

NOVA SCOTIA

RATE BASE PROCUREMENT

REQUEST FOR PROPOSALS

Addendum 5: Revisions to Section 6.2.2 Financing Experience & Plans

The Procurement Administrator is issuing the following Addendum to Section 6.2.2 Financing Experience & Plans of the Rate Base Procurement Request for Proposals (RFP). An updated version of the RFP that contains the revisions outlined in this Addendum has been uploaded to the RFP tab of the RBP website, and the original version has been removed. Below, the Procurement Administrator has included the corrected Sections, as well as a redline outlining the changes made.

Corrected Sections:

6.2.2 FINANCING EXPERIENCE & PLANS

Proponents must demonstrate they possess the financial capacity or support to construct and operate the Project. Proponents will have the opportunity to be awarded additional points for self-financing the Project or for receiving Soft Commitment(s) for 100% of the Total Costs.

To succeed in the *Financing Experience & Plans* scoring category, Proponents must include the following information in their Proposals:

- a. a description of one or more Renewable Low-Impact Electricity Generation Facilities with an aggregate of at least 10 MW developed by the Proponent that achieved successful financing and commercial operation, and details in connection with such financing;
- b. a summary of the Total Costs;
- c. a comprehensive and reasonably achievable plan for how the Total Costs will be financed, including from sources of debt and equity, that includes a breakdown of the Total Costs, funding requests for the Project, and options of potential sources of funding, including:
 - i. status of discussions with prospective lenders and investors, including the current level of commitment or interest demonstrated by prospective lenders and investors and whether they have provided written representations regarding the extent of their commitment or interest; and
 - ii. expected material conditions precedent for financing the Project; and
- d. a description of any sources of federal funding used in the Energy Rate assumptions.

6.2.2.1 Soft Commitment(s)

A “**Soft Commitment**” means a fully executed commitment letter, term sheet, letter of intent, or other indication of intent in writing from an equity provider, lender, or source of financing other than debt or equity that states, at a minimum:

- 1) that such equity provider, lender, or other financing provider, as applicable, has reviewed the RFP and the Agreement, and the financial model (including Total Costs and projected revenues) of the proposed Project;

- 2) that such equity provider, lender or other financing provider agrees to advance or provide the amount of equity, debt, or other financing, as applicable, for the proposed Project specified in the commitment letter, term sheet, letter of intent, or other written indication of intent by the proposed date of financial closing, which may be subject to specified objective conditions precedent. For the purpose of this RFP, objective conditions precedent refer to those conditions precedent that require the satisfaction of clear and determinable conditions, such as the satisfaction of milestones or the provision of information. In addition, the equity provider, lender or other financing provider does not have broad discretion (such as the exercise of sole or absolute discretion) to determine whether such conditions precedent have been fulfilled. The Proponent should demonstrate that the conditions are expected to be satisfied, acting reasonably, in the ordinary course if the Proposal becomes the Selected Proposal; and
- 3) for an equity provider providing equity in the amount of 10% or more of the Total Costs, such equity provider has
 - i. a Tangible Net Worth of \$3,000,000 per MW of the nameplate capacity (prorated relative to the Total Costs) by sharing audited financial statements for the applicable equity provider from the past two fiscal years. The equity provider must show that it does not have to pledge more than half of its Tangible Net Worth to build the Project;
 - ii. an Investment Grade Credit Rating, and in such case, the Proponent must provide all available credit ratings for such equity provider from the following agencies: Standard and Poor's Rating Services ("S&P"), Moody's Investors Services Inc. ("Moody's"), Dominion Bond Rating Service Limited ("DBRS"), and Fitch IBCA, if and as applicable; however, if any such credit rating(s) are not publicly available, then the Proponent must provide a letter from the applicable rating agency confirming the credit rating of the equity provider; or
 - iii. confirmation letter from a financial institution (meeting the conditions provided in Section 6.2.2.1(4) that the equity provider has credit available under an approved facility sufficient to fund its equity contribution;
- 4) for a lender providing debt in the amount of 10% or more of the Total Costs, that such lender is a financial institution listed in Schedule I or II of the Bank Act (Canada), or is such other financial institution or other entity having the minimum credit rating (i) A with S&P, (ii) A3 with Moody's, (iii) A low with DBRS, or (iv) A with Fitch IBCA; however, if any such minimum credit rating(s) are not publicly available, then the Proponent must submit a letter from the applicable rating agency confirming the credit rating of the lender; and
- 5) for an equity provider or a lender providing debt in the amount of less than 10% of the Total Costs, detailed information about the equity provider's or lender's financial capability, to the full satisfaction of the PA.

To receive points for Soft Commitments, Proponents must include the following information in their Proposals:

- a. details of any Soft Commitments;
- b. evidence in support of the Soft Commitments. If any commitments firmer than Soft Commitments have been achieved, provide such details in this section; and
- c. If the Energy Rate assumes the Project will receive SREPs funding, the Proponent must include documentation of Conditional Approval from NRCan.

Note: If a Proponent intends to utilize the CIB investment product, or has received Conditional Approval from SREPs, these sources of funding will be considered Soft Commitments.

