	705	907,484	816,735
						\$150,000 and above	\$0.0006		Early Childhood	222	311,547	280,393
	2	\$ 0.0640	1.5%	1756.13	2,460,331	\$50,000-\$99,999.99	\$0.0002	\$0.000200	High School	1,534	2,148,784	1,933,905
						\$100,000-\$149,999.99	\$0.0004					
						\$150,000 and above	\$0.0006		Early Childhood	222	311,547	280,393
	ALT	\$ 0.0640	1.5%	2634.75	3,585,243	\$50,000-\$99,999.99	\$0.0002	\$0.000200	High School	1,534	2,148,784	1,933,905
						\$100,000-\$149,999.99	\$0.0004		Elementary School	879	1,124,912	1,012,421
						\$150,000 and above	\$0.0006		Early Childhood	222	311,547	280,393
3	\$ 0.0650	1.5%	2087.63	2,904,210	\$50,000-\$99,999.99	\$0.0002	\$0.000200	High School	1,534	2,148,784	1,933,905	
					\$100,000-\$149,999.99	\$0.0004		Elementary School	332	443,879	399,491	
					\$150,000 and above	\$0.0006		Early Childhood	222	311,547	280,393	
SolSystems	1	\$ 0.0559	0.00%	1728.00	2,436,932	\$50,000-\$99,999.99	\$0.0052	\$0.000500	High School	1,512	2,136,044	1,922,439
						\$100,000-\$149,999.99	\$0.0075					
						\$150,000 and above	\$0.0100		Early Childhood	216	300,888	270,799
	ALT	\$ 0.0545	0.00%	1505.00	2,130,903	\$50,000-\$99,999.99	\$0.00560	\$0.000600	High School	1,505	2,130,903	1,917,812
						\$100,000-\$149,999.99	\$0.00890					
						\$150,000 and above	\$0.01140					
	2	\$ 0.0539	0.00%	1458.00	2,087,856	\$50,000-\$99,999.99	\$0.00620	\$0.000600	High School	1,458	2,087,856	1,879,070
						\$100,000-\$149,999.99	\$0.00850					
						\$150,000 and above	\$0.01190					
	ALT	\$ 0.0508	0.00%	1215.00	1,930,635	\$50,000-\$99,999.99	\$0.00580	\$0.000500	High School	1,215	1,930,635	1,737,571
						\$100,000-\$149,999.99	\$0.00890					
						\$150,000 and above	\$0.01200					
National Energy Partners	1	\$ 0.0600	2.00%	1613.92	2,222,953	\$50,000-\$99,999.99	\$0.00500	\$0.002500	High School	1,391	1,915,389	1,436,542
						\$100,000-\$149,999.99	\$0.00800					
						\$150,000 and above	\$0.01300		Early Childhood	223	307,564	230,673
	2	\$ 0.0575	2.00%	1759.45	2,423,402	\$50,000-\$99,999.99	\$0.00500	\$0.002500	High School	1,536	2,115,838	1,586,879
						\$100,000-\$149,999.99	\$0.00800					
						\$150,000 and above	\$0.01300		Early Childhood	223	307,564	230,673
	3	\$ 0.0550	2.00%	2131.36	2,948,025	\$50,000-\$99,999.99	\$0.00500	\$0.002500	High School	1,536	2,115,838	1,586,879
						\$100,000-\$149,999.99	\$0.00800		Elementary School	372	524,623	393,467
						\$150,000 and above	\$0.01300		Early Childhood	223	307,564	230,673

Attachment 2 Proposal Ranking Evaluation Matrix

CATEGORY	EVALUATION FACTOR	WEIGHTING	Option 1			Option 2			Option 3	
			HESP	NEP	Sol Systems	HESP	NEP	Sol Systems	HESP	NEP
Financial Benefits	NPV of Benefits	50	31.2	31.36	50	41.92	41.66	50	44.81	50
Design & Approach	Design Strategy	10	10	9	9	10	10	7	10	10
	Technical Approach	15	15	12	14	15	12	14	15	12
Respondent's Experience	Proposal Team Experience	15	14	13	10	14	13	10	14	13
Commercial Factors	Financial Capability & Commercial Terms	7	6	5	4	6	5	4	6	5
Educational Value	Educational Materials	3	3	3	1	3	3	1	3	3
Total Proposal		100	79.2	73.36	88	89.92	84.66	86	92.81	93

