

**TOWNSHIP OF ABERDEEN
RENEWABLE ENERGY PROGRAM
SOLAR ENERGY PROJECT
PROPOSALS RECEIVED AUGUST 4, 2011**

EVALUATION REPORT

**Prepared for
The Township of Aberdeen
September 16, 2011**

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The Township of Aberdeen

Aberdeen Renewable Energy Program

1. Executive Summary

This Report is being provided pursuant to the requirements of the competitive contracting provisions of the Local Public Contracts Law (N.J.S.A. 40A:11-4.1(k)).

The goal of the Township of Aberdeen (Township) in administering the Township's Renewable Energy Program is to implement a solar energy project that is environmentally responsible and economically beneficial to the Township. To this end, on June 24, 2011, the Township issued a Request for Proposals (RFP), as amended, for a Power Purchase Agreement (PPA) for the purchase by the Township of electricity generated by photovoltaic solar energy systems (Systems) to be designed, permitted, acquired, constructed, installed, operated and maintained at the Municipal Complex, Noble Place Pump Station, Riverdale Drive Pump Station, Greenwood Avenue Pump Station and the Public Works Complex on Lenox Road (collectively, Municipal Facilities) by the successful respondent to the RFP, at its sole cost and expense (Successful Respondent).

The RFP contained a preliminary feasibility assessment¹, as performed by the Township's Engineer, CME Associates, that estimated the technical potential for the Systems at the Municipal Facilities to be 700 kW (DC).

As set forth in the RFP, the Successful Respondent and the Township will enter into a 15 year PPA under which the Township will purchase electricity produced from the Systems at a fixed rate per kWh. Pursuant to law, the PPA price must be lower than the delivered cost of power from the local electric utility company; i.e. Jersey Central Power & Light (JCP&L). This PPA structure provides the Township with a reduction in its energy expenditures and insulates it from price increases in the electricity market during the 15 year term of the PPA. Additionally, the Successful Respondent will have ownership rights to the Solar Renewable Energy Credits (SRECs) generated by the Systems at the Municipal Facilities and would monetize the SRECs.

The Successful Respondent will also be granted a site license that, among other things, will provide it with the right and license to access the Municipal Facilities to install, operate and maintain the Systems over the term of the PPA.

Pursuant to the RFP, the Successful Respondent will finance, design, permit, acquire, construct, install, operate and maintain the Systems, all in accordance with the terms set forth on the Successful Respondent's PPA Price Quotation Proposal Forms.

¹ The assessment included an analysis of available land area, shading and Township electric usage data.

The RFP required Respondents to submit a proposal under Option 1, which includes the permitting, construction and installation of certain roof replacements that are required for the Municipal Complex (Capital Improvement Project), and Option 2, which excludes this Capital Improvement Project. The RFP also required the Respondents to consider the impacts of existing tree shading at each site in developing their cost proposal. Under the RFP, the Township retains sole discretion to select the option under which the PPA will be awarded.

To evaluate proposals, the Township organized an evaluation team (Evaluation Team) comprised of: Holly Reycraft, Aberdeen Township Manager, and Robert Brady of the Township's Department of Public Works; Ryan J. Scerbo, Esq., Judy A. Verrone, Esq. and Amy E. Shotmeyer, Esq. of DeCotiis, FitzPatrick & Cole, LLP; and Jay B. Cornell of CME Associates. The Evaluation Team assisted in developing and implementing the RFP, and administered the procurement process.

The procurement and evaluation process was undertaken in accordance with the competitive contracting provisions of the Local Public Contracts Law (specifically N.J.S.A. 40A:11-4.1(k)) pursuant to (i) Division of Local Government Services (DLGS) Local Finance Notice 2008-20, dated December 3, 2008, *Contracting for Renewable Energy Services*, (ii) the Board of Public Utilities protocol for measuring energy savings in PPA agreements, *Public Entity Energy Efficiency and Renewable Energy Cost Savings Guidelines*, dated February 20, 2009, and (iii) DLGS Local Finance Notice 2009-10, dated June 12, 2009, *Contracting for Renewable Energy Services: Update on Power Purchase Agreements*, and all other applicable law.

