

South Fork RFP AEG100 Finalist Selection Reasoning

Proposer: Applied Energy Group (AEG)

Proposal Name: South Fork Load Reduction Resources

Proposal Description

AEG proposes 8.3MW of direct load control and demand response consisting of HVAC and pool pump controls for residential and small business customers.

Phase II Evaluation Result

The AEG proposal was advanced to the Phase III of the evaluation because the overall qualitative rating of the AEG proposal exceeds expectations and because the proposal was cost effective.

AEG has extensive and successful experience with load control and demand response programs on Long Island and AEG's proposal demonstrates positive community impacts with evidence of community support. While exceptions taken to energy services agreement fail to meet expectations, it is likely that an acceptable contract can be negotiated. Although AEG claims over 8MW of load reduction, there is some uncertainty on the actual MWs achievable due to the measurement and verification plan. Even though there are some negative components to the proposals, the overall qualitative rating exceeds expectations.



Phase III Evaluation Result

The AEG proposal was selected as a Finalist because the implementation risk is low and the proposal is cost effective.

Load reduction proposals were received from AEG, Energy Hub, and Anbaric in response to the South Fork RFP (load reduction is a portion of Anbaric's proposal, but it can be separately selected and evaluated). All three proposals target the same customer base of residential and small businesses with the same load reduction technology (main controlling of customer's HVAC and other large appliances such as pool pumps). The available amount of load reduction on the South Fork is such that, in the SC's judgment, only one of the three can be selected as a Finalist.

The AEG proposal has the lowest implementation risk.

- AEG's proposal provides a detailed marketing plan backed by its partner's, CLEAResult, experience on Long Island and has a reasonably achievable schedule detailed by targeted technology by year. The AEG proposal has 8.3 MW of load reduction capacity cross all three areas. There is some uncertainty on the actual MWs achievable due to AEG's measurement and verification plan, but the SC determined that the claimed amount of MW reduction is achievable.
- Energy Hub's development and marketing plan was evaluated as less effective and, therefore, higher risk. While Energy Hub is only proposing 4.1 MW load reduction across all three areas, the SC determined that Energy Hub's less effective marketing plan may not achieve the claimed amount of MW reduction, did not provide load reduction estimates by area, and does not fully exploit the amount of available load reduction in the South Fork area.
- Anbaric proposes 18.8 MW of load reduction across all three areas: However, the Anbaric proposal does not commit to providing load reduction until 2019 (which is well past the 2017 need) and, based on a July 2013 load reduction study commissioned by LIPA, the Selection Committee believes that the proposal overstates the total availability of load reduction in the South Fork area.

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The all-in levelized costs of both the AEG and Energy Hub proposals are a net benefit while the all-in levelized energy cost of the Anbaric proposal is a net cost (see quantitative comparison table below). Because AEG provides greater amount of load reduction with effective marketing plan compared to Energy Hub and an overall net benefit compared to Anbaric, the SC selected AEG as a Finalist in Phase III.

Quantitative Comparison

	AEG	Anbaric (Demand Response Portion Only)	Energy Hub
All-In Levelized Price (\$/MWh)	██████	████	██████
Capacity Levelized Price (\$/kW-yr)	██████	████	██████
Total Net Cost (\$/yr)	██████	██████	██████)
Area 1 Load Reduction (MW)	0.99**	3.76	0*
Area 2 Load Reduction (MW)	0**	7.51	0*
Area 3 Load Reduction (MW)	7.28**	7.51	4.10*
Total Load Reduction (MW)	8.27	18.78	4.10

*Energy Hub did not provide an estimated breakdown of load reduction by area so the amount is assigned to Area 3.

**AEG only provided a breakdown of the total load reduction between Area 1 and the remaining two areas. That remainder amount is assigned to Area 3.

The table below shows the Phase II criteria qualitative ratings for the three load control proposals. Note that the SC's qualitative rating for Anbaric (ANB100), which contains multiple technologies, was on an aggregate basis accounting for the whole proposal.