6.2.2.2 Self-Financing

Proponents may receive additional points for self-financing if they supplied all of the required capital to develop and construct a previous project and that they did not refinance the projects until after the project's commercial operation. A Project that is self-financed through project construction and then sold or refinanced through third party debt or equity before its commercial operation is not considered to be self-financed. In addition, a Proponent that intends to self-finance the Project must demonstrate a Tangible Net Worth of \$3,000,000 per

MW of the nameplate capacity by sharing financial statements as described below. The Proponent must show that it does not have to pledge more than half of its Tangible Net Worth to build the Project.

To receive a point for self-financing, Proponents must include the following information in their Proposals:

- a. details of self-financing; and
- b. evidence in support of eligibility for self-financing, which must include two years of audited financial statements.

6.2.2.3 Scored Criteria for Financing Experience & Plans

1 point	<p>The Proponent:</p> <ul style="list-style-type: none"> a. demonstrates experience financing one or more Renewable Low-Impact Electricity Generation Facilities with an aggregate capacity of at least 10 MW; and b. submits a plan for project financing that demonstrates the Proponent possesses the financial capacity or support to construct and operate the Project.
3 points	<p>The Proponent:</p> <ul style="list-style-type: none"> a. demonstrates experience financing one or more Renewable Low-Impact Electricity Generation Facilities with an aggregate capacity of at least 10 MW; b. submits a plan for project financing that demonstrates the Proponent possesses the financial capacity or support to construct and operate the proposed Renewable Low-Impact Electricity Generation Facility; and c. demonstrates experience financing one to three Renewable Low-Impact Electricity Generation Facilities that are a minimum of 80% of the Generating Facility's proposed nameplate capacity.
4 points	<p>The Proponent:</p> <ul style="list-style-type: none"> a. demonstrates experience financing one or more Renewable Low-Impact Electricity Generation Facilities with an aggregate capacity of at least 10 MW; b. submits a plan for project financing that demonstrates the Proponent possesses the financial capacity or support to construct and operate the proposed Renewable Low-Impact Electricity Generation Facility; and c. demonstrates experience financing four or more Renewable Low-Impact Electricity Generation Facilities that are a minimum of 80% of the Generating Facility's proposed nameplate capacity.
Additional 2 points	<p>The Proponent:</p> <ul style="list-style-type: none"> a. has received Soft Commitment(s) for 100% of the Total Costs; b. meets the criteria for self-financing and will be self-financing 100% of the Total Costs; or c. has received Soft Commitment(s) from SREPs and/or the CIB Royalty and Contribution Agreement for a portion of the Total Costs, meets the criteria for self-financing, and will be self-financing a portion of the Total Costs so that 100% of the Total Costs will either be financed through a combination of such SREPs or CIB Soft-Commitment(s) and self-financing.

Redline Between Corrected Sections and Original Sections:

6.2.2 FINANCING EXPERIENCE & PLANS

Proponents must demonstrate they possess the financial capacity or support to construct and operate the Project. Proponents will have the opportunity to be awarded additional points for self-financing the Project or for receiving Soft Commitment(s) for 100% of the Total Costs.

To succeed in the *Financing Experience & Plans* scoring category, Proponents must include the following information in their Proposals:

- a. a description of one or more Renewable Low-Impact Electricity Generation Facilities with an aggregate of at least 10 MW developed by the Proponent that achieved successful financing and commercial operation, and details in connection with such financing;
- b. a summary of the Total Costs;
- c. a comprehensive and reasonably achievable plan for how the Total Costs will be financed, including from sources of debt and equity, that includes a breakdown of the Total Costs, funding requests for the Project, and options of potential sources of funding, including:
 - i. status of discussions with prospective lenders and investors, including the current level of commitment or interest demonstrated by prospective lenders and investors and whether they have provided written representations regarding the extent of their commitment or interest; and
 - ii. expected material conditions precedent for financing the Project; and
- d. a description of any sources of federal funding used in the Energy Rate assumptions.

6.2.2.1 Soft Commitment(s)

A “**Soft Commitment**” means a fully executed commitment letter, term sheet, letter of intent, or other indication of intent in writing from an equity provider, lender, or source of financing other than debt or equity that states, at a minimum:

- 1) that such equity provider, lender, or other financing provider, as applicable, has reviewed the RFP and the Agreement, and the financial model (including Total Costs and projected revenues) of the proposed Project; ~~and~~
- 2) that such equity provider, lender or other financing provider agrees to advance or provide the amount of equity, debt, or other financing, as applicable, for the proposed Project specified in the commitment letter, term sheet, letter of intent, or other written indication of intent by the proposed date of financial closing, which may be subject to specified objective conditions precedent. For the purpose of this RFP, objective conditions precedent refer to those conditions precedent that require the satisfaction of clear and determinable conditions, such as the satisfaction of milestones or the provision of information. In addition, the equity provider, lender or other financing provider does not have broad discretion (such as the exercise of sole or absolute discretion) to determine whether such conditions precedent have been fulfilled. The Proponent should demonstrate that the conditions are expected to be satisfied, acting reasonably, in the ordinary course if the Proposal becomes the Selected Proposal; ~~and~~
- 3) for an equity provider providing equity in the amount of 10% or more of the Total Costs, such equity provider has
 - i) a Tangible Net Worth of \$3,000,000 per MW of the nameplate capacity (prorated relative to the Total Costs) by sharing audited financial statements for the applicable equity provider from the past two fiscal years. The equity provider must show that it does not have to pledge more than half of its Tangible Net Worth to build the Project;