The Township received one proposal to the RFP from Nexus Energy Solutions (Nexus) located at One Brunswick Circle, 1333 Brunswick Avenue, Suite 200, Lawrenceville, New Jersey. The Evaluation Team conducted a comprehensive evaluation of the proposal received on the basis of price and other factors.

The purpose of this evaluation report is to provide the Township with an evaluation of Nexus' proposal, and to provide a recommendation to the Township with respect to the sole proposal received.

Under Option 1 (with Capital Improvements), Nexus proposed a PPA Price of \$0.04875/kWh. Under Option 2 (without Capital Improvements), Nexus proposed a PPA Price of \$0.04175/kWh. Both options include a 2.5% annual escalation factor.

In addition, Nexus' proposals included alternate designs – one without tree-trimming at any sites, and one with trimming of trees at the various sites. Trimming of trees at the sites would allow for increased solar production, which would result in additional savings to the Township.²

²It should also be noted that some of the production figures contained in Nexus' proposals were recalculated to address certain discrepancies. Specifically, existing electric usage figures at certain sites

An interview with Nexus was conducted as part of the evaluation process. The evaluation of Nexus' proposal was conducted in accordance with an evaluation matrix that is based on a total potential score of 100. The proposal was evaluated based upon the following criteria and weighting factors:

Financial Benefits (50)	NPV of Benefits <ul style="list-style-type: none"> - PPA Price - SREC Sharing Other Relevant Information
Technical Design/Approach (10)	Output Guaranty (kWh) Design Strategy Project Team Approach O&M Plan and Approach
Respondent Experience (10)	Project Management Contractor Expertise Project Experience New Jersey Experience
Financial Strength (20)	Financial Capability/Strength
Oral Interview Evaluation (10)	Presentation Explanation Key Factors Understanding Financial Factors/SREC Market

After reviewing Nexus' proposal and conducting an interview, the Evaluation Team scored the proposal in accordance with the established criteria above. Nexus received a final overall score of 94 for Option 1 and 92 for Option 2.

were exceeded with the proposed Nexus designs so the proposed solar usage figures were reduced to match existing use figures.

2. PPA Pricing Design

The RFP requested a PPA Price and escalation factor from Respondents for Option 1 (with Capital Improvement Project) and Option 2 (without Capital Improvement Project). All Respondents were required to provide a price adjustment factor to be used to adjust PPA rates upward or downward based on the final Project Development Costs. Below is a summary of the required information.

Option 1 (with Capital Improvement Project)

The RFP required Respondents to propose:

- A PPA price per kWh.
- A PPA Price post proposal adjustment factor, expressed in dollars per kWh, to adjust the PPA price upward or downward based on final Project Development Costs stated in the RFP.

Respondents were permitted, but not required, to propose an escalation factor expressed as an annual percentage increase from the prior year's PPA price.

Option 2 (without Capital Improvement Project)

The RFP required Respondents to propose:

- A PPA price per kWh.
- A PPA Price post proposal adjustment factor, expressed in dollars per kWh, to adjust the PPA price upward or downward based on final Project Development Costs stated in the RFP.

Respondents were permitted, but not required, to propose an escalation factor expressed as an annual percentage increase from the prior year's PPA price.

3. Description of Response Received to the RFP

Key information from Nexus' proposal is summarized below.

Nexus proposed to install a 506 kW (DC) System at the Municipal Facilities.

The total project cost for Option 1 (with Capital Improvement Project) is \$2,883,350, and the total project cost for Option 2 (without Capital Improvement Project) is \$2,788,350. For both Option 1 and Option 2, Nexus included a 2.5% annual escalation factor.

Option 1 and Option 2 included SREC sharing of 50% of the SREC revenue generated by the Systems in years 5 through 15 of the PPA.

