

ESMEC –ET
Solar Energy Procurement Guidelines
Approved November 15, 2012

Background

The State of Maryland requires that all sales of electricity to end users located within the State include electricity generated from Maryland based solar resources. The solar requirement is part of the State's overall renewable portfolio standard (RPS) legislation. Accordingly, ESMEC-ET must either purchase solar renewable energy certificates (SREC's) or pay the State mandated compliance payment. The current ESMEC-ET solar energy requirements and compliance payments by calendar year (as of August 2011) are included in the attached schedule.

Solar Procurement Guidelines

ESMEC-ET's policy is to comply with Maryland's RPS at the lowest possible price. To achieve this, ESMEC-ET in conjunction with its Energy Consultant will monitor market conditions on an ongoing basis to seek the lowest price opportunities. There are three (3) procurement strategies ESMEC-ET can utilize for SRECs:

1. Obtain competitive bids directly from solar vendors and national REC brokers for solar REC's already generated and for sale in the market

Under this approach the Energy Consultant will issue a request for pricing quotation from known sellers of MD SRECs (minimum of three bids). The term lengths will generally be 1-3 years in duration. The objective is to procure the lowest price and at prices that are at least 10% below the MD solar compliance payment. If prices do not meet the pricing requirement, purchases will be deferred until the pricing requirement is met.

2. Negotiate and contract directly with solar vendors who are developing solar projects residing on the Eastern Shore of Maryland

To support local development of solar resources, ESMEC-ET will consider contracting directly with solar vendors for the purchase of SREC's for projects not yet developed or completed that reside on the Eastern Shore of Maryland. The maximum term length for this type of arrangement will be five (5) years. The pricing guideline under this arrangement is to procure pricing that is at least 25% below the compliance payment over the contract term.



EnerNOC, Inc
1414 Key Highway
Suite 200M
Baltimore, MD 21230

Tel: 443 524 2880
Fax: 443 524 2887
www.enernoc.com
info@enernoc.com

3. Negotiate and contract directly with ESMEC-ET member entities and their solar vendors where applicable

Purchase SREC's generated from solar projects that reside on member owned facilities for a term not to exceed five (5) years (regardless of whether the member owns the solar assets or has entered into a long term power purchase agreement to purchase energy generated from the solar project). The pricing guideline under this arrangement is to procure pricing that is at least 25% below the compliance payment over the contract term.

To support its members and encourage needed electricity capacity and energy resources on the Eastern Shore of Maryland, preference will be given to the third procurement strategy. If sufficient SREC quantity is unavailable from solar projects residing on member entity owned facilities then preference will be given to the second procurement strategy.

Evaluation and Approval of Solar REC Purchases

All solar REC purchase opportunities will be reviewed and assessed by the Energy Consultant and presented for review and evaluation by the ESMEC-ET Board of Trustees. The Board of Trustees must authorize and approve all solar REC purchases prior to legal commitment by ESMEC-ET.

Solar REC Accounting

The Energy Consultant will coordinate REC purchase settlement, accounting and compliance requirements with the ESMEC-ET electric services provider and the REC seller. The Energy Consultant will also report on solar REC compliance periodically to the Board of Trustees.