- ii) an Investment Grade Credit Rating, and in such case, the Proponent must provide all available credit ratings for such equity provider from the following agencies: Standard and Poor's Rating Services ("S&P"), Moody's Investors Services Inc. ("Moody's"), Dominion Bond Rating Service Limited ("DBRS"), and Fitch IBCA, if and as applicable; however, if any such credit rating(s) are not publicly available, then the Proponent must provide a letter from the applicable rating agency confirming the credit rating of the equity provider; or
- iii) confirmation letter from a financial institution (meeting the conditions provided in Section 6.2.2.1(4) that the equity provider has credit available under an approved facility sufficient to fund its equity contribution;

2)4)for a lender providing debt in the amount of 10% or more of the Total Costs, that such lender is a financial institution listed in Schedule I or II of the Bank Act (Canada), or is such other financial institution or other entity having the minimum credit rating (i) A with S&P, (ii) A3 with Moody's, (iii) A low with DBRS, or (iv) A with Fitch IBCA; however, if any such minimum credit rating(s) are not publicly available, then the Proponent must submit a letter from the applicable rating agency confirming the credit rating of the lender; and

3)5)for an equity provider or a lender providing debt in the amount of less than 10% of the Total Costs, detailed information about the equity provider's or lender's financial capability, to the full satisfaction of the PA.

To receive points for Soft Commitments, Proponents must include the following information in their Proposals:

- a. details of any Soft Commitments;
- b. evidence in support of the Soft Commitments (including the information prescribed above in respect of the equity provider's or lender's creditworthiness or Tangible Net Worth, or a lender's status as a financial institution, as applicable). If any commitments firmer than Soft Commitments have been achieved, provide such details in this section; and
- c. If the Energy Rate assumes the Project will receive SREPs funding, the Proponent must include documentation of Conditional Approval from NRCan.

Note: If a Proponent intends to utilize the CIB investment product, or has received Conditional Approval from SREPs, these sources of funding will be considered Soft Commitments.

6.2.2.2 Self-Financing

Proponents may receive additional points for self-financing if they supplied all of the required capital to develop and construct a previous project and that they did not refinance the projects until after the project's commercial operation. A Project that is self-financed through project construction and then sold or refinanced through third party debt or equity before its commercial operation is not considered to be self-financed. In addition, a Proponent that intends to self-finance the Project must demonstrate a Tangible Net Worth of \$3,000,000 per MW of the nameplate capacity by sharing audited financial statements as described below. The Proponent must show that it does not have to pledge more than half of its Tangible Net Worth to build the Project.

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- a. details of self-financing; and
- b. evidence in support of eligibility for self-financing, which must include two years of audited financial statements.

6.2.2.3 Scored Criteria for Financing Experience & Plans

1 point	The Proponent: <ul style="list-style-type: none"> a. demonstrates experience financing one or more Renewable Low-Impact Electricity Generation Facilities with an aggregate capacity of at least 10 MW; and
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	<ul style="list-style-type: none"> b. submits a plan for project financing that demonstrates the Proponent possesses the financial capacity or support to construct and operate the Project.
3 points	<p>The Proponent:</p> <ul style="list-style-type: none"> a. demonstrates experience financing one or more Renewable Low-Impact Electricity Generation Facilities with an aggregate capacity of at least 10 MW; b. submits a plan for project financing that demonstrates the Proponent possesses the financial capacity or support to construct and operate the proposed Renewable Low-Impact Electricity Generation Facility; and c. demonstrates experience financing one to three Renewable Low-Impact Electricity Generation Facilities that are a minimum of 80% of the Generating Facility's proposed nameplate capacity.
4 points	<p>The Proponent:</p> <ul style="list-style-type: none"> a. demonstrates experience financing one or more Renewable Low-Impact Electricity Generation Facilities with an aggregate capacity of at least 10 MW; b. submits a plan for project financing that demonstrates the Proponent possesses the financial capacity or support to construct and operate the proposed Renewable Low-Impact Electricity Generation Facility; and c. demonstrates experience financing four or more Renewable Low-Impact Electricity Generation Facilities that are a minimum of 80% of the Generating Facility's proposed nameplate capacity.
Additional 2 points	<p>The Proponent:</p> <ul style="list-style-type: none"> a. has received Soft Commitment(s) for 100% of the Total Costs; b. meets the criteria for self-financing and will be self-financing 100% of the Total Costs; or c. has received Soft Commitment(s) from SREPs and/or the CIB Royalty and Contribution Agreement for a portion of the Total Costs, meets the criteria for self-financing, and will be self-financing a portion of the Total Costs so that 100% of the Total Costs will either be financed through a combination of such SREPs or CIB Soft-Commitment(s) and self-financing.