4. Evaluation of Proposal

The evaluation of Nexus' proposal was conducted in accordance with an evaluation matrix, which is based on a total potential score of 100. The proposal was evaluated based on the following criteria and weighting factors:

Financial Benefits (50)	NPV of Benefits <ul style="list-style-type: none">- PPA Price- SREC Sharing Other Relevant Information
Technical Design/Approach (10)	Output Guaranty (kWh) Design Strategy Project Team Approach O&M Plan and Approach
Respondent Experience (10)	Project Management Contractor Expertise Project Experience New Jersey Experience
Financial Strength (20)	Financial Capability/Strength
Oral Interview Evaluation (10)	Presentation Explanation Key Factors Understanding Financial Factors/SREC Market

5. Evaluation of Financial Benefits and Other Relevant Information

Below is a summary of the financial benefits upon which Nexus' proposal was evaluated. The proposal was awarded points based on its responses to the following criteria:

- NPV of Benefits;
- SREC Sharing; and
- Other Relevant Information.

NPV of Benefits – PPA Price

A local government unit, such as the Township, realizes economic benefits from the installation of renewable energy projects through the savings in energy costs by purchasing electricity generated from the solar project installed and operating on its site rather than from the local electric utility.

In calculating energy cost savings, the Evaluation Team compares a forecast of the cost of electricity delivered to the Township that is avoided by purchasing electricity generated from the system at the PPA rate proposed by a Respondent and multiplies the difference by the expected solar output. This yields the projected savings in energy costs realized through the installation of the system.

The forecast of the avoided cost is the result of a detailed comparison of the existing electric rate compared to the proposed electric rate over the 15 year term of the PPA.

Table 1 below provides an overview of the economic benefits, including savings calculations, of Nexus' proposal for Option 1 and Option 2.

**Table 1
Economic Benefits**

<i>Options</i>	<i>Project Size</i>	<i>PPA Rate (\$/kWh)</i>	<i>PPA Escalator</i>	<i>Life of Project</i>		<i>Annual Savings</i>	
				<i>Nominal Savings</i>	<i>NPV Savings</i>	<i>Year 1</i>	<i>Year 15</i>
<i>Option 1</i>	<i>506</i>	<i>\$0.04875</i>	<i>2.5%</i>	<i>1,009,826</i>	<i>683,320</i>	<i>56,340</i>	<i>79,566</i>
<i>Option 2</i>	<i>506</i>	<i>\$0.04175</i>	<i>2.5%</i>	<i>1,080,142</i>	<i>730,884</i>	<i>60,235</i>	<i>85,112</i>

(Note: Option 1 Nominal Savings does not include the \$95,000.00 capital cost for the required roof replacement)

Nexus Energy Solutions was awarded 37 points for Option 1 and 35 points for Option 2 for this category.

SREC Sharing

The RFP allowed for Respondents to share SREC value with the Township. In response, Nexus included SREC sharing in each of their proposal options.

The level of this potential benefit and the probability of it occurring are very difficult to determine since it depends on future SREC prices, which are unknown. SREC prices will depend, among other things, on the level of SREC supply, the amount of SRECs required in the State's Renewable Portfolio Standard (RPS), and the cost and efficiency of new solar projects at that time. Scoring was based on whether or not SREC sharing was proposed and the anticipated benefits of this sharing to the Township.

Nexus included SREC sharing under its PPA price proposals for both Option 1 and Option 2. Under either Option, the Township would receive 50% of the SREC revenue in years 6 through 15 of the PPA. Nexus Energy Solutions was awarded 5 points under this category for both Options.

Other Relevant Information

The Evaluation Team also reviewed Nexus' proposal to determine consistency with the RFP documents, including any proposed changes to the Program documents. Nexus Energy Solutions proposed no changes to the Program documents. Based on this review, Nexus received 5 points in this category for both Options.

6. Evaluation of Technical Design/Approach

The evaluation of the technical design/approach has several criteria including:

- Output guaranty;
- Design strategy;
- Project team approach; and
- Operations and maintenance plan and approach.

Output Guaranty (kWh)

The Evaluation Team reviewed the output guaranty for each System to make certain that the System is properly sized, and to evaluate the System output benefits to the Township. This sizing and output should not be greater than 100% of the Township's annual consumption, which is 795,259 kWh/yr. Nexus provided reasonable output guarantees but since the guarantees were less than originally anticipated, Nexus received 2 points for both Options. Below is a review of Nexus' proposal.