Qualitative Comparison

Criteria No.	Criteria Name	AEG	Anbaric	Energy Hub	Comments
	Overall Phase II Rating	Green	Yellow	Green	
A	Conformance with technical requirements outlined in [the SF RFP]	Yellow	Yellow	Yellow	All proposals conform to technical requirements.
B	Proposal contains microgrid flexibility option	Blue	Blue	Blue	Not applicable for Load Control resource
C	In-Service date flexibility (ability to install earlier if needed)	Blue	Yellow	Blue	AEG and ENH did not offer an earlier COD (blue) and Anbaric offered an unrealistic early COD.
D	Sizing flexibility (ability to reduce the magnitude of the proposed MW reduction)	Green	Green	Green	All proposals have sizing flexibility.
E	Feasibility of the fuel supply	Blue	Yellow	Blue	The load control portion does not include

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Criteria No.	Criteria Name	AEG	Anbaric	Energy Hub	Comments
	plan, where applicable				fuel.
F1	Development and schedule risk	Green	Yellow	Green	In the Phase II evaluation, AEG did not provide a schedule or Gantt chart. With further inquiries in Phase III, AEG provided more detailed development and marketing plans specifically detailed by target load control technology.
F2	Risk of maintaining performance throughout the contract term	Yellow	Green	Yellow	AEG and ENH both are low risk of not maintaining performance. ANB has additional ability to maintain performance due to proposal containing multiple technologies that may increase the MW output.
G1	Site Control - Ownership	Blue	Yellow	Blue	For the load control portion, a site is not required.
G2	Site Control - Zoning	Blue	Yellow	Blue	For the load control portion, a site is not required.
H	Ability to permit project	Blue	Yellow	Blue	For the load control portion, a site is not required.
I	Ability to meet Proposed In-Service Date	Yellow	Yellow	Yellow	All proposals provide sufficient evidence that the service date can be achieved.
J	Exceptions to Agreement, if any	Red	Red	Yellow	Energy Hub generally takes fewer exceptions to the Energy Services contract than AEG and Anbaric. Outside Counsel evaluated the exceptions of the AEG contract and considers the exceptions to be negotiable.
K1	Financing plan	Green	Green	Green	Proposals provide good financial plans.
K2	Financial qualifications	Yellow	Green	Yellow	Anbaric has financial backing from Exelon. AEG and Energy Hub have financing plans on pass-through basis, which have less risk than high capital-intensive resources.
K3	Management experience	Green	Green	Yellow	All three have significant experience in developing and implementing load control programs across the country. AEG has more
K4	Experience with Long Island development	Green	Green	Red	AEG100 contains evidence of significant experience on Long Island, ENH100 does not show evidence of any experience on Long Island or significant experience in New York.
K5	History of equipment reliability over claimed lifetime	Yellow	Yellow	Yellow	Proposals show evidence of reliable equipment.
K6	Reasonableness of Claimed Per-Unit Load Reduction (where applicable)	Yellow	Red	Yellow	AEG and ENH are reasonable based on detail provided. ANB load reduction appears to be overstated.
K7	Expected accuracy of Proposed Measurement & Verification Plan	Red	Red	Red	All proposals have significant risk in the M&V plan since there is not a direct measurement.
L	Black Start capability	Blue	Blue	Blue	Proposals do not provide Black Start capability.

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Criteria No.	Criteria Name	AEG	Anbaric	Energy Hub	Comments
M	Contractor experience	Green	Green	Yellow	All proposals include contractors with experience. AEG details selection criteria of additional contractors.
N	Operating flexibility	Yellow	Yellow	Yellow	All proposals provide the same amount of operating flexibility due to the nature of the resource type.
O	Integration with T&D System, including ability to meet a COD earlier than planned date	Yellow	Yellow	Yellow	All proposals are consistent with system needs.
P	Ability for resources to be controllable by PSEG Long Island's Electric System Operator	Yellow	Yellow	Yellow	All proposals are controllable through a platform.
Q	Community impacts	Green	Yellow	Green	AEG and ENH have similar community benefits. ANB has additional impacts because it includes other resources.
R	Community acceptance	Green	Red	Red	AEG provides evidence of community acceptance while ANB and ENH do not.
S	Environmental impacts	Green	Yellow	Green	AEG and ENH do not have sites. ANB has some sites and there will be some impact.
T	Firm's overall diversity and commitment to equal opportunity programs, including status as a certified MWBE or a firm's demonstrated ability to meet the MWBE subcontracting goals with NYS certified MWBE firms.	Yellow	Yellow	Yellow	All proposals plan to meet the MWBE goals.
U	Firm's demonstrated commitment to certified NYS Service-Disabled Veteran-Owned Businesses (SDVOB) or a firm demonstrates that they are certified as a NYS Service-Disabled Veteran-Owned Business.	Yellow	Yellow	Yellow	All proposals plan to meet the SDVOB goal.
	Total Green	9	7	5	
	Total Yellow	11	16	14	
	Total Red	2	4	3	
	Total Blue	7	2	7	

The following color ratings are defined as follows:

- Green Rating: Exceeds Expectations
- Yellow Rating: Meets Expectations
- Red Rating: Below Expectations
- Blue Rating: Not Applicable to Proposal