**Attachment 3
Economic Analysis**

Option 1

	PPA Rate (\$/kWh)	Escalation Rate	School	System Size (KW)	Guaranteed Production (kWh)	Year 1 Savings	Year 2 Savings	15 Year Savings	15 Year NPV	Points
HESP - 1	\$0.0690	1.50%	High School	1,533.75	1,933,905	\$56,961	\$58,150	\$871,083	\$600,616	31.20
			Elementary School							
			Early Childhood	222.38	280,393	\$8,436	\$10,412	\$156,428	\$107,237	
			TOTAL	1,756.13	2,214,298	\$65,396	\$68,562	\$1,027,510	\$707,853	
SolSystems - 1	\$0.0559	0.00%	High School	1,512.00	1,922,439	\$81,760	\$84,676	\$1,440,701	\$976,826	50.00
			Elementary School							
			Early Childhood	216.00	270,799	\$11,715	\$13,885	\$232,728	\$157,530	
			TOTAL	1,728.00	2,193,238	\$93,475	\$98,561	\$1,673,429	\$1,134,356	
NEP - 1	\$0.0600	2.00%	High School	1,390.62	1,436,542	\$57,352	\$59,558	\$863,261	\$598,317	31.36
			Elementary School							
			Early Childhood	223.30	230,673	\$9,382	\$11,241	\$164,110	\$113,137	
			TOTAL	1,613.92	1,667,215	\$66,734	\$70,799	\$1,027,371	\$711,454	

Option 2

	PPA Rate (\$/kWh)	Escalation Rate	School	System Size (KW)	Guaranteed Production (kWh)	Year 1 Savings	Year 2 Savings	15 Year Savings	15 Year NPV	Points
HESP - 2	\$0.06400	1.50%	High School	1,533.75	1,933,905	\$66,630	\$67,915	\$1,026,649	\$707,307	41.92
			Elementary School							
			Early Childhood	222.38	280,393	\$9,838	\$11,828	\$178,983	\$122,706	
			TOTAL	1,756.13	2,214,298	\$76,468	\$79,743	\$1,205,632	\$830,012	
SolSystems - 2	\$0.05390	0.00%	High School	1,458.00	1,879,070	\$83,589	\$86,246	\$1,458,686	\$989,968	50.00
			Elementary School							
			Early Childhood							
			TOTAL	1,458.00	1,879,070	\$83,589	\$86,246	\$1,458,686	\$989,968	
NEP - 2	\$0.05750	2.00%	High School	1,536.15	1,586,879	\$66,766	\$69,727	\$1,018,496	\$705,063	41.66
			Elementary School							
			Early Childhood	223.30	230,673	\$9,959	\$11,826	\$173,724	\$119,700	
			TOTAL	1,759.45	1,817,552	\$76,724	\$81,554	\$1,192,219	\$824,764	

Option 3

	PPA Rate (\$/kWh)	Escalation Rate	School	System Size (KW)	Guaranteed Production (kWh)	Year 1 Savings	Year 2 Savings	15 Year Savings	15 Year NPV	Points
HESP - 3	\$0.06500	1.50%	High School	1,533.75	1,933,905	\$64,696	\$65,962	\$995,536	\$685,969	44.81
			Elementary School	331.50	399,491	\$14,174	\$15,477	\$234,413	\$161,127	
			Early Childhood	222.38	280,393	\$9,557	\$11,545	\$174,472	\$119,612	
			TOTAL	2,087.63	2,613,789	\$88,428	\$92,984	\$1,404,420	\$966,707	
NEP - 3	\$0.0550	2.00%	High School	1,536.15	1,586,879	\$70,733	\$73,754	\$1,084,629	\$750,218	50.00
			Elementary School	371.91	393,467	\$18,554	\$19,805	\$292,693	\$202,173	
			Early Childhood	223.30	230,673	\$10,536	\$12,412	\$183,337	\$126,264	
			TOTAL	2,131.36	2,211,019	\$99,823	\$105,970	\$1,560,659	\$1,078,655	