Total System Size: 506 kW	Total System Output: 556,439 kWh/yr	Guaranteed Output 500,795 kWh/yr
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The Evaluation Team compared the proposed output (kW) of Nexus with the conceptual site plan layout that was completed by CME Associates. For three (3) of the five (5) sites the System size proposed was sufficient to meet 100% of the existing site demand which was consistent with the conceptual design requirements. For the Municipal Complex and Noble Place, sites the System sizes were less than originally anticipated by the conceptual design requirements. Nexus indicated that at the Municipal Complex the angled configuration of the roof prevented solar panels from being installed where originally anticipated. At the Noble Place site, Nexus proposed a smaller ground-mounted system than originally anticipated. In order to compensate for this reduced area at Noble Place, Nexus proposed the installation of roof-mounted panels on existing buildings.

The guaranteed output of the Systems is 500,795 kWh/yr, which represents 90% of the anticipated total output of the Systems. This guaranteed output figure represents approximately 63% of the existing annual consumption for the five (5) sites.

Design Strategy

Below is a description of Nexus' design strategy. Nexus was evaluated based on the major system components and the anticipated construction schedule.

Table 2 provides an overview of the components that are utilized in Nexus' design and each component's compliance with the technical specifications in the RFP. The Nexus design includes PV modules manufactured by Sharp which are considered to be domestic made. This is consistent with the Buy American provisions of N.J.S.A. 40:A11-18 and N.J.S.A. 52:33-2 and 3 referenced in the RFP and comes with a 25 year manufacturer's warranty.

**Table 2
Nexus Energy Solutions Major System Components**

System Component	Manufacturer	Compliance with Project Technical Specifications
PV Modules	Sharp	Yes
Inverters	Powergate	Yes

The inverters were compliant with the RFP and come with a 5 year manufacturer's warranty.

Nexus was given 2 points for both Options for this category.

Project Team Approach

Nexus has demonstrated experience with the installation of solar photovoltaic modules on real estate projects with which it is affiliated. Nexus also has direct buying agreements with several photovoltaic and inverter manufacturers. In addition, Nexus hires local trades to perform subcontracting work tasks and abides by all New Jersey Prevailing Wage labor requirements and reporting.

Nexus intends to work with Pennoni Associates Consulting Engineers (Pennoni) to provide for a complete turn-key project. Pennoni will provide the structural, electrical, and geotechnical design services required for the project. In addition, Pennoni will be responsible for obtaining all applicable outside agency approvals (JCP&L, BPU, Township, etc.)

Based on Nexus' description of the project team approach, Nexus was awarded 2 points for both Options for this requirement.

Operations and Maintenance

Nexus is currently responsible for the operation and maintenance of its existing solar installations. Quarterly, bi-annual, and annual site visits are performed for inspection and maintenance. Nexus' installations are continuously monitored via computer system. If problems are detected, an alarm is immediately sent. As a result of the location of the Nexus office in Lawrenceville, New Jersey a response time of less than one hour is anticipated in case of a detected problem.

Based on Nexus' description of its operations and maintenance plan and approach, Nexus was awarded 2 points for both Options for this requirement.

7. Evaluation of Respondent's Experience

Nexus was evaluated on its experience, which includes the following elements:

- Project Management;
- Contractor Expertise;
- Project Experience; and
- New Jersey Experience.

Project Management

Nexus demonstrated the ability to successfully manage the project through the involvement of well qualified management, supervisory, and key staff.

Nexus was awarded 2 points for both Options for this requirement.

Contractor Experience

Although Nexus has significant experience with the installation of photovoltaic systems, the majority have been for private entities. A reduced point value was assigned since Nexus has not had any experience working for municipalities under a similar form of PPA agreement.

Nexus received 2 points for both Options for this element.

Project Experience

Notwithstanding their lack of experience with a municipal PPA as stated above, Nexus demonstrated extensive project experience with respect to project types, similar types of projects, number of projects, and years of experience.