Attachment 4

Unforeseen Project Cost Adjustment Sensitivity Analysis

Respondent	Option	System Size (DC)	Escalation	Adj. Factor- Unforeseen Costs	PPA Rate	Year 1 Savings	15 Year Savings	15 Year NPV
HESP Solar	1	1,756.13	1.50%	\$50,000-\$99,999.99 \$0.002000	\$0.069200	\$64,954	\$1,020,385	\$702,966
				\$100,000-\$149,999.99 \$0.000400	\$0.069400	\$64,511	\$1,013,261	\$698,080
				\$150,000 and above \$0.000600	\$0.069600	\$64,068	\$1,006,136	\$693,194
	ALT	2,461.50	1.50%	\$50,000-\$99,999.99 \$0.002000	\$0.064200	\$106,039	\$1,693,278	\$1,165,209
				\$100,000-\$149,999.99 \$0.000400	\$0.064400	\$105,433	\$1,683,525	\$1,158,521
				\$150,000 and above \$0.000600	\$0.064600	\$104,827	\$1,673,772	\$1,151,832
	2	1,756.13	1.50%	\$50,000-\$99,999.99 \$0.002000	\$0.064200	\$76,025	\$1,198,507	\$825,126
				\$100,000-\$149,999.99 \$0.000400	\$0.064400	\$75,582	\$1,191,382	\$820,240
				\$150,000 and above \$0.000600	\$0.064600	\$75,139	\$1,184,257	\$815,353
	ALT	2,634.75	1.50%	\$50,000-\$99,999.99 \$0.002000	\$0.064200	\$113,215	\$1,812,376	\$1,247,049
				\$100,000-\$149,999.99 \$0.000400	\$0.064400	\$112,570	\$1,801,993	\$1,239,928
				\$150,000 and above \$0.000600	\$0.064600	\$111,924	\$1,791,611	\$1,232,807
3	2,087.63	1.50%	\$50,000-\$99,999.99 \$0.002000	\$0.065200	\$87,905	\$1,396,010	\$960,939	
			\$100,000-\$149,999.99 \$0.000400	\$0.065400	\$87,382	\$1,387,600	\$955,171	
			\$150,000 and above \$0.000600	\$0.065600	\$86,859	\$1,379,189	\$949,403	
SolSystems	1	1,728.00	0.00%	\$50,000-\$99,999.99 \$0.005200	\$0.061100	\$82,070	\$1,508,216	\$1,019,514
				\$100,000-\$149,999.99 \$0.007500	\$0.063400	\$77,026	\$1,435,141	\$968,719
				\$150,000 and above \$0.010000	\$0.065900	\$71,543	\$1,355,712	\$913,507
				\$50,000-\$99,999.99 \$0.005600	\$0.060100	\$73,493	\$1,319,873	\$892,911
	ALT	1,505.00	0.00%	\$100,000-\$149,999.99 \$0.008900	\$0.063400	\$67,164	\$1,228,193	\$829,183
				\$150,000 and above \$0.011400	\$0.065900	\$62,369	\$1,158,739	\$780,905
				\$50,000-\$99,999.99 \$0.006200	\$0.060100	\$71,939	\$1,289,918	\$872,656
				\$100,000-\$149,999.99 \$0.008500	\$0.062400	\$67,617	\$1,227,311	\$829,137
	2	1,458.00	0.00%	\$150,000 and above \$0.011900	\$0.065800	\$61,228	\$1,134,761	\$764,804
				\$50,000-\$99,999.99 \$0.005800	\$0.056600	\$71,904	\$1,256,243	\$851,577
				\$100,000-\$149,999.99 \$0.008900	\$0.059700	\$66,518	\$1,178,213	\$797,338
				\$150,000 and above \$0.012000	\$0.062800	\$61,131	\$1,100,184	\$743,099
ALT	1,215.00	0.00%	\$50,000-\$99,999.99 \$0.005000	\$0.065000	\$58,398	\$888,408	\$616,573	
			\$100,000-\$149,999.99 \$0.008000	\$0.068000	\$53,397	\$805,029	\$559,645	
			\$150,000 and above \$0.013000	\$0.073000	\$45,061	\$666,065	\$464,765	
			\$50,000-\$99,999.99 \$0.005000	\$0.062500	\$67,637	\$1,040,724	\$721,328	
2	1,759.45	2.00%	\$100,000-\$149,999.99 \$0.008000	\$0.065500	\$62,184	\$949,828	\$659,266	
			\$150,000 and above \$0.013000	\$0.070500	\$53,096	\$798,333	\$555,830	
			\$50,000-\$99,999.99 \$0.005000	\$0.060000	\$88,768	\$1,376,369	\$952,827	
			\$100,000-\$149,999.99 \$0.008000	\$0.063000	\$82,135	\$1,265,794	\$877,330	
3	2,131.36	2.00%	\$150,000 and above \$0.013000	\$0.068000	\$71,079	\$1,081,504	\$751,502	