Nexus was awarded 3 points for both Options for this requirement.

New Jersey Experience

Nexus is a New Jersey based company with the majority of its installations located in New Jersey.

Nexus received 2 points for both Options for this element based on its past New Jersey experience.

8. Financial Strength

Nexus' proposal was evaluated based on its financial strength and capability.

Financial Capability/Strength of Respondent

Nexus Energy Solutions is the operating name for Nexus Solar, LLC (legal name), a Limited Liability Corporation incorporated on May 12, 2010 in New Jersey. Nexus Energy Solutions and Nexus Solar are an affiliate of Nexus Holdings, LLC of Lawrenceville, New Jersey.

Nexus Holdings, LLC is a company primarily engaged in real estate construction, investment, development, and management. It has developed and currently manages in excess of two million square feet of commercial office, warehouse, and retail space. In addition, it has developed and manages three six-level parking facilities and several surface parking lots.

Nexus Energy Solutions has successfully completed five solar projects totaling 2 MW to date and currently has fourteen projects for another 2 MW under construction with completion scheduled for later this year.

Nexus Energy Solutions has direct buying agreements with several photovoltaic and inverter manufacturers. Nexus also hires local trades to perform subcontracting work tasks and abides by all New Jersey Prevailing Wage labor requirements and reporting.

Liberty Mutual will be the surety company associated with the project. The company has an available bonding capacity of 15 million dollars.

Nexus received 20 points for this element for both Options based on their financial strength.

9. Evaluation of Interviews

Nexus was evaluated during the interview process with respect to its presentation, explanation of key factors and understanding of financial factors.

Nexus Energy Solutions did an excellent job during its presentation and was able to explain all key issues as well as demonstrating an understanding of financial matters. As such, it received 10 points for this criterion for both Options.

10. Recommendation – Successful Respondent

In recommending Nexus as the Successful Respondent, the Evaluation Team used the Evaluation Matrix. The final Evaluation Matrix scoring resulted in Nexus receiving a total score of 94 out of a possible 100 for Option 1 and 92 out of a possible 100 for Option 2 as shown in Attachment 1.

The Evaluation Team has determined that the proposal submitted by Nexus under Option 1, with tree-trimming at the Noble Place Pump Station only, will provide a significant energy cost savings as well as allow for the completion of a much needed capital improvement at the Municipal Complex site. The Evaluation Team therefore recommends that Nexus Energy Solutions be designated as the Successful Respondent under Option 1 (with Noble Place Pump Station tree-trimming), and that it be awarded a contract in accordance with the RFP.

Attachment 1: Final Evaluation Matrix

A completed Evaluation Matrix for Nexus Energy Solutions is attached.

RESPONDENT: Nexus Energy Solutions

**Phase II
PROPOSAL EVALUATION**

<u>Category</u>	<u>Evaluation Factor</u>	<u>Weighting</u>	<u>Option 1</u>	<u>Option 2</u>
Financial Benefits (50)	NPV	40	37	35
	-PPA Price	5	5	5
	-SRECS Sharing	5	5	5
	Other Relevant Info. on Appendix D-1	5	5	5
Technical Design/Approach (10)	Output Guarantee (KWH)	3	2	2
	Design Strategy	3	2	2
	Project Team Approach	2	2	2
	O&M Plan and Approach	2	2	2
	Project Management	2	2	2
Respondent's Experience (10)	Contractor Expertise	3	2	2
	Project Experience	3	3	3
	New Jersey Experience	2	2	2
	Financial Capability/Strength	20	20	20
Total Phase II		90	84	82

RESPONDENT: Nexus Energy Solutions

**Phase III
Interview Evaluation**

<u>Category</u>	<u>Evaluation Factor</u>	<u>Weighting</u>	<u>Option 1</u>	<u>Proposal</u>	<u>Option 2</u>
Interviews (10)	Presentation	2	2		2
	Explanation of Key Factors	3	3		3
	Understanding Financial				
	Factors/SREC Market	5	5		5
Total Phase III		10	10		10

Overall Evaluation

Total Phases II and III	100	94	92
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